

**TOWN OF HOLLAND, MASSACHUSETTS**

**Report on the Examination of  
Basic Financial Statements**

**For the Year Ended June 30, 2016**

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## **Independent Auditor's Report**

To the Honorable Selectboard  
Town of Holland, Massachusetts

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Holland, Massachusetts, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Holland, Massachusetts' 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 entity'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 entity'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**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Holland, Massachusetts, as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan and other post employment benefit plan schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Holland, Massachusetts' basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Schedules 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 basic 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## *Scanlon and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

August 25, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Holland, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

### Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$5,355,446 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$5,071,865 or an increase of \$283,581 (6%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$3,105,464 an increase of \$481,311 (18%) in comparison with prior year.
- The General Fund's total fund balance increased \$195,050 (15%) to \$1,463,406. The ending General fund balance is 21% of revenues and transfers in and 22% of expenditures.
- Total long term liabilities of the Town increased by \$818,752 (16%) to \$6,069,242 during the fiscal year. This change was mainly the result of a net decrease in notes payable of \$152,527 and increases net bonds payable of \$243,250, in the Other Post Employment Benefits (OPEB) liability of \$236,212 and in the net pension liability of \$519,637.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$279,183. The key factor that attributed to the free cash amount for fiscal year 2016 was the unexpended/unencumbered appropriations of \$242,575.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Holland's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The Town does not have any operations that are classified as business-type activities.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The Town of Holland adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Financial Highlights

### Statement of Net Position Highlights

|                                         | Governmental Activities |                     |                   |
|-----------------------------------------|-------------------------|---------------------|-------------------|
|                                         | 2016                    | 2015                | Change            |
| <b>Assets:</b>                          |                         |                     |                   |
| Current assets                          | \$ 5,132,737            | \$ 4,719,680        | \$ 413,057        |
| Noncurrent assets                       | 10,224                  | 13,414              | (3,190)           |
| Capital assets                          | 5,993,483               | 5,710,472           | 283,011           |
| <b>Total assets</b>                     | <b>11,136,444</b>       | <b>10,443,566</b>   | <b>692,878</b>    |
| <b>Deferred Outflows of Resources:</b>  |                         |                     |                   |
| Deferred outflows related to pensions   | <b>386,667</b>          | <b>7,019</b>        | <b>379,648</b>    |
| <b>Liabilities:</b>                     |                         |                     |                   |
| Current liabilities (excluding debt)    | 497,497                 | 522,317             | (24,820)          |
| Current debt                            | 211,190                 | 285,717             | (74,527)          |
| Noncurrent liabilities (excluding debt) | 4,984,055               | 4,228,206           | 755,849           |
| Noncurrent debt                         | 376,500                 | 211,250             | 165,250           |
| <b>Total liabilities</b>                | <b>6,069,242</b>        | <b>5,247,490</b>    | <b>821,752</b>    |
| <b>Deferred Inflows of Resources:</b>   |                         |                     |                   |
| Deferred inflows related to pensions    | <b>98,423</b>           | <b>131,230</b>      | <b>(32,807)</b>   |
| <b>Net Position:</b>                    |                         |                     |                   |
| Net investment in capital assets        | 5,455,647               | 5,419,054           | 36,593            |
| Restricted                              | 1,809,374               | 1,631,148           | 178,226           |
| Unrestricted                            | (1,909,575)             | (1,978,337)         | 68,762            |
| <b>Total net position</b>               | <b>\$ 5,355,446</b>     | <b>\$ 5,071,865</b> | <b>\$ 283,581</b> |



## Financial Highlights

### Statement of Activities Highlights

|                                         | Governmental Activities |                     |                  |
|-----------------------------------------|-------------------------|---------------------|------------------|
|                                         | 2016                    | 2015                | Change           |
| <b>Program Revenues:</b>                |                         |                     |                  |
| Charges for services                    | \$ 310,586              | \$ 323,896          | \$ (13,310)      |
| Operating grants and contributions      | 2,014,496               | 1,847,067           | 167,429          |
| Capital grants and contributions        | 156,585                 | 597,652             | (441,067)        |
| <b>General Revenues:</b>                |                         |                     |                  |
| Property taxes                          | 4,962,545               | 4,923,179           | 39,366           |
| Motor vehicle and other excise taxes    | 381,578                 | 295,593             | 85,985           |
| Penalties and interest on taxes         | 73,480                  | 74,464              | (984)            |
| Nonrestricted grants and contributions  | 206,090                 | 211,383             | (5,293)          |
| Unrestricted investment income          | 4,469                   | 3,104               | 1,365            |
| Miscellaneous                           | 2,345                   | 1,567               | 778              |
| <b>Total revenues</b>                   | <b>8,112,174</b>        | <b>8,277,905</b>    | <b>(165,731)</b> |
| <b>Expenses:</b>                        |                         |                     |                  |
| General government                      | 534,144                 | 481,574             | 52,570           |
| Public safety                           | 514,745                 | 484,318             | 30,427           |
| Public works                            | 734,833                 | 868,547             | (133,714)        |
| Education                               | 4,404,872               | 4,404,749           | 123              |
| Health and human services               | 133,049                 | 98,926              | 34,123           |
| Culture and recreation                  | 76,001                  | 70,856              | 5,145            |
| Employee benefits and insurance         | 1,407,335               | 1,325,363           | 81,972           |
| State assessments                       | 19,006                  | 12,293              | 6,713            |
| Interest                                | 4,608                   | 6,114               | (1,506)          |
| <b>Total expenses</b>                   | <b>7,828,593</b>        | <b>7,752,740</b>    | <b>75,853</b>    |
| <b>Change in net position</b>           | <b>283,581</b>          | <b>525,165</b>      | <b>(241,584)</b> |
| <b>Net position - beginning of year</b> | <b>5,071,865</b>        | <b>4,546,700</b>    | <b>525,165</b>   |
| <b>Net position - end of year</b>       | <b>\$ 5,355,446</b>     | <b>\$ 5,071,865</b> | <b>283,581</b>   |

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,355,446 at the close of fiscal year 2016.

Net position of \$5,455,647 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$1,809,374 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$1,909,575).

At the end of the current fiscal year, the Town is able to report positive balances in two categories of net position and a negative balance in the unrestricted category in the governmental activities and for the government as a whole. The unrestricted governmental activities and government as a whole resulted in a negative balance mainly due to the accrual of the OPEB obligation and net pension liabilities that are required under GASB to be recognized in the Town's financial statements. These liabilities are presented on the statement of net position.

The governmental activities net position increased by \$283,581 (6%) during current the fiscal year. The key elements of the increase in net position for fiscal year 2016 were attributed to the acquisition of \$676,756 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$393,745 and recognizing this year's change in deferred outflow/inflow of resources related to pensions of \$412,455; and decreases as a result of recognizing the OPEB obligation of \$236,212 and the net pension liability of \$519,637 compared to the prior year.

### **Financial Analysis of the Government's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$3,105,464 an increase of \$481,311 (18%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Restricted fund balance – \$1,668,894 (54%).
- Assigned fund balance – \$512,448 (16%).
- Unassigned fund balance – \$924,122 (30%).

### **Major Governmental Funds**

The *General Fund* is the Town's primary operating fund and the largest source of day-to-day operations. At the end of the current fiscal year, the General Fund reported a total fund balance of \$1,463,406 increasing \$195,050 (15%) from the prior year. Of the \$1,463,406, the unassigned amount is \$950,958 (65%) and the assigned amount is \$512,448 (35%). General fund revenues were \$272,030 (4%) more than the prior fiscal year and expenditures also increased by \$259,074 (4%). Other activity in the General Fund consisted of net transfers in from other funds of \$14,597.

The main components of the increase in General Fund revenues were related to increases in property taxes collected of \$49,138 (1%), in licenses, permits and fees of \$92,014 (32%) and with intergovernmental on-behalf payments of \$133,443 (55%) from the prior year.

The major changes with the General Fund expenditures from the prior fiscal year were as follows:

- Increase in Public Safety expenditures of \$59,106 (18%).
- Decrease in Public works expenditures of \$151,496 (20%).
- Increase in Employee benefits and insurance of \$163,079 (18%).
- Increase in net Debt service expenditures (principal and interest) of \$87,800 (53%)

The *Butterworth School Fund* is used to account for school improvements and maintenance. The fund has accumulated a balance of \$530,870 and shows an increase of \$15,880 (3%) in total operations. This is attributed to interest income of \$18,630 and expenditures of \$2,750.

At the end of the fiscal year, the *Nonmajor Governmental Funds* reported a fund balance of \$1,111,188 increasing \$270,381 (32%) as expenditures exceeded revenues by \$208,177. Other activity consisted of net transfers out to the General Fund of \$14,597 and the proceeds from bonding of \$493,155.

### **General Fund Budgetary Highlights**

The final general fund budget for fiscal year 2016 was \$6,930,614. This was an increase of \$210,391 (3%) over the previous year's budget.

There was an increase of \$16,779 between the total original budget and the total final amended budget. The change is attributed to adjustments voted at the annual town meeting in May 2016 for various budget operating line items.

General fund expenditures were less than budgeted by \$555,253. Of the \$555,253 in under budget expenditures, \$312,678 has been carried over to fiscal year 2017.

There was a negative variance in property taxes of \$129,977 as collections did not meet budgeted expectations. The overall the total revenues exceeded budget expectations.

A negative variance exists in State assessments of \$4,441 as the Town had a higher assessment in the school choice sending tuition than budgeted.

Overall, the variance with the final budget was a positive \$326,106 consisting of a revenue surplus of \$83,531 and the appropriation surplus of \$242,575.

### **Capital Asset and Debt Administration**

**Capital Assets.** The Town's investment in capital assets as of June 30, 2016 amounts to \$5,993,483.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Police vehicle and equipment purchases for \$68,763.
- Fire Department vehicle purchase for \$340,000.
- Highway building improvements for \$9,100.
- Road infrastructure improvements for \$193,611.
- School equipment and improvements for \$65,282.
- Senior Center paving for \$24,500.

**Debt Administration.** The Town's outstanding governmental long-term debt, as of June 30, 2016, totaled \$551,250 of which \$477,250 is for departmental vehicles, \$34,000 for land acquisition and \$40,000 is for the landfill capping.

The Town also has \$36,440 in temporary debt. These anticipation notes are associated with a road grant.

Please refer to notes 3D, 3F and 3G for further discussion of the major capital and debt activity.

### Next Year's Annual Town Meeting

The Town of Holland operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2016 do not reflect the fiscal year 2017 Town Meeting action with exception of the free cash, appropriations and stabilization amounts used to fund the fiscal year 2017 budget. The Annual Town Meeting on May 31, 2016 authorized a fiscal year 2017 operating and capital budget as follows:

|                                      |    |         |                  |
|--------------------------------------|----|---------|------------------|
| From raise and appropriate           |    | \$      | 6,673,619        |
| From other available funds:          |    |         |                  |
| <b>General Fund:</b>                 |    |         |                  |
| Unreserved fund balance:             |    |         |                  |
| Free cash                            | \$ | 240,253 |                  |
| Appropriations                       |    | 112,629 | 352,882          |
| Capital stabilization fund           |    | 38,924  |                  |
| Road improvement stabilization fund  |    | 70,000  | 108,924          |
| <b>Non-major Governmental Funds:</b> |    |         |                  |
| Cable Commission                     |    |         | 30,000           |
|                                      |    | \$      | <u>7,165,425</u> |

### Requests for Information

This financial report is designed to provide a general overview of the Town of Holland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, Town Hall, Holland, Massachusetts.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF HOLLAND, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

|                                                   | <b>Primary Government</b>          |
|---------------------------------------------------|------------------------------------|
|                                                   | <b>Governmental<br/>Activities</b> |
| <b>ASSETS</b>                                     |                                    |
| CURRENT:                                          |                                    |
| Cash and Cash Equivalents                         | \$ 3,176,055                       |
| Investments                                       | 375,611                            |
| Receivables, net of allowance for uncollectibles: |                                    |
| Property Taxes                                    | 294,442                            |
| Tax Liens                                         | 854,541                            |
| Tax Foreclosures                                  | 212,823                            |
| Excise Taxes                                      | 29,525                             |
| Due from Other Governments                        | 189,740                            |
| Total current assets                              | 5,132,737                          |
| NONCURRENT:                                       |                                    |
| Receivables, net of allowance for uncollectibles: |                                    |
| Due from Other Governments                        | 10,224                             |
| Capital Assets, net of accumulated Depreciation   |                                    |
| Nondepreciable                                    | 1,100,823                          |
| Depreciable                                       | 4,892,660                          |
| Total noncurrent assets                           | 6,003,707                          |
| <b>Total Assets</b>                               | <b>11,136,444</b>                  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             |                                    |
| Deferred Outflows Related to Pensions             | 386,667                            |
| <b>LIABILITIES</b>                                |                                    |
| CURRENT:                                          |                                    |
| Warrants and Accounts Payable                     | 228,310                            |
| Accrued Payroll                                   | 240,069                            |
| Payroll Withholdings                              | 18,778                             |
| Other                                             | 6,195                              |
| Accrued Interest                                  | 1,145                              |
| Bond Anticipation Notes Payable                   | 36,440                             |
| Bonds Payable                                     | 174,750                            |
| Total current liabilities                         | 708,687                            |
| NONCURRENT:                                       |                                    |
| Compensated Absences                              | 12,937                             |
| OPEB Obligation Payable                           | 2,096,909                          |
| Net Pension Liability                             | 2,874,209                          |
| Bonds Payable                                     | 376,500                            |
| Total noncurrent liabilities                      | 5,360,555                          |
| <b>Total Liabilities</b>                          | <b>6,069,242</b>                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                                    |
| Deferred Inflows Related to Pensions              | 98,423                             |
| <b>NET POSITION</b>                               |                                    |
| Net Investment in Capital Assets                  | 5,455,647                          |
| Restricted for:                                   |                                    |
| Federal & State Grants                            | 369,155                            |
| Permanent Funds                                   | 604,514                            |
| Other Purposes                                    | 835,705                            |
| Unrestricted                                      | (1,909,575)                        |
| <b>Total Net Position</b>                         | <b>\$ 5,355,446</b>                |

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF HOLLAND, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

|                                                            | Program Revenues    |                         |                                          |                                        | Net (Expenses)<br>Revenues and<br>and Changes<br>in Net Position |
|------------------------------------------------------------|---------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------------------|
|                                                            | Expenses            | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | <u>Primary Government</u><br>Governmental<br>Activities          |
| <b>Primary Government:</b>                                 |                     |                         |                                          |                                        |                                                                  |
| <b>Governmental Activities:</b>                            |                     |                         |                                          |                                        |                                                                  |
| General Government                                         | \$ 534,144          | \$ 51,336               | \$ 91,244                                | \$ -                                   | \$ (391,564)                                                     |
| Public Safety                                              | 514,745             | 106,317                 | 38,680                                   | -                                      | (369,748)                                                        |
| Public Works                                               | 734,833             | 2,843                   | -                                        | 156,585                                | (575,405)                                                        |
| Education                                                  | 4,404,872           | 125,836                 | 1,467,707                                | -                                      | (2,811,329)                                                      |
| Health and Human Services                                  | 133,049             | 17,001                  | 33,357                                   | -                                      | (82,691)                                                         |
| Culture and Recreation                                     | 76,001              | 7,253                   | 7,314                                    | -                                      | (61,434)                                                         |
| Employee Benefits and Insurance                            | 1,407,335           | -                       | 374,593                                  | -                                      | (1,032,742)                                                      |
| State Assessments                                          | 19,006              | -                       | -                                        | -                                      | (19,006)                                                         |
| Interest                                                   | 4,608               | -                       | 1,601                                    | -                                      | (3,007)                                                          |
| <b>Total Governmental Activities</b>                       | <b>7,828,593</b>    | <b>310,586</b>          | <b>2,014,496</b>                         | <b>156,585</b>                         | <b>(5,346,926)</b>                                               |
| <b>Total Primary Government</b>                            | <b>\$ 7,828,593</b> | <b>\$ 310,586</b>       | <b>\$ 2,014,496</b>                      | <b>\$ 156,585</b>                      | <b>(5,346,926)</b>                                               |
| <b>General Revenues:</b>                                   |                     |                         |                                          |                                        |                                                                  |
| Property Taxes                                             |                     |                         |                                          |                                        | 4,962,545                                                        |
| Motor vehicle excise and other taxes                       |                     |                         |                                          |                                        | 381,578                                                          |
| Penalties & Interest on Taxes                              |                     |                         |                                          |                                        | 73,480                                                           |
| Grants & Contributions not restricted to specific programs |                     |                         |                                          |                                        | 206,090                                                          |
| Unrestricted Investment Income                             |                     |                         |                                          |                                        | 4,469                                                            |
| Miscellaneous                                              |                     |                         |                                          |                                        | 2,345                                                            |
| <b>Total General Revenues</b>                              |                     |                         |                                          |                                        | <b>5,630,507</b>                                                 |
|                                                            |                     |                         |                                          |                                        | <b>Change in Net Position</b>                                    |
|                                                            |                     |                         |                                          |                                        | 283,581                                                          |
|                                                            |                     |                         |                                          |                                        | <b>Net Position:</b>                                             |
|                                                            |                     |                         |                                          |                                        | Beginning of year                                                |
|                                                            |                     |                         |                                          |                                        | 5,071,865                                                        |
|                                                            |                     |                         |                                          |                                        | End of year                                                      |
|                                                            |                     |                         |                                          |                                        | <b>\$ 5,355,446</b>                                              |

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF HOLLAND, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016**

|                                                                           | General<br>Fund     | Butterworth<br>School<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------------------------------------------------------|---------------------|-------------------------------|-----------------------------------|--------------------------------|
| <b>Assets:</b>                                                            |                     |                               |                                   |                                |
| Cash and Cash Equivalents                                                 | \$ 1,885,390        | \$ 162,041                    | \$ 1,128,624                      | \$ 3,176,055                   |
| Investments                                                               | 6,782               | 368,829                       | -                                 | 375,611                        |
| Receivables, net of allowance for uncollectibles:                         |                     |                               |                                   |                                |
| Property Taxes                                                            | 294,442             | -                             | -                                 | 294,442                        |
| Tax Liens                                                                 | 854,541             | -                             | -                                 | 854,541                        |
| Tax Foreclosures                                                          | 212,823             | -                             | -                                 | 212,823                        |
| Excise Taxes                                                              | 29,525              | -                             | -                                 | 29,525                         |
| Due from Other Governments                                                | 11,337              | -                             | 174,470                           | 185,807                        |
| <b>Total Assets</b>                                                       | <b>\$ 3,294,840</b> | <b>\$ 530,870</b>             | <b>\$ 1,303,094</b>               | <b>\$ 5,128,804</b>            |
| <b>Liabilities:</b>                                                       |                     |                               |                                   |                                |
| Warrants and Accounts Payable                                             | \$ 221,565          | \$ -                          | \$ 6,745                          | \$ 228,310                     |
| Accrued Payroll                                                           | 231,828             | -                             | 8,241                             | 240,069                        |
| Payroll Withholdings                                                      | 18,778              | -                             | -                                 | 18,778                         |
| Tax Refund Payable                                                        | 3,000               | -                             | -                                 | 3,000                          |
| Other                                                                     | 6,195               | -                             | -                                 | 6,195                          |
| Notes Payable                                                             | -                   | -                             | 36,440                            | 36,440                         |
| <b>Total Liabilities</b>                                                  | <b>481,366</b>      | <b>-</b>                      | <b>51,426</b>                     | <b>532,792</b>                 |
| <b>Deferred Inflows of Resources - Unavailable Revenue</b>                | <b>1,350,068</b>    | <b>-</b>                      | <b>140,480</b>                    | <b>1,490,548</b>               |
| <b>Fund Balance:</b>                                                      |                     |                               |                                   |                                |
| Restricted                                                                | -                   | 530,870                       | 1,138,024                         | 1,668,894                      |
| Assigned                                                                  | 512,448             | -                             | -                                 | 512,448                        |
| Unassigned                                                                | 950,958             | -                             | (26,836)                          | 924,122                        |
| <b>Total Fund Balance</b>                                                 | <b>1,463,406</b>    | <b>530,870</b>                | <b>1,111,188</b>                  | <b>3,105,464</b>               |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> | <b>\$ 3,294,840</b> | <b>\$ 530,870</b>             | <b>\$ 1,303,094</b>               | <b>\$ 5,128,804</b>            |

The Notes to the Financial Statements are an integral part of this Statement.



**TOWN OF HOLLAND, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

|                                                         | General<br>Fund     | Butterworth<br>School<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------------------------------------|---------------------|-------------------------------|-----------------------------------|--------------------------------|
| <b>Revenues:</b>                                        |                     |                               |                                   |                                |
| Property Taxes                                          | \$ 4,896,658        | \$ -                          | \$ -                              | \$ 4,896,658                   |
| Intergovernmental                                       | 1,161,538           | -                             | 687,491                           | 1,849,029                      |
| Excise and Other Taxes                                  | 383,078             | -                             | -                                 | 383,078                        |
| Licenses, Permits and Fines                             | 7,758               | -                             | -                                 | 7,758                          |
| Fees and Other Departmental                             | 38,465              | -                             | 291,759                           | 330,224                        |
| Investment Income                                       | 4,469               | 18,630                        | 668                               | 23,767                         |
| Interest on Delinquent Taxes                            | 73,480              | -                             | -                                 | 73,480                         |
| Other                                                   | -                   | -                             | 64,876                            | 64,876                         |
| Intergovernmental - "On-behalf" Payments                | 377,445             | -                             | -                                 | 377,445                        |
| <b>Total Revenues</b>                                   | <b>6,942,891</b>    | <b>18,630</b>                 | <b>1,044,794</b>                  | <b>8,006,315</b>               |
| <b>Expenditures:</b>                                    |                     |                               |                                   |                                |
| Current:                                                |                     |                               |                                   |                                |
| General Government                                      | 399,130             | -                             | 80,132                            | 479,262                        |
| Public Safety                                           | 385,119             | -                             | 473,499                           | 858,618                        |
| Public Works                                            | 591,450             | -                             | 118,925                           | 710,375                        |
| Education                                               | 3,892,813           | 2,750                         | 540,047                           | 4,435,610                      |
| Health and Human Services                               | 102,836             | -                             | 28,268                            | 131,104                        |
| Culture and Recreation                                  | 53,586              | -                             | 12,100                            | 65,686                         |
| Employee Benefits and Insurance                         | 1,063,941           | -                             | -                                 | 1,063,941                      |
| State Assessments                                       | 19,006              | -                             | -                                 | 19,006                         |
| Debt Service:                                           |                     |                               |                                   |                                |
| Principal                                               | 249,905             | -                             | -                                 | 249,905                        |
| Interest                                                | 4,652               | -                             | -                                 | 4,652                          |
| <b>Total Expenditures</b>                               | <b>6,762,438</b>    | <b>2,750</b>                  | <b>1,252,971</b>                  | <b>8,018,159</b>               |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <b>180,453</b>      | <b>15,880</b>                 | <b>(208,177)</b>                  | <b>(11,844)</b>                |
| <b>Other Financing Sources (Uses):</b>                  |                     |                               |                                   |                                |
| Operating Transfers In                                  | 14,597              | -                             | -                                 | 14,597                         |
| Operating Transfers Out                                 | -                   | -                             | (14,597)                          | (14,597)                       |
| Proceeds from Issuance of Bonds and Notes               | -                   | -                             | 493,155                           | 493,155                        |
| <b>Total Other Financing Sources (Uses)</b>             | <b>14,597</b>       | <b>-</b>                      | <b>478,558</b>                    | <b>493,155</b>                 |
| <b>Net Change in Fund Balances</b>                      | <b>195,050</b>      | <b>15,880</b>                 | <b>270,381</b>                    | <b>481,311</b>                 |
| <b>Fund Balances, Beginning of Year</b>                 | <b>1,268,356</b>    | <b>514,990</b>                | <b>840,807</b>                    | <b>2,624,153</b>               |
| <b>Fund Balances, End of Year</b>                       | <b>\$ 1,463,406</b> | <b>\$ 530,870</b>             | <b>\$ 1,111,188</b>               | <b>\$ 3,105,464</b>            |

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**Total Fund Balances to the Statement of Net Position**  
**For the Year Ended June 30, 2016**

|                                                                                                                                                                                                                                       |              |                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------|
| <b>Total Governmental Fund Balances</b>                                                                                                                                                                                               | \$           | 3,105,464        |
| Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.                                                                                                        |              | 5,993,483        |
| Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.                                                                                                                                        |              | 1,504,705        |
| Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions. |              | 288,244          |
| Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:                                                                                                        |              |                  |
| Bonds Payable                                                                                                                                                                                                                         | \$ (551,250) |                  |
| Other Post Employment Benefits Payable                                                                                                                                                                                                | (2,096,909)  |                  |
| Net Pension Liability                                                                                                                                                                                                                 | (2,874,209)  |                  |
| Compensated Absences                                                                                                                                                                                                                  | (12,937)     | (5,535,305)      |
|                                                                                                                                                                                                                                       |              |                  |
| In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.                                                                                 |              | (1,145)          |
| <b>Net Position of Governmental Activities</b>                                                                                                                                                                                        | <b>\$</b>    | <b>5,355,446</b> |

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2016**

**Net Change in Fund Balances - Total Governmental Funds** \$ 481,311

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and are reported as depreciation expense:

|                          |                  |         |
|--------------------------|------------------|---------|
| Capital Outlay Purchases | \$ 676,756       |         |
| Depreciation             | <u>(393,745)</u> | 283,011 |

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue and WPAT subsidy. 105,859

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

|                               |                  |           |
|-------------------------------|------------------|-----------|
| Repayment of Debt Principal   | 249,905          |           |
| Proceeds from Bonds and Notes | <u>(493,155)</u> | (243,250) |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

|                                                                          |           |                  |
|--------------------------------------------------------------------------|-----------|------------------|
| Net Change in Other Post Employment Benefits                             | (236,212) |                  |
| Net Change in Net Pension Liability                                      | (519,637) |                  |
| Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions | 412,455   |                  |
| Net Change in Accrued Interest on Long-Term Debt                         | <u>44</u> | <u>(343,350)</u> |

**Change in Net Position of Governmental Activities** \$ 283,581

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF HOLLAND, MASSACHUSETTS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -  
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

|                                                         | <u>Budgeted Amounts</u>    |                    |                  | Actual<br>Budgetary<br>Amounts | Amounts<br>Carried<br>Forward to<br>Next Year | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------------------------|----------------------------|--------------------|------------------|--------------------------------|-----------------------------------------------|---------------------------------------------------------|
|                                                         | Amounts<br>Carried         |                    |                  |                                |                                               |                                                         |
|                                                         | Forward from<br>Prior Year | Original<br>Budget | Final<br>Budget  |                                |                                               |                                                         |
| <b>Revenues:</b>                                        |                            |                    |                  |                                |                                               |                                                         |
| Property Taxes                                          | \$ -                       | \$ 5,001,435       | \$ 5,001,435     | \$ 4,871,458                   | \$ -                                          | \$ (129,977)                                            |
| Intergovernmental                                       | -                          | 1,119,834          | 1,119,834        | 1,161,538                      | -                                             | 41,704                                                  |
| Excise and Other Taxes                                  | -                          | 294,581            | 294,581          | 383,078                        | -                                             | 88,497                                                  |
| Licenses, Permits and Fines                             | -                          | 3,000              | 3,000            | 7,758                          | -                                             | 4,758                                                   |
| Fees and Other Departmental                             | -                          | 5,000              | 5,000            | 38,465                         | -                                             | 33,465                                                  |
| Investment income                                       | -                          | 2,000              | 2,000            | 3,604                          | -                                             | 1,604                                                   |
| Interest on Delinquent Taxes                            | -                          | 30,000             | 30,000           | 73,480                         | -                                             | 43,480                                                  |
| <b>Total Revenues</b>                                   | <b>-</b>                   | <b>6,455,850</b>   | <b>6,455,850</b> | <b>6,539,381</b>               | <b>-</b>                                      | <b>83,531</b>                                           |
| <b>Expenditures:</b>                                    |                            |                    |                  |                                |                                               |                                                         |
| Current:                                                |                            |                    |                  |                                |                                               |                                                         |
| General Government                                      | 72,134                     | 494,311            | 556,814          | 399,130                        | 63,391                                        | 94,293                                                  |
| Public Safety                                           | 500                        | 394,964            | 397,333          | 385,119                        | 500                                           | 11,714                                                  |
| Public Works                                            | 49,971                     | 626,473            | 693,222          | 591,450                        | 58,269                                        | 43,503                                                  |
| Education                                               | 139,774                    | 3,893,113          | 4,032,887        | 3,883,181                      | 149,606                                       | 100                                                     |
| Health and Human Services                               | 50,762                     | 103,173            | 161,698          | 102,836                        | 40,620                                        | 18,242                                                  |
| Culture and Recreation                                  | 237                        | 54,817             | 55,054           | 53,586                         | 292                                           | 1,176                                                   |
| Employee and Pension Benefits                           | -                          | 716,882            | 716,882          | 691,376                        | -                                             | 25,506                                                  |
| State Assessments                                       | -                          | 14,565             | 14,565           | 19,006                         | -                                             | (4,441)                                                 |
| Debt Service:                                           |                            |                    |                  |                                |                                               |                                                         |
| Principal                                               | 44,779                     | 247,380            | 292,159          | 246,737                        | -                                             | 45,422                                                  |
| Interest                                                | -                          | 10,000             | 10,000           | 2,940                          | -                                             | 7,060                                                   |
| <b>Total Expenditures</b>                               | <b>358,157</b>             | <b>6,555,678</b>   | <b>6,930,614</b> | <b>6,375,361</b>               | <b>312,678</b>                                | <b>242,575</b>                                          |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <b>(358,157)</b>           | <b>(99,828)</b>    | <b>(474,764)</b> | <b>164,020</b>                 | <b>(312,678)</b>                              | <b>326,106</b>                                          |
| <b>Other Financing Sources (Uses):</b>                  |                            |                    |                  |                                |                                               |                                                         |
| Operating Transfers In (Out)                            | -                          | (61,237)           | (61,237)         | (46,640)                       | -                                             | 14,597                                                  |
| <b>Total Other Financing Sources (Uses)</b>             | <b>-</b>                   | <b>(61,237)</b>    | <b>(61,237)</b>  | <b>(46,640)</b>                | <b>-</b>                                      | <b>14,597</b>                                           |
| <b>Net Change in Budgetary Fund Balance</b>             | <b>(358,157)</b>           | <b>(161,065)</b>   | <b>(536,001)</b> | <b>\$ 117,380</b>              | <b>\$ (312,678)</b>                           | <b>\$ 340,703</b>                                       |
| <b>Other Budgetary Items:</b>                           |                            |                    |                  |                                |                                               |                                                         |
| Free Cash and Other Reserves                            | -                          | 161,065            | 177,844          |                                |                                               |                                                         |
| Prior Year Encumbrances                                 | 358,157                    | -                  | 358,157          |                                |                                               |                                                         |
| <b>Total Other Budgetary Items</b>                      | <b>358,157</b>             | <b>161,065</b>     | <b>536,001</b>   |                                |                                               |                                                         |
| <b>NET BUDGET</b>                                       | <b>\$ -</b>                | <b>\$ -</b>        | <b>\$ -</b>      |                                |                                               |                                                         |

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Reconciliation of Revenues and Expenditures**  
**from Budgetary Basis to GAAP Basis**  
**For the Year Ended June 30, 2016**

|                                                                                | <b>Revenues</b>     | <b>Expenditures</b> |
|--------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Reported on a Budgetary Basis</b>                                           | <b>\$ 6,539,381</b> | <b>\$ 6,375,361</b> |
| <i>Adjustments:</i>                                                            |                     |                     |
| Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes | 865                 | -                   |
| Net Decrease in Revenue from recording Refund Taxes Payable                    | (3,000)             | -                   |
| Recognition of Intergovernmental Revenue - "on behalf payments"                | 377,445             | -                   |
| Recognition of Expenditures - "on behalf payments"                             | -                   | 377,445             |
| Teachers Summer Payroll Accrual                                                | -                   | 9,632               |
| Net Increase in Revenue from Recording 60-Day Receipts                         | 28,200              | -                   |
| <b>Reported on a GAAP Basis</b>                                                | <b>\$ 6,942,891</b> | <b>\$ 6,762,438</b> |

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF HOLLAND, MASSACHUSETTS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016**

|                                  | <b>Other<br/>Post Employment<br/>Benefits<br/>Trust Fund</b> | <b>Agency<br/>Funds</b> |
|----------------------------------|--------------------------------------------------------------|-------------------------|
| <b>ASSETS</b>                    |                                                              |                         |
| Cash and Cash Equivalents        | \$ -                                                         | \$ 37,514               |
| Investments                      | 52,904                                                       | -                       |
| <b>Total Assets</b>              | <b>52,904</b>                                                | <b>37,514</b>           |
| <b>LIABILITIES</b>               |                                                              |                         |
| Due to Students                  | -                                                            | 18,514                  |
| Escrows and Deposits             | -                                                            | 19,000                  |
| <b>Total Liabilities</b>         | <b>-</b>                                                     | <b>37,514</b>           |
| <b>NET POSITION</b>              |                                                              |                         |
| Held in Trust for Other Purposes | <b>\$ 52,904</b>                                             | <b>\$ -</b>             |

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF HOLLAND, MASSACHUSETTS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

|                                          | <b>Other<br/>Post Employment<br/>Benefits<br/>Trust Fund</b> |
|------------------------------------------|--------------------------------------------------------------|
| <b>Additions:</b>                        |                                                              |
| Employer Contributions                   | \$ 25,000                                                    |
| Investment Income                        | 2,240                                                        |
| <b>Total Additions</b>                   | <b>27,240</b>                                                |
| <b>Deductions:</b>                       |                                                              |
| Employee Benefits                        | -                                                            |
| <b>Total Deductions</b>                  | <b>-</b>                                                     |
| <b>Change in Net Position</b>            | <b>27,240</b>                                                |
| <b>Net Position at Beginning of Year</b> | <b>25,664</b>                                                |
| <b>Net Position at End of Year</b>       | <b>\$ 52,904</b>                                             |

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Holland have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**A. Reporting Entity**

The Town was incorporated in 1783 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected three member Selectboard.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In Fiscal Year 2016, it was determined that no entities met the required GASB-39 and GASB-61 criteria of component units.

The Town is responsible for electing the governing board and/or committee members of the Tantasqua Regional School District. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing members of the board. Audited financial statements are available from the respective organizations. A description of the related organization is as follows:

**Tantasqua Regional School District** - A regional school district made up of five communities to serve the educational needs of students for grades 7 through 12. The Town elects five members for its representation. The regional school district is a separate entity under the Commonwealth of Massachusetts. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

**B. Government-Wide and Fund Financial Statements**

**Government-wide financial statements**

The government-wide financial statements (e.g., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**Fund financial statements**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.



**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and change in net position.

***Major Fund Criteria***

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds),

*and*

- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding element for all governmental funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-wide financial statements**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported.

**Fund financial statements**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under the modified accrual basis concept, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The Town reports the following major governmental fund:

The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Butterworth school fund* is used to account for financial resources of school improvements and maintenance.

The non-major governmental fund consists of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Additionally, the Town reports the following fund types:

*Fiduciary fund* financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government programs.

The *Other Post Employment Benefit (OPEB) Trust Fund* is used to account for the assets held by the Town in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the Town's operations.

The *agency fund* is used to account for assets held in a purely custodial capacity.

**D. Cash and Cash Equivalents**

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

Excluding the permanent funds, investment income derived from major and non-major governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

**E. Investments**

The Town maintains investments according to Massachusetts General Laws and adopted policies. Investments are reported according to the fair value hierarchy established by generally accepted accounting principles. Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or a liability, including assumptions about risk.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 inputs are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.

Level 3 inputs are unobservable for the asset or liability.

Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended and should be measured at the net asset value per share provided by the pool.

Additional investment disclosures are presented in these Notes.

**F. Accounts Receivables**

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

**Property Taxes, Tax Liens and Tax Foreclosures**

Property taxes are based on assessments as of January 1, 2015 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
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property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for the fiscal year 2016 on June 30, 2015 and September 30, 2015 that were due on August 3, 2015 and November 2, 2015 and actual bills on December 22, 2015 and March 30, 2016 that were due on February 1, 2016 and May 2, 2016.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town.

The legal levy limit under Proposition 2 1/2 for fiscal year 2016 is as follows:

|                                    |                     |
|------------------------------------|---------------------|
| Legal Levy Limit Under Proposition |                     |
| 2 1/2 for fiscal year 2016         | \$ 5,043,332        |
| Add: Debt Exclusion                | 13,298              |
|                                    | <u>5,056,630</u>    |
|                                    | <u>\$ 5,056,630</u> |

The total amount raised by taxation was \$5,051,045.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

**Excise Taxes**

Excise taxes consist of motor vehicle excise. Excise taxes are assessed annually and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles.

The tax calculation is the fair market value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

**Due from Other Governments**

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

**G. Capital Assets**

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

All purchase and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

| <b>Capital Asset Type</b>      | <b>Years</b> |
|--------------------------------|--------------|
| Buildings                      | 40           |
| Improvements                   | 7-30         |
| Water and Sewer system         | 30-50        |
| Machinery, equipment and other | 3-25         |
| Infrastructure                 | 30           |

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

**H. Interfund Transfers**

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities.

In the fund financial statements, operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

**I. Deferred Outflows/Inflows of Resources**

**Government-wide financial statements**

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total assets, for *deferred outflows of resources*. This represents the usage of net position applicable for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the only item in this category is *deferred outflows related to pensions*.

In addition to liabilities, the *Statement of Net Position* will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category is *deferred inflows related to pensions*.

**Fund financial statements**

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting that qualifies in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for the Town's property taxes, excise taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**J. Net Position and Fund Balances**

In the Governmental-Wide financial statements, the difference between the Town's total assets and deferred outflows of resources to the total liabilities and deferred inflows of resources represents net position. Net position displays three components – net investment in capital assets, restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net position has been “restricted for” the following:

“Federal and state grants” represents amounts restricted by the federal and state government for various programs.

“Permanent funds” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

“Other purposes” represents restrictions placed on assets from outside parties.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, which is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit.

*Assigned fund balance.* This classification reflects the amounts constrained by the Town's “intent” to be used for specific purposes, but are neither restricted nor committed. Department heads and Town board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

**TOWN OF HOLLAND, MASSACHUSETTS**  
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When the restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

**K. Long-term Debt**

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position.

The face amount of governmental funds long-term debt is reported as other financing sources.

**L. Compensated Absences**

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Upon retirement, termination, or death, certain employees are compensated for unused sick and vacation leave which is (subject to certain limitations) at their current rates of pay.

**M. Pension Benefits**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Hampden County Retirement System (the System) and the Massachusetts Teachers Retirement System (MTRS) are provided. Additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable according with the benefit terms. Investments are reported at their fair value.

**N. Post Retirement Benefits**

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid.

**O. Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

**P. Total Column**

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non-property tax revenues estimated to be received, including available funds.

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- Prior to the Annual Town Meeting, the Town Selectboard submits a proposed operating budget to the Finance Committee for the next fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- At the Annual Town Meeting, the Finance Committee makes recommendations to the voters of their concurrence or non-concurrence with the articles. The voters then vote to accept or reject the proposed budget articles.
- The budget, legally enacted by vote at the Annual Town Meeting, is effective on July 1.
- Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.
- Throughout the year, appropriations may be transferred between departments with Town meeting approval.

Massachusetts law requires cities and towns to provide for a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

For fiscal year 2016, the Town incurred a final budget deficit of \$536,001 for the General Fund.

The Town voted from the following sources to fund the budget deficit during the fiscal year:

|                           |            |
|---------------------------|------------|
| Unassigned fund balance:  |            |
| Free cash votes           | \$ 177,844 |
| Prior year's encumbrances | 358,157    |
|                           | \$ 536,001 |
|                           | \$ 536,001 |



**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**B. Deficit Fund Balances**

The following fund has a deficit at June 30, 2016 as measured by the balance of unreserved fund balance.

- The *Police Off-duty Details* special revenue fund has a deficit of \$26,836. The deficit will be eliminated upon future receipts or through appropriation.

**3. DETAILED NOTES**

**A. Deposits and Investments**

**Custodial Credit Risks – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government has a deposit policy for custodial credit risk. Deposits at June 30, 2016 were \$3,560,352. Of these, \$596,472 are exposed to custodial credit risk as uninsured and uncollateralized.

**Investment Policies**

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less. The MMDT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost. MMDT's fair value is measured at amortized cost.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

As of June 30, 2016, the Town had the following investments and maturities:

| Investment Type                       | Fair Value | Investment Maturities<br>(in Years) |           |
|---------------------------------------|------------|-------------------------------------|-----------|
|                                       |            | Less Than 1                         | 1 to 5    |
| <b>Debt Securities:</b>               |            |                                     |           |
| Corporate bonds                       | \$ 50,241  | \$ -                                | \$ 50,241 |
| Money market mutual fund              | 33,380     | 33,380                              | -         |
|                                       | 83,621     | \$ 33,380                           | \$ 50,241 |
| <b>Other Investments:</b>             |            |                                     |           |
| Certificate of deposits               | 140,429    |                                     |           |
| Equity mutual funds                   | 94,667     |                                     |           |
| Equity securities - domestic (stocks) | 103,016    |                                     |           |
| MMDT                                  | 6,782      |                                     |           |
|                                       | \$ 428,515 |                                     |           |

**Custodial Credit Risks - Investments**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$428,515 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

**Interest Rate Risk**

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

The Town's exposure to credit risk as of June 30, 2016 is as follows:

| Related Debt Instruments          | Fair Value |
|-----------------------------------|------------|
| Moody's Quality Ratings           |            |
| <b>Corporate Bonds:</b>           |            |
| A1                                | \$ 25,101  |
| A2                                | 25,140     |
| <b>Money Market Mutual Funds:</b> |            |
| Not rated                         | 33,380     |
|                                   | \$ 83,621  |

**Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in one issuer. More than 5 of the Town's total investments are in the Corporate Bonds through the Wells Fargo Company and Merck and Company, Inc. amounting to 5.87% and 5.86%, respectively, of the Town's total investments.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**Fair Value of Investments**

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2016:

| Investment Type                                | Fair Value        | Fair Value Measurements                                        |                                               |                                           |
|------------------------------------------------|-------------------|----------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
|                                                |                   | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <b>Investments by Fair Value Level:</b>        |                   |                                                                |                                               |                                           |
| Certificates of deposit                        | \$ 140,429        | \$ 140,429                                                     | \$ -                                          | \$ -                                      |
| Equity mutual funds                            | 94,667            | 94,667                                                         | -                                             | -                                         |
| Equity securities - domestic (stocks)          | 103,016           | 103,016                                                        | -                                             | -                                         |
| Money market mutual fund                       | 33,380            | 33,380                                                         | -                                             | -                                         |
| Corporate bonds                                | 50,241            | -                                                              | 50,241                                        | -                                         |
|                                                | 421,733           | \$ 371,492                                                     | \$ 50,241                                     | \$ -                                      |
| <b>Investments Measured at Amortized Cost:</b> |                   |                                                                |                                               |                                           |
| External Investment Pools (MMDT)               | 6,782             |                                                                |                                               |                                           |
| <b>Total Investments</b>                       | <b>\$ 428,515</b> |                                                                |                                               |                                           |

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**B. Receivables**

At June 30, 2016, receivables for the individual major governmental fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|                                               | Gross Amount | Allowance for Uncollectibles | Net Amount   |
|-----------------------------------------------|--------------|------------------------------|--------------|
| <b>Major and nonmajor governmental funds:</b> |              |                              |              |
| Property taxes                                | \$ 303,940   | \$ (9,498)                   | \$ 294,442   |
| Tax liens                                     | 854,541      | -                            | 854,541      |
| Tax foreclosures                              | 212,823      | -                            | 212,823      |
| Excise taxes                                  | 48,613       | (19,088)                     | 29,525       |
| Due from other governments                    | 185,807      | -                            | 185,807      |
|                                               | \$ 1,605,724 | \$ (28,586)                  | \$ 1,577,138 |

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

The composition of amounts due from other governments as of June 30, 2016 for governmental funds is as follows:

|                                                        |         |            |
|--------------------------------------------------------|---------|------------|
| <b>General Fund:</b>                                   |         |            |
| <b>Commonwealth of Massachusetts:</b>                  |         |            |
| Department of Veterans Services:                       |         |            |
| Veterans benefits                                      | \$      | 11,337     |
| <b>Nonmajor Governmental Funds:</b>                    |         |            |
| <b>U.S. Department of Homeland Security:</b>           |         |            |
| <b>Pass Through the Commonwealth of Massachusetts:</b> |         |            |
| Emergency Management Agency                            | \$      | 2,436      |
| <b>Commonwealth of Massachusetts:</b>                  |         |            |
| Massachusetts Department of Transportation:            |         |            |
| Highway Department - Chapter 90 funded projects        | 172,034 | 174,470    |
|                                                        |         | \$ 185,807 |

The remaining additional amount of due from other governments on the statement of net position as of June 30, 2016 for governmental funds is as follows:

|                                         |           |
|-----------------------------------------|-----------|
| <b>Governmental Funds:</b>              |           |
| <b>Commonwealth of Massachusetts:</b>   |           |
| <b>Massachusetts Clean Water Trust:</b> |           |
| Principal loan subsidy                  | \$ 14,157 |

**C. Deferred Inflows of Resources – Unavailable Revenue**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds are as follows:

|                                     |        |              |
|-------------------------------------|--------|--------------|
| <b>General Fund:</b>                |        |              |
| Property taxes                      | \$     | 241,842      |
| Tax liens and foreclosures          |        | 1,067,364    |
| Excise taxes                        |        | 29,525       |
| Due from other governments          | 11,337 | \$ 1,350,068 |
| <b>Nonmajor governmental funds:</b> |        |              |
| Due from other governments          |        | 140,480      |
|                                     |        | \$ 1,490,548 |

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2016 is as follows:

| <b>Governmental Activities</b>                    | <b>Beginning<br/>Balance</b> | <b>Increases</b> | <b>Decreases</b> | <b>Ending<br/>Balance</b> |
|---------------------------------------------------|------------------------------|------------------|------------------|---------------------------|
| Capital assets not being depreciated:             |                              |                  |                  |                           |
| Land                                              | \$ 1,100,823                 | \$ -             | \$ -             | \$ 1,100,823              |
| Total capital assets not being depreciated        | 1,100,823                    | -                | -                | 1,100,823                 |
| Capital assets being depreciated:                 |                              |                  |                  |                           |
| Buildings and Renovations                         | 4,867,414                    | 60,790           | -                | 4,928,204                 |
| Machinery, equipment and other                    | 2,232,190                    | 422,355          | -                | 2,654,545                 |
| Infrastructure                                    | 7,301,139                    | 193,611          | -                | 7,494,750                 |
| Total capital assets being depreciated            | 14,400,743                   | 676,756          | -                | 15,077,499                |
| Less accumulated depreciation for:                |                              |                  |                  |                           |
| Buildings and Renovations                         | 2,949,012                    | 106,992          | -                | 3,056,004                 |
| Machinery, equipment and other                    | 1,799,231                    | 128,356          | -                | 1,927,587                 |
| Infrastructure                                    | 5,042,851                    | 158,397          | -                | 5,201,248                 |
| Total accumulated depreciation                    | 9,791,094                    | 393,745          | -                | 10,184,839                |
| Total capital assets being depreciated, net       | 4,609,649                    | 283,011          | -                | 4,892,660                 |
| Total governmental activities capital assets, net | \$ 5,710,472                 | \$ 283,011       | \$ -             | \$ 5,993,483              |

Depreciation expense was charged to functions/programs of the primary government as follows:

| <b>Governmental Activities:</b>                      |                   |
|------------------------------------------------------|-------------------|
| General government                                   | \$ 54,882         |
| Public safety                                        | 64,889            |
| Public works                                         | 227,169           |
| Education                                            | 34,544            |
| Health and human services                            | 1,945             |
| Culture and recreation                               | 10,316            |
| Total depreciation expense - governmental activities | <u>\$ 393,745</u> |

**E. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2016, are summarized below:

|                             |                      |
|-----------------------------|----------------------|
|                             | <u>Transfers In:</u> |
|                             | General              |
| <u>Transfers Out:</u>       | fund                 |
| Nonmajor governmental funds | <u>\$ 14,597</u>     |

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**F. Short-Term Financing**

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the governmental type fund are as follows:

| Purpose                         | Interest Rate | Final Maturity Date | Balance July 1, 2015 | Renewed/ Issued  | Retired/ Redeemed | Outstanding June 30, 2016 |
|---------------------------------|---------------|---------------------|----------------------|------------------|-------------------|---------------------------|
| <b>Governmental Activities</b>  |               |                     |                      |                  |                   |                           |
| <b>Bond Anticipation Notes:</b> |               |                     |                      |                  |                   |                           |
| October 2011 Storm              | 0.54%         | 4/22/2016           | \$ 153,155           | \$ -             | \$ 153,155        | \$ -                      |
| <b>Grant Anticipation Note:</b> |               |                     |                      |                  |                   |                           |
| Energy Grant                    | 0.50%         | 11/19/2015          | 35,812               | -                | 35,812            | -                         |
| Road Grant                      | 0.75%         | 12/15/2016          | -                    | 36,440           | -                 | 36,440                    |
| Total Governmental Activities   |               |                     | <u>\$ 188,967</u>    | <u>\$ 36,440</u> | <u>\$ 188,967</u> | <u>\$ 36,440</u>          |

**G. Long Term Debt**

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental type activities.

General obligation bonds currently outstanding of the governmental type fund are as follows:

|                                         | Interest Rate | Date Issued | Final Maturity Date | Original Amount Issued | Outstanding June 30, 2016 |
|-----------------------------------------|---------------|-------------|---------------------|------------------------|---------------------------|
| <b>Inside Debt:</b>                     |               |             |                     |                        |                           |
| <b>Refunding Notes:</b>                 |               |             |                     |                        |                           |
| Highway truck                           | 0.79%         | 5/28/2015   | 5/26/2017           | \$ 183,000             | \$ 137,250                |
| Land acquisition                        | 0.70%         | 4/8/2015    | 10/6/2016           | 164,000                | 34,000                    |
| Fire Department truck                   | 0.79%         | 5/27/2016   | 5/26/2017           | 340,000                | 340,000                   |
| Total Inside Debt                       |               |             |                     |                        | <u>511,250</u>            |
| <b>Outside Debt:</b>                    |               |             |                     |                        |                           |
| <b>Massachusetts Clean Water Trust:</b> |               |             |                     |                        |                           |
| Landfill capping                        | varies        | 9/30/1999   | 8/1/2019            | 185,000                | 40,000                    |
| Total Outside Debt                      |               |             |                     |                        | <u>40,000</u>             |
| Total governmental type debt            |               |             |                     |                        | <u>\$ 551,250</u>         |

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**Future Debt Service**

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2016, are as follows:

| Year | Principal  | Interest  | Total      |
|------|------------|-----------|------------|
| 2017 | \$ 174,750 | \$ 5,770  | \$ 180,520 |
| 2018 | 140,750    | 2,942     | 143,692    |
| 2019 | 140,750    | 2,449     | 143,199    |
| 2020 | 95,000     | 947       | 95,947     |
|      | \$ 551,250 | \$ 12,108 | \$ 563,358 |

A summary of the changes in governmental activities long-term liabilities during the year is as follows:

|                                                | Balance<br>July 1, 2015 | Additions    | Reductions | Balance<br>June 30, 2016 | Amounts Due<br>within One<br>Year |
|------------------------------------------------|-------------------------|--------------|------------|--------------------------|-----------------------------------|
| <b>Governmental activities:</b>                |                         |              |            |                          |                                   |
| <b>Bonds Payable:</b>                          |                         |              |            |                          |                                   |
| Refunding notes                                | \$ 258,000              | \$ 340,000   | \$ 86,750  | \$ 511,250               | \$ 164,750                        |
| Massachusetts Clean<br>Water Trust bonds       | 50,000                  | -            | 10,000     | 40,000                   | 10,000                            |
| <b>Compensated absences</b>                    | 12,937                  | -            | -          | 12,937                   | -                                 |
| <b>OPEB Obligation payable</b>                 | 1,860,697               | 236,212      | -          | 2,096,909                | -                                 |
| <b>Net pension liability</b>                   | 2,354,572               | 519,637      | -          | 2,874,209                | -                                 |
| Governmental activity<br>Long-term liabilities | \$ 4,536,206            | \$ 1,095,849 | \$ 96,750  | \$ 5,535,305             | \$ 174,750                        |

**Massachusetts Clean Water Trust (MCWT)**

The Town has borrowed funds from the MCWT Bond Resolution (Pool; Loan Program). Under this program, the Town is scheduled to be subsidized on a periodic basis for principal in the amount of \$185,000 and interest costs of \$116,725 for a loan the Town has borrowed from the MCWT. The gross amount outstanding at June 30, 2016, including principle and interest for the loans is \$43,986. The net repayments, including interest, are scheduled to be \$27,027. Since the Town is legally obligated for the total amount of the MCWT debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2016 principal and interest subsidies totaled \$4,880.

**Legal Debt Limit**

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2016 totaled \$511,250.

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

The following is a computation of the legal debt limit as of June 30, 2016:

|                                                                 |    |                 |                          |
|-----------------------------------------------------------------|----|-----------------|--------------------------|
| Equalized Valuation-Real Estate and<br>Personal Property (2016) |    | \$              | <u>340,016,400</u>       |
| Debt Limit: 5 % of Equalized value                              |    |                 | 17,000,820               |
| Total Debt Outstanding                                          | \$ | 551,250         |                          |
| Less: Debt Outside Debt Limit                                   |    | <u>(40,000)</u> | <u>511,250</u>           |
|                                                                 |    |                 |                          |
| Inside Debt Excess Borrowing Capacity<br>at June 30, 2016       |    | \$              | <u><u>16,489,570</u></u> |

**Loans Authorized and Unissued - Memorandum Only**

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt.

Loan authorizations that have not been issued as of June 30, 2016 and are not reflected in the Town's financial statements are as follows:

| <b>Date<br/>Town Meeting<br/>Authorized</b> | <b>Purpose</b>                 | <b>Amount</b>     |
|---------------------------------------------|--------------------------------|-------------------|
| 11/29/2011                                  | October snow storm emergency   | \$ 100,000        |
| 5/27/2014                                   | Hamilton Reservoir Dam repairs | 600,000           |
|                                             |                                | <u>\$ 700,000</u> |

**Overlapping Debt**

The Town pays assessments, which includes debt service payments to other local governmental units providing services within the Town's boundaries (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of the governmental unit, the estimated share of such debt being serviced by the Town and the total of its share of estimated indirect debt.

|                                                            | <b>Current<br/>Year's<br/>Debt</b> | <b>Town's<br/>Estimated<br/>Share</b> | <b>Town's<br/>Estimated<br/>Indirect Debt</b> |
|------------------------------------------------------------|------------------------------------|---------------------------------------|-----------------------------------------------|
| <b>Tantasqua Regional School District:<br/>High School</b> | <u>\$ 12,605,000</u>               | 12.62%                                | <u>\$ 1,590,751</u>                           |



**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**H. Fund Balances**

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2016:

|                                  | General<br>Fund | Butterworth<br>School<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------------|-----------------|-------------------------------|-----------------------------------|--------------------------------|
| Restricted:                      |                 |                               |                                   |                                |
| Federal, state and local grants  | \$ -            | \$ -                          | \$ 228,675                        | \$ 228,675                     |
| School revolving                 | -               | -                             | 487,029                           | 487,029                        |
| Revolving funds                  | -               | -                             | 26,901                            | 26,901                         |
| Donations and gifts              | -               | -                             | 81,663                            | 81,663                         |
| Permanent funds                  | -               | 530,870                       | 73,644                            | 604,514                        |
| Capital projects                 | -               | -                             | 1,514                             | 1,514                          |
| Other                            | -               | -                             | 238,598                           | 238,598                        |
|                                  | -               | 530,870                       | 1,138,024                         | 1,668,894                      |
| Assigned:                        |                 |                               |                                   |                                |
| Encumbrance                      | 163,272         | -                             | -                                 | 163,272                        |
| Subsequent year's budget         | 349,176         | -                             | -                                 | 349,176                        |
|                                  | 512,448         | -                             | -                                 | 512,448                        |
| Unassigned:                      |                 |                               |                                   |                                |
| General fund                     | 950,958         | -                             | -                                 | 950,958                        |
| Special revenue deficits         | -               | -                             | (26,836)                          | (26,836)                       |
|                                  | 950,958         | -                             | (26,836)                          | 924,122                        |
| Total Governmental fund balances | \$ 1,463,406    | \$ 530,870                    | \$ 1,111,188                      | \$ 3,105,464                   |

**I. Special Trust Funds**

**Stabilization Fund**

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the Town may for the purpose of creating a stabilization fund appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of the equalized valuation of the Town and any interest shall be added to and become a part of the fund. The stabilization fund may be appropriated in a Town at a Town meeting for any lawful purpose. At June 30, 2016 the following balances in the stabilization funds are reported in the General Fund as unassigned:

|                                     |                   |
|-------------------------------------|-------------------|
| General purpose stabilization fund  | \$ 391,816        |
| Road improvement stabilization fund | 32,313            |
| Capital stabilization fund          | 52,293            |
|                                     | <u>\$ 476,422</u> |

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**4. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has obtained a variety of commercial liability insurance policies that passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**B. Contingent Liabilities**

**Litigation**

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2016. The outcome of lawsuits and any findings with respect to disallowed expenditures is not expected to materially affect the financial condition of the Town.

**C. Pension Plan**

**Plan Description**

The Town is a member of the Hampden County Regional Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Hampden County Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers except for current and retired teachers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 67 Hunt Street, Suite 106, Agawam, Massachusetts 01001.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan, to which the Town does not contribute. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for the contributions and future benefit requirements of the MTRS.

**Special Funding Situation**

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the Town does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2015. The Town's portion of the collective pension expense contributed by the Commonwealth of \$372,565 on-behalf payments for the fiscal year ending June 30, 2016 is reported as intergovernmental revenues and employee benefits and insurance expenditures in the General Fund as of the measurement date.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**Benefits Provided**

Both the System and MTRS provide retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 years of creditable service and are eligible for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost of living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's State law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

**Contributions**

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation.

The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2015 was \$212,389, representing 22.18% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current-year pension assessment. In the past years, retirement systems were paying only the actual retirement benefits that were due each year. Systems had no statutory authorization to put aside money for the future benefits or employees who are currently employed. Large unfunded liabilities resulted from operating under this pay-as-you-go basis. In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. Additionally, Chapter 32 of the M.G.L. requires Massachusetts retirement systems to adopt funding schedules designed to reduce the unfunded actuarial liability of the system to zero by no later than June 30, 2040. The System's current funding schedule is designed to reduce the unfunded actuarial liability to zero by 2035.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**Pension Liability**

As of June 30, 2016, the Town reported a liability of \$2,874,209 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2015, the Town's proportional percentage totaled 0.92%, which was a slight increase from the last measurement.

**Pension Expense**

For the year ended June 30, 2016, the Town recognized a pension expense of \$319,571; reported deferred outflows of resources related to pensions of \$386,667 from the net difference between projected and actual investment earnings on pension plan investments and the changes in proportion and differences between employer contributions and proportionate share of contributions, and deferred inflows of resources related to pensions of \$98,423 from the changes in proportion and differences between employer contributions and proportionate share of contributions. Since the System performs an actuarial valuation bi-annually, there are no reported differences between the expected and actual experience or changes of assumptions as of December 31, 2015.

The Town's net deferred inflows/(outflows) of resources related to pensions will be recognized in the future pension expense as follows;

| <u>For years ended June 30,</u> |                   |
|---------------------------------|-------------------|
| <b>2017</b>                     | \$ 72,061         |
| <b>2018</b>                     | 72,061            |
| <b>2019</b>                     | 72,061            |
| <b>2020</b>                     | 72,061            |
|                                 | <u>\$ 288,244</u> |

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2015:

|                               |                                                                                                                                                                                                                     |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date                | January 1, 2014                                                                                                                                                                                                     |
| Actuarial cost method         | Entry Age Normal Cost Method                                                                                                                                                                                        |
| Amortization method           | Level dollar for the 2002 and 2003 ERI and funding holiday liabilities and Increasing 4.0% per year for the remaining unfunded liability. Increase in total appropriation is limited to 8.0%.                       |
| Remaining amortization period | As of July 1, 2014, 5 years remaining on the 2002 ERI, 6 years remaining on the 2003 ERI and funding holiday, and 22 years for the remaining unfunded liability.                                                    |
| Asset valuation method        | The difference between the expected return and the actual investment return on a market value basis is recognized over a 5 year period. Asset value is adjusted, if necessary to be within 10% of the market value. |

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

|                            |                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation rate             | 4.00%                                                                                                                                                                                                                                                                                                                                                                   |
| Investment rate of return  | 7.875%                                                                                                                                                                                                                                                                                                                                                                  |
| Projected salary increase  | Varies by length of service with ultimate rates 4.25% for Group 1 and 4.50% for Group 2 and 4.75% for Group 4.                                                                                                                                                                                                                                                          |
| Cost of living adjustments | 3.00% of the first \$18,000 of retirement income.                                                                                                                                                                                                                                                                                                                       |
| Mortality rates            | Pre-retirement: the RP-2000 Employee Mortality Table projected generally with a Scale AA from 2010.<br>Healthy retiree: the RP-2000 Healthy Annuitant Mortality Table projected generally with a Scale AA from 2010.<br>For disabled retirees, the Healthy Annuitant Mortality Table is set forward 3 years for males only projected generally with Scale AA from 2010. |

**Long-term Expected Rate of Return**

The long-term expected rate of return on pension plan investments 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 weighing 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 class included in the pension plan's target asset allocation as of January 1, 2015, are summarized in the following table:

| <b>Asset Class</b>               | <b>Long-Term<br/>Expected Asset<br/>Allocation</b> | <b>Long-Term<br/>Expected Real<br/>Rate of Return</b> |
|----------------------------------|----------------------------------------------------|-------------------------------------------------------|
| Large Cap Equities               | 14.50%                                             | 7.50%                                                 |
| Small/mid Cap Equities           | 3.50%                                              | 7.75%                                                 |
| International Equities Unhedged) | 16.00%                                             | 8.00%                                                 |
| Emerging International Equities  | 6.00%                                              | 9.25%                                                 |
| High-yield Bonds                 | 1.50%                                              | 5.75%                                                 |
| Bank Loans                       | 1.50%                                              | 6.00%                                                 |
| EMD (External)                   | 1.00%                                              | 6.00%                                                 |
| EMD (Local Currency)             | 2.00%                                              | 6.75%                                                 |
| TIPS                             | 3.00%                                              | 4.00%                                                 |
| Core Bonds                       | 3.00%                                              | 3.98%                                                 |
| Long Treasuries                  | 7.00%                                              | 4.00%                                                 |
| Private Equity                   | 10.00%                                             | 9.50%                                                 |
| Private Debt                     | 4.00%                                              | 8.00%                                                 |
| Real Estate (Core)               | 10.00%                                             | 6.50%                                                 |
| Hedge Funds                      | 9.00%                                              | 6.75%                                                 |
| Timber/Natural Resources         | 4.00%                                              | 6.75%                                                 |
| Portfolio Completion Strategies  | 4.00%                                              | N/A                                                   |
| Total                            | <u>100.00%</u>                                     |                                                       |

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**Rate of Return**

For the year ended December 31, 2015, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 0.69%. The money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.875%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made based at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.875%. As well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.875%) or 1-percentage-point higher (8.875%) than the current rate (amounts expressed in thousands):

|                              | <b>1% Decrease</b> | <b>Current</b>       | <b>1% Increase</b> |
|------------------------------|--------------------|----------------------|--------------------|
|                              | <b>6.875%</b>      | <b>Discount Rate</b> | <b>8.875%</b>      |
|                              | <b>6.875%</b>      | <b>7.875%</b>        | <b>8.875%</b>      |
| Town's net pension liability | \$ 3,488,115       | \$ 2,874,209         | \$ 2,350,983       |

**D. Other Post-Employment Benefits Payable**

**GASB Statement No. 45**

The cost of post-employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2010, and thus recognizes the cost of post-employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

**Plan Description**

In addition to providing pension benefits, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. There are approximately 63 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2016 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$82,052.

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

|                                           |    |           |
|-------------------------------------------|----|-----------|
| Annual required contribution              | \$ | 339,947   |
| Interest on net OPEB obligation           |    | 74,428    |
| Amortization of Actuarial Loss / (Gain)   |    | (96,111)  |
| Annual OPEB cost (expense)                |    | 318,264   |
| Contributions made during the fiscal year |    | (82,052)  |
| Increase in net OPEB obligation           |    | 236,212   |
| Net OPEB Obligation - beginning of year   |    | 1,860,697 |
| Net OPEB Obligation - end of year         | \$ | 2,096,909 |

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2016 fiscal year is as follows:

| Fiscal<br>Year<br>Ended | Annual<br>OPEB<br>Cost | Percentage<br>Annual OPEB<br>Cost<br>Contributed | Net<br>OPEB<br>Obligation |
|-------------------------|------------------------|--------------------------------------------------|---------------------------|
| 6/30/2016               | \$ 318,264             | 25.8%                                            | \$ 2,096,909              |
| 6/30/2015               | \$ 496,467             | 17.2%                                            | \$ 1,860,697              |
| 6/30/2014               | \$ 471,464             | 16.0%                                            | \$ 1,449,825              |

**Funded Status and Funding Process**

As of July 1, 2015, the most recent valuation date, the plan was 0.8% funded. The actuarial liability for benefits is \$3,043,001, and the actuarial value of assets was \$25,664, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,017,337. The covered payroll (annual payroll of active employees covered by the plan) was \$2,264,764, and the ratio of the UAAL to the covered payroll was 133.23%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the Actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Town OPEB actuarial valuation as of July 1, 2015, used the entry age normal cost method. The OPEB liability is currently 0.8% funded and the actuarial assumptions include an interest rate of 4.0%, an average salary increase rate of 2.5% and a medical/drug cost trend rate of 8.0% in year one decreasing to an ultimate level of 5.0% per year.

The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar amount open basis. The remaining amortization period at June 30, 2016 is 23 years.

**Trust Fund**

The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2016 the trust balance is \$52,904.

**E. Implementation Of New GASB Pronouncements**

The GASB issued Statement No. 72, *Fair Value Measurement and Application*, for implementation in 2016.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, for implementation in 2016.

**F. Future GASB Pronouncements**

Management is currently assessing the impact the implementation of the following pronouncements will have on the basic financial statements.

The GASB issued Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, for implementation in fiscal year 2017.

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, for implementation in fiscal year 2018.

The GASB issued Statement No. 77, *Tax Abatement Disclosures*, for implementation in fiscal year 2017.



**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF HOLLAND, MASSACHUSETTS  
Required Supplementary Information  
Pension Plan Schedules  
Hampden County Regional Retirement System  
For the Year Ended June 30, 2016**

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the Town's proportion of the net pension liability and related ratios.

**Schedule of the Town's Proportionate Share of the Net pension Liability:**

|                                                                            | <u>12/31/2015</u> | <u>12/31/2014</u> |
|----------------------------------------------------------------------------|-------------------|-------------------|
| Town's proportion of the net pension liability (asset)                     | 0.92%             | 0.82%             |
| Town's proportionate share of the net pension liability (asset)            | \$ 2,874,209      | \$ 2,354,572      |
| Town's covered employee payroll                                            | \$ 957,628        | \$ 821,052        |
| Net pension liability percentage of covered-employee payroll               | 300.14%           | 286.78%           |
| Plan fiduciary net position as a percentage of the total pension liability | 49.22%            | 51.38%            |

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Hampden County Regional Retirement System**  
**For the Year Ended June 30, 2016**

The Schedule of the Employer Contributions presents multiyear trend information on the Town's required and actual payments to the pension plan and related ratios.

**Schedule of the Town's Contributions:**

|                                                                               | <u>12/31/2015</u> | <u>12/31/2014</u> |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| Actuarially determined contribution                                           | \$ 212,389        | \$ 175,354        |
| Less: Contributions in relation to the actuarially<br>determined contribution | <u>(212,389)</u>  | <u>(175,354)</u>  |
| Contribution deficiency (excess)                                              | <u>\$ -</u>       | <u>\$ -</u>       |
| Town's covered employee payroll                                               | \$ 957,628        | \$ 821,052        |
| Contributions percentage of covered-employee payroll                          | 22.18%            | 21.36%            |

Note: These schedules are intended to present information for 10 years.  
Until a 10-year trend is compiled, the information is presented for those  
years the information is available.

**TOWN OF HOLLAND, MASSACHUSETTS**  
**Required Supplementary Information**  
**Schedule of Funding Progress and Employer Contributions**  
**Other Post-Employment Benefit Plan Schedules**  
**Year Ended June 30, 2016**

**SCHEDULE OF FUNDING PROGRESS**

| Other Post Employment Benefits |                                        |                                                             |                                    |                          |                           |                                                               |  |
|--------------------------------|----------------------------------------|-------------------------------------------------------------|------------------------------------|--------------------------|---------------------------|---------------------------------------------------------------|--|
| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(A) | Actuarial<br>Accrued<br>Liability (AAL)<br>Entry Aid<br>(B) | Unfunded<br>AAL<br>(UAAL)<br>(B-A) | Funded<br>Ratio<br>(A/B) | Covered<br>Payroll<br>(C) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((B-A)/C) |  |
| 7/1/2015                       | \$ 25,664                              | \$ 3,043,001                                                | \$ 3,017,337                       | 0.8%                     | \$ 2,264,764              | 133.23%                                                       |  |
| 7/1/2012                       | -                                      | \$ 3,908,711                                                | \$ 3,908,711                       | 0.0%                     | \$ 2,008,112              | 194.65%                                                       |  |
| 7/1/2009                       | -                                      | \$ 2,763,119                                                | \$ 2,763,119                       | 0.0%                     | \$ 1,548,167              | 178.48%                                                       |  |

**SCHEDULE OF CONTRIBUTION FUNDING**

| Other Post Employment Benefits  |                        |                                 |                           |  |
|---------------------------------|------------------------|---------------------------------|---------------------------|--|
| Fiscal Year<br>Ended<br>June 30 | Annual<br>OPEB<br>Cost | Actual<br>Contributions<br>Made | Percentage<br>Contributed |  |
| 2016                            | \$ 318,264             | \$ 82,052                       | 25.8%                     |  |
| 2015                            | \$ 496,467             | \$ 85,595                       | 17.2%                     |  |
| 2014                            | \$ 471,464             | \$ 75,373                       | 16.0%                     |  |

The information presented in the above Required Supplementary Schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the Notes to the Basic Financial Statements.

**Actuarial Methods:**

|                       |                               |
|-----------------------|-------------------------------|
| Valuation date        | July 1, 2015                  |
| Actuarial cost method | Entry Age Normal Cost Method  |
| Amortization method   | 30-year amortization payments |

**Actuarial Assumptions:**

|                              |                                                                        |
|------------------------------|------------------------------------------------------------------------|
| Interest rate                | 4.0%                                                                   |
| Annual payroll increase      | 2.5%                                                                   |
| Medical/drug cost trend rate | 8.0% in year one decreasing to the ultimate trend rate of 5% per year. |

**Plan Membership:**

|                                                |    |
|------------------------------------------------|----|
| Current active members                         | 50 |
| Current retirees, beneficiaries and dependents | 13 |
| Total                                          | 63 |

**SUPPLEMENTARY SCHEDULES**

**TOWN OF HOLLAND, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

|                                            | Fund Balances<br>July 1, 2015 | Revenues            | Expenditures      | Other Financing<br>Sources (Uses) | Fund Balances<br>June 30, 2016 |
|--------------------------------------------|-------------------------------|---------------------|-------------------|-----------------------------------|--------------------------------|
| <b>Special Revenue:</b>                    |                               |                     |                   |                                   |                                |
| <b>Federal and State Grants:</b>           |                               |                     |                   |                                   |                                |
| School Grants                              | \$ 7,372                      | \$ 54,333           | \$ 55,094         | \$ -                              | \$ 6,611                       |
| Arts Lottery Council Grants                | 1,851                         | 4,409               | 3,050             | -                                 | 3,210                          |
| Council on Aging Grants                    | 2,736                         | 15,145              | 13,305            | -                                 | 4,576                          |
| Green Communities Grant                    | 3,820                         | -                   | -                 | -                                 | 3,820                          |
| Highway Funds                              | 851                           | 116,958             | 116,958           | -                                 | 851                            |
| Landfill Grant                             | 18,750                        | -                   | -                 | -                                 | 18,750                         |
| Library Grants                             | 19,603                        | 2,866               | 1,407             | -                                 | 21,062                         |
| October 2011 Storm                         | (153,155)                     | -                   | -                 | 153,155                           | -                              |
| Other Grants and Programs                  | 18,775                        | 10,312              | 10,399            | -                                 | 18,688                         |
| Public Safety Grants                       | 26,297                        | 38,030              | 38,968            | -                                 | 25,359                         |
| <b>Schools:</b>                            |                               |                     |                   |                                   |                                |
| School Lunch Program                       | 14,935                        | 56,707              | 70,205            | -                                 | 1,437                          |
| School Choice                              | 390,502                       | 299,281             | 254,808           | -                                 | 434,975                        |
| School Revolving Accounts                  | (2,913)                       | 101,172             | 47,642            | -                                 | 50,617                         |
| State Special Education Reimbursement Fund | 78,729                        | 114,168             | 112,298           | -                                 | 80,599                         |
| <b>Other:</b>                              |                               |                     |                   |                                   |                                |
| Cable Operating Grants                     | 58,381                        | -                   | 13,231            | -                                 | 45,150                         |
| Cable Commission                           | 32,158                        | 42,494              | -                 | -                                 | 74,652                         |
| Gifts and Donations                        | 83,793                        | 16,125              | 18,256            | -                                 | 81,662                         |
| Insurance Reimbursements                   | 14,471                        | 4,742               | 9,154             | -                                 | 10,059                         |
| Land                                       | 100                           | -                   | -                 | -                                 | 100                            |
| Municipal Waterway Improvement             | 2,243                         | -                   | -                 | -                                 | 2,243                          |
| Police Off-duty Details                    | (21,344)                      | 74,361              | 79,853            | -                                 | (26,836)                       |
| Recreation                                 | 8,657                         | 7,253               | 7,542             | -                                 | 8,368                          |
| Revolving Accounts                         | 18,818                        | 83,021              | 60,341            | (14,597)                          | 26,901                         |
| Septic Repair Loan Repayments              | 117,547                       | 228                 | -                 | -                                 | 117,775                        |
| Wetlands Protection Fees                   | 24,574                        | 1,287               | 460               | -                                 | 25,401                         |
| <b>Total Special Revenue Funds</b>         | <b>\$ 767,551</b>             | <b>\$ 1,042,892</b> | <b>\$ 912,971</b> | <b>\$ 138,558</b>                 | <b>\$ 1,036,030</b>            |

**TOWN OF HOLLAND, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

|                                             | Fund Balances<br>July 1, 2015 | Revenues     | Expenditures | Other Financing<br>Sources (Uses) | Fund Balances<br>June 30, 2016 |
|---------------------------------------------|-------------------------------|--------------|--------------|-----------------------------------|--------------------------------|
| <b>Capital Projects:</b>                    |                               |              |              |                                   |                                |
| Fire Department Truck                       | \$ -                          | \$ -         | \$ 340,000   | \$ 340,000                        | \$ -                           |
| Stafford Road Land                          | 1,514                         | -            | -            | -                                 | 1,514                          |
| <b>Total Capital Projects</b>               | 1,514                         | -            | 340,000      | 340,000                           | 1,514                          |
| <b>Permanent Funds:</b>                     |                               |              |              |                                   |                                |
| Cemetery Perpetual Care Funds               | 66,935                        | 1,890        | -            | -                                 | 68,825                         |
| Library Fund                                | 1,759                         | 4            | -            | -                                 | 1,763                          |
| School Donation Fund                        | 3,048                         | 8            | -            | -                                 | 3,056                          |
| <b>Total Permanent Funds</b>                | 71,742                        | 1,902        | -            | -                                 | 73,644                         |
| <b>Total - Non-Major Governmental Funds</b> | \$ 840,807                    | \$ 1,044,794 | \$ 1,252,971 | \$ 478,558                        | \$ 1,111,188                   |

**TOWN OF HOLLAND, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES  
JULY 1, 2015 TO JUNE 30, 2016**

|                                                          | Uncollected<br>Taxes<br>July 1, 2015 | Commitments         | Abatements<br>and<br>Adjustments | Collections Net<br>of Refunds and<br>Overpayments | Uncollected<br>Taxes<br>June 30, 2016 | Uncollected<br>Taxes<br>Per Detail<br>June 30, 2016 |
|----------------------------------------------------------|--------------------------------------|---------------------|----------------------------------|---------------------------------------------------|---------------------------------------|-----------------------------------------------------|
| <b>Real Estate Taxes:</b>                                |                                      |                     |                                  |                                                   |                                       |                                                     |
| Levy of 2016                                             | \$ -                                 | \$ 4,902,636        | \$ 29,473                        | \$ 4,645,336                                      | \$ 227,827                            | \$ 227,827                                          |
| Levy of 2015                                             | 172,959                              | -                   | 80,421                           | 54,463                                            | 38,075                                | 38,069                                              |
| Levy of 2014                                             | 43,069                               | -                   | 7,500                            | 15,914                                            | 19,655                                | 19,630                                              |
| Levy of 2013                                             | 15,750                               | -                   | 5,252                            | 3,808                                             | 6,690                                 | 6,700                                               |
| Levy of 2012                                             | 1,644                                | -                   | 29                               | 1,422                                             | 193                                   | 193                                                 |
| Prior Years                                              | 4,211                                | -                   | 18                               | 3,973                                             | 220                                   | 220                                                 |
|                                                          | <u>237,633</u>                       | <u>4,902,636</u>    | <u>122,693</u>                   | <u>4,724,916</u>                                  | <u>292,660</u>                        | <u>292,639</u>                                      |
| <b>Personal Property Taxes:</b>                          |                                      |                     |                                  |                                                   |                                       |                                                     |
| Levy of 2016                                             | -                                    | 148,432             | 88                               | 145,866                                           | 2,478                                 | 2,478                                               |
| Levy of 2015                                             | 1,934                                | -                   | (324)                            | 380                                               | 1,878                                 | 1,878                                               |
| Levy of 2014                                             | 1,780                                | -                   | -                                | 162                                               | 1,618                                 | 1,618                                               |
| Levy of 2013                                             | 1,650                                | -                   | -                                | 43                                                | 1,607                                 | 1,607                                               |
| Levy of 2012                                             | 1,153                                | -                   | -                                | 19                                                | 1,134                                 | 1,134                                               |
| Prior Years                                              | 2,583                                | -                   | -                                | 18                                                | 2,565                                 | 2,565                                               |
|                                                          | <u>9,100</u>                         | <u>148,432</u>      | <u>(236)</u>                     | <u>146,488</u>                                    | <u>11,280</u>                         | <u>11,280</u>                                       |
| <b>Total Real Estate and<br/>Personal Property Taxes</b> | <u>\$ 246,733</u>                    | <u>\$ 5,051,068</u> | <u>\$ 122,457</u>                | <u>\$ 4,871,404</u>                               | <u>\$ 303,940</u>                     | <u>\$ 303,919</u>                                   |



**TOWN OF HOLLAND, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES  
JULY 1, 2015 TO JUNE 30, 2016**

|                                         | Uncollected<br>Taxes<br>July 1, 2015 | Commitments       | Abatements<br>and<br>Adjustments | Collections Net<br>of Refunds and<br>Overpayments | Uncollected<br>Taxes<br>June 30, 2016 | Uncollected<br>Taxes<br>Per Detail<br>June 30, 2016 |
|-----------------------------------------|--------------------------------------|-------------------|----------------------------------|---------------------------------------------------|---------------------------------------|-----------------------------------------------------|
| <b>Motor Vehicle Excise Taxes:</b>      |                                      |                   |                                  |                                                   |                                       |                                                     |
| Levy of 2016                            | \$ -                                 | \$ 281,530        | \$ 4,641                         | \$ 254,509                                        | \$ 22,380                             | \$ 21,333                                           |
| Levy of 2015                            | 24,547                               | 36,157            | 2,262                            | 53,366                                            | 5,076                                 | 5,076                                               |
| Levy of 2014                            | 4,980                                | -                 | 53                               | 2,818                                             | 2,109                                 | 2,109                                               |
| Levy of 2013                            | 2,720                                | -                 | 71                               | 458                                               | 2,191                                 | 2,191                                               |
| Levy of 2012                            | 2,616                                | -                 | -                                | 404                                               | 2,212                                 | 2,212                                               |
| Prior Years                             | 14,834                               | -                 | (54)                             | 243                                               | 14,645                                | 14,645                                              |
| <b>Total Motor Vehicle Excise Taxes</b> | <b>\$ 49,697</b>                     | <b>\$ 317,687</b> | <b>\$ 6,973</b>                  | <b>\$ 311,798</b>                                 | <b>\$ 48,613</b>                      | <b>\$ 47,566</b>                                    |

**TOWN OF HOLLAND, MASSACHUSETTS  
SCHEDULE OF TAX LIENS AND TAX FORECLOSURES  
JULY 1, 2015 TO JUNE 30, 2016**

|                         | Uncollected<br>Accounts<br>July 1, 2015 | Commitments | Abatements<br>and<br>Adjustments | Collections Net<br>of Refunds and<br>Overpayments | Uncollected<br>Accounts<br>June 30, 2016 | Uncollected<br>Accounts<br>Per Detail<br>June 30, 2016 |
|-------------------------|-----------------------------------------|-------------|----------------------------------|---------------------------------------------------|------------------------------------------|--------------------------------------------------------|
| <b>Tax Liens</b>        | \$ 815,633                              | \$ 109,707  | \$ 382                           | \$ 70,417                                         | \$ 854,541                               | \$ 854,541                                             |
| <b>Tax Foreclosures</b> | \$ 212,823                              | \$ -        | \$ -                             | \$ -                                              | \$ 212,823                               | \$ 212,823                                             |