

**BOROUGH OF OLD TAPPAN**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2013**

# BOROUGH OF OLD TAPPAN

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**BOROUGH OF OLD TAPPAN**  
**BERGEN COUNTY, NEW JERSEY**

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**PART I**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2013**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Borough Council  
Borough of Old Tappan  
Old Tappan, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Old Tappan, as of December 31, 2013 and 2012, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Borough of Old Tappan on the basis of financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the requirement that the Borough of Old Tappan prepare and present its financial statements on the regulatory basis of accounting as discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Old Tappan as of December 31, 2013 and 2012, or changes in financial position, or, where applicable, cash flows for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 18 of the financial statements, the financial statements -- regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 35.7 percent and 32.4 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2013 and 2012.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements -- regulatory basis referred to above present fairly, in all material respects, the financial position -- regulatory basis of the various funds and account group of the Borough of Old Tappan as of December 31, 2013 and 2012, and the results of operations and changes in fund balance -- regulatory basis of such funds for the years then ended and the revenues -- regulatory basis and expenditures -- regulatory basis of the various funds for the year ended December 31, 2013 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## ***Other Matters***

### ***Required Supplementary Information***

The Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Old Tappan as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Old Tappan.

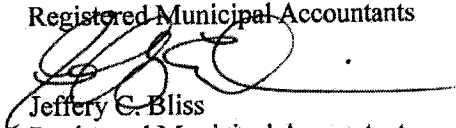
The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated June 9, 2014 on our consideration of the Borough of Old Tappan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Old Tappan's internal control over financial reporting and compliance.

*Leach, Vinci & Higgins, LLP*  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Jeffery C. Bliss  
Registered Municipal Accountant  
RMA Number CR00429

Fair Lawn, New Jersey  
June 9, 2014

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
Cash	A-4	\$ 4,937,198	\$ 4,634,318
Cash - Change Funds	A-5	255	255
Cash - Petty Cash	A-6	100	100
Due from State-Senior Citizens and Veteran's Deductions	A-8	4,624	4,286
Grants Receivable	A-11	<u>18,965</u>	<u>13,994</u>
		<u>4,961,142</u>	<u>4,652,953</u>
<b>RECEIVABLES AND OTHER ASSETS</b>			
<b>WITH FULL RESERVES</b>			
Delinquent Property Taxes Receivable	A-7	323,346	358,829
Tax Title Liens Receivable	A-9	24,629	20,956
Property Acquired for Taxes - Assessed Valuation	A-10	278,485	278,485
Revenue Accounts Receivable	A-12	30,213	20,055
Due from Other Trust Fund	B-9	257	-
Due from General Capital Fund	C-10	1,306	-
Due from Sewer Utility Assessment Trust Fund	D-12	<u>1,135</u>	<u>390</u>
		<u>659,371</u>	<u>678,715</u>
<b>DEFERRED CHARGES</b>			
Emergency Authorizations	A-14	-	86,795
Special Emergency Authorizations (40A:4-55)	A-13	<u>-</u>	<u>28,000</u>
		<u>-</u>	<u>114,795</u>
<b>Total Assets</b>		<u><u>\$ 5,620,513</u></u>	<u><u>\$ 5,446,463</u></u>

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Appropriation Reserves	A-3,A-15	\$ 65,078	\$ 204,353
Encumbrances Payable	A-20	184,610	217,929
Accounts Payable	A-21	15,842	9,445
Due to State - Sales Tax Payable	A-16	1,353	1,401
Due to State-DCA Training Fees	A-16	4,253	2,110
Prepaid Revenues	A-17	4,723	4,425
Prepaid Taxes	A-18	114,183	217,771
Tax Overpayments	A-19	2,681	212
County Taxes Payable	A-24	9,781	6,589
Local District School Taxes Payable	A-22	2,810,063	2,635,401
Due to Other Trust Fund	B-9	-	1,970
Reserve for Tax Appeals	A-28	70,151	50,000
Miscellaneous Reserves	A-27	30	2,060
Reserve for Grants - Appropriated	A-25	7,573	15,073
Reserve for Grants - Unappropriated	A-26	<u>36,335</u>	<u>31,919</u>
		3,326,656	3,400,658
Reserve for Receivables and Other Assets	A	659,371	678,715
Fund Balance	A-1	<u>1,634,486</u>	<u>1,367,090</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,620,513</u>	<u>\$ 5,446,463</u>

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 724,000	\$ 532,500
Miscellaneous Revenue Anticipated	A-2	3,239,326	3,157,355
Receipts from Delinquent Taxes	A-2	359,333	310,584
Receipts from Current Taxes	A-2	31,040,280	29,853,223
Non-Budget Revenue	A-2	274,651	274,946
Other Credits to Income			
Unexpended Balances of Appropriation Reserves	A-15	131,230	109,079
Accounts Payable Cancelled	A-21	235	1,423
Appropriated Grant Reserves Cancelled	A-1	-	9,179
Escrow Balances Cancelled	A-1	-	143,537
Prior Year Interfunds Returned	A	390	6,146
<b>Total Income</b>		<u>35,769,445</u>	<u>34,397,972</u>
<b>EXPENDITURES</b>			
Operations			
Salaries and Wages	A-3	3,109,717	3,194,541
Other Expenses	A-3	2,924,356	2,875,875
Capital Improvements	A-3	202,000	90,000
Municipal Debt Service	A-3	994,024	860,675
Deferred Charges and Statutory Expenditures	A-3	895,362	904,352
County Taxes	A-24	4,080,632	3,896,460
Due County for Added and Omitted Taxes	A-24	9,781	6,589
Local District School Taxes	A-22	13,235,319	12,903,066
Regional High School District Taxes	A-23	9,147,975	8,671,670
Municipal Open Space Taxes	A-4	173,574	173,229
Other Debits to Income			
Prior Year Senior Citizen Deductions Disallowed	A-8	863	750
Refund of Prior Year Revenue	A-4	1,484	6,338
Grants Receivable Cancelled	A-11	264	11,622
Interfunds Advanced	A	2,698	390
<b>Total Expenditures</b>		<u>34,778,049</u>	<u>33,595,557</u>
<b>Excess in Revenue</b>		<b>991,396</b>	<b>802,415</b>
<b>Adjustments to Income Before Fund Balance:</b>			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-14	-	86,795
Expenditures included Above Which were Funded by Bond Ordinance	A-1	-	90,000
<b>Statutory Excess to Fund Balance</b>		<b>991,396</b>	<b>979,210</b>
<b>Fund Balance, January 1</b>	<b>A</b>	<u><b>1,367,090</b></u>	<u><b>920,380</b></u>
		<b>2,358,486</b>	<b>1,899,590</b>
<b>Less Utilization as Anticipated Revenue</b>	<b>A-1,A-2</b>	<u><b>724,000</b></u>	<u><b>532,500</b></u>
<b>Fund Balance, December 31</b>	<b>A</b>	<u><b>\$ 1,634,486</b></u>	<u><b>\$ 1,367,090</b></u>

See Accompanying Notes to Financial Statements

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Ref.</u>	<u>Budget</u>	<u>Anticipated</u> Special Added by <u>40A:4-87</u>	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
Surplus Anticipated	A-1	\$ 724,000	-	\$ 724,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	11,040		10,920	\$ (120)
Other	A-2	6,500		6,552	52
Fees and Permits	A-2	24,000		24,688	688
Fines and Costs - Municipal Court	A-12	55,000		74,101	19,101
Interest and Costs on Taxes	A-12	86,000		80,919	(5,081)
Uniform Fire Safety Act	A-12	6,800		6,845	45
Interest on Investments and Deposits	A-2	10,000		18,637	8,637
Golf Course Fees	A-12	594,000		583,701	(10,299)
Uniform Construction Code Fees	A-12	216,000		346,019	130,019
Energy Receipts Tax	A-12	1,463,986		1,463,986	-
Watershed Moratorium Offset Aid-2012	A-12	38,540		38,540	-
River Vale Fuel Reimbursement	A-12	135,000		128,104	(6,896)
Public and Private Revenues Offset with Appropriations					
Recycling Tonnage Grant	A-26	18,375		18,375	-
Drunk Driving Enforcement Fund	A-26	1,403		1,403	-
Drive Sober or Get Pulled Over	A-11		\$ 8,800	8,800	-
Clean Communities Program	A-26	9,797		9,797	-
Alcohol Education and Rehabilitation Fund	A-26	54		54	-
Municipal Alliance on Alcoholism and Drug Abuse	A-11	9,876		9,876	-
Reserve for Body Armor Fund	A-26	2,290		2,290	-
Community Development Block Grants					
Senior Citizens' Programs	A-11		3,274	3,274	-
Special Items of Revenue:					
Cell Tower Leases	A-12	140,000		155,228	15,228
Police Outside Duty Admin Fee	A-12	17,000		17,000	-
Library Contribution - Municipal Services	A-12	65,000		65,000	-
Reserve for Debt Service	A-4	50,000		50,000	-
Golf Concession, Rent and Utilities	A-12	14,000		29,805	15,805
Library Debt Service Reimbursement	A-12	85,413	-	85,412	(1)
Total Miscellaneous Revenues	A-1	3,060,074	12,074	3,239,326	167,178
Receipts from Delinquent Taxes	A-1,A-7	300,000	-	359,333	59,333
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	A-2	4,775,357	-	5,132,999	357,642
	A-3	\$ 8,859,431	\$ 12,074	9,455,658	\$ 584,153
Non-Budget Revenue	A-1,A-2			274,651	
				<u>\$ 9,730,309</u>	

See Accompanying Notes to Financial Statements

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	<u>2013</u>
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collections		
Revenue from Current Taxes	A-7	\$ 31,090,280
Less: Transferred to Reserve Tax Appeals	A-28	<u>50,000</u>
Revenue Realized	A-1	31,040,280
Allocated to School, County , Municipal Open Space Taxes	A-22,A-23,A-24,A-4	<u>26,647,281</u>
Balance for Support of Municipal Budget Appropriation		4,392,999
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>740,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 5,132,999</u>
Licenses - Other		
Borough Clerk	A-12	\$ 4,950
Health Officer	A-12	<u>1,602</u>
	A-2	<u>\$ 6,552</u>
Fees and Permits		
Planning Board	A-12	\$ 3,050
Police	A-12	13,303
Tax Collector	A-12	50
Health Officer	A-12	140
Zoning Board	A-12	7,200
Registrar	A-12	<u>945</u>
	A-2	<u>\$ 24,688</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-12	\$ 15,344
Due from Other Trust Fund	B-9	553
Due from Sewer Utility Assessment Trust Fund	D-12	<u>2,740</u>
	A-2	<u>\$ 18,637</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	
<b>ANALYSIS OF NON-BUDGET REVENUE</b>		
FEMA Reimbursements		\$ 82,354
Cablevision Franchise Fee		58,777
Verizon FIOS Franchise Fee		20,225
Solar Renewable Energy Credits		14,612
JIF Dividend		7,430
Smoke Detector Compliance		8,475
LEA Reimbursement		5,051
Senior Citizen and Veterans Administrative Fees		880
Stone Point Park Usage Fees		1,400
GIS Fees		1,700
Soil Moving Fees		7,700
Miscellaneous Fees and Reimbursements		<u>66,047</u>
	A-2	<u>\$ 274,651</u>
Cash Receipts	A-4	273,345
Due from General Capital	C-10	<u>1,306</u>
	A-2	<u>\$ 274,651</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
Administrative and Executive					
Salaries and Wages	\$ 159,142	\$ 157,542	\$ 157,444	\$ 98	
Other Expenses	66,600	61,023	59,289	1,734	
Mayor and Council					
Salaries and Wages	36,338	36,338	36,195	143	
Other Expenses	600			-	
Financial Administration					
Salaries and Wages	88,767	88,767	88,766	1	
Other Expenses	39,368	38,368	36,393	1,975	
Audit Services					
Other Expenses	19,500	18,800	18,800	-	
Assessment of Taxes					
Salaries and Wages	15,750	15,750	15,750	-	
Other Expenses	8,680	11,180	10,063	1,117	
Collection of Taxes					
Salaries and Wages	95,219	95,219	94,814	405	
Other Expenses	3,100	3,100	2,666	434	
Legal Services and Costs					
Other Expenses	60,000	50,000	44,518	5,482	
Engineering Services & Costs					
Other Expenses	12,500	9,500	9,473	27	
Open Space Advisory					
Other Expenses	80	80		80	
Senior Advisory					
Other Expenses	7,950	8,037	8,036	1	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	21,747	21,747	21,305	442	
Other Expenses	8,950	7,450	5,773	1,677	
Insurance					
General Liability	103,477	103,477	102,893	584	
Workers Compensation	115,009	115,009	115,008	1	
Employee Group Health	622,348	619,086	615,926	3,160	
Health Benefit Waiver	10,000	10,000	10,000	-	
Unemployment Insurance	10,000	10,000	10,000	-	
<b>PUBLIC SAFETY</b>					
Fire					
Salaries and Wages	29,000	29,000	29,000	-	
Other Expenses	27,675	27,675	27,650	25	
Rent	10,545	10,545	10,545	-	
Fire Hydrant Services	122,202	122,202	122,191	11	

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd.)					
GENERAL GOVERNMENT (Cont'd.)					
PUBLIC SAFETY					
Uniform Fire Safety Act (PL 1983, C.383)					
Fire Official					
Salaries and Wages	\$ 12,394	\$ 12,394	\$ 12,372	\$ 22	
Other Expenses	4,250	4,250	3,603	647	
Police					
Salaries and Wages	1,689,654	1,706,154	1,698,306	7,848	
Other Expenses	48,770	48,770	48,174	596	
Purchase of Police Vehicles/Equipment	18,100	18,100	17,871	229	
Police Dispatch/911					
Contractual	115,545	115,545	115,545	-	
First Aid Organization - Contribution	28,880	28,880	28,880	-	
Emergency Management Services					
Salaries and Wages	722	722	722	-	
Other Expenses	500	50		50	
Municipal Prosecutor					
Salaries and Wages	5,150	5,150	5,036	114	
PUBLIC WORKS FUNCTIONS					
Road Repairs & Maintenance					
Salaries and Wages	450,721	450,721	450,212	509	
Other Expenses	30,355	30,355	29,886	469	
Shade Tree Commission					
Other Expenses	21,095	21,095	20,485	610	
Recycling					
Salaries and Wages	2,800	2,800	2,207	593	
Other Expenses	35,350	35,350	35,350	-	
Solid Waste Collection					
Other Expenses	5,800	6,800	6,777	23	
Public Buildings and Grounds					
Other Expenses	24,225	29,825	29,824	1	
Contractual	16,380	16,380	16,380	-	
Vehicle Maintenance					
Other Expenses	58,220	58,220	58,209	11	
HEALTH & HUMAN SERVICES					
Board of Health					
Other Expenses	32,063	32,063	31,515	548	
O.S.H.A.					
Hepatitis B Program					
Other Expenses	666	666	666	-	
Environmental Commission					
Salaries and Wages	1,341	1,341	1,192	149	
Other Expenses	170	170	159	11	
Administration of Public Assistance					
Salaries and Wages	7,210	7,210	6,908	302	
Other Expenses	846	916	915	1	
Aid to Community Center for Mental Health (NJSA 40:4-2-9)	2,000	2,000	2,000	-	

**BOROUGH OF OLD TAPPAN  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd.)					
PARKS AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Salaries and Wages	\$ 30,407	\$ 30,407	\$ 30,406	\$ 1	
Other Expenses	14,640	14,640	14,068	572	
Golf Course					
Salaries and Wages	315,960	315,960	314,480	1,480	
Other Expenses	90,000	90,100	89,945	155	
Recreation Program Fees					
Other Expenses	1,000	1,000	570	430	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	1,000	75	75	-	
Municipal Court Administration					
Salaries and Wages	12,400	12,400	11,647	753	-
Other Expenses	2,500	2,500	1,040	1,460	-
Public Defender					
Other Expenses	200	200	200	-	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
State Uniform Construction Code					
(NJSA 52:27D-120, et seq.)					
Construction Code Official					
Salaries and Wages	104,572	104,622	104,614	8	
Other Expenses	16,610	16,610	16,267	343	
UNCLASSIFIED					
Utilities					
Electricity	111,750	108,750	107,017	1,733	
Street Lighting	12,000	12,000	10,543	1,457	
Telephone	20,400	20,400	20,263	137	
Water	18,500	25,700	24,487	1,213	
Gasoline	50,000	56,000	54,971	1,029	
Interlocal Service Agreement					
Harrington Park Service Fee	9,400	9,400	9,400	-	-
Total Operations Within "CAPS"	5,119,093	5,126,586	5,085,685	40,901	-
Contingent	7,500	7,500	5,000	2,500	-
Total Operations including Contingent Within "CAPS"	5,126,593	5,134,086	5,090,685	43,401	-
Detail:					
Salaries and Wages	3,079,294	3,094,244	3,081,376	12,868	-
Other Expenses	2,047,299	2,039,842	2,009,309	30,533	-

**BOROUGH OF OLD TAPPAN  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd.)					
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
- Municipal Within "CAPS"					
Prior Year Bills					
Golf Course-O/E	\$ 589	\$ 589	\$ 589		
Construction Code- O/E	342	342	342		
Statutory Expenditures:					
Social Security System (O.A.S.I.)	232,000	224,500	224,452	\$ 48	
Public Employees Retirement System	182,853	182,853	182,853	-	
Police and Firemen's Retirement System	371,583	371,583	371,583	-	-
Defined Contribution Retirement Program	700	700	498	202	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	788,067	780,567	780,317	250	-
Total General Appropriations for Municipal Purposes Within "CAPS"	5,914,660	5,914,653	5,871,002	43,651	-
OPERATIONS - EXCLUDED FROM CAPS					
Aid to Public Library (NJSA 40:54-35)	592,744	592,744	592,744	-	
Insurance					
Employee Group Health	29,302	29,302	29,302	-	
Stormwater Management					
Other Expenses	11,100	11,100	9,659	1,441	
Fire					
LOSAP	70,000	70,000	62,100	7,900	-
Total Other Operations Excluded from "CAPS"	703,146	703,146	693,805	9,341	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
River Vale Fuel Reimbursement					
Gasoline	135,000	135,000	128,956		\$ 6,044
Emerson - Municipal Court Administration					
Salaries and Wages	14,009	14,016	14,016	-	-
Total Interlocal Municipal Service Agreements	149,009	149,016	142,972	-	6,044
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Drunk Driving Enforcement Fund	1,403	1,403		1,403	
Drive Sober or get Pulled Over Grant		8,800	3,735	5,065	-
Municipal Alliance Program	9,876	9,876	9,876	-	
Clean Communities Grant	9,797	9,797	9,797	-	
Body Armor Replacement	2,290	2,290		2,290	
Recycling Tonnage Grant	18,375	18,375	18,375	-	
Alcohol Education and Rehabilitation Fund	54	54		54	
Community Development-Senior Citizen Program	-	3,274	-	3,274	-
Total Public and Private Programs Offset by Revenues	41,795	53,869	41,783	12,086	-
Total Operations Excluded from "CAPS"	893,950	906,031	878,560	21,427	6,044

See Accompanying Notes to Financial Statements

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd.)					
Detail:					
Salaries and Wages	\$ 15,466	\$ 15,473	\$ 14,016	\$ 1,457	-
Other Expenses	878,484	890,558	864,544	19,970	\$ 6,044
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	202,000	202,000	202,000	-	-
Total Capital Improvements Excluded from "CAPS"	202,000	202,000	202,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	759,000	759,000	759,000	-	
Interest on Bonds	235,026	235,026	235,024	-	2
Total Municipal Debt Service Excluded from "CAPS"	994,026	994,026	994,024	-	2
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"					
Emergency Authorizations	86,795	86,795	86,795	-	-
Special Emergency Authorizations - 5 Years	28,000	28,000	28,000	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	114,795	114,795	114,795	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,204,771	2,216,852	2,189,379	\$ 21,427	\$ 6,046
Subtotal General Appropriations	8,119,431	8,131,505	8,060,381	65,078	6,046
Reserve for Uncollected Taxes	740,000	740,000	740,000	-	-
Total General Appropriations	\$ 8,859,431	\$ 8,871,505	\$ 8,800,381	\$ 65,078	\$ 6,046
	Reference	A-2	A-1	A, A-1	
Budget as Adopted	A-3	\$ 8,859,431			
Appropriation by 40A:4-87	A-2	12,074			
		<u>\$ 8,871,505</u>			
Cash Disbursements	A-4		\$ 7,760,976		
Encumbrances Payable	A-20		184,610		
Deferred Charges					
Emergency Authorizations	A-14		86,795		
Special Emergency Authorization	A-13		28,000		
Reserve for Uncollected Taxes	A-2		740,000		
			<u>\$ 8,800,381</u>		

**BOROUGH OF OLD TAPPAN  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-3	\$ 2,932	\$ 2,522
<b>OTHER TRUST FUND</b>			
Cash	B-3	1,538,937	1,491,683
Loan Receivable - Affordable Housing	B-6	5,553	6,699
Due from Current Fund	B-9	-	1,970
		<u>1,544,490</u>	<u>1,500,352</u>
<b>UNEMPLOYMENT COMPENSATION INSURANCE FUND</b>			
Cash	B-3	<u>37,627</u>	<u>32,459</u>
<b>OPEN SPACE PRESERVATION TRUST FUND</b>			
Cash	B-3	<u>402,850</u>	<u>360,809</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM FUND - (UNAUDITED)</b>			
Investments	B	1,038,090	842,353
Contributions Receivable	B	<u>67,850</u>	<u>66,700</u>
		<u>1,105,940</u>	<u>909,053</u>
<b>Total Assets</b>		<u>\$ 3,093,839</u>	<u>\$ 2,805,195</u>

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND</b>			
Due to State of New Jersey	B-4	\$ 11	\$ 5
Reserve for Animal Control Expenditures	B-5	<u>2,921</u>	<u>2,517</u>
		<u>2,932</u>	<u>2,522</u>
<b>OTHER TRUST FUND</b>			
Due to State of New Jersey			
Department of Human Services	B-7	375	400
Payroll Deductions Payable/(Deficit)	B-8	-	(2,558)
Due to Current Fund	B-9	257	-
Escrow Deposits Payable	B-10	381,317	484,115
Miscellaneous Reserves and Deposits	B-11	1,156,988	1,011,696
Reserve for Loan Receivable	B-6	<u>5,553</u>	<u>6,699</u>
		<u>1,544,490</u>	<u>1,500,352</u>
<b>UNEMPLOYMENT COMPENSATION INSURANCE FUND</b>			
Due to State of New Jersey	B-13	-	173
Reserve for Unemployment Compensation			
Insurance Claims	B-12	<u>37,627</u>	<u>32,286</u>
		<u>37,627</u>	<u>32,459</u>
<b>OPEN SPACE PRESERVATION TRUST FUND</b>			
Reserve for Open Space Preservation	B-14	<u>402,850</u>	<u>360,809</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM FUND - (UNAUDITED)</b>			
Reserve for Length of Service Awards Program	B	<u>1,105,940</u>	<u>909,053</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,093,839</u>	<u>\$ 2,805,195</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF REVENUES-REGULATORY BASIS  
OPEN SPACE PRESERVATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	<u>Anticipated Budget (Memo)</u>	<u>Realized</u>	<u>Excess or Deficit</u>
Amount to be Raised by Taxation	B-14	\$ 173,203	\$ 173,574	\$ 371
	B-2	\$ 173,203	173,574	\$ 371
Non-Budget Revenue	B-14		650	
			<u>\$ 174,224</u>	

EXHIBIT B-2

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS  
OPEN SPACE PRESERVATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Appropriated (Memo)</u>	<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u> <u>Reserved</u>
Maintenance of Lands for Recreation and Conservation:			
Salaries and Wages	\$ 67,000	\$ 67,000	\$ 67,000
Other Expenses	13,000	23,663	23,663
Debt Service:			
Payment of Bond Principal	35,943	35,943	35,942
Interest on Bonds	5,578	5,578	5,578
Reserve for Future Use	51,682	41,019	-      41,019
	<u>\$ 173,203</u>	<u>\$ 173,203</u>	<u>\$ 132,183</u> <u>\$ 41,019</u>
Reference	B-1	B-1	B-14

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 1,328,246	\$ 1,522,358
Grants Receivable	C-4	147,294	536,733
Other Receivables	C-5	-	20,000
Deferred Charges to Future Taxation			
Funded	C-6	7,238,898	8,033,840
Unfunded	C-7	<u>901,268</u>	<u>1,000,306</u>
 Total Assets		 <u>\$ 9,615,706</u>	 <u>\$ 11,113,237</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-16	\$ 6,987,000	\$ 7,746,000
Green Trust Loan Payable	C-15	251,898	287,840
Contracts Payable	C-8	476,572	74,987
Improvement Authorizations:			
Funded	C-11	648,460	961,359
Unfunded	C-11	787,996	1,221,974
Capital Improvement Fund	C-9	24,576	101,576
Due to Current Fund	C-10	1,306	
Reserve for Sidewalk Improvements	C-12	201,330	200,921
Reserve for Capital Improvements	C-13	29,498	36,498
Reserve for Payment of Debt	C-14	55,904	105,904
Reserve for Grants Receivable	C-4	146,500	251,512
Reserve for Other Receivables	C-5	-	20,000
Fund Balance	C-1	<u>4,666</u>	<u>104,666</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 9,615,706</u>	 <u>\$ 11,113,237</u>

There were bonds and notes authorized but not issued as of December 31, 2013 and 2012 of \$901,268 and \$1,000,306 respectively (Exhibit C-17).

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	C	\$ 104,666	\$ 86,487
Increased by:			
Premium on Sale of Bonds	C-1	<u>-</u>	<u>18,179</u>
		104,666	104,666
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-11	<u>100,000</u>	<u>-</u>
Balance, December 31	C	<u>\$ 4,666</u>	<u>\$ 104,666</u>

**BOROUGH OF OLD TAPPAN  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
SEWER UTILITY FUND  
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
<b>OPERATING FUND</b>			
Cash	D-8	\$ 387,871	\$ 447,246
Receivables With Full Reserves			
Consumer Accounts Receivable	D-11	<u>42,861</u>	<u>47,066</u>
		<u>430,732</u>	<u>494,312</u>
<b>ASSESSMENT TRUST FUND</b>			
Cash	D-8,D-9	2,044,197	2,109,600
Assessment Receivable	D-13	3,077,638	3,740,814
Due from Sewer Utility Operating Fund	D-16	157	15,767
Deferred Charge			
Utility Share of Assessment Debt Issued	D-14	<u>92,663</u>	<u>92,663</u>
		<u>5,214,655</u>	<u>5,958,844</u>
<b>CAPITAL FUND</b>			
Cash	D-8,D-10	171,968	154,163
Fixed Capital	D-15	<u>18,401,034</u>	<u>18,393,534</u>
		<u>18,573,002</u>	<u>18,547,697</u>
Total Assets		<u>\$ 24,218,389</u>	<u>\$ 25,000,853</u>

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**SEWER UTILITY FUND**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-3, D-17	\$ 6,663	\$ 6,239
Encumbrances Payable	D-18	19,227	34,315
Accrued Interest on Bonds and Loans	D-19	57,335	66,401
Sewer Fee Overpayments	D-20	988	795
Due to Sewer Utility Assessment Fund	D-16	<u>157</u>	<u>15,767</u>
		84,370	123,517
Reserve for Receivables	D	42,861	47,066
Fund Balance	D-1	<u>303,501</u>	<u>323,729</u>
		<u>430,732</u>	<u>494,312</u>
ASSESSMENT TRUST FUND			
Assessment Serial Bonds	D-25	1,370,000	1,545,000
Environmental Infrastructure Loan Payable	D-24	3,665,302	4,235,236
Due to Current Fund	D-12	1,135	390
Reserve for Assessments Receivable	D-23	95,641	95,641
Fund Balance	D-4	<u>82,577</u>	<u>82,577</u>
		<u>5,214,655</u>	<u>5,958,844</u>
CAPITAL FUND			
Wastewater Treatment Loans Payable	D-26	-	85,199
Reserve for Sewer Assessment Debt	D-22	171,968	171,968
Reserve for Amortization	D-21	<u>18,401,034</u>	<u>18,290,530</u>
		<u>18,573,002</u>	<u>18,547,697</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 24,218,389</u>	<u>\$ 25,000,853</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2013 and 2012 of \$0 and \$17,805, respectively (Exhibit D-27).

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE -**  
**REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>REVENUES AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	D-2	\$ 95,000	\$ 55,000
Sewer User Fees	D-2	1,053,762	1,020,560
Interest on Assessments	D-2	126,607	151,207
United Properties Group - Reimbursement of Waste Water			
Bond Debt Service	D-2	86,904	89,671
Non-Budget Revenue	D-2	26,821	5,316
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	D-17	4,259	6,272
Cancellation of Accounts Payable	D-1	<u>-</u>	<u>17,200</u>
 Total Income		 <u>1,393,353</u>	 <u>1,345,226</u>
 <b>EXPENDITURES</b>			
Operating	D-3	1,008,293	968,471
Capital Improvements	D-3	7,500	7,500
Debt Service	D-3	240,483	261,572
Deferred Charges and Statutory Expenditures	D-3	62,305	43,000
Refund of Prior Year Revenue	D-1	<u>-</u>	<u>11,403</u>
 Total Expenditures		 <u>1,318,581</u>	 <u>1,291,946</u>
 Excess in Revenue		 74,772	 53,280
 Fund Balance, January 1	 D	 <u>323,729</u>	 <u>325,449</u>
		398,501	378,729
 Less Utilization as Anticipated Revenue			
Sewer Utility Operating Fund	D-1,D-2	<u>95,000</u>	<u>55,000</u>
 Fund Balance, December 31	 D	 <u>\$ 303,501</u>	 <u>\$ 323,729</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	D-1	\$ 95,000	\$ 95,000	
Sewer User Fees	D-11	1,010,423	1,053,762	\$ 43,339
Interest on Assessments	D-16	135,000	126,607	(8,393)
United Properties Group - Reimbursement of Wastewater Bond Debt Service	D-8	<u>87,313</u>	<u>86,904</u>	<u>(409)</u>
	D-3	<u>\$ 1,327,736</u>	1,362,273	<u>\$ 34,537</u>
Non-Budget Revenue	D-2		<u>26,821</u>	
			<u>\$ 1,389,094</u>	
Analysis of Non-Budget Revenue:				
Interest on Deposits			\$ 5,511	
Miscellaneous			3,825	
Sewer Connection Fees			<u>17,485</u>	
	D-2,D-8		<u>\$ 26,821</u>	

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>	<u>Unexpended</u>	
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Balance</u>	
			<u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Salaries	\$ 333,900	\$ 338,800	\$ 338,787	\$ 13	
Other Expenses	<u>677,711</u>	<u>669,493</u>	<u>662,843</u>	<u>6,650</u>	<u>-</u>
Total Operating	<u>1,011,611</u>	<u>1,008,293</u>	<u>1,001,630</u>	<u>6,663</u>	<u>-</u>
CAPITAL IMPROVEMENTS					
Capital Outlay	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>-</u>
Total Capital Improvements	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>-</u>
DEBT SERVICE					
Payment of Bond Principal	85,200	85,200	85,199		\$ 1
Interest on Bonds	<u>161,120</u>	<u>164,438</u>	<u>155,284</u>	<u>-</u>	<u>9,154</u>
Total Debt Service	<u>246,320</u>	<u>249,638</u>	<u>240,483</u>	<u>-</u>	<u>9,155</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
DEFERRED CHARGES					
Cost of Improvements- Ord. No. 798	17,805	17,805	17,805		
STATUTORY EXPENDITURES					
Social Security System (O.A.S.I.)	25,500	25,500	25,500		
Public Employees Retirement System	13,000	13,000	13,000	-	
Unemployment Compensation Insurance	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures	<u>62,305</u>	<u>62,305</u>	<u>62,305</u>	<u>-</u>	<u>-</u>
	\$ 1,327,736	\$ 1,327,736	\$ 1,311,918	\$ 6,663	\$ 9,155

Reference

D-2

D-1

D, D-1

Budget as Adopted

D-3

\$ 1,327,736

Cash Disbursements

D-8

\$ 1,137,407

Encumbrances Payable

D-18

19,227

Accrued Interest on Bonds and Loans

D-19

155,284\$ 1,311,918

See Accompanying Notes to Financial Statements

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**SEWER UTILITY ASSESSMENT TRUST FUND**

		<u>2013</u>	<u>2012</u>
Balance, January 1	D	\$ 82,577	\$ 82,577
Balance, December 31	D	<u>\$ 82,577</u>	<u>\$ 82,577</u>

EXHIBIT D-5

**STATEMENT OF REVENUES - REGULATORY BASIS**  
**SEWER UTILITY ASSESSMENT TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget</u>	<u>Anticipated Budget After Modifications</u>	<u>Realized</u>
Assessment Cash	\$ 744,934	\$ 744,934	\$ 744,934
	<u>\$ 744,934</u>	<u>\$ 744,934</u>	<u>\$ 744,934</u>
<u>Reference</u>	D-6	D-6	D-8

EXHIBIT D-6

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**SEWER UTILITY ASSESSMENT TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget</u>	<u>Appropriation Budget After Modifications</u>	<u>Expended</u>
Payment of Bond Principal	\$ 175,000	\$ 175,000	\$ 175,000
Payment of Loan Principal	<u>569,934</u>	<u>569,934</u>	<u>569,934</u>
	<u>\$ 744,934</u>	<u>\$ 744,934</u>	<u>\$ 744,934</u>
<u>Reference</u>	D-5	D-5	D-24,D-25

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE-REGULATORY BASIS**  
**SEWER UTILITY CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	D	\$ -	\$ 1,423
Increased by:			
Cancellation of Funded Improvement Authorizations	D-7	-	68,938
		-	70,361
Decreased by:			
Cancellation of Grant Receivable	D-7	-	70,361
Balance, December 31	D	\$ -	\$ -

**BOROUGH OF OLD TAPPAN  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
Cash	E-1	<u>\$ 93,137</u>	<u>\$ 96,842</u>
<b>LIABILITIES AND RESERVES</b>			
Reserve for Public Assistance Expenditures	E-2	<u>\$ 93,137</u>	<u>\$ 96,842</u>

**BOROUGH OF OLD TAPPAN  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Land	\$ 29,113,900	\$ 29,113,900
Buildings and Building Improvements	19,004,309	18,752,650
Machinery and Equipment	<u>6,669,419</u>	<u>6,545,278</u>
	<u>\$ 54,787,628</u>	<u>\$ 54,411,828</u>
<b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 54,787,628</u>	<u>\$ 54,411,828</u>

## **NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Borough of Old Tappan (the "Borough") was incorporated in 1894 and operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**B. Description of Regulatory Basis of Accounting**

The financial statements of the Borough of Old Tappan have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Unemployment Compensation Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Open Space Preservation Trust Fund - This fund is used to account for the resources which have accumulated through a dedicated tax and other resources to be used for the preservation and improvements of municipal open space, recreational and farmland property.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Borough's sanitary sewerage system and the assets and liabilities relative to such activities. Special benefit assessments levied against properties for specific purposes are accounted for in the assessment trust section of the fund. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough, other than those accounted for in the sewer utility fund. The Borough's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**Financial Statements – Regulatory Basis**

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of Old Tappan follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**Miscellaneous Revenues/Receivables** - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

**Sewer Utility Revenues/Receivables** - Sewer utility charges are levied quarterly based upon a flat service charge (residential) or usage charge (commercial). Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's sewer utility operating funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**Grant and Similar Award Revenues/Receivables** - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

**Property Acquired for Taxes** - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Interfunds** - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

**Deferred Charges** - Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

**Appropriation Reserves** - Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

**Encumbrances** - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

**Tax Appeals and Other Contingent Losses** - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

**Deferred School Taxes** - School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount. GAAP does not permit the deferral of unpaid school taxes to fund balance at year end.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Old Tappan has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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

The Borough undertook a fixed asset valuation study as of December 31, 2008. General fixed asset valuations are stated as follows:

Land and Buildings	Assessed Value
Buildings and Building Improvements	Assessed Value
Machinery and Equipment	Acquisition Cost or Estimated Acquisition Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the Sewer Utility Fund is recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

**Use of Estimates** - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**Reclassifications** - Certain reclassifications have been made to the December 31, 2012 balances to conform to the December 31, 2013 presentation.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- A. Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

Trust Funds (Except Open Space Preservation Trust Fund)  
General Capital Fund  
Sewer Utility Capital Fund  
Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2013 and 2012 the Borough Council increased the original budget by \$12,074 and \$184,833. The increase in 2013 was funded by additional aid allotted to the Borough. The increases in 2012 were funded by additional aid allotted to the Borough and emergency appropriation for severe weather storm response and clean-up costs. In addition, the governing body approved several budget transfers during 2013 and 2012.

**NOTE 3 DEPOSITS AND INVESTMENTS**

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

**A. Deposits**

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

**A. Deposits (Continued)**

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2013 and 2012, the book value of the Borough's deposits were \$10,945,318 and \$10,852,355 and bank and brokerage firm balances of the Borough's deposits amounted to \$11,357,477 and \$11,172,520, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2013</u>	<u>2012</u>
Insured	\$ 11,349,814	\$ 11,164,862
Uninsured and Collateralized	7,663	7,658
	<u>\$ 11,357,477</u>	<u>\$ 11,172,520</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2013 and 2012, the Borough's bank balances of \$7,663 and \$7,658 were exposed to custodial credit risk as follows:

	<u>2013</u>	<u>2012</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 7,663</u>	<u>\$ 7,658</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2013 and 2012, the Borough had the following investments:

	<u>Fair Value</u> <u>(LOSAP - Unaudited)</u>	
	<u>2013</u>	<u>2012</u>
Investment:		
Lincoln Financial LOSAP Investment Fund (Unaudited)	\$ <u>1,038,090</u>	\$ <u>842,353</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2013 and 2012, \$1,038,090 and \$842,353 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u> <u>(LOSAP - Unaudited)</u>	
	<u>2013</u>	<u>2012</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>1,038,090</u>	\$ <u>842,353</u>

Interest Rate Risk – The Borough 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 – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2013 and 2012, the Borough's investment in Lincoln Financial, a subsidiary of Lincoln National Corporation was rated Baa1 and Baa2, respectively, by Moody's Investor Services.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough's investments are in Lincoln Financial LOSAP Investment Fund. These investments are 100% of the Borough's total investments.

The fair value of the above-listed investment was based on quoted market prices provided by Lincoln Financial Group.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Sewer Utility Capital Fund and Sewer Utility Assessment Trust Fund are assigned to the Sewer Utility Operating Fund in accordance with the regulatory basis of accounting.

**NOTE 4 TAXES AND UTILITY RENTS RECEIVABLE**

Receivables at December 31, 2013 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<b><u>2013</u></b>			
Property Taxes	\$ 323,346		\$ 323,346
Tax Title Liens	24,629		24,629
Utility Charges	-	\$ 42,861	42,861
	<u>\$ 347,975</u>	<u>\$ 42,861</u>	<u>\$ 390,836</u>

In 2013, the Borough collected \$359,333 and \$47,066 from delinquent taxes and utility rents, which represented 95% and 100% of the delinquent tax and sewer charges receivable at December 31, 2012.

Receivables at December 31, 2012 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<b><u>2012</u></b>			
Property Taxes	\$ 358,829		\$ 358,829
Tax Title Liens	20,956		20,956
Utility Charges	-	\$ 47,066	47,066
	<u>\$ 379,785</u>	<u>\$ 47,066</u>	<u>\$ 426,851</u>

In 2012, the Borough collected \$310,584 and \$46,541 from delinquent taxes and utility rents, which represented 95% and 100% of the delinquent tax and sewer charges receivable at December 31, 2011.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 5 DUE TO/FROM OTHER FUNDS**

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2013</u>		<u>2012</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 2,698	\$ -	\$ 390	\$ 1,970
Other Trust Fund	-	257	1,970	
General Capital Fund		1,306		
Sewer Utility Fund:				
Operating Fund		157		15,767
Assessment Trust Fund	157	1,135	15,767	390
	<u>157</u>	<u>1,135</u>	<u>15,767</u>	<u>390</u>
Total	<u>\$ 2,855</u>	<u>\$ 2,855</u>	<u>\$ 18,127</u>	<u>\$ 18,127</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or revenues earned in one fund that are due to another fund.

The Borough expects all interfund balances to be liquidated within one year.

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance,</u> <u>December 31,</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
--	--	---	--

**2013**

There were none.

**2012**

Current Fund			
Emergency Authorization	\$ 86,795	\$ 86,795	
Special Emergency Authorizations (40A:4-53)	28,000	28,000	\$ -
	<u>28,000</u>	<u>28,000</u>	
	<u>\$ 114,795</u>	<u>\$ 114,795</u>	<u>\$ -</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 DEFERRED SCHOOL TAXES**

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31.

	<u>2013</u> Local District <u>School</u>	<u>2012</u> Local District <u>School</u>
Balance of Tax	\$ 6,895,923	\$ 6,721,261
Deferred Liability	<u>4,085,860</u>	<u>4,085,860</u>
Taxes Payable	<u>\$ 2,810,063</u>	<u>\$ 2,635,401</u>

**NOTE 8 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balances in the Current Fund and Sewer Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2013</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 1,610,897	\$ 750,000	\$ 1,234,015	\$ 724,000
Non-Cash Surplus	<u>23,589</u>	<u>-</u>	<u>133,075</u>	<u>-</u>
	<u>\$ 1,634,486</u>	<u>\$ 750,000</u>	<u>\$ 1,367,090</u>	<u>\$ 724,000</u>
Sewer Utility Operating Fund				
Cash Surplus	<u>\$ 303,501</u>	<u>\$ 95,000</u>	<u>\$ 323,729</u>	<u>\$ 95,000</u>

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 9 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2013 and 2012.

	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2013</u>
<b><u>2013</u></b>				
Land	\$ 29,113,900			\$ 29,113,900
Buildings and Building Improvement	18,752,650	\$ 268,659	17,000	19,004,309
Machinery and Equipment	6,545,278	124,141	\$ -	6,669,419
	<u>\$ 54,411,828</u>	<u>\$ 392,800</u>	<u>\$ 17,000</u>	<u>\$ 54,787,628</u>
	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2012</u>
<b><u>2012</u></b>				
Land	\$ 29,113,900			\$ 29,113,900
Buildings and Building Improvement	17,922,650	\$ 830,000		18,752,650
Machinery and Equipment	6,487,767	437,731	\$ 380,220	6,545,278
	<u>\$ 53,524,317</u>	<u>\$ 1,267,731</u>	<u>\$ 380,220</u>	<u>\$ 54,411,828</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 9 FIXED ASSETS (Continued)**

**B. Sewer Utility Fund Fixed Assets**

The following is a summary of changes in the utility fund fixed assets for the years ended December 31, 2013 and 2012.

	Balance December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<b><u>2013</u></b>				
Fixed Capital				
System and System Improvements	\$ 17,997,386	\$ 7,500		\$ 18,004,886
Vehicles and Equipment	<u>396,148</u>	<u>-</u>	<u>-</u>	<u>396,148</u>
	<u>\$ 18,393,534</u>	<u>\$ 7,500</u>	<u>\$ -</u>	<u>\$ 18,401,034</u>
	Balance December 31, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
<b><u>2012</u></b>				
Fixed Capital				
System and System Improvements	\$ 17,989,963	\$ 7,423		\$ 17,997,386
Vehicles and Equipment	<u>396,148</u>	<u>-</u>	<u>-</u>	<u>396,148</u>
	<u>\$ 18,386,111</u>	<u>\$ 7,423</u>	<u>\$ -</u>	<u>\$ 18,393,534</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 10 MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u><b>2013</b></u>	<u><b>2012</b></u>
Issued		
General		
Bonds and Loans	\$ 7,238,898	\$ 8,033,840
Sewer Utility		
Loans	-	85,199
Sewer Utility Assessment		
Bonds and Loans	<u>5,035,302</u>	<u>5,780,236</u>
	12,274,200	13,899,275
Less Funds Temporarily Held to Pay Bonds and Notes	<u>2,188,514</u>	<u>2,320,272</u>
Net Debt Issued	10,085,686	11,579,003
Authorized But Not Issued		
General		
Bonds and Notes	901,268	1,000,306
Sewer Utility		
Bonds and Notes	<u>-</u>	<u>17,805</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 10,986,954</u>	<u>\$ 12,597,114</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .46% and .49% at December 31, 2013 and 2012, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 8,140,166	\$ 55,904	\$ 8,084,262
School Debt	7,011,964	7,011,964	
Utility Debt	<u>5,035,302</u>	<u>5,035,302</u>	<u>-</u>
Total	<u>\$ 20,187,432</u>	<u>\$ 12,103,170</u>	<u>\$ 8,084,262</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2012</u>			
General Debt	\$ 9,034,146	\$ 105,904	\$ 8,928,242
School Debt	8,032,758	8,032,758	
Utility Debt	<u>5,883,240</u>	<u>5,883,240</u>	<u>-</u>
Total	<u>\$ 22,950,144</u>	<u>\$ 14,021,902</u>	<u>\$ 8,928,242</u>

**Statutory Borrowing Power**

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 61,471,997	\$ 62,910,706
Net Debt	<u>8,084,262</u>	<u>8,928,242</u>
Remaining Borrowing Power	<u>\$ 53,387,735</u>	<u>\$ 53,982,464</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

The Borough's long-term debt consisted of the following at December 31:

**General Obligation Bonds**

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
\$1,754,000, 2003 Bonds, due in annual installment of \$339,000 through December, 2013, interest at 3.25%	\$ -	\$ 339,000
\$2,967,000, 2004 Bonds (Series A), due in annual installments of \$35,000 to \$467,000 through August 2019, interest at 4.00% to 4.125%	2,662,000	2,697,000
\$1,080,000, 2004 Bonds (Series B), due in annual installments of \$55,000 to \$80,000 through August 2023, interest at 4.00% to 4.50%	675,000	730,000
\$2,120,000, 2010 Bonds, due in annual installments of \$50,000 to \$325,000 through July 2022, interest at 2.00% to 3.125%	1,970,000	2,020,000
\$545,000, 2010 Refunding Bonds, due in annual installments of \$180,000 through February 2013, interest at 1.50% to 2.00%	-	180,000
\$1,780,000, 2012 Bonds, due in annual installments of \$100,000 to \$200,000 through November 2023, interest at 1.00% to 2.00%	<u>1,680,000</u>	<u>1,780,000</u>
	<u>\$ 6,987,000</u>	<u>\$ 7,746,000</u>

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**General Intergovernmental Loans Payable**

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing relating to the purchase of the Washington Ave North Property for Municipal Open Space. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
\$653,625, 2000 Loan, due in semi-annual installments of \$17,882 to \$20,555 through February 21, 2020, interest at 2.00%	\$ 251,898	\$ 287,840

**Sewer Utility Assessment Bonds**

The Borough pledges revenue from special benefit assessments to pay debt service on sewer utility assessment bonds issued. The sewer utility assessment bonds outstanding at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
\$720,000, 2003 Assessment Bonds, due in annual installments of \$40,000 through December 2021, interest at 3.25% to 4.25%	\$ 320,000	\$ 360,000
\$975,000, 2004 Assessment Bonds, due in annual installments of \$60,000 through August 2022, interest at 4.00% to 4.375%	540,000	600,000
\$730,000, 2010 Refunding Assessment Bonds, due in annual installments of \$85,000 through February 2019, interest at 2.00% to 2.625%	510,000	585,000
	<u>\$ 1,370,000</u>	<u>\$ 1,545,000</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Sewer Utility Intergovernmental Loans Payable**

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing relating to the construction of sanitary sewers. The Borough pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Sewer Utility intergovernmental loans outstanding at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
\$1,195,000, 1993 Loan, refunded by 2003 Refunding Series due in annual installment of \$85,199 through February 2013, interest rates of 4.80%	\$ -	\$ 85,199
\$3,415,000, 1999 Assessment Loan, refunded by 2006B Refunding Series, due in annual installments of \$189,643 to \$255,579 through August 1, 2019, interest rates of 5.50% to 5.70%	1,378,823	1,568,466
\$3,193,990, 1999 Assessment Loan, due in semi-annual installments of \$4,592 to \$167,654 through August 1, 2018, interest free	861,692	1,037,991
\$1,960,000, 2000 Assessment Loan, refunded by 2006A and 2010A Refunding Series, due in annual installments of \$101,309 to \$139,676 through August 1, 2020, interest at 5.00% to 5.25%	850,800	952,109
\$1,828,595, 2000 Assessment Loan due in semi-annual installments of \$4,885 to \$94,212 through August 1, 2019, interest free	<u>573,987</u>	<u>676,670</u>
	<u>\$ 3,665,302</u>	<u>\$ 4,320,435</u>
 Sewer Utility Capital Loans	 \$ -	 \$ 85,199
Sewer Utility Assessment Loans	<u>3,665,302</u>	<u>4,235,236</u>
	<u>\$ 3,665,302</u>	<u>\$ 4,320,435</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2013 is as follows:

Calendar Year	<u>General</u>		<u>Sewer Assessment</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	796,665	221,463	773,561	149,130	\$ 1,940,819
2015	822,402	197,226	788,582	129,281	1,937,491
2016	848,154	172,574	804,486	100,578	1,925,792
2017	868,920	146,708	821,414	86,934	1,923,976
2018	894,703	119,775	810,818	64,239	1,889,535
2019-2023	<u>3,008,054</u>	<u>223,789</u>	<u>1,036,441</u>	<u>68,675</u>	<u>4,336,959</u>
	<u>\$ 7,238,898</u>	<u>\$ 1,081,535</u>	<u>\$ 5,035,302</u>	<u>\$ 598,837</u>	<u>\$ 13,954,572</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2013 and 2012 were as follows:

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<b><u>2013</u></b>					
General Capital Fund					
Bonds Payable	\$ 7,746,000	\$ -	\$ 759,000	\$ 6,987,000	\$ 760,000
Intergovernmental Loans Payable	<u>287,840</u>	<u>-</u>	<u>35,942</u>	<u>251,898</u>	<u>36,665</u>
General Capital Fund Long-Term Liabilities	<u>\$ 8,033,840</u>	<u>\$ -</u>	<u>\$ 794,942</u>	<u>\$ 7,238,898</u>	<u>\$ 796,665</u>
Sewer Utility Capital Fund					
Intergovernmental Loans	<u>\$ 85,199</u>	<u>-</u>	<u>\$ 85,199</u>	<u>\$ -</u>	<u>\$ -</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 85,199</u>	<u>\$ -</u>	<u>\$ 85,199</u>	<u>\$ -</u>	<u>\$ -</u>
Sewer Utility Assessment Fund					
Bonds Payable	\$ 1,545,000	\$ -	\$ 175,000	\$ 1,370,000	\$ 185,000
Intergovernmental Loans Payable	<u>4,235,236</u>	<u>-</u>	<u>569,934</u>	<u>3,665,302</u>	<u>588,561</u>
Sewer Utility Assessment Fund Long-Term Liabilities	<u>\$ 5,780,236</u>	<u>\$ -</u>	<u>\$ 744,934</u>	<u>\$ 5,035,302</u>	<u>\$ 773,561</u>

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt (Continued)**

	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<b><u>2012</u></b>					
General Capital Fund					
Bonds Payable	\$ 6,601,000	\$ 1,780,000	\$ 635,000	\$ 7,746,000	\$ 759,000
Intergovernmental Loans Payable	<u>323,074</u>	<u>-</u>	<u>35,234</u>	<u>287,840</u>	<u>35,942</u>
General Capital Fund Long-Term Liabilities	<u>\$ 6,924,074</u>	<u>\$ 1,780,000</u>	<u>\$ 670,234</u>	<u>\$ 8,033,840</u>	<u>\$ 794,942</u>
Sewer Utility Capital Fund					
Intergovernmental Loans	<u>\$ 166,153</u>	<u>-</u>	<u>\$ 80,954</u>	<u>\$ 85,199</u>	<u>\$ 85,199</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 166,153</u>	<u>\$ -</u>	<u>\$ 80,954</u>	<u>\$ 85,199</u>	<u>\$ 85,199</u>
Sewer Utility Assessment Fund					
Bonds Payable	\$ 1,725,000	\$ -	\$ 180,000	\$ 1,545,000	\$ 175,000
Intergovernmental Loans Payable	<u>4,799,232</u>	<u>-</u>	<u>563,996</u>	<u>4,235,236</u>	<u>569,934</u>
Sewer Utility Assessment Fund Long-Term Liabilities	<u>\$ 6,524,232</u>	<u>\$ -</u>	<u>\$ 743,996</u>	<u>\$ 5,780,236</u>	<u>\$ 744,934</u>

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2013</u>		
Sidewalks Project Phase 4 & 5	\$249,315	2014
<u>2012</u>		
There were none.		

**NOTE 12 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

Under the existing policies and labor agreements of the Borough, employees are not permitted to accumulate unused vacation benefits and sick leave over the life of their working careers.

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

**Public Employees' Retirement System (PERS)** – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employers who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

**Other Pension Funds**

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Significant Legislation (Continued)**

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rate was 6.64%. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funded Status and Funding Progress**

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funded Status and Funding Progress (Continued)**

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPP (2.00%) and (b) changes to projected salary increases, which vary by fund.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2012 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Annual Pension Cost (APC) (Continued)**

During the years ended December 31, 2013, 2012 and 2011, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PERS</u>	<u>PERS</u>	<u>DCRP</u>
2013	\$ 371,583	\$ 195,853	\$ 498
2012	384,473	180,660	151
2011	464,399	180,667	None

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Borough.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 585 state and local participating employers and contributing entities for Fiscal Year 2013.

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**State Health Benefits Program Funds (HBPF) – Local Government** (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contribution are required.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of July 1, 2012, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$19.3 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Funded Status and Funding Progress (Continued)**

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2012 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contribution**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$139.8 million for 9,404 eligible retired members for Fiscal Year 2013. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$38.0 million in Fiscal Year 2013 to provide benefits under Chapter 330 to qualified retirees.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Post-Retirement Medical Benefits Contribution (Continued)**

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 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) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2013, 2012 and 2011 were \$174,575, \$139,858 and \$124,206, respectively, which equaled the required contributions for each year.

**NOTE 15 RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Old Tappan is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF, SBJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 15 RISK MANAGEMENT (Continued)**

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2013	\$ 16,000	\$ 4,268	\$ 14,948	\$ 37,627
2012	20,000	4,159	19,247	32,286
2011	20,000	4,035	18,903	27,370

**NOTE 16 CONTINGENT LIABILITIES**

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2013 and 2012. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2013 and 2012, the Borough reserved \$70,151 and \$50,000, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**Federal and State Awards** - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2013 and 2012, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 17 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2013 and 2012, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 18 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED**

The Borough of Old Tappan Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on July 26, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Old Tappan approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Old Tappan has contributed \$1,150 for both 2013 and 2012, respectively, for each eligible volunteer fire department and first aid squad member into the Plan. The Borough also contributed \$62,100 and \$63,250 for 2013 and 2012, respectively for all eligible volunteer fire department and first aid squad members into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial, a subsidiary of Lincoln National Corporation is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 18 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)**

**Vesting and Benefits**

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

**Reporting Requirements**

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

**NOTE 19 INDEMNIFICATION AGREEMENT - WASTEWATER TREATMENT LOANS**

Under the New Jersey Department of Environmental Protection ("NJDEP") 1993 Wastewater Treatment Loan Agreements the Borough unconditionally and irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the punctual payment of the principal and interest on the loans in accordance with their respective terms. The Loan Agreements may not be assigned by the Borough unless approved by the NJDEP. These loan agreements have not been assigned and remain the obligations of the Borough under the Loan Agreements.

On September 20, 1993 the Borough entered into an indemnification agreement with United Properties Group ("UPG") formerly River Vale Realty Co., Inc. ("RVR"). A New York Corporation, authorized to do business in New Jersey. Under the Agreement UPG shall indemnify, hold harmless and defend the Borough and its officers, employees or agents from all losses, costs and expenses, including but not limited to repayment of loan principal, interest, penalties, if any, and costs arising out of the loans received by the Borough from the NJDEP 1993 Wastewater Treatment Fund and 1993 Wastewater Treatment Trust for the purpose of constructing sanitary sewers. All payments, including but not limited to principal, interest and penalties, if any required to be made by the Borough as an applicant and recipient of funds under the NJDEP 1993 Wastewater Treatment Financing Programs shall be considered as the obligation of UPG. UPG shall pay all such sums when they become due. It is the intentions of the parties that the 1993 wastewater treatment loans received by the Borough be at absolutely no cost to the municipality.

Under the agreement UPG constructed Phase II B of the Sanitary Sewer System within the time period required by the financing program. After completion of Phase II B of the Sanitary Sewer improvements and after certification by the Municipal Engineer that Phase II B had been satisfactorily completed, UPG dedicated such improvements to the Borough and the Borough accepted ownership of the sanitary sewer improvements. UPG has no ownership interest in the improvements.

As of December 31, 2013 and 2012 the balance outstanding from the 1993 wastewater treatment loans were \$-0- and \$85,199, respectively.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 20 CONSTRUCTION LOAN AGREEMENT – OLD TAPPAN FREE PUBLIC LIBRARY**

The Borough and the Old Tappan Free Public Library (the "Library"), a not for profit corporation, operating as a privately owned library, have entered into a construction loan agreement whereby the Borough has agreed to loan the Library the sum of \$1,200,000. The Library has agreed to repay said loan over a nineteen year period along with interest in the average net amount of 4.085% per annum. The Borough received a partial repayment from the library during 2004 in the amount of \$120,000 making the net principal amount due on the loan \$1,080,000. Payments of interest commenced on February 10, 2005 and each six month period thereafter and payments of principal in accordance with the debt service repayment schedule commenced on August 10, 2005 and is payable annually each year thereafter.

As security for the loan, the Library executed and delivered to the Borough a Security Agreement and financing statements, which constituted a first lien and prior on the assets of the Library, a Collateral Assignment of Lease and a Collateral Assignment of Appropriation. The security interest is a valid first security lien on all of the assets of the Library, including but not limited to, all books, equipment, furnishings, fixtures, contract rights, cash, accounts receivable, and the Library's right to receive the Borough's annual appropriation out of the Borough's operating budget. The loan is further secured by a collateral assignment of the Library's rights under its Lease with the Borough and a collateral assignment of the Library's rights under its Lease with the Borough and a collateral assignment of the Library's right to the Borough's annual appropriation to the Library. This Agreement also serves as an assignment of all of the Library's rights in and to the plans and approvals for the expanded structure.

As of December 31, 2013 and 2012 the balances of the Loan outstanding were \$675,000 and \$730,000, respectively.

**NOTE 21 HURRICANE SANDY**

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the cleanup and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2013. As of December 31, 2013, the Borough received \$82,354 in FEMA reimbursements relating to Hurricane Sandy.

**CURRENT FUND**

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF CASH - COLLECTOR-TREASURER**

Balance, December 31, 2012 \$ 4,634,318

Increased by:

Taxes Receivable	\$ 31,186,915	
Grants Receivable	14,594	
Revenue Accounts Receivable	3,127,739	
Reserve for Debt Service - General Capital Fund	50,000	
Non-Budget Revenue	273,345	
Prepaid Taxes	114,183	
Tax Overpayments	162,848	
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	43,726	
Due to State of New Jersey	20,946	
Prepaid Revenues	4,723	
Reserve for Grants - Unappropriated	36,335	
Receipts from Other Trust Fund	435	
Receipts from Sewer Assessment Trust Fund	<u>1,995</u>	
		<u>35,037,784</u>
		39,672,102

Decreased by:

2013 Appropriations	7,760,976	
2012 Appropriation Reserves	59,964	
Local District School Taxes Payable	13,060,657	
Regional High School Taxes Payable	9,147,975	
County Taxes Payable	4,087,221	
Encumbrances Payable	217,027	
Tax Overpayments	160,379	
Reserve for Grants-Appropriated	11,382	
Refund of Prior Year Revenue	1,484	
Accounts Payable	1,426	
Miscellaneous Reserves	2,030	
Reserve for Tax Appeals	29,849	
Due to State of New Jersey	18,851	
Payments to Open Space Preservation Trust Fund - Tax Levy	173,574	
Other Trust Fund Expenditure Paid by Current Fund	<u>2,109</u>	
		<u>34,734,904</u>
Balance, December 31, 2013		<u>\$ 4,937,198</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2013</u>	Balance, December 31, <u>2012</u>
Collector	\$ 50	\$ 50
Borough Clerk	100	100
Court Clerk	<u>105</u>	<u>105</u>
	<u>\$ 255</u>	<u>\$ 255</u>

**STATEMENT OF PETTY CASH FUND**

Balance December 31, 2012	<u>\$ 100</u>
Balance December 31, 2013	<u>\$ 100</u>

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

<u>Year</u>	<u>Balance,</u> <u>December 31,</u> <u>2012</u>	<u>2013</u> <u>Levy</u>	<u>Added Tax</u> <u>Adjustment</u>	<u>Senior</u> <u>Citizens'</u> <u>and</u> <u>Veterans'</u> <u>Deductions</u> <u>Disallowed</u>	<u>Collected Cash</u>		<u>Senior</u> <u>Citizens'</u> <u>and</u> <u>Veterans'</u> <u>Deductions</u> <u>Allowed</u>	<u>Cancelled</u>	<u>Transferred</u> <u>to Tax</u> <u>Title</u> <u>Liens</u>	<u>Balance,</u> <u>December 31,</u> <u>2013</u>
					<u>2012</u>	<u>2013</u>				
2012	\$ 358,829	\$ -	\$ 141	\$ 613	\$ -	\$ 359,333	-	-	\$ -	250
	358,829	-	141	613	-	359,333	-	-	-	250
2013	-	31,493,961	-	823	\$ 217,771	30,827,582	\$ 45,750	\$ 76,912	3,673	\$ 323,096
	<u>\$ 358,829</u>	<u>\$ 31,493,961</u>	<u>\$ 141</u>	<u>\$ 1,436</u>	<u>\$ 217,771</u>	<u>\$ 31,186,915</u>	<u>\$ 45,750</u>	<u>\$ 76,912</u>	<u>\$ 3,673</u>	<u>\$ 323,346</u>

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Analysis of 2013 Property Tax Levy

**TAX YIELD**

General Purpose Tax	\$ 31,419,100
Added Taxes	<u>74,861</u>
	<u>\$ 31,493,961</u>

**TAX LEVY**

Regional High School Tax	\$ 9,147,975
Local District School Tax	13,235,319
County Taxes - General	\$ 4,036,051
County Taxes - Open Space	44,581
Due County for Added Taxes	<u>9,781</u>
	4,090,413
Municipal Open Space Tax	173,203
Municipal Open Space Tax-Added	<u>371</u>
	173,574
Local Tax for Municipal Purposes	4,775,357
Additional Tax Levied	<u>71,323</u>
	<u>4,846,680</u>
	<u>\$ 31,493,961</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF DUE FROM STATE OF NEW JERSEY  
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2012			\$ 4,286
Increased by:			
Senior Citizens' Deductions Per Tax Billings		\$ 5,000	
Veterans' Deductions Per Tax Billings		39,750	
Senior Citizens' Deductions Allowed by Tax Collector-2013		<u>1,000</u>	
			<u>45,750</u>
			50,036
Decreased by:			
Received in Cash - State		43,726	
Senior Citizens' Deductions Disallowed by Tax Collector-2013		823	
Senior Citizens' Deductions Disallowed by Tax Collector-2012	613		
Senior Citizens' Deduction Disallowed by State- 2010	<u>250</u>		
		<u>863</u>	
			<u>45,412</u>
Balance, December 31, 2013			<u>\$ 4,624</u>

EXHIBIT A-9

**STATEMENT OF TAX TITLE LIENS**

Balance, December 31, 2012		\$ 20,956
Increased by:		
Transfers from Taxes Receivable		<u>3,673</u>
Balance, December 31, 2013		<u>\$ 24,629</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)**

Balance, December 31, 2012 \$ 278,485

Balance, December 31, 2013 \$ 278,485

**STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2012</u>	Awards Accrued in <u>2013</u>	<u>Received</u>	<u>Cancelled</u>	Balance December 31, <u>2013</u>
Municipal Drug Alliance Program	\$ 10,356	\$ 9,876	\$ 7,971	\$ 2,385	\$ 9,876
Drive Sober or Get Pulled Over		8,800	2,985		5,815
Community Development - Senior Citizen Programs	<u>3,638</u>	<u>3,274</u>	<u>3,638</u>	<u>-</u>	<u>3,274</u>
	<u>\$ 13,994</u>	<u>\$ 21,950</u>	<u>\$ 14,594</u>	<u>\$ 2,385</u>	<u>\$ 18,965</u>

Cancelled to:

2012 Appropriation Reserves	\$ 2,121
Operations	<u>264</u>
	<u>\$ 2,385</u>

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2012</u>	Accrued in 2013	Collected	Balance, December 31, <u>2013</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 10,920	\$ 10,920	
Other		4,950	4,950	
Health Officer				
Licenses		1,602	1,602	
Fees and Permits		140	140	
Planning Board				
Fees and Permits		3,050	3,050	
Police				
Fees and Permits		13,303	13,303	
Tax Collector				
Fees and Permits		50	50	
Interest and Costs on Taxes	\$ 14,829	90,273	80,919	\$ 24,183
Zoning Board				
Fees and Permits		7,200	7,200	
Registrar				
Fees and Permits		945	945	
Construction Code Official				
Fees and Permits		346,019	346,019	
Municipal Court				
Fines and Costs	5,226	74,905	74,101	6,030
Golf Course Fees		583,701	583,701	
Golf Course Concession, Rent and Utilities	-	29,805	29,805	
Energy Receipts Tax		1,463,986	1,463,986	
Watershed Moratorium Offset Aid		38,540	38,540	
Interest on Investments and Deposits		15,344	15,344	
Uniform Fire Safety - Fees		6,845	6,845	
Cell Tower Leases	-	155,228	155,228	
River Vale Fuel Reimbursement		128,104	128,104	
Police Outside Duty Admin Fee		17,000	17,000	
Library Debt Service Reimbursement		85,412	85,412	
Library Contribution-Municipal Services	-	65,000	65,000	-
	<u>\$ 20,055</u>	<u>\$ 3,142,322</u>	<u>\$ 3,132,164</u>	<u>\$ 30,213</u>
		Cash Receipts	\$ 3,127,739	
		Prepaid Revenue Applied	4,425	
			<u>\$ 3,132,164</u>	

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF DEFERRED CHARGES**  
**N.J.S. 40A:4-55 SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net</u> <u>Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>December 31,</u> <u>2012</u>	<u>Amount</u> <u>Raised in</u> <u>2013 Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2013</u>
4/7/2008	Revaluation Program	\$ 140,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ -
				<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ -</u>

**STATEMENT OF DEFERRED CHARGES**  
**EMERGENCY AUTHORIZATIONS**

	<u>Balance,</u> <u>December 31,</u> <u>2012</u>	<u>Raised in</u> <u>2013 Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2013</u>
Emergency Authorization (40A :4-47)	<u>\$ 86,795</u>	<u>\$ 86,795</u>	<u>\$ -</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, 2012	Encumbrances Payable Cancelled	Transfers	Balance After Modification	Paid or Charged	Cancelled	Balance Lapsed
<u>Salaries and Wages</u>							
Administrative and Executive	\$ 4,864			\$ 4,864	\$ 250		\$ 4,614
Financial Administration	901	-		901	180		721
Planning Board	226			226			226
Fire	100			100			100
Fire Official	500			500			500
Police Department	40,060		\$ (5,055)	35,005	12,814		22,191
Municipal Prosecutor	120			120			120
Road Repairs and Maintenance	7,016			7,016	6,626		390
Recycling	720			720			720
Administration of Public Assistance	1			1			1
Parks and Playgrounds	13			13			13
Golf Course	5,871			5,871	616		5,255
Municipal Court	1,463			1,463			1,463
Construction Code Official	410	-	-	410	-	-	410
	62,265	-	(5,055)	57,210	20,486	-	36,724
<u>Other Expenses</u>							
Administrative and Executive	2,623			2,623	221		2,402
Mayor and Council	200			200			200
Financial Administration	9,897			9,897	7,056		2,841
Audit Services	600			600			600
Collection of Taxes	704			704	557		147
Assessment of Taxes	148	\$ 204		352			352
Legal Services and Costs	8,884			8,884			8,884
Engineering Services and Costs	7,425			7,425			7,425
Senior Advisory	1,997			1,997			1,997
Planning Board	6,031			6,031			6,031
Insurance							-
General Liability	352			352			352
Workers Compensation	1			1			1
Employee Group Health	3,204			3,204			3,204
Health Benefit Waiver	10,000			10,000			10,000
Fire	9		495	504	495		9
Fire Official	1,081			1,081			1,081
Police	983		1,300	2,283	2,265		18
Police Dispatch/911 Contractual	1,700			1,700			1,700
Emergency Management Services	82			82			82
Road Repair and Maintenance	1,139			1,139	1,030		109
Stormwater Management	2,872			2,872	120		2,752
Shade Tree Commission	13,452		500	13,952	13,912		40
Recycling	69			69			69
Solid Waste Collection	12			12			12
Public Buildings and Grounds	3,210		500	3,710	3,615		95
Vehicle Maintenance	689		2,260	2,949	2,355		594
Board of Health	130			130			130
Environmental Commission	20			20			20
Administration of Public Assis.	24			24			24
Parks and Playgrounds	74			74			74

**BOROUGH OF OLD TAPPAN  
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, 2012	Encumbrances Payable Cancelled	Transfers	Balance After Modification	Paid or Charged	Cancelled	Balance Lapsed
<u>Other Expenses</u> (Continued)							
Golf Course	\$ 871	\$ 698		\$ 1,569			\$ 1,569
Recreation Program Fees	805			805			805
Municipal Court	104			104	99		5
Public Defender	200			200			200
Construction Code Official	1,540			1,540			1,540
Utilities							
Electricity	17,686			17,686	7,679		10,007
Street Lighting	1,490			1,490	1,039		451
Telephone	288			288	272		16
Water	1,313			1,313	1,257		56
Gasoline	3,402			3,402			3,402
Harrington Park Service Fee	1			1			1
Contingent	7,375			7,375			7,375
Length of Service Awards (LOSAP)	16,750			16,750	1,700		15,050
Social Security Sys. (O.A.S.I.)	2,764			2,764			2,764
Public Employees Retirement System	19	-		19			19
Aid to Public Library	1			1			1
Clean Communities Grant	1,472			1,472	1,472		-
Drunk Driving Enforcement Fund	1,123			1,123	1,123		-
Municipal Alliance Program	3,021			3,021	900	2,121	-
Body Armor Replacement	1,608			1,608	1,608		-
Community Development Block Grant	2,643	-	-	2,643	2,643	-	-
	<u>142,088</u>	<u>902</u>	<u>5,055</u>	<u>148,045</u>	<u>51,418</u>	<u>2,121</u>	<u>94,506</u>
	<u>\$ 204,353</u>	<u>\$ 902</u>	<u>\$ -</u>	<u>\$ 205,255</u>	<u>\$ 71,904</u>	<u>\$ 2,121</u>	<u>\$ 131,230</u>
Cash Disbursed					\$ 59,964		
Transfer to Accounts Payable					8,058		
Transfer to Reserve for Grants Appropriated					3,882		
Cancelled to Grants Receivable					-	\$ 2,121	
					<u>\$ 71,904</u>	<u>\$ 2,121</u>	

**BOROUGH OF OLD TAPPAN  
STATEMENT OF DUE TO STATE OF NEW JERSEY**

	Balance, December 31, <u>2012</u>	<u>Received</u>	<u>Paid</u>	Balance, December 31, <u>2013</u>
Sales Tax Payable	\$ 1,401	\$ 5,566	\$ 5,614	\$ 1,353
DCA Training Fees	<u>2,110</u>	<u>15,380</u>	<u>13,237</u>	<u>4,253</u>
	<u>\$ 6,323</u>	<u>\$ 20,946</u>	<u>\$ 18,851</u>	<u>\$ 5,606</u>

EXHIBIT A-17

**STATEMENT OF PREPAID REVENUES**

	Balance, December 31, <u>2012</u>	<u>Received</u>	Applied to 2013 <u>Revenue</u>	Balance, December 31, <u>2013</u>
Prepaid Golf Membership Fees	\$ 4,425	\$ 4,723	\$ 4,425	\$ 4,723
	<u>\$ 4,425</u>	<u>\$ 4,723</u>	<u>\$ 4,425</u>	<u>\$ 4,723</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2012	\$ 217,771
Increased by:	
Collection - 2014 Taxes	<u>114,183</u>
	331,954
Decreased by:	
Application to 2013 Taxes Receivable	<u>217,771</u>
Balance, December 31, 2013	<u>\$ 114,183</u>

## EXHIBIT A-19

**STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2012	\$ 212
Increased by:	
Overpayments Received	<u>162,848</u>
	163,060
Decreased by:	
Refunds Paid	<u>160,379</u>
Balance, December 31, 2013	<u>\$ 2,681</u>

## EXHIBIT A-20

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2012	\$ 217,929
Increased by:	
Charges to 2013 Budget Appropriations	<u>184,610</u>
	402,539
Decreased by:	
Payments	\$ 217,027
Cancelled Encumbrances Restored to Appropriation Reserves	<u>902</u>
	<u>217,929</u>
Balance, December 31, 2013	<u>\$ 184,610</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2012		\$	9,445
Increased by:			
Charges to 2012 Appropriation Reserves			<u>8,058</u>
			17,503
Decreased by:			
Cancelled to Operations	\$	235	
Cash Disbursements		<u>1,426</u>	
			<u>1,661</u>
Balance, December 31, 2013		\$	<u>15,842</u>

**STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Balance, December 31, 2012			
School Tax Payable	\$	2,635,401	
School Tax Deferred		<u>4,085,860</u>	
			\$ 6,721,261
Increased by:			
Levy - School Year - July 1, 2013 to June 30, 2014			<u>13,235,319</u>
			19,956,580
Decreased by:			
Payments			<u>13,060,657</u>
Balance, December 31, 2013			
School Tax Payable		2,810,063	
School Tax Deferred		<u>4,085,860</u>	
			\$ 6,895,923
2013 Liability for Local School Tax			
Tax Paid			\$ 13,060,657
Tax Payable at December 31, 2013			<u>2,810,063</u>
			15,870,720
Less Tax Payable December 31, 2012			<u>2,635,401</u>
Amount Charged to 2013 Operations			<u>\$ 13,235,319</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF REGIONAL HIGH SCHOOL DISTRICT TAXES**

Increased by:

Levy - Calendar Year 2013	\$	9,147,975
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Decreased by:

Payments	\$	<u>9,147,975</u>
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**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2012	\$	6,589
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Increased by:

2013 Tax Levy:

General	\$	4,036,051
Open Space Tax		<u>44,581</u>

	\$	4,080,632
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Added Taxes (54:4-63.1)		<u>9,781</u>
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		<u>4,090,413</u>
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		4,097,002
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Decreased by:

Payments		<u>4,087,221</u>
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Balance, December 31, 2013	\$	<u>9,781</u>
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**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED**

	Balance, December 31, <u>2012</u>	Transferred from Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2013</u>
Clean Communities Grant	\$ 1,211	\$ 1,258	\$ 1,121	\$ 1,348
Drunk Driving Enforcement Fund	3,466	1,016	3,217	1,265
Stormwater Grant	1,324		1,284	40
Body Armor Grant	2,012	1,608	-	3,620
Tree Planting Grant - Local Share	1,560		1,560	-
Golf Patio Door - Donations	5,500	-	4,200	1,300
	<u>\$ 15,073</u>	<u>\$ 3,882</u>	<u>\$ 11,382</u>	<u>\$ 7,573</u>
Cash Disbursements			<u>\$ 11,382</u>	

EXHIBIT A-26

**STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED**

	Balance, December 31, <u>2012</u>	<u>Received</u>	Revenue Realized in <u>Budget</u>	Balance, December 31, <u>2013</u>
Drunk Driving Enforcement Fund	\$ 1,403	\$ -	\$ 1,403	\$ -
Body Armor Grant - State	2,290	1,984	2,290	1,984
Recycling Tonnage Grant	18,375	22,373	18,375	22,373
Alcohol Education and Rehabilitation Fund	54	475	54	475
Clean Communities Grant	9,797	11,503	9,797	11,503
	<u>\$ 31,919</u>	<u>\$ 36,335</u>	<u>\$ 31,919</u>	<u>\$ 36,335</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2012</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
Reserve for Master Plan	\$ 30		\$ 30
Reserve for Revaluation Program	<u>2,030</u>	<u>\$ 2,030</u>	<u>-</u>
	<u>\$ 2,060</u>	<u>\$ 2,030</u>	<u>\$ 30</u>
Cash Disbursements		<u>\$ 2,030</u>	

**RESERVE FOR TAX APPEALS**

Balance, December 31, 2012	\$ 50,000
Increased by:	
Transfer from Current Year Taxes	<u>50,000</u>
	100,000
Decreased by:	
Payments for Prior Year Tax Judgements	<u>29,849</u>
Balance, December 31, 2013	<u>\$ 70,151</u>

**TRUST FUND**

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF TRUST FUND CASH - TREASURER**

	Animal Control Fund	Other Trust Fund	Unemployment Compensation Fund	Open Space Preservation Trust Fund
Balance, December 31, 2012	\$ 2,522	\$ 1,491,683	\$ 32,459	\$ 360,809
Increased by Receipts:				
Dog License Fees	5,575			
Due to State of New Jersey	691	375		
Loan Receivable - Principal		1,146		
Escrow Deposits		176,577		
Miscellaneous Reserves		855,920		
Interest on Deposits		553	21	650
2013 Open Space Tax Levy				173,574
Employees' Payroll Deductions		4,776,415	4,268	
Budget Appropriations	-	-	16,000	-
	<u>6,266</u>	<u>5,810,986</u>	<u>20,289</u>	<u>174,224</u>
	<u>8,788</u>	<u>7,302,669</u>	<u>52,748</u>	<u>535,033</u>
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.11	5,171			
Payments to State of New Jersey	685	400	15,121	
Escrow Deposits		279,375		
Miscellaneous Reserves		709,665		
Payroll Disbursements		4,773,857		
Payments to Current Fund		435		
Open Space Preservation Expenditures	-	-	-	132,183
	<u>5,856</u>	<u>5,763,732</u>	<u>15,121</u>	<u>132,183</u>
Balance, December 31, 2013	\$ <u>2,932</u>	\$ <u>1,538,937</u>	\$ <u>37,627</u>	\$ <u>402,850</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF DUE TO STATE OF NEW JERSEY  
ANIMAL CONTROL FUND**

Balance, December 31, 2012	\$ 5
Increased by:	
2013 State Fees Collected	<u>691</u>
	696
Decreased by:	
Payments to State of New Jersey	<u>685</u>
Balance, December 31, 2013	<u>\$ 11</u>

**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES  
ANIMAL CONTROL FUND**

Balance, December 31, 2012	\$ 2,517
Increased by:	
Dog License Fees Collected	<u>5,575</u>
	8,092
Decreased by:	
Payments Under R.S. 4:19-15.11	<u>5,171</u>
Balance, December 31, 2013	<u>\$ 2,921</u>

**STATEMENT OF LOAN RECEIVABLE - AFFORDABLE HOUSING  
OTHER TRUST FUND**

Balance, December 31, 2012	\$ 6,699
Decreased by:	
Loan Principal Received	<u>1,146</u>
Balance, December 31, 2013	<u>\$ 5,553</u>

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF DUE TO STATE OF NEW JERSEY - DEPARTMENT OF HUMAN SERVICES**  
**OTHER TRUST FUND**

Balance, December 31, 2012	\$ 400
Increased by:	
Fees Collected	<u>375</u>
	775
Decreased by:	
Payment to State of New Jersey	<u>400</u>
Balance, December 31, 2013	<u>\$ 375</u>

## EXHIBIT B-8

**STATEMENT OF PAYROLL DEDUCTIONS PAYABLE (DEFICIT)**  
**OTHER TRUST FUND**

Balance (Deficit), December 31, 2012	\$ (2,558)
Increased by:	
Deposits	<u>4,776,415</u>
	4,773,857
Decreased by:	
Disbursements	<u>4,773,857</u>

## EXHIBIT B-9

**STATEMENT OF DUE FROM/TO CURRENT FUND**  
**OTHER TRUST FUND**

Balance, December 31, 2012 (Due from)	\$ 1,970
Increased by:	
Payments to Current Fund	<u>435</u>
	2,405
Decreased by:	
Tax Sale Redemption Paid by Current Fund	\$ 2,109
Interest Earned on Deposits	<u>553</u>
	<u>2,662</u>
Balance, December 31, 2013 (Due to)	<u>\$ 257</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF ESCROW DEPOSITS PAYABLE  
OTHER TRUST FUND**

Balance, December 31, 2012	\$ 484,115
Increased by:	
Deposits Received	<u>176,577</u>
	660,692
Decreased by:	
Cash Disbursements	<u>279,375</u>
Balance, December 31, 2013	<u>\$ 381,317</u>

EXHIBIT B-11

**STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS  
OTHER TRUST FUND**

	Balance, December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
Parking Offense Adjudication Act Fines	\$ 447	\$ 76		\$ 523
Fire Prevention Penalties	1,300			1,300
Recreation Fees	133,982	282,457	\$ 291,830	124,609
Miscellaneous Deposits	1,100		1,100	-
Affordable Housing Fees	367,015	88,107	13,316	441,806
Municipal Alliance Donations	60,005	4,557	8,411	56,151
Golf Course Donations	7,370	9,307	7,211	9,466
Tree Preservation Donations	998			998
Premium on Tax Title Liens	280,400	175,600	82,900	373,100
Tax Sale Redemption	2,815	229,121	228,759	3,177
Police Equipment Donations	79,171	1,905		81,076
Fire Department Donations	59,167	31,479	37,678	52,968
Oak Parks Donations	350			350
Outside Police Duty Services	17,326	34,457	40,569	11,214
Stone Point Park Donations	<u>250</u>	<u>-</u>	<u>-</u>	<u>250</u>
	<u>\$ 1,011,696</u>	<u>\$ 857,066</u>	<u>\$ 711,774</u>	<u>\$ 1,156,988</u>
Cash Receipts		\$ 855,920		
Loan Receivable - Principal		1,146		
Other Trust Fund Expenditure Paid by Current Fund			\$ 2,109	
Cash Disbursements		<u>-</u>	<u>709,665</u>	
		<u>\$ 857,066</u>	<u>\$ 709,665</u>	

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE CLAIMS**  
**UNEMPLOYMENT COMPENSATION INSURANCE FUND**

Balance, December 31, 2012			\$	32,286
Increased by:				
Employee Contributions		\$	4,268	
Interest on Deposits			21	
Budget Appropriation				
Current Fund	\$	10,000		
Sewer Utility Operating Fund		<u>6,000</u>		
			<u>16,000</u>	
				<u>20,289</u>
				52,575
Decreased by:				
Unemployment Claims - Due to State of New Jersey				<u>14,948</u>
Balance, December 31, 2013			\$	<u>37,627</u>

EXHIBIT B-13

**STATEMENT OF DUE TO STATE OF NEW JERSEY**  
**UNEMPLOYMENT COMPENSATION INSURANCE FUND**

Balance, December 31, 2012			\$	173
Increased by:				
Charges to Reserve for Unemployment Compensation Insurance Claims				<u>14,948</u>
				15,121
Decreased by:				
Payments to State of New Jersey				<u>15,121</u>

EXHIBIT B-14

**STATEMENT OF RESERVE FOR OPEN SPACE PRESERVATION**  
**OPEN SPACE PRESERVATION TRUST FUND**

Balance, December 31, 2012			\$	360,809
Increased by:				
2013 Tax Levy	\$	173,203		
2013 Added Tax Levy		<u>371</u>		
			\$	173,574
Interest on Deposits			<u>650</u>	
				<u>174,224</u>
				535,033
Decreased by:				
Payments for Open Space Preservation Expenditures				<u>132,183</u>
Balance, December 31, 2013			\$	<u>402,850</u>

**GENERAL CAPITAL FUND**

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF GENERAL CAPITAL CASH - TREASURER**

Balance, December 31, 2012		\$ 1,522,358
Increased by:		
Receipts from Other Receivable	\$ 20,000	
Receipts from Grants Receivable	383,465	
Budget Appropriation-Capital Improvement Fund	202,000	
Receipts for Current Fund	1,306	
Reserve for Sidewalk Improvements - Developer Fees	<u>16,909</u>	
		<u>623,680</u>
		2,146,038
Decreased by:		
Improvement Authorizations	692,805	
Contracts Payable	74,987	
Reserve for Payment of Debt	<u>50,000</u>	
		<u>817,792</u>
Balance, December 31, 2013		<u><u>\$ 1,328,246</u></u>

**BOROUGH OF OLD TAPPAN  
ANALYSIS OF GENERAL CAPITAL CASH**

		December 31, <u>2013</u>
Fund Balance		\$ 4,666
Grants Receivable		(794)
Due to Current Fund		1,306
Contracts Payable		476,572
Capital Improvement Fund		24,576
Reserve for Sidewalk Improvements		201,330
Reserve for Capital Improvements		29,498
Reserve for Payment of Debt		55,904
Ord.		
<u>No.</u>	<u>Improvement Description</u>	
846	Various Improvements	28,000
921	Paving of DeWolf Road	3,532
943/952	Maple Street Improvements	5,855
947	Parking Lot Improvements	51,429
954/956	Construction of Police Headquarters - Supplemental	18,523
986	Various Public Improvements	6,663
992	Solar Energy Program	(30,463)
1007	2010 Road and Sidewalk Improvements	74,108
1010	Various Public Improvements and Equipment Acquisitions	139,999
1023	Redevelopment of a Well at Golf Course	2,782
1026	Acquisition of Various Equipment for Golf Course Clubhouse	536
1032	Various Public Improvements	96,108
1045	Various Public Improvements	(80,909)
1049	Renovation of Former Police Station for Use of Senior Center	(1,900)
1032	Various Public Improvements	795
1057	Various Improvements and Acquisition of Various Equipment and Vehicles	220,130
		<u>\$ 1,328,246</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF GRANTS RECEIVABLE**

Ord. No.	Grantor	Balance, December 31, 2012	Cash Receipts	Cancelled	Balance, December 31, 2013	Balance, Pledged To	
						Impvt. Authori- zations	Reserve
84 987/995	Bergen County Open Space- Bonnabell Park	\$ 794			\$ 794	\$ 794	
1007-10	Dept. of Transportation - 2010 Sidewalk Program	105,012	\$ 99,038	\$ 5,974	-		
1045-12	Dept. of Transportation - Sidewalk Grant	146,500			146,500		\$ 146,500
1049-12	Community Development - Barrier Free Senior Center	129,143	129,143				
1049-12	Community Development - Senior Center Improvements	155,284	155,284	-	-	-	-
		<u>\$ 536,733</u>	<u>\$ 383,465</u>	<u>\$ 5,974</u>	<u>\$ 147,294</u>	<u>\$ 794</u>	<u>\$ 146,500</u>
Reserve for Grant Receivables				<u>\$ 5,974</u>			

**BOROUGH OF OLD TAPPAN  
STATEMENT OF OTHER RECEIVABLES**

Balance, December 31, 2012	\$ 20,000
Decreased by:	
Cash Receipts	<u>20,000</u>

**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, December 31, 2012	\$ 8,033,840
Decreased by:	
Budget Appropriation to Pay Bonds	\$ 759,000
Open Space Preservation Tax Levy to Pay Loans	<u>35,942</u>
	<u>794,942</u>
Balance, December 31, 2013	<u>\$ 7,238,898</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	ement Description	Balance, December 31, 2012	Grant Receipts	Balance, December 31, 2013	Analysis of Balance	
					Expenditures	Unexpended Improvement Authorizations
992	Solar Energy Panels	\$ 213,972		\$ 213,972	\$ 30,463	\$ 183,509
1007	2010 Road and Sidewalk Improvements	105,012	\$ 99,038	5,974	-	5,974
1045	Various Public Improvements	679,422	-	679,422	80,909	598,513
1049	Renovation of Former Police Station for Use of Senior Center	1,900	-	1,900	1,900	-
		<u>\$ 1,000,306</u>	<u>\$ 99,038</u>	<u>\$ 901,268</u>	<u>\$ 113,272</u>	<u>\$ 787,996</u>
				Improvement Authorizations-Unfunded		<u>\$ 787,996</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2012	\$ 74,987
Increased by:	
Charges to Improvement Authorizations	<u>476,572</u>
	551,559
Decreased by:	
Payments	<u>74,987</u>
Balance, December 31, 2013	<u>\$ 476,572</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2012	\$ 101,576
Increased by:	
2013 Budget Appropriation	<u>202,000</u>
	303,576
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>279,000</u>
Balance, December 31, 2013	<u>\$ 24,576</u>

**STATEMENT OF DUE TO CURRENT FUND**

Increased by:	
Current Fund Receipt Deposited into General Capital Fund	<u>\$ 1,306</u>
Balance, December 31, 2013	<u>\$ 1,306</u>

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

2013 Authorizations

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2012		Capital Improvement Fund	Reserve for Capital Improvements	Reserve for Sidewalk Improvements	Capital Surplus	Contracts Payable Cancelled	Paid or Charged	Balance, December 31, 2013	
			Funded	Unfunded							Funded	Unfunded
General Improvements												
846	Various Improvements	4,432,000	\$ 28,000						\$ -		\$ 28,000	
921	Paving of Dewolf Road	143,500	3,532								3,532	
943/952	Maple Street Improvements	162,000	5,855								5,855	
947	Parking Lot Improvements	76,000	51,429								51,429	
954/956	Construction of Police Headquarters-Supplemental	1,800,000	21,860						\$ 3,337		18,523	
986	Various Public Improvements	863,000	8,527							1,864	6,663	
987	Bonnabel Park Improvements	150,000										
992	Solar Energy Program	1,300,000		\$ 199,955						16,446	-	\$ 183,509
1007	2010 Road and Sidewalk Improvements	325,000		80,082							74,108	5,974
1011	Various Public Improvements and Equipment Acquisitions	428,000	144,484							4,485	139,999	
1023	Redevelopment of a Well at Golf Course	6,900	2,782								2,782	
1026	Acquisition of Various Equipment for the Golf Course Clubhouse	28,500	536								536	
1032	Various Public Improvements	623,500	118,224	-						22,116	96,108	-
1045	Various Public Improvements	1,775,000	456,850	679,422						537,759	-	598,513
1049	Renovation of Former Police Station for Use of Senior Center	381,000	379,100	1,900						381,000	-	-
1052	Acquisition of DPW Equipment	90,000	795	-					-	-	795	-
1057	Various Improvements and Acquisition of Various Equipment and Vehicles	422,500	-	-	\$ 279,000	\$ 27,000	\$ 16,500	\$ 100,000	-	202,370	220,130	-
			<u>\$1,221,974</u>	<u>\$ 961,359</u>	<u>\$ 279,000</u>	<u>\$ 27,000</u>	<u>\$ 16,500</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$1,169,377</u>	<u>\$ 648,460</u>	<u>\$ 787,996</u>
										Cash Disbursements	\$ 692,805	
										Contracts Payable	<u>476,572</u>	
											<u>\$1,169,377</u>	

## EXHIBIT C-12

**BOROUGH OF OLD TAPPAN  
STATEMENT OF RESERVE FOR SIDEWALK IMPROVEMENTS**

Balance, December 31, 2012	\$ 200,921
Increased by:	
Developer Fees Received	<u>16,909</u>
	217,830
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>16,500</u>
Balance, December 31, 2013	<u>\$ 201,330</u>

## EXHIBIT C-13

**STATEMENT OF RESERVE FOR CAPITAL IMPROVEMENTS**

Balance, December 31, 2012	\$ 36,498
Increased by:	
Collection of Other Accounts Receivable	<u>20,000</u>
	56,498
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>27,000</u>
Balance, December 31, 2013	<u>\$ 29,498</u>

## EXHIBIT C-14

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2012	\$ 105,904
Decreased by:	
Paid to Current Fund as Anticipated Revenue	<u>50,000</u>
Balance, December 31, 2013	<u>\$ 55,904</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF GREEN TRUST LOAN PAYABLE**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2012</u>	<u>Decreased</u>	<u>Balance, December 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
Acquisition of Land (Open Space)	11/17/2000	\$ 653,625	2014-2020	Various	2.00%	\$ 287,840	\$ 35,942	\$ 251,898
Paid by Open Space Preservation Trust Fund							\$ 35,942	

**BOROUGH OF OLD TAPPAN  
STATEMENT OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, December 31,		Balance, December 31,
			December 31, 2013			2012	Decreased	2013
			Date	Amount				
General Improvements of 2003	12/15/2003	\$ 1,754,000				\$ 339,000	\$ 339,000	\$ -
General Bonds of 2004 (Series A)	7/15/2004	2,967,000	2014-2015	425,000	4.00	%		
			2016	440,000	4.00			
			2017	445,000	4.00			
			2018	460,000	4.125			
			2019	467,000	4.125			
			2,697,000	35,000	2,662,000			
General Bonds of 2004 (Series B)	7/15/2004	1,080,000	2014	55,000	4.00			
			2015-2016	60,000	4.00			
			2017-2018	65,000	4.00-4.125			
			2019-2020	70,000	4.125-4.250			
			2021-2022	75,000	4.250-4.375			
			2023	80,000	4.50			
			730,000	55,000	675,000			
General Bonds of 2010	7/15/2010	2,120,000	2014-2015	150,000	2.00			
			2016	160,000	2.25			
			2017	170,000	2.50			
			2018	180,000	3.00			
			2019	190,000	3.00			
			2020	320,000	3.00			
			2021-2022	325,000	3.00-3.125			
			2,020,000	50,000	1,970,000			
Refunding Bonds of 2010	7/15/2010	545,000	2013	180,000	1.50-2.00	180,000	180,000	-
General Bonds of 2012	11/15/2012	1,780,000	2014	130,000	1.00			
			2015-2019	150,000	1.00-2.00			
			2020-2023	200,000	2.00			
						1,780,000	100,000	1,680,000
						\$ 7,746,000	\$ 759,000	\$ 6,987,000

Paid by Budget Appropriation

\$ 759,000

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2012</u>	<u>Grant Receipts</u>	<u>Balance, December 31, 2013</u>
992	Solar Energy Panel	\$ 213,972		\$ 213,972
1007	2010 Road and Sidewalk Improvements	105,012	\$ 99,038	5,974
1045	Various Public Improvements	679,422	-	679,422
1049	Renovation of Former Police Station for Use of Senior Center	<u>1,900</u>	<u>-</u>	<u>1,900</u>
		<u>\$ 1,000,306</u>	<u>\$ 99,038</u>	<u>\$ 901,268</u>

**SEWER UTILITY FUND**

**BOROUGH OF OLD TAPPAN  
STATEMENT OF CASH - SEWER TREASURER**

	<u>Operating</u>	<u>Assessment Trust</u>	<u>Capital</u>
Balance, December 31, 2012	\$ 447,246	\$ 2,109,600	\$ 154,163
Increased by Receipts:			
Consumer Accounts Receivable	\$ 1,052,967		
Interest on Assessments		\$ 126,607	
Interest on Investments		2,740	
United Properties Group-Reimbursement	86,904		
Receipts from Sewer Assessment Fund	126,762		
Assessments Receivable		663,176	
Budget Appropriation - Cost of Improvements			\$ 17,805
Receipts from Sewer Operating Fund		15,765	
Sewer Fee Overpayments	3,788		
Non-Budget Revenue	26,821	-	-
	<u>1,297,242</u>	<u>808,288</u>	<u>17,805</u>
	1,744,488	2,917,888	171,968
Decreased by Disbursements:			
2013 Budget Appropriations	1,137,407		
2012 Appropriation Reserves	1,980		
Interest on Bonds and Loans	164,350		
Serial Bonds		175,000	
Encumbrances Payable	34,315		
Refund Sewer Fee Overpayments	2,800		
Environmental Infrastructure Loans		569,934	
Payments to Current Fund		1,995	
Payments to Sewer Assessment Fund	15,765		
Payments to Sewer Operating Fund	-	126,762	-
	<u>1,356,617</u>	<u>873,691</u>	<u>-</u>
Balance, December 31, 2013	<u>\$ 387,871</u>	<u>\$ 2,044,197</u>	<u>\$ 171,968</u>

**BOROUGH OF OLD TAPPAN  
ANALYSIS OF CASH  
SEWER UTILITY ASSESSMENT TRUST FUND**

	Balance, December 31, <u>2013</u>
Fund Balance	\$ 82,577
Due to Current Fund	1,135
Due from Sewer Utility Operating Fund	(157)
Assessment Serial Bonds and Loans	
Ord. 624/626- Improvements to Sanitary Sewerage System - DeBerg Dr.	226,304
Ord. 654/665- Improvements to Sanitary Sewerage System - Area A	1,024,932
Ord. 708- Improvements to Sanitary Sewerage System - Orangeburg Rd. So./Greenswood/Olsen	513,861
Ord. 778/797 2002 Sewer Project Areas	74,748
Ord. 845/870 2004 Sewer Project Areas	<u>120,797</u>
	<u>\$ 2,044,197</u>

EXHIBIT D-10

**ANALYSIS OF CASH  
SEWER UTILITY CAPITAL FUND**

	Balance December 31, <u>2013</u>
Reserve for Sewer Assessment Debt	<u>\$ 171,968</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF CONSUMERS' ACCOUNTS RECEIVABLE  
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2012		\$ 47,066
Increased by:		
Sewer Rents Levied		<u>1,049,557</u>
		1,096,623
Decreased by:		
Sewer Rents Collected:		
Cash Receipts	\$ 1,052,967	
Overpayments Applied	<u>795</u>	
		<u>1,053,762</u>
Balance, December 31, 2013		<u>\$ 42,861</u>

EXHIBIT D-12

**STATEMENT OF DUE TO CURRENT FUND  
SEWER UTILITY ASSESSMENT TRUST FUND**

Balance, December 31, 2012		\$ 390
Increased by:		
Interest on Investments		<u>2,740</u>
		3,130
Decreased by:		
Payments to Current Fund		<u>1,995</u>
Balance, December 31, 2013		<u>\$ 1,135</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF ASSESSMENTS RECEIVABLE  
SEWER UTILITY ASSESSMENT TRUST FUND**

Ord. No.	Improvement Description	Date of Confirm- ation	Annual Install- ments	Due Dates	Balance, December 31, 2012	Collected	Adjustment	Balance, December 31, 2013	Balance Pledged To	
									Assessment Bonds/ Loans	Reserve
626/668	DeBerg Drive/Elem. School Sewer Project	8/28/2000	18	8/28/2000-8/28/2017	\$ 385,933	\$ 102,237		\$ 283,696	\$ 283,696	
654/665	Improvements to Sanitary Sewerage System- Area A	10/15/2001	18	10/15/2001-10/15/2018	1,631,566	321,683		1,309,883	1,215,583	\$ 94,300
708	Improvements to Sanitary Sewerage System- Orangeburg Road South	10/7/2002	18	10/7/2002-10/7/2019	787,812	131,757		656,055	656,055	
708	Improvements to Sanitary Sewerage System- Greenwoods Road	10/7/2002	18	10/7/2002-10/7/2019	238,855	31,018		207,837	207,837	
708	Improvements to Sanitary Sewerage System- Olsen Lane	10/7/2002	18	10/7/2002-10/7/2019	27,650	3,637		24,013	24,013	
797	Improvements to Sanitary Sewerage System- Demarest Lane	4/19/2004	18	4/19/2004-4/19/2021	2,335	223		2,112	2,112	
778/ 797	Improvements to Sanitary Sewerage System- 2002 Sewer Project Areas	10/4/2004	18	10/4/2004-10/4/2021	270,464	25,983		244,481	243,140	1,341
845/870	Improvements to Sanitary Sewer System 2004 Sewer Project Areas	10/17/2005	18	10/17/2005-10/17/2022	396,199	46,638	-	349,561	349,561	-
					<u>\$ 3,740,814</u>	<u>\$ 663,176</u>	<u>\$ -</u>	<u>\$ 3,077,638</u>	<u>\$ 2,981,997</u>	<u>\$ 95,641</u>

**STATEMENT OF DEFERRED CHARGE - UTILITY SHARE OF  
ASSESSMENT DEBT ISSUED  
SEWER UTILITY ASSESSMENT TRUST FUND**

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2012</u>	Balance, December 31, <u>2013</u>	Balance, Pledged to Assessment <u>Bonds/Loans</u>
708	Impvts. To Sanitary Sewer- Orangeburg Rd. So.	\$ 23,021	\$ 23,021	\$ 23,021
845/870	Impvts. to Sanitary Sewers 2004 Sewer Project Areas	<u>69,642</u>	<u>69,642</u>	<u>69,642</u>
		<u>\$ 92,663</u>	<u>\$ 92,663</u>	<u>\$ 92,663</u>
			Bonds	\$ 69,642
			Loans	<u>23,021</u>
				<u>\$ 92,663</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF FIXED CAPITAL  
SEWER UTILITY CAPITAL FUND**

	Balance, December 31, 2012	Additions by Budget Capital Outlay	Balance, December 31, 2013
Sanitary Sewerage Collection System	\$ 17,806,320		\$ 17,806,320
Sewer Line Repairs	35,448		35,448
Pump Station Improvements	36,134		36,134
Pump Station Pump Replacements and Upgrades	119,484	\$ 7,500	126,984
Pump Station Generators	69,478		69,478
Sewer Jet Truck - (Interlocal River Vale)	90,000		90,000
Confined Space Reserve System	2,312		2,312
Gas Detector	2,200		2,200
Pick Up Truck	35,000		35,000
Rebuilt Sewer Jet Truck	26,999		26,999
Pick Up Truck Plow	34,981		34,981
Video Camera	9,496		9,496
Safety Equipment	12,500		12,500
Computer	1,500		1,500
Skid Steer Loader	35,000		35,000
Loader Crane Attachment	3,000		3,000
Trailer	1,500		1,500
Transport Van	29,403		29,403
Trench Boxes	15,799		15,799
Sewer Easement Machine	14,500		14,500
Sewer Truck Crane	7,500		7,500
Generator for Sewer Van	4,980	-	4,980
	<u>\$ 18,393,534</u>	<u>\$ 7,500</u>	<u>\$ 18,401,034</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF DUE FROM SEWER UTILITY OPERATING FUND  
SEWER UTILITY ASSESSMENT TRUST FUND**

Balance, December 31, 2012		\$	15,767
Increased by:			
Payments to Sewer Utility Operating Fund			<u>126,762</u>
			142,529
Decreased by:			
Interest on Assessments	126,607		
Received from Sewer Utility Operating Fund	<u>15,765</u>		
			<u>142,372</u>
Balance, December 31, 2013		\$	<u>157</u>

**STATEMENT OF APPROPRIATION RESERVES  
SEWER UTILITY OPERATING FUND**

	Balance, December 31, <u>2012</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating				
Salaries	\$ 5,545	\$ 5,545	\$ 1,980	\$ 3,565
Other Expenses	617	617	-	617
Capital Outlay	<u>77</u>	<u>77</u>	<u>-</u>	<u>77</u>
	<u>\$ 6,239</u>	<u>\$ 6,239</u>	<u>\$ 1,980</u>	<u>\$ 4,259</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF ENCUMBRANCES PAYABLE  
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2012	\$ 34,315
Increased by:	
Charges to 2013 Budget Appropriations	<u>19,227</u>
	53,542
Decreased by:	
Payments	<u>34,315</u>
Balance, December 31, 2013	<u>\$ 19,227</u>

**STATEMENT OF ACCRUED INTEREST ON BONDS AND LOANS  
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2012	\$ 66,401
Increased by:	
Charges to Budget Appropriations for Interest	<u>155,284</u>
	221,685
Decreased by:	
Interest Paid	<u>\$ 164,350</u>
Balance, December 31, 2013	<u>\$ 57,335</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF SEWER FEE OVERPAYMENTS  
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2012	\$ 795
Increased by:	
2013 Overpayments Received	<u>3,788</u>
	4,583
Decreased by:	
Overpayments Applied to Consumer Accounts Receivable	795
Overpayments Refunded	<u>2,800</u>
	<u>3,595</u>
Balance, December 31, 2013	<u>\$ 988</u>

EXHIBIT D-21

**STATEMENT OF RESERVE FOR AMORTIZATION  
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2012	\$ 18,290,530
Increased by:	
Waste Water Loans Paid by Budget Appropriation	\$ 85,199
Capital Outlay - Operating Budget	7,500
Budget Appropriation- Cost of Improvements	<u>17,805</u>
	<u>110,504</u>
Balance, December 31, 2013	<u>18,401,034</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF RESERVE FOR SEWER ASSESSMENT DEBT  
SEWER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Balance December 31, 2012	Balance December 31, 2013
626/668	Impvts. To Sanitary Sewer - Deberg Drive	\$ 19,272	\$ 19,272
666	Impvts. To Sanitary Sewer - Orangeburg Road	18,215	18,215
708	Impvts. To Sanitary Sewer - Orangeburg Rd. So.	94,687	94,687
778/797	Impvts. To Sanitary Sewer - 2002 Sewer Project Areas	6,047	6,047
845/870	Impvts. To Sanitary Sewer - 2004 Sewer Project Areas	<u>33,747</u>	<u>33,747</u>
		<u>\$ 171,968</u>	<u>\$ 171,968</u>

EXHIBIT D-23

**STATEMENT OF RESERVE FOR ASSESSMENTS RECEIVABLE  
SEWER UTILITY ASSESSMENT TRUST FUND**

Ord. No.	<u>Description</u>	Balance December 31, 2012	Balance December 31, 2013
654/665	Improvement to Sanitary Sewerage System - Area A	\$ 94,300	\$ 94,300
778/797	Sanitary Sewer - 2002 Sewer Project Areas	<u>1,341</u>	<u>1,341</u>
		<u>\$ 95,641</u>	<u>\$ 95,641</u>

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**BOROUGH OF OLD TAPPAN  
STATEMENT OF SEWER ASSESSMENT SERIAL BONDS  
SEWER UTILITY ASSESSMENT TRUST FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2013</u>		<u>Interest Rate</u>	<u>Balance,</u>	<u>Decreased</u>	<u>Balance,</u>
			<u>Date</u>	<u>Amount</u>		<u>December 31, 2012</u>		<u>December 31, 2013</u>
Assessment Bonds Ord. 778/797	12/15/2003	\$ 720,000	2014-2021	\$ 40,000	3.25-4.25%	\$ 360,000	\$ 40,000	\$ 320,000
Assessment Bonds Ord. 845/870	7/15/2004	975,000	2014-2022	60,000	4.00-4.375%	600,000	60,000	540,000
Refunding Assessment Bonds Ord. 624,626,668	7/15/2010	730,000	2014-2019	85,000	2.00-2.625%	<u>585,000</u>	<u>75,000</u>	<u>510,000</u>
						<u>\$ 1,545,000</u>	<u>\$ 175,000</u>	<u>\$ 1,370,000</u>
					Paid by Sewer Assessment Cash		<u>\$ 175,000</u>	

**BOROUGH OF OLD TAPPAN  
STATEMENT OF WASTEWATER TREATMENT LOANS  
SEWER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Loan</u>	<u>Original Loan</u>		<u>Balance, December 31, 2012</u>	<u>Decreased</u>	<u>Balance, December 31, 2013</u>
Construction of Sanitary Sewers - Trust Loan - Series 1993 Refunding Series 2003	11/1/1993	\$ 1,195,000	%	\$ 85,199	\$ 85,199	\$ -
				<u>\$ 85,199</u>	<u>\$ 85,199</u>	<u>\$ -</u>
			Paid by Budget Appropriation		<u>\$ 85,199</u>	

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**  
**SEWER UTILITY CAPITAL FUND**

Ord. No.	Purpose	Balance, December 31, 2012	Funded by Budget Appropriation	Balance, December 31, 2013
798	Construction of Sanitary Sewer- Olsen, Fairway & Ogle Water Lines	\$ 17,805	\$ 17,805	\$ -
		<u>\$ 17,805</u>	<u>\$ 17,805</u>	<u>\$ -</u>

**PUBLIC ASSISTANCE FUND**

**BOROUGH OF OLD TAPPAN  
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER**

	<u>Account #1</u>
Balance, December 31, 2012	\$ 96,842
Increased by:	
Receipts	<u>8,068</u>
	104,910
Decreased by:	
Disbursements	<u>11,773</u>
Balance, December 31, 2013	<u>\$ 93,137</u>

**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

	<u>Account #1</u>
Balance, December 31, 2012	\$ 96,842
Increased by:	
Revenues	<u>8,068</u>
	104,910
Decreased by:	
Expenditures	<u>11,773</u>
Balance, December 31, 2013	<u>\$ 93,137</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF PUBLIC ASSISTANCE REVENUES**

	<u>Account #1</u>
Interest	\$ -
Donations	<u>8,068</u>
 Total Receipts/Revenues	 <u><u>\$ 8,068</u></u>

**STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES**

	<u>Account #1</u>
Current Year Assistance	
Assistance Ineligible for State Aid	<u>\$ 11,773</u>
 Total Disbursements/Expenditures	 <u><u>\$ 11,773</u></u>

**BOROUGH OF OLD TAPPAN  
BERGEN COUNTY, NEW JERSEY**

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**PART II  
GOVERNMENT AUDITING STANDARDS  
YEAR ENDED DECEMBER 31, 2013**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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DONNA L. JAPHET, CPA, PSA  
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ANDREW PARENTE, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Old Tappan  
Old Tappan, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Old Tappan as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 9, 2014. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

### **Internal Control over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Lerch, Vinci & Higgins, LLP*

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Jeffery C. Bliss  
Registered Municipal Accountant  
RMA Number CR00429

Fair Lawn, New Jersey  
June 9, 2014

**BOROUGH OF OLD TAPPAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>CFDA Number</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>2013 Grant Receipts</u>	<u>Balance, January 1, 2013</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Canceled</u>	<u>Balance, December 31, 2013</u>	<u>Cumulative Expended</u>
U.S. Dept. of Housing and Urban Development (Passed through County Dept. of Community Development)											
Community Development Block Grants	14.218										
Senior Citizens' Programs		CDOTSC12	2012/13	3,638	\$ 3,638	\$ 2,643		\$ 2,643		-	3,638
Senior Citizens' Programs		CDOTSC13	2013/14	3,274			\$ 3,274			\$ 3,274	
Senior Center Improvements (Ord 1049)		CDOTSC12	2012/13	155,284	155,284	155,284		155,284		-	155,284
Barrier Free Senior Center (Ord 1049)		CDOTBF10	2010/11	74,500	68,580	68,580		68,580		-	74,500
Barrier Free Senior Center (Ord 1049)		CDOTBF11	2011/12	60,563	60,563	60,563		60,563		-	60,563
U.S. Dept. of Homeland Security Disaster Grants - Public Assistance (Passed Through N.J. State Police)	97.036										
Hurricane Sandy		066-1200-100-A92	2013	82,354	82,354		82,354	82,354			82,354
U.S. Dept. of Transportation (Passed Through N.J. State Dept. of Transportation)											
Highway Planning and Construction	20.205										
Local Aid Prog- Var. Sidewalk Impvts (Ord. 1007)		078-6320-480-AKN	2010	200,000	90,038	13,702		7,728	\$ (5,974)		200,000
Local Aid Prog- Var. Sidewalk Impvts (Ord. 1045)		078-6320-480-XXX	2012	146,500		146,500				146,500	
U.S. Dept. of Transportation (Passed Through N.J. Division of Highway Traffic Safety)											
Drive Sober or Get Pulled Over	20.601	066-1160-100-057	2013	8,800	2,985	-	8,800	3,735	-	5,065	3,735
						<u>\$447,272</u>	<u>\$ 94,428</u>	<u>\$ 380,887</u>	<u>\$ (5,974)</u>	<u>\$ 154,839</u>	

Note - This Schedule was not subject to a single audit in accordance with OMB A-133.

**BOROUGH OF OLD TAPPAN**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2013 Grant Receipts</u>	<u>Balance January 1, 2013</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance, December 31, 2013</u>	<u>Cumulative Expended</u>
Drunk Driving Enforcement	1110-448-031020-22	2012	\$ 1,403			\$ 1,403			\$ 1,403	
		2011	1,123		\$ 1,123		\$ 107		1,016	\$ 107
		2010	1,135		1,135		886		249	886
		2009	2,075		2,075		2,075		-	2,075
		2008	632		256		256		-	632
Municipal Drug and Alcohol Alliance Program (Passed through County of	N/A	2013	9,876			9,876	9,876			9,876
		2012	10,356	7,971	3,021		900	\$ (2,121)	-	8,235
Recycling Tonnage Grant	042-4900-752-001	2013	22,373	22,373		18,375	18,375			18,375
		2012	18,375							
Clean Communities Grant	042-4900-765-004	2013	11,503	11,503						
		2012	9,797			9,797	9,797			9,797
		2011	9,972		1,472		214		1,258	8,500
		2010	9,998		1,211		1,121		90	1,328
Stormwater Grant	4840-150-057500	2006	8,468		1,324		1,284		40	8,428
Alcohol Education & Rehabilitation Pgm.	4250-760-050000-63	2013	475	475						
		2012	54			54			54	
Body Armor Replacement Fund	066-1020-718-001	2013	1,984	1,984						
		2012	2,290			2,290			\$ 2,290	
		2011	1,608		\$ 1,608				1,608	
		2010	2,342		2,012	-	-	-	2,012	330
					<u>\$ 15,237</u>	<u>\$ 41,795</u>	<u>\$ 44,891</u>	<u>\$ (2,121)</u>	<u>\$ 10,020</u>	

Note - This Schedule was not subject to a single audit in accordance with OMB 04-04.

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

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

**BOROUGH OF OLD TAPPAN  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Old Tappan. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 94,428	\$ 41,795	\$ 136,223
	<u>\$ 94,428</u>	<u>\$ 41,795</u>	<u>\$ 136,223</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2013**

**NOTE 5 STATE LOANS OUTSTANDING**

The Borough's state loans outstanding at December 31, 2013, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>Loan Balance Outstanding</u>
Dept. of Environmental Protection-		
Green Trust Loan Program	4800-553-851000-60	\$ 251,898
Environmental Infrastructure Loan (1999 Loan)	4800-504-993150-60	2,240,515
Environmental Infrastructure Loan (2000 Loan)	4800-534-094802-60	<u>1,424,787</u>
		<u>\$ 3,917,200</u>

**BOROUGH OF OLD TAPPAN  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

*Part I – Summary of Auditor's Results*

**Financial Statements**

Type of auditors' report issued on financial statements Modified - Presentation of Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified \_\_\_\_\_ yes      X   no

2) Significant deficiency(ies) that are not considered to be material weakness(es)? \_\_\_\_\_ yes      X   none reported

Noncompliance material to the financial statements noted? \_\_\_\_\_ yes      X   no

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE

**BOROUGH OF OLD TAPPAN  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

There are none.

**BOROUGH OF OLD TAPPAN  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

**STATUS OF PRIOR YEAR FINDINGS**

There are none.

**BOROUGH OF OLD TAPPAN  
BERGEN COUNTY, NEW JERSEY**

**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2013**

**BOROUGH OF OLD TAPPAN  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -  
CURRENT FUND**

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 724,000	2.02%	\$ 532,500	1.55%
Miscellaneous - From Other Than Local				
Property Tax Levies	3,513,977	9.82%	3,432,301	9.98%
Collection of Delinquent Taxes and Tax Title Liens	359,333	1.00%	310,584	0.90%
Collection of Current Tax Levy	31,040,280	86.78%	29,853,223	86.79%
Other Credits to Income	<u>131,855</u>	<u>0.37%</u>	<u>269,364</u>	<u>0.78%</u>
Total Income	<u>35,769,445</u>	<u>100.00%</u>	<u>34,397,972</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	8,125,459	23.36%	7,925,443	23.59%
County Taxes	4,090,413	11.76%	3,903,049	11.62%
Local and Regional School Taxes	22,383,294	64.36%	21,574,736	64.22%
Municipal Open Space Tax	173,574	0.50%	173,229	0.52%
Other Expenditures	<u>5,309</u>	<u>0.02%</u>	<u>19,100</u>	<u>0.05%</u>
Total Expenditures	<u>34,778,049</u>	<u>100.00%</u>	<u>33,595,557</u>	<u>100.00%</u>
Excess in Revenue	991,396		802,415	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above which are by Statute Deferred Charges to Budget of Succeeding Year	-		86,795	
Expenditures Included Above which were Funded by Bond Ordinance	<u>-</u>		<u>90,000</u>	
Statutory Excess to Fund Balance	991,396		979,210	
Fund Balance, January 1	<u>1,367,090</u>		<u>920,380</u>	
	2,358,486		1,899,590	
Less Utilization as Anticipated Revenue	<u>724,000</u>		<u>532,500</u>	
Fund Balance, December 31	<u>\$ 1,634,486</u>		<u>\$ 1,367,090</u>	

**BOROUGH OF OLD TAPPAN  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - SEWER UTILITY  
OPERATING FUND**

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 95,000	6.82%	\$ 55,000	4.09%
Collection of Sewer User Fees	1,053,762	75.63%	1,020,560	75.87%
Miscellaneous - From Other Than				
Sewer User Fees	213,511	15.32%	240,878	17.91%
Non-Budget Revenue	26,821	1.92%	5,316	0.40%
Other Credits to Income	<u>4,259</u>	<u>0.31%</u>	<u>23,472</u>	<u>1.74%</u>
Total Income	<u>1,393,353</u>	<u>100.00%</u>	<u>1,345,226</u>	<u>100.00%</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Operating	1,008,293	76.47%	968,471	74.96%
Capital Improvements	7,500	0.57%	7,500	0.58%
Debt Service	240,483	18.23%	261,572	20.24%
Deferred Charges and Statutory				
Expenditures	62,305	4.73%	43,000	3.33%
Other Expenditures	<u>-</u>	<u>0.00%</u>	<u>11,403</u>	<u>0.88%</u>
Total Expenditures	<u>1,318,581</u>	<u>100.00%</u>	<u>1,291,946</u>	<u>100.00%</u>
Excess in Revenue	74,772		53,280	
Fund Balance, January 1	<u>323,729</u>		<u>325,449</u>	
	398,501		378,729	
Less Utilization as Anticipated Revenue	<u>95,000</u>		<u>55,000</u>	
Fund Balance, December 31	<u>\$ 303,501</u>		<u>\$ 323,729</u>	

**BOROUGH OF OLD TAPPAN  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	<u>\$1.814</u>	<u>\$1.751</u>	<u>\$1.682 (A)</u>

Apportionment of Tax Rate

Municipal	.275	.267	.258
Municipal Open Space	.009	.010	.009
County	.234	.223	.213
County Open Space	.003	.003	.003
Local School	.765	.747	.732
Regional High School	.528	.501	.467

Assessed Valuation

2013	<u>\$1,732,034,166</u>	
2012		<u>\$1,729,369,324</u>
2011		<u>\$1,731,691,044</u>

(A) The Borough undertook a Borough-wide reassessment which became effective for 2011.

**Comparison of Tax Levies and Collection**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2013	\$ 31,493,961	\$ 31,090,280	98.71%
2012	30,332,309	29,903,223	98.58%
2011	29,241,204	28,851,110	98.66%

**BOROUGH OF OLD TAPPAN  
SUPPLEMENTARY DATA**

**Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 24,629	\$ 323,346	\$ 347,975	1.10%
2012	20,956	358,829	379,785	1.25%
2011	17,263	309,957	327,220	1.12%

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2013 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2013	\$278,485
2012	278,485
2011	278,485

**Schedule of Sewer Utility Levies**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(1)</u>	<u>Percentage of Collection</u>
2013	\$ 1,049,557	\$ 1,053,762	100.40%
2012	1,021,085	1,020,560	99.94%
2011	1,051,485	1,055,551	100.38%

(1) Includes collection of prior year receivables and overpayments applied.

**BOROUGH OF OLD TAPPAN  
SUPPLEMENTARY DATA**

**Comparative Schedule of Fund Balances**

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2013	\$1,634,486	\$750,000
	2012	1,367,090	724,000
	2011	920,380	532,500
	2010	796,055	532,500
	2009	1,341,497	1,006,000
Sewer Utility Fund	2013	\$303,501	\$95,000
	2012	323,729	95,000
	2011	325,449	55,000
	2010	290,706	55,000
	2009	146,666	55,000

**BOROUGH OF OLD TAPPAN  
SUPPLEMENTARY DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
Victor Polce	Mayor		
Guy Carnazza	Council President		
Ronald Binaghi, Jr.	Councilman		
Victor Cioce	Councilman		
Anna Haverilla	Councilwoman		
John M. Kramer	Councilman		
Matthew Nalbandian	Councilman		
Patrick O'Brien	Administrator	Note A	MELJIF
Jean Donch	Borough Clerk	Note A	MELJIF
Lori Langone	Registrar of Vital Statistics	Note A	MELJIF
Warren Clark	Magistrate	Note A	MELJIF
Craig Ferdinand	Court Clerk	Note A	MELJIF
Rebecca Overgaard	Chief Financial Officer/Tax Collector/ Treasurer/Sewer Utility Collector/ Tax Search Officer	Note A	MELJIF
Toni Flyge	Deputy Tax Collector		
William Weidmann	Planning Board	Note A	MELJIF
Patrick Wilkins	Tax Assessor		
Nicola Lepore	Construction Official/Building Inspector	Note A	MELJIF
Donna Geitz	Social Services	Note A	MELJIF
Douglas Meeks	Golf Professional	Note A	MELJIF
Allen Bell	Borough Attorney		
Thomas Skrable	Borough Engineer		

Note A - All officials handling cash were covered by a blanket position bond issued by the Municipal Excess Liability Joint Insurance Fund in the amount of \$1,000,000.

**BOROUGH OF OLD TAPPAN  
LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**

Our comments with respect to our examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the examinations are herewith set forth.

**Prior Year Comments – Unresolved**

Our audit revealed the Borough's Affordable Housing Reserve account balance was less than the amount reported in the annual report filed with State Council on Affordable Housing. In addition, the administrative expenses reported exceeded the maximum permitted under the plan. We noted the Borough is in contact with the State Council on Affordable Housing to reconcile the Borough's records with the amounts reported on the annual report. Therefore, since the Borough is taking corrective action to resolve these issues with the State no recommendation is deemed warranted at this time.

**Current Year Comments**

Our audit noted that in certain instances, purchase orders were issued subsequent to the date vendors provided goods, materials or services to the Borough. It is recommended that purchasing procedures be strengthened to ensure that purchase orders are approved and issued prior to goods or services being ordered from vendors.

Our audit of the Borough's fixed assets revealed \$392,800 of additions and \$17,000 of deletions were not reflected on the Borough's fixed asset appraisal report. It is recommended that the Borough's fixed asset appraisal report be properly updated in a timely manner for all current year additions and deletions.

Our audit revealed that a political contribution disclosure form is not obtained for all vendors who receive non-fair and open contracts or purchases which exceed \$17,500. It is recommended that political contribution disclosure forms be obtained for all vendors awarded non-fair and open contracts or purchases in excess of \$17,500.

**Contracts and Agreements Required To Be Advertised For NJS 40a:11-4**

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the bid threshold, except by contract or agreement."

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$26,000 as of July 1, 2011. The Borough has adopted a resolution increasing the threshold to \$36,000 as of July 1, 2011 and has appointed the Chief Financial Officer as qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

**BOROUGH OF OLD TAPPAN  
LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS (Continued)**

**Contracts and Agreements Required To Be Advertised For NJS 40a:11-4 (Continued)**

The minutes indicate that bids were requested by public advertising for the following item:

Senior Center Renovations  
Recreation Uniforms and Sports Equipment  
Golf Course Chemical Spraying

Lease of Gasoline Powered Golf Carts  
Operation of Concession at Golf Course  
Sidewalks Project Phase 4 & 5

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJS 40A:11-5.

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

Except as previously noted, our examination of expenditures did not reveal any payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies", where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

**Collection Of Interest On Delinquent Taxes, Assessments And Sewer User Fees**

The New Jersey statutes provide the method for authorizing interest and the maximum rates to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent. The Governing Body on January 7, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Mayor and Council of the Borough of Old Tappan, County of Bergen, State of New Jersey, that the rate of interest on delinquent taxes for the year 2013, shall be computed at the rate of eight (8%) percent per annum and,

BE IT FURTHER RESOLVED, that the rate of interest on delinquent taxes in excess of \$1,500 shall be computed at eighteen (18%) percent per annum, and

BE IT FURTHER RESOLVED, that a grace period of ten (10) days be given on delinquent taxes and delinquent sewer utility charges without interest."

BE IT FURTHER RESOLVED that, in addition to the foregoing, a year-end penalty, at a rate of six (6%) percent per annum, shall be assessed to taxpayers with a delinquency in excess of \$10,000, when a taxpayer fails to pay that delinquency, as billed, prior to the end of the fiscal year; and,

**BOROUGH OF OLD TAPPAN  
LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS (Continued)**

**Collection Of Interest On Delinquent Taxes, Assessments And Sewer User Fees (Continued)**

Additionally, the Governing Body on January 7, 2013 adopted the following resolution authorizing interest to be charged on sewer assessments:

WHEREAS, N.J.S.A. 40:56-32 allows interest to be imposed on any unpaid balance of a special assessment; and,

WHEREAS, the Governing Body of the Borough of Old Tappan desires to establish an interest rate of eight per cent (8%) to be charged on unpaid special assessment balances per annum,

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Council of the Borough of Old Tappan, County of Bergen, State of New Jersey, that the interest rate of eight per cent (8%) per annum be charged on unpaid special assessment balances.

Also the Governing Body on January 7, 2013 adopted the following resolution authorizing interest to be charged on delinquent sewer flow charges:

BE IT RESOLVED, by the Mayor and Council of the Borough of Old Tappan, County of Bergen, State of New Jersey, that the rate of interest on delinquent sewer flow charges and delinquent user fees for the year 2013 shall be computed at the rate of eight percent (8%) per annum; and

BE IT FURTHER RESOLVED, that the rate of interest on delinquent sewer flow charges in excess of \$1,500 shall be computed at eighteen percent (18%) per annum; and

BE IT FINALLY RESOLVED, that all sewer flow charges and user fees must be paid within 60 days of the date of billing from the Borough of Old Tappan or interest shall accrue at the aforementioned rates.

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolutions.

**Delinquent Taxes And Tax Title Liens**

The Borough's last tax sale was held on September 12, 2013.

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2013	4
2012	4
2011	3

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

**BOROUGH OF OLD TAPPAN  
LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS (Continued)**

**Management Suggestions**

- Internal control procedures be implemented with respect to recreation concession stand receipts.

**APPRECIATION**

We desire to express our appreciation to the Borough Administrator, Chief Financial Officer, and other Borough staff who assisted us during the course of our audit.

**BOROUGH OF OLD TAPPAN  
LETTER OF COMMENTS AND RECOMMENDATIONS**

**RECOMMENDATIONS**

It is recommended that:

1. Purchasing procedures be strengthened to ensure that purchase orders are approved and issued prior to goods or services being ordered from vendors.
2. The Borough's fixed asset appraisal report be properly updated in a timely manner for all current year additions and deletions.
3. Political contribution disclosure forms be obtained for all vendors awarded non-fair and open contracts or purchases in excess of \$17,500.

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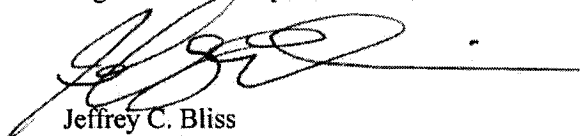
A review was performed on all prior year recommendations and corrective action was taken on all.

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

*Lerch, Vinci & Higgins, LLP*

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants



Jeffrey C. Bliss  
Registered Municipal Accountant  
RMA Number CR00429