

BOROUGH OF OLD TAPPAN
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014

BOROUGH OF OLD TAPPAN

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BOROUGH OF OLD TAPPAN
BERGEN COUNTY, NEW JERSEY

PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2014



LERCH, VINCI & HIGGINS, LLP

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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, 2014 and 2013, 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, 2014, 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 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, 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, 2014 and 2013, 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 17 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, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 36.9 percent and 35.7 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2014 and 2013.

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, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2014 in accordance with the 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

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 April 17, 2015 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.

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
April 17, 2015

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Cash	A-4	\$ 5,326,726	\$ 4,937,198
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	5,197	4,624
Grants Receivable	A-11	<u>17,866</u>	<u>18,965</u>
		<u>5,350,144</u>	<u>4,961,142</u>
RECEIVABLES AND OTHER ASSETS			
WITH FULL RESERVES			
Delinquent Property Taxes Receivable	A-7	278,937	323,346
Tax Title Liens Receivable	A-9	28,418	24,629
Property Acquired for Taxes - Assessed Valuation	A-10	278,485	278,485
Revenue Accounts Receivable	A-12	17,587	30,213
Due from Other Trust Fund	B-9	126	257
Due from General Capital Fund	C-9	-	1,306
Due from Sewer Utility Assessment Trust Fund	D-11	<u>-</u>	<u>1,135</u>
		<u>603,553</u>	<u>659,371</u>
Total Assets		<u>\$ 5,953,697</u>	<u>\$ 5,620,513</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-13	\$ 117,327	\$ 65,078
Encumbrances Payable	A-18	236,984	184,610
Accounts Payable	A-19	4,040	15,842
Due to State - Sales Tax Payable	A-14	1,362	1,353
Due to State-DCA Training Fees	A-14	5,008	4,253
Prepaid Revenues	A-15	8,023	4,723
Prepaid Taxes	A-16	131,993	114,183
Tax Overpayments	A-17	-	2,681
County Taxes Payable	A-22	12,591	9,781
Local District School Taxes Payable	A-20	2,998,340	2,810,063
Reserve for Tax Appeals	A-26	51,335	70,151
Miscellaneous Reserves	A-25	-	30
Reserve for Grants - Appropriated	A-23	5,637	7,573
Reserve for Grants - Unappropriated	A-24	<u>55,591</u>	<u>36,335</u>
		3,628,231	3,326,656
Reserve for Receivables and Other Assets	A	603,553	659,371
Fund Balance	A-1	<u>1,721,913</u>	<u>1,634,486</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,953,697</u>	<u>\$ 5,620,513</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 750,000	\$ 724,000
Miscellaneous Revenue Anticipated	A-2	3,109,008	3,239,326
Receipts from Delinquent Taxes	A-2	324,019	359,333
Receipts from Current Taxes	A-2	31,961,361	31,040,280
Non-Budget Revenue	A-2	221,616	274,651
Other Credits to Income			
Unexpended Balances of Appropriation Reserves	A-13	23,729	131,230
Accounts Payable Cancelled	A-19	3,021	235
Prior Year Interfunds Returned	A	<u>2,698</u>	<u>390</u>
Total Income		<u>36,395,452</u>	<u>35,769,445</u>
EXPENDITURES			
Operations			
Salaries and Wages	A-3	3,230,395	3,109,717
Other Expenses	A-3	2,986,895	2,924,356
Capital Improvements	A-3	250,000	202,000
Municipal Debt Service	A-3	976,608	994,024
Deferred Charges and Statutory Expenditures	A-3	781,331	895,362
County Taxes	A-22	3,967,200	4,080,632
Due County for Added and Omitted Taxes	A-22	12,591	9,781
Local District School Taxes	A-20	13,594,559	13,235,319
Regional High School District Taxes	A-21	9,585,034	9,147,975
Municipal Open Space Taxes	A-4	172,613	173,574
Other Debits to Income			
Prior Year Senior Citizen Deductions Disallowed	A-8	673	863
Refund of Prior Year Revenue	A-1	-	1,484
Grants Receivable Cancelled	A-1	-	264
Interfunds Advanced	A	<u>126</u>	<u>2,698</u>
Total Expenditures		<u>35,558,025</u>	<u>34,778,049</u>
Excess in Revenue		837,427	991,396
Fund Balance, January 1	A	<u>1,634,486</u>	<u>1,367,090</u>
		2,471,913	2,358,486
Less Utilization as Anticipated Revenue	A-1,A-2	<u>750,000</u>	<u>724,000</u>
Fund Balance, December 31	A	<u>\$ 1,721,913</u>	<u>\$ 1,634,486</u>

See Accompanying Notes to Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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	\$ 750,000	-	\$ 750,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	10,920		10,800	\$ (120)
Other	A-2	6,500		6,927	427
Fees and Permits	A-2	24,000		27,741	3,741
Fines and Costs - Municipal Court	A-12	55,000		70,737	15,737
Interest and Costs on Taxes	A-12	80,900		101,456	20,556
Uniform Fire Safety Act	A-12	6,800		6,670	(130)
Interest on Investments and Deposits	A-2	17,760		30,948	13,188
Golf Course Fees	A-12	583,000		542,772	(40,228)
Uniform Construction Code Fees	A-12	227,720		230,578	2,858
Energy Receipts Tax	A-12	1,463,986		1,463,986	-
Watershed Moratorium Offset Aid	A-12	38,540		38,540	-
River Vale Fuel Reimbursement	A-12	170,000		144,105	(25,895)
Public and Private Revenues Offset with Appropriations					
Recycling Tonnage Grant	A-24	22,373		22,373	-
Drunk Driving Enforcement Fund	A-24	1,534		1,534	-
Drive Sober or Get Pulled Over	A-11		\$ 5,000	4,539	(461)
Clean Communities Program	A-24	11,503		11,503	-
Alcohol Education and Rehabilitation Fund	A-24	475		475	-
Municipal Alliance on Alcoholism and Drug Abuse	A-11	4,938	9,876	14,814	-
Body Armor Fund State Share	A-24	1,984		1,984	-
Body Armor Fund- Federal Share	A-11	1,168		1,168	-
Community Development Block Grants					
Senior Citizens' Programs	A-11		4,000	4,000	-
Special Items of Revenue:					
Cell Tower Leases	A-12	145,000		161,438	16,438
Police Outside Duty Admin Fee	A-12	11,000		11,000	-
Library Contribution - Municipal Services	A-12	45,000		45,000	-
Reserve for Debt Service	A-4	50,000		50,000	-
Golf Concession , Rent and Utilities	A-12	20,000		20,707	707
Library Debt Service Reimbursement	A-12	83,213	-	83,213	-
Total Miscellaneous Revenues	A-1	3,083,314	18,876	3,109,008	6,818
Receipts from Delinquent Taxes	A-1,A-7	300,000	-	324,019	24,019
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	A-2	4,864,395	-	5,394,364	529,969
	A-3	\$8,997,709	\$ 18,876	9,577,391	\$ 560,806
Non-Budget Revenue	A-1,A-2			221,616	
				<u>\$9,799,007</u>	

See Accompanying Notes to Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Reference</u>	<u>2014</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Current Taxes	A-7	\$ 31,976,361
Less: Transferred to Reserve Tax Appeals	A-26	<u>15,000</u>
Revenue Realized	A-1	31,961,361
Allocated to School, County , Municipal Open Space Taxes	A-20,A-21,A-22,A-4	<u>27,331,997</u>
Balance for Support of Municipal Budget Appropriation		4,629,364
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>765,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 5,394,364</u>
Licenses - Other		
Borough Clerk	A-12	\$ 6,129
Health Officer	A-12	<u>798</u>
	A-2	<u>\$ 6,927</u>
Fees and Permits		
Planning Board	A-12	\$ 4,200
Police	A-12	12,007
Health Officer	A-12	50
Zoning Board	A-12	9,940
Registrar	A-12	<u>1,544</u>
	A-2	<u>\$ 27,741</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-12	\$ 26,139
Due from Other Trust Fund	B-9	371
Due from Sewer Utility Assessment Trust Fund	D-11	<u>4,438</u>
	A-2	<u>\$ 30,948</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	
ANALYSIS OF NON-BUDGET REVENUE		
Smoke Detector Compliance		\$ 8,100
LEA Reimbursement		5,891
Senior Citizen and Veterans Administrative Fees		830
Stone Point Park Usage Fees		500
Prior Year Franchise Fees		83,049
FEMA Reimbursement - Hurricane Sandy		20,774
Soil Moving Fees		4,900
Miscellaneous Fees and Reimbursements		<u>97,575</u>
	A-2	<u>\$ 221,619</u>
Cash Receipts	A-4	<u>\$ 221,619</u>

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages	\$ 168,100	\$ 168,100	\$ 165,996	\$ 2,104	
Other Expenses	66,450	66,450	63,586	2,864	
Mayor and Council					
Salaries and Wages	42,250	42,250	42,250	-	
Other Expenses	600	600	186	414	
Financial Administration					
Salaries and Wages	93,300	93,300	93,255	45	
Other Expenses	39,018	39,018	37,045	1,973	
Audit Services					
Other Expenses	20,000	19,400	19,400	-	
Assessment of Taxes					
Salaries and Wages	16,060	16,060	16,056	4	
Other Expenses	11,160	11,160	6,267	4,893	
Collection of Taxes					
Salaries and Wages	104,350	104,350	104,315	35	
Other Expenses	3,200	3,200	2,075	1,125	
Legal Services and Costs					
Other Expenses	60,000	43,350	37,585	5,765	
Engineering Services & Costs					
Other Expenses	11,500	17,400	10,933	6,467	
Open Space Advisory					
Other Expenses	80	80		80	
Senior Advisory					
Other Expenses	8,400	8,400	7,120	1,280	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	22,200	22,200	21,952	248	
Other Expenses	7,950	7,950	6,512	1,438	
Insurance					
General Liability	104,730	106,803	105,513	1,290	
Workers Compensation	112,845	112,845	112,843	2	
Employee Group Health	674,324	666,524	662,452	4,072	
Health Benefit Waiver	10,000	10,000	10,000	-	
Unemployment Insurance	10,000	10,000	10,000	-	
PUBLIC SAFETY					
Fire					
Salaries and Wages	29,000	29,000	28,075	925	
Other Expenses	28,175	28,175	28,175	-	
Rent	10,756	10,756	10,756	-	
Fire Hydrant Services	122,800	122,800	122,405	395	

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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	\$ 12,650	\$ 12,650	\$ 12,642	\$ 8	
Other Expenses	4,150	4,150	3,727	423	
Police					
Salaries and Wages	1,760,500	1,760,500	1,758,704	1,796	
Other Expenses	53,770	53,770	53,767	3	
Purchase of Police Vehicles/Equipment	36,200	36,200	36,138	62	
Police Dispatch/911					
Contractual	118,770	118,770	118,770	-	
First Aid Organization - Contribution	28,880	28,880	28,880	-	
Emergency Management Services					
Salaries and Wages	740	740	736	4	
Other Expenses	500	500	500	-	
Municipal Prosecutor					
Salaries and Wages	5,250	5,250	4,741	509	
PUBLIC WORKS FUNCTIONS					
Road Repairs & Maintenance					
Salaries and Wages	467,425	473,825	473,821	4	
Other Expenses	33,535	33,535	33,534	1	
Shade Tree Commission					
Other Expenses	20,095	22,095	21,875	220	
Recycling					
Salaries and Wages	2,860	2,860	2,797	63	
Other Expenses	33,725	33,725	33,661	64	
Solid Waste Collection					
Other Expenses	5,400	5,400	5,400	-	
Public Buildings and Grounds					
Other Expenses	24,225	25,775	25,775	-	
Contractual	17,500	17,500	17,080	420	
Vehicle Maintenance					
Other Expenses	58,770	59,570	58,762	808	
HEALTH & HUMAN SERVICES					
Board of Health					
Other Expenses	32,388	32,508	31,475	1,033	
O.S.H.A.					
Hepatitis B Program					
Other Expenses	666	666	333	333	
Environmental Commission					
Salaries and Wages	1,370	1,370	1,216	154	
Other Expenses	170	170		170	
Administration of Public Assistance					
Salaries and Wages	7,050	7,050	7,041	9	
Other Expenses	850	937	937	-	
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, 2014

	<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>
OPERATIONS - WITHIN "CAPS" (Cont'd.)		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
PARKS AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Salaries and Wages	\$ 31,020	\$ 31,020	\$ 30,831	\$ 189	
Other Expenses	15,770	15,770	15,373	397	
Golf Course					
Salaries and Wages	324,050	324,050	318,455	5,595	
Other Expenses	90,000	90,000	89,908	92	
Recreation Program Fees					
Other Expenses	800	800	270	530	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	1,000			-	
Municipal Court Administration					
Salaries and Wages	12,510	12,510	11,196	1,314	-
Other Expenses	2,000	2,000	1,892	108	-
Public Defender					
Other Expenses	600	1,000	1,000	-	
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	109,010	109,010	109,006	4	
Other Expenses	10,100	10,100	7,276	2,824	
UNCLASSIFIED					
Utilities					
Electricity	109,300	109,300	106,342	2,958	
Street Lighting	12,000	12,000	11,869	131	
Telephone	20,190	20,190	18,357	1,833	
Water	20,400	22,600	21,919	681	
Gasoline	50,000	53,400	53,400	-	
Interlocal Service Agreement					
Harrington Park Service Fee	9,500	9,500	9,500	-	-
Total Operations Within "CAPS"	5,324,937	5,323,817	5,265,658	58,159	-
Contingent	5,000	5,000	2,500	2,500	-
Total Operations including Contingent Within "CAPS"	5,329,937	5,328,817	5,268,158	60,659	-
Detail:					
Salaries and Wages	3,209,695	3,216,095	3,203,085	13,010	-
Other Expenses	2,120,242	2,112,722	2,065,073	47,649	-

See Accompanying Notes to Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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					
Construction Code- O/E	\$ 1,350	\$ 1,350	\$ 1,350		
Statutory Expenditures:					
Social Security System (O.A.S.I.)	230,000	231,120	231,119	\$ 1	
Public Employees Retirement System	200,832	200,832	179,972	20,860	
Police and Firemen's Retirement System	347,479	347,479	325,014	22,465	
Defined Contribution Retirement Program	550	550	514	36	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	780,211	781,331	737,969	43,362	-
Total General Appropriations for Municipal Purposes Within "CAPS"	6,110,148	6,110,148	6,006,127	104,021	-
OPERATIONS - EXCLUDED FROM CAPS					
Aid to Public Library Association	572,652	572,652	572,652	-	
Insurance					
Employee Group Health	8,326	8,326	8,326	-	
Stormwater Management					
Other Expenses	10,550	10,550	10,483	67	
Fire					
LOSAP	76,150	76,150	76,150	-	-
Total Other Operations Excluded from "CAPS"	667,678	667,678	667,611	67	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
River Vale Fuel Reimbursement					
Gasoline	170,000	170,000	144,105		\$ 25,895
Emerson - Municipal Court Administration					
Salaries and Wages	14,300	14,300	14,300	-	-
Total Interlocal Municipal Service Agreements	184,300	184,300	158,405	-	25,895
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Drunk Driving Enforcement Fund	1,534	1,534	-	1,534	
Drive Sober or get Pulled Over Grant		5,000	4,539	-	461
Municipal Alliance Program	4,938	14,814	8,141	6,673	
Clean Communities Grant	11,503	11,503	9,685	1,818	
Body Armor Replacement	3,152	3,152	1,168	1,984	
Recycling Tonnage Grant	22,373	22,373	22,373	-	
Alcohol Education and Rehabilitation Fund	475	475		475	
Community Development-Senior Citizen Program	-	4,000	3,245	755	-
Total Public and Private Programs Offset by Revenues	43,975	62,851	49,151	13,239	461
Total Operations Excluded from "CAPS"	895,953	914,829	875,167	13,306	26,356

See Accompanying Notes to Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
			<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd.)					
Detail:					
Salaries and Wages	\$ 14,300	\$ 14,300	\$ 14,300		
Other Expenses	881,653	900,529	860,867	\$ 13,306	\$ 26,356
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	250,000	250,000	250,000	-	-
Total Capital Improvements Excluded from "CAPS"	250,000	250,000	250,000	-	-
MUNICIPAL DEBT SERVICE -					
EXCLUDED FROM "CAPS"					
Payment of Bond Principal	760,000	760,000	760,000	-	
Interest on Bonds	216,608	216,608	216,608	-	-
Total Municipal Debt Service Excluded from "CAPS"	976,608	976,608	976,608	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,122,561	2,141,437	2,101,775	13,306	26,356
Subtotal General Appropriations	8,232,709	8,251,585	8,107,902	117,327	26,356
Reserve for Uncollected Taxes	765,000	765,000	765,000	-	-
Total General Appropriations	\$ 8,997,709	\$ 9,016,585	\$ 8,872,902	\$ 117,327	\$ 26,356
	<u>Reference</u>	A-2	A-1	A, A-1	
Budget as Adopted	A-3	\$ 8,997,709			
Appropriation by 40A:4-87	A-2	18,876			
		<u>\$ 9,016,585</u>			
Cash Disbursements	A-4		\$ 7,870,918		
Encumbrances Payable	A-18		236,984		
Reserve for Uncollected Taxes	A-2		765,000		
			<u>\$ 8,872,902</u>		

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 2,053	\$ 2,932
OTHER TRUST FUND			
Cash	B-3	1,631,261	1,538,937
Loan Receivable - Affordable Housing	B-6	-	5,553
		<u>1,631,261</u>	<u>1,544,490</u>
UNEMPLOYMENT COMPENSATION INSURANCE FUND			
Cash	B-3	<u>26,726</u>	<u>37,627</u>
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	<u>415,731</u>	<u>402,850</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND - (UNAUDITED)			
Investments	B	1,141,418	1,038,090
Contributions Receivable	B	<u>71,300</u>	<u>67,850</u>
		<u>1,212,718</u>	<u>1,105,940</u>
Total Assets		<u>\$ 3,288,489</u>	<u>\$ 3,093,839</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-4	\$ 18	\$ 11
Reserve for Animal Control Expenditures	B-5	<u>2,035</u>	<u>2,921</u>
		<u>2,053</u>	<u>2,932</u>
OTHER TRUST FUND			
Due to State of New Jersey			
Department of Human Services	B-7	375	375
Due to Current Fund	B-9	126	257
Escrow Deposits Payable	B-10	389,842	381,317
Miscellaneous Reserves and Deposits	B-11	1,240,918	1,156,988
Reserve for Loan Receivable	B-6	<u>-</u>	<u>5,553</u>
		<u>1,631,261</u>	<u>1,544,490</u>
UNEMPLOYMENT COMPENSATION INSURANCE FUND			
Reserve for Unemployment Compensation			
Insurance Claims	B-12	<u>26,726</u>	<u>37,627</u>
		<u>26,726</u>	<u>37,627</u>
OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Open Space Preservation	B-14	<u>415,731</u>	<u>402,850</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND - (UNAUDITED)			
Reserve for Length of Service Awards Program	B	<u>1,212,718</u>	<u>1,105,940</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,288,489</u>	<u>\$ 3,093,839</u>

**BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	Anticipated Budget (Memo)	<u>Realized</u>	Excess or <u>Deficit</u>
Amount to be Raised by Taxation	B-14	\$ 172,075	\$ 172,613	\$ 538
	B-2	\$ 172,075	172,613	\$ 538
Non-Budget Revenue	B-14		1,110	
			<u>\$ 173,723</u>	

EXHIBIT B-2

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Appropriated (Memo)</u>		<u>Expended</u>	
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>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	52,321	52,321	
Debt Service:				
Payment of Bond Principal	36,665	36,665	36,665	
Interest on Bonds	4,856	4,856	4,856	
Reserve for Future Use	50,554	11,233	-	\$ 11,233
	<u>\$ 172,075</u>	<u>\$ 172,075</u>	<u>\$ 160,842</u>	<u>\$ 11,233</u>
Reference	B-1	B-1	B-14	

**BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2014 AND 2013**

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Cash	C-2,C-3	\$ 778,400	\$ 1,328,246
Grants Receivable	C-4	260,161	147,294
Deferred Charges to Future Taxation			
Funded	C-5	6,280,233	7,238,898
Unfunded	C-6	<u>424,090</u>	<u>901,268</u>
Total Assets		<u>\$ 7,742,884</u>	<u>\$ 9,615,706</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-15	\$ 6,065,000	\$ 6,987,000
Green Trust Loan Payable	C-14	215,233	251,898
Contracts Payable	C-7	132,545	476,572
Improvement Authorizations:			
Funded	C-10	281,301	648,460
Unfunded	C-10	215,172	787,996
Capital Improvement Fund	C-8	28,612	24,576
Due to Current Fund	C-9	-	1,306
Reserve for Sidewalk Improvements	C-11	205,282	201,330
Reserve for Capital Improvements	C-12	20,698	29,498
Reserve for Payment of Debt	C-13	10,206	55,904
Reserve for Grants Receivable	C-4	260,161	146,500
Fund Balance	C-1	<u>308,674</u>	<u>4,666</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,742,884</u>	<u>\$ 9,615,706</u>

There were bonds and notes authorized but not issued as of December 31, 2014 and 2013 of \$424,090 and \$901,268 respectively (Exhibit C-16).

BOROUGH OF OLD TAPPAN
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	C	\$ 4,666	\$ 104,666
Increased by:			
Improvement Authorizations Cancelled	C-10	<u>304,802</u>	<u>-</u>
		309,468	104,666
Decreased by:			
Grants Receivable Cancelled	C-4	794	
Appropriated to Finance Improvement Authorizations	C-1	<u>-</u>	<u>100,000</u>
Balance, December 31	C	<u>\$ 308,674</u>	<u>\$ 4,666</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2014 AND 2013

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
OPERATING FUND			
Cash	D-7	\$ 358,348	\$ 387,871
Receivables With Full Reserves			
Consumer Accounts Receivable	D-10	<u>64,818</u>	<u>42,861</u>
		<u>423,166</u>	<u>430,732</u>
ASSESSMENT TRUST FUND			
Cash	D-7,D-8	1,903,636	2,044,197
Assessment Receivable	D-12	2,404,277	3,077,638
Due from Sewer Utility Operating Fund	D-15	-	157
Deferred Charge			
Utility Share of Assessment Debt Issued	D-13	<u>57,411</u>	<u>92,663</u>
		<u>4,365,324</u>	<u>5,214,655</u>
CAPITAL FUND			
Cash	D-7,D-9	171,968	171,968
Fixed Capital	D-14	<u>18,408,285</u>	<u>18,401,034</u>
		<u>18,580,253</u>	<u>18,573,002</u>
Total Assets		<u>\$ 23,368,743</u>	<u>\$ 24,218,389</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2014 AND 2013

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2014</u>	<u>2013</u>
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4, D-16	\$ 10,055	\$ 6,663
Encumbrances Payable	D-17	18,003	19,227
Accrued Interest on Bonds and Loans	D-18	49,699	57,335
Sewer Fee Overpayments	D-19	-	988
Due to Sewer Utility Assessment Fund	D-15	-	157
		<u>77,757</u>	<u>84,370</u>
Reserve for Receivables	D	64,818	42,861
Fund Balance	D-1	<u>280,591</u>	<u>303,501</u>
		<u>423,166</u>	<u>430,732</u>
ASSESSMENT TRUST FUND			
Assessment Serial Bonds	D-24	1,090,000	1,370,000
Environmental Infrastructure Loan Payable	D-23	3,076,740	3,665,302
Due to Current Fund	D-11	-	1,135
Reserve for Assessments Receivable	D-22	116,007	95,641
Fund Balance	D-2	<u>82,577</u>	<u>82,577</u>
		<u>4,365,324</u>	<u>5,214,655</u>
CAPITAL FUND			
Reserve for Sewer Assessment Debt	D-21	171,968	171,968
Reserve for Amortization	D-20	<u>18,408,285</u>	<u>18,401,034</u>
		<u>18,580,253</u>	<u>18,573,002</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 23,368,743</u>	<u>\$ 24,218,389</u>

There were no Bonds and Notes Authorized But Not Issued on December 31, 2014 and 2013.

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, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-3	\$ 95,000	\$ 95,000
Sewer User Fees	D-3	1,055,525	1,053,762
Interest on Assessments	D-3	108,620	126,607
United Properties Group - Reimbursement of Waste Water			
Bond Debt Service	D-1	-	86,904
Non-Budget Revenue	D-3	41,256	26,821
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	D-16	<u>6,083</u>	<u>4,259</u>
Total Income		<u>1,306,484</u>	<u>1,393,353</u>
EXPENDITURES			
Operating	D-4	1,040,889	1,008,293
Capital Improvements	D-4	7,500	7,500
Debt Service	D-4	141,399	240,483
Deferred Charges and Statutory Expenditures	D-4	44,500	62,305
Refund of Prior Year Revenue	D-7	<u>106</u>	<u>-</u>
Total Expenditures		<u>1,234,394</u>	<u>1,318,581</u>
Excess in Revenue		72,090	74,772
Fund Balance, January 1	D	<u>303,501</u>	<u>323,729</u>
		375,591	398,501
Less Utilization as Anticipated Revenue	D-1,D-3	<u>95,000</u>	<u>95,000</u>
Fund Balance, December 31	D	<u>\$ 280,591</u>	<u>\$ 303,501</u>

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

		<u>2014</u>	<u>2013</u>
Balance, January 1	D	\$ <u>82,577</u>	\$ <u>82,577</u>
Balance, December 31	D	\$ <u>82,577</u>	\$ <u>82,577</u>

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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-10	1,039,288	1,055,525	\$ 16,237
Interest on Assessments	D-15	<u>100,000</u>	<u>108,620</u>	<u>8,620</u>
	D-4	<u>\$ 1,234,288</u>	1,259,145	<u>\$ 24,857</u>
Non-Budget Revenue	D-3		<u>41,256</u>	
			<u>\$ 1,300,401</u>	
Analysis of Non-Budget Revenue:				
Interest on Deposits			\$ 5,373	
Miscellaneous			3,542	
Sewer Connection Fees			<u>32,341</u>	
	D-3,D-7		<u>\$ 41,256</u>	

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries	\$ 340,213	\$ 340,213	\$ 333,297	\$ 6,916
Other Expenses	<u>700,676</u>	<u>700,676</u>	<u>697,786</u>	<u>2,890</u>
Total Operating	<u>1,040,889</u>	<u>1,040,889</u>	<u>1,031,083</u>	<u>9,806</u>
CAPITAL IMPROVEMENTS				
Capital Outlay	<u>7,500</u>	<u>7,500</u>	<u>7,251</u>	<u>249</u>
Total Capital Improvements	<u>7,500</u>	<u>7,500</u>	<u>7,251</u>	<u>249</u>
DEBT SERVICE				
Interest on Bonds	<u>141,399</u>	<u>141,399</u>	<u>141,399</u>	<u>-</u>
Total Debt Service	<u>141,399</u>	<u>141,399</u>	<u>141,399</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
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>
Total Deferred Charges and Statutory Expenditures	<u>44,500</u>	<u>44,500</u>	<u>44,500</u>	<u>-</u>
	<u>\$ 1,234,288</u>	<u>\$ 1,234,288</u>	<u>\$ 1,224,233</u>	<u>\$ 10,055</u>

	<u>Reference</u>			
Budget as Adopted	D-4	<u>\$ 1,234,288</u>		
Cash Disbursements	D-7		\$ 1,064,831	
Encumbrances Payable	D-17		18,003	
Accrued Interest on Bonds and Loans	D-18		<u>141,399</u>	
			<u>\$ 1,224,233</u>	

**STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY ASSESSMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budget</u>	<u>Anticipated Budget After Modifications</u>	<u>Realized</u>
Assessment Cash	\$ 773,562	\$ 814,107	\$ 814,107
	<u>\$ 773,562</u>	<u>\$ 814,107</u>	<u>\$ 814,107</u>
<u>Reference</u>	D-6	D-6	D-7

**STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY ASSESSMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budget</u>	<u>Appropriation Budget After Modifications</u>	<u>Expended</u>
Payment of Bond Principal	\$ 185,000	\$ 225,545	\$ 225,545
Payment of Loan Principal	<u>588,562</u>	<u>588,562</u>	<u>588,562</u>
	<u>\$ 773,562</u>	<u>\$ 814,107</u>	<u>\$ 814,107</u>
<u>Reference</u>	D-5	D-5	D-23,D-24

**BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	E-1	<u>\$ 93,859</u>	<u>\$ 93,137</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	E-2	<u>\$ 93,859</u>	<u>\$ 93,137</u>

**BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u> (Restated)
ASSETS		
Land	\$ 24,751,900	\$ 24,751,900
Buildings and Building Improvements	7,164,914	7,081,409
Machinery and Equipment	<u>6,930,734</u>	<u>6,669,419</u>
	<u>\$ 38,847,548</u>	<u>\$ 38,502,728</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 38,847,548</u>	<u>\$ 38,502,728</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

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 and six-member Council form of government. Council members are elected for staggered three-year terms; the Mayor is elected separately every four years. The executive power of the Borough is exercised by the Mayor, subject to the approval of the Borough Council. The Mayor has the responsibility for implementing policies of the Council and functions as liaison officer between the council, municipal personnel, and residents of the Borough. A Borough Administrator is appointed by the Borough Council to run the day to day operations of the Borough. The Borough's major operations include public safety, road repair and maintenance, recycling, fire protection, recreation and parks, health services, sanitary sewer 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, 2014 AND 2013

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, 2014 AND 2013

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.

Reclassifications - Certain reclassifications may have been made to the December 31, 2013 balances to conform to the December 31, 2014 presentation.

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, 2014 AND 2013

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 11th 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 - Utility charges are levied semi-annually 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 fund. 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, 2014 AND 2013**

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.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

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, 2014 AND 2013

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, and streets and sidewalks are not capitalized.

General fixed assets purchased after December 31, 2008 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

General fixed assets purchased after December 31, 2008 are stated as follows:

Land	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 are 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.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

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 2014 and 2013 the Borough Council increased the original budget by \$18,876 and \$12,074. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2014 and 2013.

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, 2014 AND 2013

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2014 and 2013, the book value of the Borough's deposits were \$10,709,063 and \$10,945,318 and bank and brokerage firm balances of the Borough's deposits amounted to \$10,871,115 and \$11,357,477, 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>2014</u>	<u>2013</u>
Insured	\$ 10,863,448	\$ 11,349,814
Uninsured and Collateralized	<u>7,667</u>	<u>7,663</u>
	<u>\$ 10,871,115</u>	<u>\$ 11,357,477</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, 2014 and 2013, the Borough's bank balances of \$7,667 and \$7,663 were exposed to custodial credit risk as follows:

	<u>2014</u>	<u>2013</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 7,677</u>	<u>\$ 7,663</u>

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.

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2014 and 2013, the Borough had the following investments:

	<u>Fair Value</u> <u>(LOSAP - Unaudited)</u>	
	<u>2014</u>	<u>2013</u>
Investment:		
Lincoln Financial LOSAP Investment Fund (Unaudited)	\$ <u>1,141,418</u>	\$ <u>1,038,090</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, 2014 and 2013, \$1,141,418 and \$1,038,090 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u> <u>(LOSAP - Unaudited)</u>	
	<u>2014</u>	<u>2013</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>1,141,418</u>	\$ <u>1,038,090</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, 2014 and 2013, the Borough's investment in Lincoln Financial, a subsidiary of Lincoln National Corporation, was rated Baa1, respectively by Moody's Investor Services.

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.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 4 TAXES AND SEWER UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2014 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>2014</u>			
Property Taxes	\$ 278,937		\$ 278,937
Tax Title Liens	28,418		28,418
Sewer Utility Charges	<u>-</u>	<u>\$ 64,818</u>	<u>64,818</u>
	<u>\$ 307,355</u>	<u>\$ 64,818</u>	<u>\$ 372,173</u>

In 2014, the Borough collected \$324,019 and \$42,861 from delinquent taxes and sewer utility charges and fees, which represented 93% and 100% of the delinquent tax and sewer charges receivable at December 31, 2013.

Receivables at December 31, 2013 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>2013</u>			
Property Taxes	\$ 323,346		\$ 323,346
Tax Title Liens	24,629		24,629
Sewer Utility Charges	<u>-</u>	<u>\$ 42,861</u>	<u>42,861</u>
	<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 sewer utility charges and fees, which represented 95% and 100% of the delinquent tax and sewer charges receivable at December 31, 2012.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

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>2014</u>		<u>2013</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	\$ 126		\$ 2,698	
Other Trust Fund		\$ 126		\$ 257
General Capital Fund				1,306
Sewer Utility Fund:				
Operating Fund				157
Assessment Trust Fund	-	-	157	1,135
	<u>-</u>	<u>-</u>	<u>157</u>	<u>1,135</u>
Total	<u>\$ 126</u>	<u>\$ 126</u>	<u>\$ 2,855</u>	<u>\$ 2,855</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 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. The following is the balance of unpaid school taxes levied, amount deferred and the amount reported as a payable at December 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
	Local District <u>School</u>	Local District <u>School</u>
Balance of Tax	\$ 7,084,200	\$ 6,895,923
Deferred Liability	<u>4,085,860</u>	<u>4,085,860</u>
Taxes Payable	<u>\$ 2,998,340</u>	<u>\$ 2,810,063</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 7 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:

	2014		2013	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,698,850	\$ 800,000	\$ 1,610,897	\$ 750,000
Non-Cash Surplus	<u>23,063</u>	<u>-</u>	<u>23,589</u>	<u>-</u>
	<u>\$ 1,721,913</u>	<u>\$ 800,000</u>	<u>\$ 1,634,486</u>	<u>\$ 750,000</u>
Sewer Utility Operating Fund				
Cash Surplus	<u>\$ 280,591</u>	<u>\$ 130,000</u>	<u>\$ 303,501</u>	<u>\$ 95,000</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 8 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, 2014 and 2013.

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land	\$ 24,751,900			\$ 24,751,900
Buildings and Building Improvement	7,081,409	\$ 83,505		7,164,914
Machinery and Equipment	<u>6,669,419</u>	<u>434,051</u>	<u>\$ 172,736</u>	<u>6,930,734</u>
	<u>\$ 38,502,728</u>	<u>\$ 517,556</u>	<u>\$ 172,736</u>	<u>\$ 38,847,548</u>
	Balance December 31, <u>2012</u> (Restated)	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land	\$ 24,751,900			\$ 24,751,900
Buildings and Building Improvement	6,829,750	\$ 268,659	\$ 17,000	7,081,409
Machinery and Equipment	<u>6,545,278</u>	<u>124,141</u>	<u>-</u>	<u>6,669,419</u>
	<u>\$ 38,126,928</u>	<u>\$ 392,800</u>	<u>\$ 17,000</u>	<u>\$ 38,502,728</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 8 FIXED ASSETS (Continued)

B. Sewer Utility Fund Fixed Assets

The following is a summary of changes in the sewer utility fund fixed assets for the years ended December 31, 2014 and 2013.

	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Fixed Capital				
System and System Improvements	\$ 18,004,886	\$ 7,251		\$ 18,012,137
Vehicles and Equipment	<u>396,148</u>	<u>-</u>	<u>-</u>	<u>396,148</u>
	<u>\$ 18,401,034</u>	<u>\$ 7,251</u>	<u>\$ -</u>	<u>\$ 18,408,285</u>
	Balance December 31, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
<u>2013</u>				
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>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 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 sewer utility capital 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>2014</u>	<u>2013</u>
Issued		
General		
Bonds and Loans	\$ 6,280,233	\$ 7,238,898
Sewer Utility Assessment		
Bonds and Loans	<u>4,166,740</u>	<u>5,035,302</u>
	10,446,973	12,274,200
Less Funds Temporarily Held to Pay Bonds and Notes	<u>2,003,233</u>	<u>2,188,514</u>
Net Debt Issued	8,443,740	10,085,686
Authorized But Not Issued		
General		
Bonds and Notes	<u>424,090</u>	<u>901,268</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 8,867,830</u>	<u>\$ 10,986,954</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 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 .385% and .460% at December 31, 2014 and 2013, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 6,704,323	\$ 10,206	\$ 6,694,117
School Debt	5,951,469	5,951,469	
Utility Debt	4,166,741	4,166,741	-
	<u>16,822,533</u>	<u>10,128,416</u>	<u>6,694,117</u>
Total	\$ 16,822,533	\$ 10,128,416	\$ 6,694,117
	<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	5,035,302	5,035,302	-
	<u>20,187,432</u>	<u>12,103,170</u>	<u>8,084,262</u>
Total	\$ 20,187,432	\$ 12,103,170	\$ 8,084,262

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>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 60,892,228	\$ 61,471,997
Net Debt	<u>6,694,117</u>	<u>8,084,262</u>
Remaining Borrowing Power	<u>\$ 54,198,111</u>	<u>\$ 53,387,735</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 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>2014</u>	<u>2013</u>
\$2,967,000, 2004 Bonds (Series A), due in an annual installment of \$425,000 through August 2014, interest at 4.00% to 4.125%. Bonds were refunded in 2014.	\$	2,662,000
\$1,080,000, 2004 Bonds (Series B), due in an annual installment of \$55,000 through August 2014, interest at 4.00% to 4.50%. Bonds were refunded in 2014.		675,000
\$2,120,000, 2010 Bonds, due in annual installments of \$150,000 to \$325,000 through July 2022, interest at 2.00% to 3.125%	\$ 1,820,000	1,970,000
\$1,780,000, 2012 Bonds, due in annual installments of \$130,000 to \$200,000 through November 2023, interest at 1.00% to 2.00%	1,550,000	1,680,000
\$2,110,000, 2014 Refunding Bonds (Series A), due in annual installments of \$405,000 to \$435,000 through August 2019, interest at 2.00% to 4.00%	2,110,000	
\$585,000, 2014 Refunding Bonds (Series B), due in annual installments of \$60,000 to \$75,000 through November 2023, interest at 2.00% to 4.00%	<u>585,000</u>	<u>-</u>
	<u>\$ 6,065,000</u>	<u>\$ 6,987,000</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 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>2014</u>	<u>2013</u>
\$653,625, 2000 Loan, due in semi-annual installments of \$18,241 to \$20,555 through February 21, 2020, interest at 2.00%	\$ 215,233	\$ 251,898

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>2014</u>	<u>2013</u>
\$720,000, 2003 Assessment Bonds, due in an annual installment of \$40,000 through December 2014, interest rate at 3.25% to 4.25%. Bonds were refunded in 2014.		\$ 320,000
\$975,000, 2004 Assessment Bonds, due in an annual installment of \$60,000 through August 2014 interest at 4.00% to 4.375%. Bonds were refunded in 2014.		540,000
\$730,000, 2010 Refunding Assessment Bonds, due in annual installments of \$85,000 through February 2019, interest at 2.00% to 2.625%	\$ 425,000	510,000
\$665,000, 2014 Refunding Assessment Bonds, due in annual installments of \$45,000 to \$90,000 through August 2022, interest at 2.00% to 4.00%	665,000	-
	<u>\$ 1,090,000</u>	<u>\$ 1,370,000</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 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>2014</u>	<u>2013</u>
\$3,415,000, 1999 Assessment Loan, refunded by 2006B Refunding Series, due in annual installments of \$214,633 to \$255,579 through August 1, 2019, interest rates of 5.50% to 5.70%	1,176,814	1,378,823
\$3,193,990, 1999 Assessment Loan, due in semi-annual installments of \$4,592 to \$167,654 through August 1, 2018, interest free	683,076	861,692
\$1,960,000, 2000 Assessment Loan, refunded by 2006A and 2010A Refunding Series, due in annual installments of \$110,007 to \$139,676 through August 1, 2020, interest at 5.13% to 5.25%	745,097	850,800
\$1,828,595, 2000 Assessment Loan due in semi-annual installments of \$4,884 to \$94,212 through August 1, 2019, interest free	<u>471,753</u>	<u>573,987</u>
Sewer Utility Assessment Loans	<u>\$ 3,076,740</u>	<u>\$ 3,665,302</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2014 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>	
2015	\$ 802,402	\$ 181,793	\$ 778,583	\$ 123,966	\$ 1,886,744
2016	828,154	158,273	794,485	102,978	1,883,890
2017	838,920	138,006	811,415	82,578	1,870,919
2018	859,703	112,274	800,818	60,284	1,833,079
2019	880,501	84,975	626,765	37,515	1,629,756
2020-2023	<u>2,070,553</u>	<u>123,275</u>	<u>354,674</u>	<u>21,322</u>	<u>2,569,824</u>
	<u>\$ 6,280,233</u>	<u>\$ 798,596</u>	<u>\$ 4,166,740</u>	<u>\$ 428,643</u>	<u>\$ 11,674,212</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Current Refundings of Debt

On July 10, 2014, the Borough issued \$3,360,000 in General Obligation Refunding Bonds consisting of \$2,695,000 in General Improvement Refunding Bonds and \$665,000 in Sewer Utility Assessment Refunding Bonds having an interest rate of 2.00% to 4.00%. These Bonds were issued in order to currently refund certain principal maturities of the 2004A and 2004B General Improvement Bonds and the 2003 and 2004 Sewer Utility Assessment Bonds of the Borough. The total principal currently refunded was \$3,657,000. This current refunding resulted in the issuance of \$297,000 less in bonds and resulted in an increase of cash flows over the life of these bonds issues in the amount \$462,038. However, the economic gain (difference between the present value of the old and new debt service payments) was \$288,223 after giving effect to \$155,093 of contributions made by the Borough towards the refunding from funds on hand. The current refunding was undertaken to reduce total debt service payments over the current and subsequent nine (9) years by \$462,038.

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund					
Bonds Payable	\$ 6,987,000	\$ 2,695,000	\$ 3,617,000	\$ 6,065,000	\$ 765,000
Intergovernmental Loans Payable	<u>251,898</u>	<u>-</u>	<u>36,665</u>	<u>215,233</u>	<u>37,402</u>
General Capital Fund Long-Term Liabilities	<u>\$ 7,238,898</u>	<u>\$ 2,695,000</u>	<u>\$ 3,653,665</u>	<u>\$ 6,280,233</u>	<u>\$ 802,402</u>
Sewer Utility Assessment Fund					
Bonds Payable	\$ 1,370,000	\$ 665,000	\$ 945,000	\$ 1,090,000	\$ 175,000
Intergovernmental Loans Payable	<u>3,665,302</u>	<u>-</u>	<u>588,562</u>	<u>3,076,740</u>	<u>603,583</u>
Sewer Utility Assessment Fund Long-Term Liabilities	<u>\$ 5,035,302</u>	<u>\$ 665,000</u>	<u>\$ 1,533,562</u>	<u>\$ 4,166,740</u>	<u>\$ 778,583</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
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>588,562</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>\$ 773,562</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 10 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>2014</u>			
	Sidewalk Project Phase 4 and 5	\$36,147	2015
<u>2013</u>			
	Sidewalk Project Phase 4 and 5	249,315	2015

NOTE 11 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 12 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. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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. PERS is a cost-sharing multi-employer defined benefit pension plan.

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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 employees 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.

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, 2014 AND 2013

NOTE 12 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 for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. 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.

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, 2014 AND 2013**

NOTE 12 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 CPFPPF (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

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 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.92% for fiscal year 2015 effective July 2014.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended June 30, 2014 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, 2014 AND 2013

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2014, 2013 and 2012, 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>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2014	\$ 325,014	\$ 192,972	\$ 514
2013	371,583	195,853	498
2012	384,473	180,660	151

NOTE 13 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. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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, 2014 AND 2013

NOTE 13 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.

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, 2013, 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 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.

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 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 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 OPEB 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 an assumed investment rate of return of 4.50 percent.

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 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, 2014 AND 2013**

NOTE 13 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, 2014, 2013 and 2012 were \$204,191, \$174,575 and \$139,858, respectively, which equaled the required contributions for each year.

NOTE 14 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 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, 2014 AND 2013

NOTE 14 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>
2014	\$ 16,000	\$ 4,257	\$ 31,275	\$ 26,726
2013	16,000	4,268	14,948	37,627
2012	20,000	4,159	19,247	32,286

NOTE 15 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, 2014 and 2013. 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, 2014 and 2013, the Borough reserved \$51,335 and \$70,151, 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, 2014 and 2013, 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, 2014 AND 2013**

NOTE 16 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, 2014 and 2013, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 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 2014 and 2013, respectively, for each eligible volunteer fire department and volunteer first aid squad members into the Plan. The total Borough contributions were \$70,150 and \$62,100 for 2014 and 2013, respectively.

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, 2014 AND 2013**

NOTE 17 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 18 CONSTRUCTION LOAN AGREEMENT – OLD TAPPAN FREE PUBLIC LIBRARY ASSOCIATION

The Borough and the Old Tappan Free Public Library Association (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, 2014 and 2013 the balances of the Loan outstanding were \$620,000 and \$675,000, respectively.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 19 RESTATEMENT

The General Fixed Assets Account Group financial statement has been restated at December 31, 2012 for the deletion of certain property and improvements included in prior balances which were not Borough owned property as follows:

	Balance December 31, 2012 Prior to <u>Restatement</u>	Restatement Adjustment	Balance December 31, 2012 <u>Restated</u>
Land	\$ 29,113,900	\$ (4,362,000)	\$ 24,751,900
Building and Building Improvements	18,752,650	(11,922,900)	6,829,750
Machinery and Equipment	<u>6,545,278</u>	<u>-</u>	<u>6,545,278</u>
	<u>\$ 54,411,828</u>	<u>\$ (16,284,900)</u>	<u>\$ 38,126,928</u>

NOTE 20 SUBSEQUENT EVENTS

Debt Authorized

On April 6, 2015 the Borough adopted a Bond Ordinance authorizing the issuance \$1,890,000 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

BOROUGH OF OLD TAPPAN
STATEMENT OF CASH - COLLECTOR-TREASURER

Balance, December 31, 2013

\$ 4,937,198

Increased by:

Taxes Receivable	\$ 32,143,447	
Grants Receivable	22,617	
Revenue Accounts Receivable	2,987,086	
Reserve for Debt Service - General Capital Fund	50,000	
Non-Budget Revenue	221,616	
Prepaid Taxes	131,993	
Tax Overpayments	51,092	
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	41,504	
Due to State of New Jersey	16,748	
Prepaid Revenues	8,023	
Reserve for Grants - Unappropriated	57,125	
Receipts from General Capital Fund	1,306	
Receipts from Other Trust Fund	502	
Receipts from Sewer Assessment Trust Fund	5,573	
	<u>35,738,632</u>	

40,675,830

Decreased by:

2014 Appropriations	7,870,918	
2013 Appropriation Reserves	38,779	
Local District School Taxes Payable	13,406,282	
Regional High School Taxes Payable	9,585,034	
County Taxes Payable	3,976,981	
Encumbrances Payable	181,244	
Tax Overpayments	53,773	
Reserve for Grants-Appropriated	4,869	
Accounts Payable	8,781	
Miscellaneous Reserves	30	
Reserve for Tax Appeals	33,816	
Due to State of New Jersey	15,984	
Payments to Open Space Preservation Trust Fund - Tax Levy	172,613	
	<u>35,349,104</u>	

Balance, December 31, 2014

\$ 5,326,726

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

<u>Office</u>	Balance, December 31, <u>2014</u>	Balance, December 31, <u>2013</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, 2013	<u>\$ 100</u>
Balance December 31, 2014	<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>2013</u>	<u>2014</u> <u>Levy</u>	Senior Citizens' and Veterans' Deductions Disallowed	<u>Collected Cash</u>		Senior Citizens' and Veterans' Deductions Allowed	<u>Cancelled</u>	<u>Transferred</u> <u>to Tax</u> <u>Title</u> <u>Liens</u>	<u>Balance,</u> <u>December 31,</u> <u>2014</u>
				<u>2013</u>	<u>2014</u>				
2012	\$ 250	\$ -	\$ -	\$ -	\$ 250	-	-	\$ -	-
2013	<u>323,096</u>	<u>-</u>	<u>673</u>	<u>-</u>	<u>323,519</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>
	323,346	-	673	-	323,769	250	-	-	-
2014	<u>-</u>	<u>32,296,333</u>	<u>-</u>	<u>\$ 114,183</u>	<u>31,819,678</u>	<u>\$ 42,500</u>	<u>\$ 37,246</u>	<u>3,789</u>	<u>\$ 278,937</u>
	<u>\$ 323,346</u>	<u>\$ 32,296,333</u>	<u>\$ 673</u>	<u>\$ 114,183</u>	<u>\$ 32,143,447</u>	<u>\$ 42,750</u>	<u>\$ 37,246</u>	<u>\$ 3,789</u>	<u>\$ 278,937</u>

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Analysis of 2014 Property Tax Levy

TAX YIELD

General Purpose Tax
Added Taxes

\$ 32,195,186
101,147
\$ 32,296,333

TAX LEVY

Regional High School Tax
Local District School Tax
County Taxes - General
County Taxes - Open Space
Due County for Added Taxes

\$ 9,585,034
13,594,559
\$ 3,924,477
42,723
12,591
3,979,791

Municipal Open Space Tax
Municipal Open Space Tax-Added

172,075
538

Local Tax for Municipal Purposes
Additional Tax Levied

172,613
4,864,395
99,941
4,964,336

\$ 32,296,333

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

Balance, December 31, 2013		\$ 4,624
Increased by:		
Senior Citizens' Deductions Per Tax Billings	\$ 5,000	
Veterans' Deductions Per Tax Billings	37,250	
Senior Citizens Deductions Allowed by Tax Collector- 2014	250	
Senior Citizens' Deductions Allowed by Tax Collector-2013	<u>250</u>	
		<u>42,750</u>
		47,374
Decreased by:		
Received in Cash - State	41,504	
Senior Citizens' Deductions Disallowed by Tax Collector-2013	<u>673</u>	
		<u>42,177</u>
Balance, December 31, 2014		<u>\$ 5,197</u>

EXHIBIT A-9

STATEMENT OF TAX TITLE LIENS

Balance, December 31, 2013	\$ 24,629
Increased by:	
Transfers from Taxes Receivable	<u>3,789</u>
Balance, December 31, 2014	<u>\$ 28,418</u>

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

Balance, December 31, 2013

\$ 278,485

Balance, December 31, 2014

\$ 278,485

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2013</u>	Awards Accrued in <u>2014</u>	<u>Received</u>	<u>Cancelled</u>	Balance December 31, <u>2014</u>
Municipal Drug Alliance Program	\$ 9,876	\$ 14,814	\$ 11,992		\$ 12,698
Drive Sober or Get Pulled Over	5,815	4,539	7,351	\$ 3,003	-
Body Armor - Federal		1,168			1,168
Community Development - Senior Citizen Programs	<u>3,274</u>	<u>4,000</u>	<u>3,274</u>	<u>-</u>	<u>4,000</u>
	<u>\$ 18,965</u>	<u>\$ 24,521</u>	<u>\$ 22,617</u>	<u>\$ 3,003</u>	<u>\$ 17,866</u>
2013 Appropriation Reserves				<u>\$ 3,003</u>	

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

	Balance, December 31, <u>2013</u>	Accrued in <u>2014</u>	<u>Collected</u>	Balance, December 31, <u>2014</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 10,800	\$ 10,800	
Other		6,129	6,129	
Health Officer				
Licenses		798	798	
Fees and Permits		50	50	
Planning Board				
Fees and Permits		4,200	4,200	
Police				
Fees and Permits		12,007	12,007	
Tax Collector				
Interest and Costs on Taxes	\$ 24,183	88,193	101,456	\$ 10,920
Zoning Board				
Fees and Permits		9,940	9,940	
Registrar				
Fees and Permits		1,544	1,544	
Construction Code Official				
Fees and Permits		230,578	230,578	
Municipal Court				
Fines and Costs	6,030	71,374	70,737	6,667
Golf Course Fees		542,772	542,772	
Golf Course Concession, Rent and Utilities	-	20,707	20,707	
Energy Receipts Tax		1,463,986	1,463,986	
Watershed Moratorium Offset Aid		38,540	38,540	
Interest on Investments and Deposits		26,139	26,139	
Uniform Fire Safety - Fees		6,670	6,670	
Cell Tower Leases	-	161,438	161,438	
River Vale Fuel Reimbursement		144,105	144,105	
Police Outside Duty Admin Fee		11,000	11,000	
Library Debt Service Reimbursement		83,213	83,213	
Library Contribution-Municipal Services	-	45,000	45,000	-
	<u>\$ 30,213</u>	<u>\$ 2,979,183</u>	<u>\$ 2,991,809</u>	<u>\$ 17,587</u>
Cash Receipts			\$ 2,987,086	
Prepaid Revenue Applied			4,723	
			<u>\$ 2,991,809</u>	

BOROUGH OF OLD TAPPAN
STATEMENT OF APPROPRIATION RESERVES

	Balance, December 31, 2013	Encumbrances Payable Cancelled	Transfers	Balance After Modification	Paid or Charged	Cancelled	Balance Lapsed
<u>Salaries and Wages</u>							
Administrative and Executive	\$ 98			\$ 98	\$ 58		\$ 40
Mayor and Council	143			143			143
Financial Administration	1			1			1
Collection of Taxes	405			405			405
Planning Board	442			442			442
Fire Official	22			22			22
Police Department	7,848		\$ 2,480	10,328	10,327		1
Municipal Prosecutor	114			114			114
Road Repairs and Maintenance	509			509	270		239
Recycling	593			593	96		497
Environmental Commission	149			149			149
Administration of Public Assistance	302			302			302
Parks and Playgrounds	1			1			1
Golf Course	1,480			1,480	810		670
Municipal Court	753			753			753
Construction Code Official	8			8			8
	<u>12,868</u>	<u>-</u>	<u>2,480</u>	<u>15,348</u>	<u>11,561</u>	<u>-</u>	<u>3,787</u>
<u>Other Expenses</u>							
Administrative and Executive	1,734			1,734	1,734		-
Financial Administration	1,975		1,710	3,685	3,663		22
Collection of Taxes	434			434			434
Assessment of Taxes	1,117			1,117	323		794
Legal Services and Costs	5,482		(4,430)	1,052	981		71
Engineering Services and Costs	27		700	727	704		23
Open Space Advisory	80			80			80
Senior Advisory	1			1			1
Planning Board	1,677			1,677	220		1,457
Insurance							-
General Liability	584			584			584
Workers Compensation	3,160			3,160	3,159		1
Employee Group Health	1	\$ 1,105	(1,105)	1	1		-
Fire	25	80		105			105
Fire Hydrant Service	11		220	231	230		1
Fire Official	647			647	100		547
Police	596		125	721	719		2
Police Dispatch/911 Contractual	229			229			229
Emergency Management Services	50			50			50
Road Repair and Maintenance	469			469	389		80
Stormwater Management	1,441			1,441	596		845
Shade Tree Commission	610	315		925			925
Solid Waste Collection	23			23			23
Public Buildings and Grounds	1			1			1
Vehicle Maintenance	11	405		416			416
Board of Health	548			548	180		368
Environmental Commission	11			11			11
Administration of Public Assis.	1			1			1
Parks and Playgrounds	572			572			572

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

	Balance, December 31, 2013	Encumbrances Payable Cancelled	Transfers	Balance After Modification	Paid or Charged	Cancelled	Balance Lapsed
<u>Other Expenses (Continued)</u>							
Golf Course	\$ 155			\$ 155	\$ 155		\$ -
Recreation Program Fees	430			430			430
Municipal Court	1,460			1,460			1,460
Public Defender			\$ 300	300	200		100
Construction Code Official	343	\$ 1,461		1,804			1,804
Utilities							
Electricity	1,733			1,733	1,377		356
Street Lighting	1,457			1,457	37		1,420
Telephone	137			137			137
Water	1,213			1,213	1,071		142
Gasoline	1,029			1,029	1,029		-
Contingent	2,500			2,500	2,500		-
Length of Service Awards (LOSAP)	7,900			7,900	1,700		-
Social Security Sys. (O.A.S.I.)	48			48			6,200
Defined Contribution Retirement Program	202			202			48
Drunk Driving Enforcement Fund	1,403			1,403	1,403		202
Drive Sober or Get Pulled Over	5,065			5,065	2,062	\$ 3,003	-
Alcohol Education and Rehabilitation	54			54	54		-
Body Armor Replacement	2,290			2,290	2,290		-
Community Development Block Grant	3,274	-	-	3,274	3,274	-	-
	<u>52,210</u>	<u>3,366</u>	<u>(2,480)</u>	<u>53,096</u>	<u>30,151</u>	<u>3,003</u>	<u>19,942</u>
	<u>\$ 65,078</u>	<u>\$ 3,366</u>	<u>\$ -</u>	<u>\$ 68,444</u>	<u>\$ 41,712</u>	<u>\$ 3,003</u>	<u>\$ 23,729</u>
Cash Disbursed					\$ 38,779		
Transfer to Reserve for Grants Appropriated					2,933		
Grants Receivable					-	\$ 3,003	
					<u>\$ 41,712</u>	<u>\$ 3,003</u>	

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

	Balance, December 31, <u>2013</u>	<u>Received</u>	<u>Paid</u>	Balance, December 31, <u>2014</u>
Sales Tax Payable	\$ 1,353	\$ 5,411	\$ 5,402	\$ 1,362
DCA Training Fees	<u>4,253</u>	<u>11,337</u>	<u>10,582</u>	<u>5,008</u>
	<u>\$ 6,323</u>	<u>\$ 16,748</u>	<u>\$ 15,984</u>	<u>\$ 6,370</u>

EXHIBIT A-15

STATEMENT OF PREPAID REVENUES

	Balance, December 31, <u>2013</u>	<u>Received</u>	Applied to 2014 <u>Revenue</u>	Balance, December 31, <u>2014</u>
Prepaid Golf Membership Fees	\$ 4,723	\$ 8,023	\$ 4,723	\$ 8,023
	<u>\$ 4,723</u>	<u>\$ 8,023</u>	<u>\$ 4,723</u>	<u>\$ 8,023</u>

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

Balance, December 31, 2013	\$ 114,183
Increased by:	
Collection - 2015 Taxes	<u>131,993</u>
	246,176
Decreased by:	
Application to 2014 Taxes Receivable	<u>114,183</u>
Balance, December 31, 2014	<u><u>\$ 131,993</u></u>

EXHIBIT A-17

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2013	\$ 2,681
Increased by:	
Overpayments Received	<u>51,092</u>
	53,773
Decreased by:	
Refunds Paid	<u><u>53,773</u></u>

EXHIBIT A-18

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2013	\$ 184,610
Increased by:	
Charges to 2014 Budget Appropriations	<u>236,984</u>
	421,594
Decreased by:	
Payments	\$ 181,244
Cancelled Encumbrances Restored to Appropriation Reserves	<u>3,366</u>
	<u><u>184,610</u></u>
Balance, December 31, 2014	<u><u>\$ 236,984</u></u>

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

Balance, December 31, 2013		\$	15,842
Decreased by:			
Cancelled to Operations	\$	3,021	
Cash Disbursements		<u>8,781</u>	
			<u>11,802</u>
Balance, December 31, 2014		\$	<u>4,040</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance, December 31, 2013			
School Tax Payable	\$	2,810,063	
School Tax Deferred		<u>4,085,860</u>	
			\$ 6,895,923
Increased by:			
Levy - School Year - July 1, 2014 to June 30, 2015			<u>13,594,559</u>
			20,490,482
Decreased by:			
Payments			<u>13,406,282</u>
Balance, December 31, 2014			
School Tax Payable		2,998,340	
School Tax Deferred		<u>4,085,860</u>	
			\$ <u>7,084,200</u>
2014 Liability for Local School Tax			
Tax Paid	\$	13,406,282	
Tax Payable at December 31, 2014		<u>2,998,340</u>	
			16,404,622
Less Tax Payable December 31, 2013			<u>2,810,063</u>
Amount Charged to 2014 Operations			\$ <u>13,594,559</u>

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

Increased by:

Levy - Calendar Year 2014

\$ 9,585,034

Decreased by:

Payments

\$ 9,585,034

EXHIBIT A-22

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2013

\$ 9,781

Increased by:

2014 Tax Levy:

General

\$ 3,924,477

Open Space Tax

42,723

Added Taxes (54:4-63.1)

\$ 3,967,200

12,5913,979,791

3,989,572

Decreased by:

Payments

3,976,981

Balance, December 31, 2014

\$ 12,591

BOROUGH OF OLD TAPPAN
STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2013</u>	Transferred from Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2014</u>
Clean Communities Grant	\$ 1,348	\$ 1	\$ 1,348	\$ 1
Drunk Driving Enforcement Fund	1,265	588	350	1,503
Alcohol Education and Rehabilitation Fund		54		54
Stormwater Grant	40		40	-
Body Armor Grant	3,620	2,290	1,831	4,079
Golf Patio Door - Donations	<u>1,300</u>	<u>-</u>	<u>1,300</u>	<u>-</u>
	<u>\$ 7,573</u>	<u>\$ 2,933</u>	<u>\$ 4,869</u>	<u>\$ 5,637</u>
Cash Disbursements			<u>\$ 4,869</u>	

EXHIBIT A-24

STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2013</u>	<u>Received</u>	Revenue Realized in <u>Budget</u>	Balance, December 31, <u>2014</u>
Drunk Driving Enforcement Fund		\$ 2,826	\$ 1,534	\$ 1,292
Body Armor Grant - State	\$ 1,984	1,597	1,984	1,597
Recycling Tonnage Grant	22,373	41,145	22,373	41,145
Alcohol Education and Rehabilitation Fund	475	768	475	768
Clean Communities Grant	<u>11,503</u>	<u>10,789</u>	<u>11,503</u>	<u>10,789</u>
	<u>\$ 36,335</u>	<u>\$ 57,125</u>	<u>\$ 37,869</u>	<u>\$ 55,591</u>

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

	Balance, December 31, <u>2013</u>	<u>Increased</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
Reserve for Master Plan	\$ 30	\$ -	\$ 30	\$ -
	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ -</u>
Cash Disbursements			<u>\$ 30</u>	

RESERVE FOR TAX APPEALS

Balance, December 31, 2013	\$ 70,151
Increased by:	
Transfer from Current Year Taxes	<u>15,000</u>
	85,151
Decreased by:	
Payments for Prior Year Tax Judgements	<u>33,816</u>
Balance, December 31, 2014	<u>\$ 51,335</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, 2013	\$ 2,932	\$ 1,538,937	\$ 37,627	\$ 402,850
Increased by Receipts:				
Dog License Fees	5,771			
Due to State of New Jersey	685	350		
Loan Receivable - Principal		5,553		
Escrow Deposits		154,961		
Miscellaneous Reserves		940,186		
Interest on Deposits		371	117	1,110
2014 Open Space Tax Levy		-		172,613
Employees' Payroll Deductions		5,689,327	4,257	
Budget Appropriations	-	-	16,000	-
	<u>6,456</u>	<u>6,790,748</u>	<u>20,374</u>	<u>173,723</u>
	<u>9,388</u>	<u>8,329,685</u>	<u>58,001</u>	<u>576,573</u>
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.11	6,657			
Payments to State of New Jersey	678	350	31,275	
Escrow Deposits		146,436		
Miscellaneous Reserves		861,809		
Payroll Disbursements		5,689,327		
Payments to Current Fund		502		
Open Space Preservation Expenditures	-	-	-	160,842
	<u>7,335</u>	<u>6,698,424</u>	<u>31,275</u>	<u>160,842</u>
Balance, December 31, 2014	<u>\$ 2,053</u>	<u>\$ 1,631,261</u>	<u>\$ 26,726</u>	<u>\$ 415,731</u>

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

Balance, December 31, 2013	\$ 11
Increased by:	
2014 State Fees Collected	<u>685</u>
	696
Decreased by:	
Payments to State of New Jersey	<u>678</u>
Balance, December 31, 2014	<u>\$ 18</u>

EXHIBIT B-5

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

Balance, December 31, 2013	\$ 2,921
Increased by:	
Dog License Fees Collected	<u>5,771</u>
	8,692
Decreased by:	
Payments Under R.S. 4:19-15.11	<u>6,657</u>
Balance, December 31, 2014	<u>\$ 2,035</u>

EXHIBIT B-6

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

Balance, December 31, 2013	\$ 5,553
Decreased by:	
Loan Principal Received	<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, 2013	\$ 375
Increased by:	
Fees Collected	<u>350</u>
Decreased by:	725
Payment to State of New Jersey	<u>350</u>
Balance, December 31, 2014	<u>\$ 375</u>

EXHIBIT B-8

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND

Increased by:	
Deposits	\$ 5,689,327
Decreased by:	
Disbursements	<u>\$ 5,689,327</u>

EXHIBIT B-9

STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND

Balance, December 31, 2013	\$ 257
Increased by:	
Interest Earned on Deposits	<u>371</u>
	628
Decreased by:	
Payments to Current Fund	<u>502</u>
Balance, December 31, 2014	<u>\$ 126</u>

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

Balance, December 31, 2013	\$ 381,317
Increased by:	
Deposits Received	<u>154,961</u>
	536,278
Decreased by:	
Cash Disbursements	<u>146,436</u>
Balance, December 31, 2014	<u>\$ 389,842</u>

EXHIBIT B-11

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

	Balance, December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
Parking Offense Adjudication Act Fines	\$ 523	\$ 40		\$ 563
Fire Prevention Penalties	1,300			1,300
Recreation Fees	124,609	241,436	\$ 215,652	150,393
Miscellaneous Deposits	-	2,300		2,300
Affordable Housing Fees	441,806	94,035	11,259	524,582
Municipal Alliance Donations	56,151		1,760	54,391
Golf Course Donations	9,466	8,457	11,629	6,294
Tree Preservation Donations	998	2		1,000
Premium on Tax Title Liens	373,100	208,700	264,600	317,200
Tax Sale Redemption	3,177	288,330	290,078	1,429
Police Equipment Donations	81,076	4,005		85,081
Fire Department Donations	52,968	4,005	3,166	53,807
Oak Parks Donations	350		350	-
Outside Police Duty Services	11,214	82,844	60,154	33,904
Stone Point Park Donations	250	-	-	250
Snow Removal Costs	<u>-</u>	<u>11,585</u>	<u>3,161</u>	<u>8,424</u>
	<u>\$ 1,156,988</u>	<u>\$ 945,739</u>	<u>\$ 861,809</u>	<u>\$ 1,240,918</u>
Cash Receipts		\$ 940,186		
Loan Receivable - Principal		5,553		
Cash Disbursements		<u>-</u>	<u>\$ 861,809</u>	
		<u>\$ 945,739</u>	<u>\$ 861,809</u>	

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

Balance, December 31, 2013			\$	37,627
Increased by:				
Employee Contributions		\$	4,257	
Interest on Deposits			117	
Budget Appropriation				
Current Fund	\$	10,000		
Sewer Utility Operating Fund		<u>6,000</u>		
			<u>16,000</u>	
				<u>20,374</u>
Decreased by:				58,001
Unemployment Claims - Due to State of New Jersey				<u>31,275</u>
Balance, December 31, 2014			\$	<u>26,726</u>

EXHIBIT B-13

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

Increased by:				
Charges to Reserve for Unemployment Compensation Insurance Claims			\$	31,275
Decreased by:				
Payments to State of New Jersey			\$	<u>31,275</u>

EXHIBIT B-14

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

Balance, December 31, 2013			\$	402,850
Increased by:				
2014 Tax Levy	\$	172,075		
2014 Added Tax Levy		<u>538</u>		
			\$	172,613
Interest on Deposits			<u>1,110</u>	
				<u>173,723</u>
				576,573
Decreased by:				
Payments for Open Space Preservation Expenditures				<u>160,842</u>
Balance, December 31, 2014			\$	<u>415,731</u>

GENERAL CAPITAL FUND

BOROUGH OF OLD TAPPAN
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2013		\$ 1,328,246
Increased by:		
Deferred Charges Unfunded - Grant Receipts	\$ 1,900	
Deferred Charges Unfunded- Contribution	99,913	
Budget Appropriation-Capital Improvement Fund	250,000	
Grants Receivable	185,339	
Reserve for Payment of Debt	4,302	
Reserve for Sidewalk Improvements - Developer Fees	<u>20,152</u>	
		<u>561,606</u>
		1,889,852
Decreased by:		
Improvement Authorizations	642,826	
Payment to Current Fund	1,306	
Contracts Payable	417,320	
Reserve for Payment of Debt	<u>50,000</u>	
		<u>1,111,452</u>
Balance, December 31, 2014		<u>\$ 778,400</u>

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

		December 31, <u>2014</u>
Fund Balance		\$ 308,674
Contracts Payable		132,545
Capital Improvement Fund		28,612
Reserve for Sidewalk Improvements		205,282
Reserve for Capital Improvements		20,698
Reserve for Payment of Debt		10,206
Ord.		
<u>No.</u>	<u>Improvement Description</u>	
954/956	Construction of Police Headquarters - Supplemental	18,523
992	Solar Energy Program	(29,920)
1011	Various Public Improvements and Equipment Acquisitions	60
1032	Various Public Improvements	56,244
1045	Various Public Improvements	(178,998)
1049	Renovation of Former Police Station for Use of Senior Center	9,489
1052	Acquisition of DPW Equipment	795
1057	Various Improvements and Acquisition of Various Equipment and Vehicles	137,996
1067	Various Improvements and Acquisition of Various Equipment and Vehicles	<u>58,194</u>
		<u>\$ 778,400</u>

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

83	Ord. No.	Grantor	Balance, December 31, 2013	Grant Awards	Cash Receipts	Cancelled	Balance, December 31, 2014	Balance, Pledged To	
								Impvt. Authori- zations	Reserve
	987/995	Bergen County Open Space- Bonnabell Park	\$ 794			\$ 794			
	1045-12	Dept. of Transportation - Sidewalk Grant	<u>146,500</u>	<u>\$ 299,000</u>	<u>\$ 185,339</u>	<u>-</u>	<u>\$ 260,161</u>	<u>-</u>	<u>\$ 260,161</u>
			<u>\$ 147,294</u>	<u>\$ 299,000</u>	<u>\$ 185,339</u>	<u>\$ 794</u>	<u>\$ 260,161</u>	<u>\$ -</u>	<u>\$ 260,161</u>
					Fund Balance	<u>\$ 794</u>			

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2013		\$ 7,238,898
Increased by:		
Refunding Bonds Issued		<u>2,695,000</u>
		9,933,898
Decreased by:		
Budget Appropriation to Pay Bonds	\$ 760,000	
Open Space Preservation Tax Levy to Pay Loans	36,665	
Bonds Refunded	<u>2,857,000</u>	
		<u>3,653,665</u>
Balance, December 31, 2014		<u>\$ 6,280,233</u>

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

Ord. No.	ement Description	Balance, December 31, 2013	Authorizations Cancelled	Contribution Received	Grant Receipts	Balance, December 31, 2014	Analysis of Balance	
							Expenditures	Unexpended Improvement Authorizations
992	Solar Energy Panels	\$ 213,972	\$ 184,052			\$ 29,920	\$ 29,920	
1007	2010 Road and Sidewalk Improvements	5,974	5,974			-	-	
1045	Various Public Improvements	679,422	-	\$ 99,913	\$ 185,339	394,170	178,998	\$ 215,172
1049	Renovation of Former Police Station for Use of Senior Center	1,900	-	-	1,900	1,900	-	-
		<u>\$ 901,268</u>	<u>\$ 190,026</u>	<u>\$ 99,913</u>	<u>\$ 187,239</u>	<u>\$ 425,990</u>	<u>\$ 208,918</u>	<u>\$ 215,172</u>
			Grants Receivable		\$ 185,339			
			Cash Receipts	\$ 99,913	1,900			
				<u>\$ 99,913</u>	<u>\$ 187,239</u>			

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

Balance, December 31, 2013		\$ 476,572
Increased by:		
Charges to Improvement Authorizations		<u>132,545</u>
		609,117
Decreased by:		
Cancelled Contracts Restored to Improvement Authorizations	\$ 59,252	
Payments	<u>417,320</u>	<u>476,572</u>
Balance, December 31, 2014		<u>\$ 132,545</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2013		\$ 24,576
Increased by:		
Cancelled Improvement Authorizations	\$ 4,036	
2014 Budget Appropriation	<u>250,000</u>	<u>254,036</u>
		278,612
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>250,000</u>
Balance, December 31, 2014		<u>\$ 28,612</u>

STATEMENT OF DUE TO CURRENT FUND

Balance, December 31, 2013	\$ 1,306
Decreased By:	
Paid to Current Fund	<u>1,306</u>

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

2014 Authorizations

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2013		Capital Improvement Fund	Reserve for Capital Improvements	Reserve for Sidewalk Improvements	Canceled Payable	Paid or Charged	Canceled	Balance, December 31, 2014	
			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	18,523								\$ 18,523	
986	Various Public Improvements	863,000	6,663					\$ 1,451	\$ 798	7,316	-	
992	Solar Energy Program	1,300,000		\$ 183,509				48,156	47,613	184,052	-	
1007	2010 Road and Sidewalk Improvements	325,000	74,108	5,974						80,082	-	
1011	Various Public Improvements and Equipment Acquisitions	428,000	139,999					156	2,277	137,818	60	
1023	Redevelopment of a Well at Golf Course	6,900	2,782						2,538	244	-	
1026	Acquisition of Various Equipment for the Golf Course Clubhouse	28,500	536						-	536	-	
1032	Various Public Improvements	623,500	96,108	-					39,864		56,244	-
1045	Various Public Improvements	1,775,000	-	598,513					383,341		-	\$ 215,172
1049	Renovation of Former Police Station for Use of Senior Center	381,000	-	-				9,489	-		9,489	-
1052	Acquisition of DPW Equipment	90,000	795	-					-	-	795	-
1057	Various Improvements and Acquisition of Various Equipment and Vehicles	422,500	220,130	-					82,134	-	137,996	-
1067	Various Improvements and Acquisition of Various Equipment and Vehicles	275,000	-	-	\$ 250,000	\$ 8,800	\$ 16,200	-	216,806	-	58,194	-
		\$ 648,460	\$ 787,996		\$ 250,000	\$ 8,800	\$ 16,200	\$ 59,252	\$ 775,371	\$ 498,864	\$ 281,301	\$ 215,172
								Cash Disbursements	\$ 642,826			
								Contracts Payable	132,545			
								Capital Fund Balance	\$ 304,802			
								Capital Improvement Fund	4,036			
								Deferred Charges- Unfunded	-	190,026		
									\$ 775,371	\$ 498,864		

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

Balance, December 31, 2013	\$ 201,330
Increased by:	
Developer Fees Received	<u>20,152</u>
	221,482
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>16,200</u>
Balance, December 31, 2014	<u>\$ 205,282</u>

STATEMENT OF RESERVE FOR CAPITAL IMPROVEMENTS

Balance, December 31, 2013	\$ 29,498
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>8,800</u>
Balance, December 31, 2014	<u>\$ 20,698</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2013	\$ 55,904
Increased by:	
Cash Receipts - Excess Refunding Bond Proceeds	<u>4,302</u>
	60,206
Decreased by:	
Paid to Current Fund as Anticipated Revenue	<u>50,000</u>
Balance, December 31, 2014	<u>\$ 10,206</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</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
			<u>December 31, 2014</u>	<u>Outstanding</u>				
			<u>Date</u>	<u>Amount</u>				
Acquisition of Land (Open Space)	11/17/2000	\$ 653,625	2014-2020	Various	2.00%	<u>\$ 251,898</u>	<u>\$ 36,665</u>	<u>\$ 215,233</u>
Paid by Open Space Preservation Trust Fund							<u>\$ 36,665</u>	

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
			<u>Date</u>	<u>Amount</u>					
General Bonds of 2004 (Series A)	7/15/2004	\$ 2,967,000				\$ 2,662,000		\$ 2,662,000	
General Bonds of 2004 (Series B)	7/15/2004	1,080,000				675,000		675,000	
General Bonds of 2010	7/15/2010	2,120,000	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	1,970,000		150,000	\$ 1,820,000
General Bonds of 2012	11/15/2012	1,780,000	2015-2019	150,000	1.00-2.00				
			2020-2023	200,000	2.00	1,680,000		130,000	1,550,000
General Refunding Bonds of 2014 (Series A)	8/15/2014	2,110,000	2015	405,000	2.00		\$ 2,110,000		2,110,000
			2016-2017	420,000	3.00-4.00				
			2018	430,000	4.00				
			2019	435,000	4.00				
General Refunding Bonds of 2014 (Series B)	8/15/2014	585,000	2015-2018	60,000	2.00-4.00				
			2019-2020	65,000	4.00				
			2021-2022	70,000	3.00-4.00				
			2023	75,000	3.00	-	585,000	-	585,000
						<u>\$ 6,987,000</u>	<u>\$ 2,695,000</u>	<u>\$ 3,617,000</u>	<u>\$ 6,065,000</u>
Refunding Bonds Issued						\$ 2,695,000			
Paid by Budget Appropriation							\$ 760,000		
Paid by Refunding Bond Proceeds						-	2,857,000		
						<u>\$ 2,695,000</u>	<u>\$ 3,617,000</u>		

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, 2013</u>	<u>Grants Receipts</u>	<u>Contribution Received</u>	<u>Cancelled</u>	<u>Balance, December 31, 2014</u>
992	Solar Energy Panel	\$ 213,972			\$ 184,052	\$ 29,920
1007	2010 Road and Sidewalk Improvements	5,974			5,974	-
1045	Various Public Improvements	679,422	\$ 185,339	\$ 99,913	-	394,170
1049	Renovation of Former Police Station for Use of Senior Center	<u>1,900</u>	<u>1,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 901,268</u>	<u>\$ 187,239</u>	<u>\$ 99,913</u>	<u>\$ 190,026</u>	<u>\$ 424,090</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, 2013	\$ 387,871	\$ 2,044,197	\$ 171,968
Increased by Receipts:			
Consumer Accounts Receivable	\$ 1,054,537		
Interest on Assessments		\$ 108,620	
Interest on Investments		4,438	
Receipts from Sewer Assessment Fund	108,620		
Assessments Receivable		674,524	
Receipts from Sewer Operating Fund		157	
Sewer Fee Overpayments	1,807		
Non-Budget Revenue	41,256		
	<u>1,206,220</u>	<u>787,739</u>	<u>-</u>
	1,594,091	2,831,936	171,968
Decreased by Disbursements:			
2014 Budget Appropriations	1,064,831		
2013 Appropriation Reserves	580		
Interest on Bonds and Loans	149,035		
Serial Bonds		225,545	
Encumbrances Payable	19,227		
Refund Sewer Fee Overpayments	1,807		
Refund of Prior Year Revenue	106		
Environmental Infrastructure Loans		588,562	
Payments to Current Fund		5,573	
Payments to Sewer Assessment Fund	157		
Payments to Sewer Operating Fund	<u>-</u>	<u>108,620</u>	<u>-</u>
	<u>1,235,743</u>	<u>928,300</u>	<u>-</u>
Balance, December 31, 2014	<u>\$ 358,348</u>	<u>\$ 1,903,636</u>	<u>\$ 171,968</u>

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

	Balance, December 31, <u>2014</u>
Fund Balance	\$ 82,577
Assessment Serial Bonds and Loans	
Ord. 624/626- Improvements to Sanitary Sewerage System - DeBerg Dr.	234,093
Ord. 654/665- Improvements to Sanitary Sewerage System - Area A	960,189
Ord. 708- Improvements to Sanitary Sewerage System - Orangeburg Rd. So./Greenswood/Olsen	466,577
Ord. 778/797 2002 Sewer Project Areas	65,360
Ord. 845/870 2004 Sewer Project Areas	<u>94,840</u>
	<u>\$ 1,903,636</u>

EXHIBIT D-9

**ANALYSIS OF CASH
SEWER UTILITY CAPITAL FUND**

	Balance December 31, <u>2014</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, 2013		\$ 42,861
Increased by:		
Sewer Rents Levied		<u>1,077,482</u>
		1,120,343
Decreased by:		
Sewer Rents Collected:		
Cash Receipts	\$ 1,054,537	
Overpayments Applied	<u>988</u>	
		<u>1,055,525</u>
Balance, December 31, 2014		<u>\$ 64,818</u>

EXHIBIT D-11

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

Balance, December 31, 2013		\$ 1,135
Increased by:		
Interest on Investments		<u>4,438</u>
		5,573
Decreased by:		
Payments to Current Fund		<u>5,573</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, 2013	Collected	Prior Year Adjustment	Balance, December 31, 2014	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	\$ 283,696	\$ 92,789	\$ 1,163	\$ 192,070	\$ 190,907	\$ 1,163
654/665	Improvements to Sanitary Sewerage System- Area A	10/15/2001	18	10/15/2001-10/15/2018	1,309,883	315,882		994,001	899,701	94,300
708	Improvements to Sanitary Sewerage System- Orangeburg Road South	10/7/2002	18	10/7/2002-10/7/2019	656,055	125,037		531,018	531,018	
708	Improvements to Sanitary Sewerage System- Greenwoods Road	10/7/2002	18	10/7/2002-10/7/2019	207,837	31,878		175,959	175,959	
708	Improvements to Sanitary Sewerage System- Olsen Lane	10/7/2002	18	10/7/2002-10/7/2019	24,013	3,738		20,275	20,275	
797	Improvements to Sanitary Sewerage System- Demarest Lane	4/19/2004	18	4/19/2004-4/19/2021	2,112	231		1,881	1,881	
778/ 797	Improvements to Sanitary Sewerage System- 2002 Sewer Project Areas	10/4/2004	18	10/4/2004-10/4/2021	244,481	45,128		199,353	178,809	20,544
845/870	Improvements to Sanitary Sewer System 2004 Sewer Project Areas	10/17/2005	18	10/17/2005-10/17/2022	<u>349,561</u>	<u>59,841</u>	<u>-</u>	<u>289,720</u>	<u>289,720</u>	<u>-</u>
					<u>\$ 3,077,638</u>	<u>\$ 674,524</u>	<u>\$ 1,163</u>	<u>\$ 2,404,277</u>	<u>\$ 2,288,270</u>	<u>\$ 116,007</u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2013</u>	<u>Assessment Bonds Paid by Refunding Bond Premium</u>	<u>Balance, December 31, 2014</u>	<u>Balance, Pledged to Assessment 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>\$ 35,252</u>	<u>34,390</u>	<u>34,390</u>
		<u>\$ 92,663</u>	<u>\$ 35,252</u>	<u>\$ 57,411</u>	<u>\$ 57,411</u>
				Bonds Loans	\$ 34,390 <u>23,021</u>
					<u>\$ 57,411</u>

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

	Balance, December 31, 2013	Additions by <u>Budget</u> Capital Outlay	Balance, December 31, 2014
<u>System and System Improvements</u>			
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	126,984	\$ 7,251	134,235
<u>Vehicles and Equipment</u>			
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>\$ 18,401,034</u>	<u>\$ 7,251</u>	<u>\$ 18,408,285</u>

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

Balance, December 31, 2013		\$ 157
Increased by:		
Payments to Sewer Utility Operating Fund		<u>108,620</u>
		108,777
Decreased by:		
Interest on Assessments	\$ 108,620	
Received from Sewer Utility Operating Fund	<u>157</u>	
		<u>108,777</u>

STATEMENT OF APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND

	Balance, December 31, <u>2013</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating				
Salaries	\$ 13	\$ 13		\$ 13
Other Expenses	<u>6,650</u>	<u>6,650</u>	<u>\$ 580</u>	<u>6,070</u>
	<u>\$ 6,663</u>	<u>\$ 6,663</u>	<u>\$ 580</u>	<u>\$ 6,083</u>

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

Balance, December 31, 2013	\$ 19,227
Increased by:	
Charges to 2014 Budget Appropriations	<u>18,003</u>
	37,230
Decreased by:	
Payments	<u>19,227</u>
Balance, December 31, 2014	<u><u>\$ 18,003</u></u>

EXHIBIT D-18

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

Balance, December 31, 2013	\$ 57,335
Increased by:	
Charges to Budget Appropriations for Interest	<u>141,399</u>
	198,734
Decreased by:	
Interest Paid	<u>149,035</u>
Balance, December 31, 2014	<u><u>\$ 49,699</u></u>

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

Balance, December 31, 2013	\$ 988
Increased by:	
2014 Overpayments Received	<u>1,807</u>
	2,795
Decreased by:	
Overpayments Applied to Consumer Accounts Receivable	\$ 988
Overpayments Refunded	<u>1,807</u>
	<u>\$ 2,795</u>

EXHIBIT D-20

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

Balance, December 31, 2013	\$ 18,401,034
Increased by:	
Capital Outlay - Operating Budget	<u>7,251</u>
Balance, December 31, 2014	<u>\$ 18,408,285</u>

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

Ord. No.	Improvement Description	Balance December 31, 2013	Balance December 31, 2014
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-22

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

		<u>Increased by:</u>		
Ord. No.	Description	Balance December 31, 2013	Prior Year Adjustment	Assessment Bonds Paid by Refunding Bond Premium
626/668	Improvements to Sanitary Sewer- Deberg Drive		\$ 1,163	
654/665	Improvement to Sanitary Sewerage System - Area A	\$ 94,300		
778/797	Sanitary Sewer - 2002 Sewer Project Areas	<u>1,341</u>	<u>-</u>	<u>\$ 19,203</u>
		<u>\$ 95,641</u>	<u>\$ 1,163</u>	<u>\$ 116,007</u>

BOROUGH OF OLD TAPPAN
STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE ASSESSMENT LOANS
SEWER UTILITY ASSESSMENT TRUST FUND

<u>Purpose</u>	<u>Date of Loan</u>	<u>Original Loan</u>	<u>Maturities of Loans</u>		<u>Interest Rate</u>	<u>Balance,</u>	<u>Decreased</u>	<u>Balance,</u>
			<u>December 31, 2014</u>	<u>Amount</u>		<u>December 31,</u>		<u>December 31,</u>
			<u>Date</u>	<u>Amount</u>		<u>2013</u>		<u>2014</u>
Construction of Sanitary Sewers- Trust Loan - Area "A"-Series 1999 Refunding Series 2006B	11/1/1999	\$ 3,415,000	8/1/2015	214,633	5.50%			
			8/1/2016	225,762	5.50%			
			8/1/2017	233,900	5.50%			
			8/1/2018	246,940	5.70%			
			8/1/2019	255,579	5.70%	\$ 1,378,823	\$ 202,009	\$ 1,176,814
Construction of Sanitary Sewers- Fund Loan - Area "A"-Series 1999	11/1/1999	3,193,990	2/1/2015	17,084				
			8/1/2015	160,225				
			2/1/2016	13,148				
			8/1/2016	165,624				
			2/1/2017	8,955				
			8/1/2017	167,654				
			2/1/2018	4,592				
			8/1/2018	145,794	None	861,692	178,616	683,076
Construction of Sanitary Sewers- Trust Loan - Orangeburg Rd. So. Series 2000 Refunding Series 2006A Refunding Series 2010A	11/1/2000	1,960,000	8/1/2015	110,007	5.13%			
			8/1/2016	114,163	5.13%			
			8/1/2017	123,113	5.25%			
			8/1/2018	127,110	5.25%			
			8/1/2019	131,028	5.25%			
			8/1/2020	139,676	5.25%	850,800	105,703	745,097
Construction of Sanitary Sewers- Fund Loan - Orangeburg Rd. So.	11/1/2000	1,828,595	2/1/2015	13,298				
			8/1/2015	88,335				
			2/1/2016	11,376				
			8/1/2016	89,413				
			2/1/2017	9,376				
			8/1/2017	93,417				
			2/1/2018	7,170				
			8/1/2018	94,212				
			8/1/2019	4,884				
			8/1/2019	60,273	None	573,987	102,234	471,753
						<u>\$ 3,665,302</u>	<u>\$ 588,562</u>	<u>\$ 3,076,740</u>
Paid by Sewer Utility Assessment Cash							<u>\$ 588,562</u>	

**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, 2014</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
			<u>Date</u>	<u>Amount</u>					
Assessment Bonds Ord. 778/797	12/15/2003	\$ 720,000				\$ 320,000		\$ 320,000	
Assessment Bonds Ord. 845/870	7/15/2004	975,000				540,000		540,000	-
Refunding Assessment Bonds Ord. 624,626,668	7/15/2010	730,000	2015-2019	\$ 85,000	2.00-2.625%	510,000	-	85,000	\$ 425,000
Refunding Assessment Bonds Ord. 778/797/845/870	7/10/2014	665,000	2015-2019	90,000	2.00-4.00%				
			2020-2021	85,000	4.00%				
			2022	45,000	3.00%	-	\$ 665,000	-	665,000
						<u>\$ 1,370,000</u>	<u>\$ 665,000</u>	<u>\$ 945,000</u>	<u>\$ 1,090,000</u>
							\$ 665,000		
								\$ 225,545	
								665,000	
							-	54,455	
							<u>\$ 665,000</u>	<u>\$ 945,000</u>	

Refunding Bonds Issued	\$ 665,000	
Paid by Sewer Assessment Cash- Budget		\$ 225,545
Paid by Sewer Assessment Refunding Bond Proceeds		665,000
Paid by Sewer Assessment Refunding Bond Premium	-	54,455
	<u>\$ 665,000</u>	<u>\$ 945,000</u>

PUBLIC ASSISTANCE FUND

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

	<u>Account #1</u>
Balance, December 31, 2013	\$ 93,137
Increased by:	
Receipts	<u>17,055</u>
	110,192
Decreased by:	
Disbursements	<u>16,333</u>
Balance, December 31, 2014	<u>\$ 93,859</u>

EXHIBIT E-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>
Balance, December 31, 2013	\$ 93,137
Increased by:	
Revenues	<u>17,055</u>
	110,192
Decreased by:	
Expenditures	<u>16,333</u>
Balance, December 31, 2014	<u>\$ 93,859</u>

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

	<u>Account #1</u>
Donations	\$ 17,055
 Total Receipts/Revenues	 <u>\$ 17,055</u>

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>
Current Year Assistance	\$ 16,333
Assistance Ineligible for State Aid	
 Total Disbursements/Expenditures	 <u>\$ 16,333</u>

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

PART II

**GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2014**



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
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA
KEVIN LOMSKI, 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, 2014, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2015. Our report on the financial statements – regulatory basis was modified to indicate 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

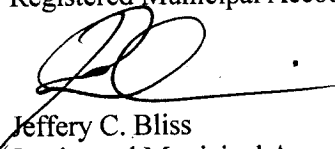
As part of obtaining reasonable assurance about whether the Borough of Old Tappan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Old Tappan in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

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
April 17, 2015

**BOROUGH OF OLD TAPPAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>CFDA Number</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>2014 Grant Receipts</u>	<u>Balance, January 1, 2014</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Canceled</u>	<u>Balance, December 31, 2014</u>	<u>Cumulative Expended</u>
U.S. Dept. of Housing and Urban Development (Passed through County Dept. of Community Development) Community Development Block Grants Senior Citizens' Programs Senior Citizens' Programs	14.218	CDOTSC13 CDOTSC14	2013/14 2014/15	\$ 3,274 4,000	\$ 3,274	\$ 3,274	\$ 4,000	\$ 3,245		\$ 3,274 755	\$ 3,245
U.S. Dept. of Homeland Security Disaster Grants - Public Assistance (Passed Through N.J. State Police) Hurricane Sandy	97.036	066-1200-100-A92	2014	20,774	20,774		20,774	20,774			20,774
U.S. Dept. of Justice (Passed Through Dept. of Law and Public Safety) Bulletproof Vest Partnership Program (Body Armor)	16.607	066-1020-718-001	2014	1,168			1,168	1,168			1,168
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 2014	8,800 4,539	2,812 4,539	5,065 -	4,539	2,062 4,539	\$ 3,003 -	- -	5,797 4,539
						<u>\$ 8,339</u>	<u>\$ 30,481</u>	<u>\$ 31,788</u>	<u>\$ 3,003</u>	<u>\$ 4,029</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, 2014

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2014 Grant Receipts</u>	<u>Balance January 1, 2014</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2014</u>	<u>Cumulative Expended</u>
Drunk Driving Enforcement	1110-448-031020-22	2014	\$ 2,826	\$ 2,826		\$ 1,534			\$ 1,534	
		2012	1,403		\$ 1,403	-	\$ 815		588	\$ 815
		2011	1,123		1,016		101		915	208
		2010	1,135		249		249		-	1,135
Municipal Drug and Alcohol Alliance Program (Passed through County of	N/A	2014	14,814	2,116		14,814	8,141		6,673	8,141
		2013	9,876	9,876					-	9,876
Recycling Tonnage Grant	042-4900-752-001	2014	41,145	41,145						
		2013	22,373			22,373	22,373			22,373
Clean Communities Grant	042-4900-765-004	2014	10,789	10,789					-	
		2013	11,503			11,503	9,685		1,818	9,685
		2012	9,797					\$ 1	1	9,796
		2011	9,972		1,258		1,258		-	9,972
		2010	9,998		90		90		-	9,998
Stormwater Grant	4840-150-057500	2006	8,468		40		40		-	8,468
Alcohol Education & Rehabilitation Pgm.	4250-760-050000-63	2014	768	768					-	
		2013	475			475			475	
		2012	54		54	-			54	
Body Armor Replacement Fund	066-1020-718-001	2014	1,597	1,597					-	
		2013	1,984			1,984			1,984	
		2012	2,290		2,290	-			2,290	
		2011	1,608		1,608				1,608	
		2010	2,342		2,012	-	1,831		181	2,161
Department of Transportation Local Municipal Aid - Sidewalk Improvements (Ord. 1045)	078-6320-480-ALC	2012	146,500	146,500	146,500		146,500			146,500
Local Municipal Aid - Sidewalk Improvements (Ord. 1045)	078-6320-480-ALL	2014	299,000	38,839	-	299,000	38,839	-	260,161	38,839
					\$ 156,520	\$ 351,683	\$ 229,922	\$ 1	\$ 278,282	

Note - This Schedule was not subject to a single audit in accordance with OMB 15-08.

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, 2014

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 schedules 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	\$ 30,481	\$ 52,683	\$ 83,164
General Capital Fund	<u>-</u>	<u>299,000</u>	<u>299,000</u>
	<u>\$ 30,481</u>	<u>\$ 351,683</u>	<u>\$ 382,164</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, 2014

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2014, which are not required to be reported on the schedules of expenditures of 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	\$ 215,233
Environmental Infrastructure Loan (1999 Loan)	4800-504-993150-60	1,859,890
Environmental Infrastructure Loan (2000 Loan)	4800-534-094802-60	<u>1,216,850</u>
		<u>\$ 3,291,973</u>

**BOROUGH OF OLD TAPPAN
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

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, 2014**

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, 2014**

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, 2014

**BOROUGH OF OLD TAPPAN
SUPPLEMENTARY DATA**

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

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 750,000	2.06%	\$ 724,000	2.03%
Miscellaneous - From Other Than Local				
Property Tax Levies	3,330,624	9.15%	3,513,977	9.82%
Collection of Delinquent Taxes and Tax Title Liens	324,019	0.89%	359,333	1.00%
Collection of Current Tax Levy	31,961,361	87.82%	31,040,280	86.78%
Other Credits to Income	<u>29,448</u>	<u>0.08%</u>	<u>131,855</u>	<u>0.37%</u>
Total Income	<u>36,395,452</u>	<u>100.00%</u>	<u>35,769,445</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	8,225,229	23.13%	8,125,459	23.36%
County Taxes	3,979,791	11.19%	4,090,413	11.76%
Local and Regional School Taxes	23,179,593	65.19%	22,383,294	64.36%
Municipal Open Space Tax	172,613	0.49%	173,574	0.50%
Other Expenditures	<u>799</u>	<u>0.00%</u>	<u>5,309</u>	<u>0.02%</u>
Total Expenditures	<u>35,558,025</u>	<u>100.00%</u>	<u>34,778,049</u>	<u>100.00%</u>
Excess in Revenue	837,427		991,396	
Fund Balance, January 1	<u>1,634,486</u>		<u>1,367,090</u>	
	2,471,913		2,358,486	
Less Utilization as Anticipated Revenue	<u>750,000</u>		<u>724,000</u>	
Fund Balance, December 31	<u>\$ 1,721,913</u>		<u>\$ 1,634,486</u>	

**BOROUGH OF OLD TAPPAN
SUPPLEMENTARY DATA**

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

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 95,000	7.27%	\$ 95,000	6.82%
Collection of Sewer User Fees	1,055,525	80.79%	1,053,762	75.63%
Miscellaneous - From Other Than				
Sewer User Fees	108,620	8.31%	213,511	15.32%
Non-Budget Revenue	41,256	3.16%	26,821	1.92%
Other Credits to Income	<u>6,083</u>	<u>0.47%</u>	<u>4,259</u>	<u>0.31%</u>
Total Income	<u>1,306,484</u>	<u>100.00%</u>	<u>1,393,353</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Operating	1,040,889	84.32%	1,008,293	76.47%
Capital Improvements	7,500	0.61%	7,500	0.57%
Debt Service	141,399	11.46%	240,483	18.23%
Deferred Charges and Statutory				
Expenditures	44,500	3.61%	62,305	4.73%
Other Expenditures	<u>106</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Total Expenditures	<u>1,234,394</u>	<u>100.00%</u>	<u>1,318,581</u>	<u>100.00%</u>
Excess in Revenue	72,090		74,772	
Fund Balance, January 1	<u>303,501</u>		<u>323,729</u>	
	375,591		398,501	
Less Utilization as Anticipated Revenue	<u>95,000</u>		<u>95,000</u>	
Fund Balance, December 31	<u>\$ 280,591</u>		<u>\$ 303,501</u>	

**BOROUGH OF OLD TAPPAN
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$1.871</u>	<u>\$1.814</u>	<u>\$1.751</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.282	.275	.267
Municipal Open Space	.010	.009	.010
County	.229	.234	.223
County Open Space	.003	.003	.003
Local District School	.790	.765	.747
Regional High School	.557	.528	.501

Assessed Valuation

2014	<u>\$1,720,747,488</u>	
2013	<u>\$1,732,034,166</u>	
2012		<u>\$1,729,369,324</u>

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>
2014	\$ 32,296,333	\$ 31,976,361	99.00%
2013	31,493,961	31,090,280	98.71%
2012	30,332,309	29,903,223	98.58%

**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>
2014	\$ 28,418	\$ 278,937	\$ 307,355	0.95%
2013	24,629	323,346	347,975	1.10%
2012	20,956	358,829	379,785	1.25%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2014 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>
2014	\$278,485
2013	278,485
2012	278,485

Schedule of Sewer Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(1)</u>	<u>Percentage of Collection</u>
2014	\$ 1,077,482	\$ 1,055,525	97.96%
2013	1,049,557	1,053,762	100.40%
2012	1,021,085	1,020,560	99.94%

(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	2014	\$1,721,913	\$800,000
	2013	1,634,486	750,000
	2012	1,367,090	724,000
	2011	920,380	532,500
	2010	796,055	532,500
Sewer Utility Fund	2014	\$280,591	\$130,000
	2013	303,501	95,000
	2012	323,729	95,000
	2011	325,449	55,000
	2010	290,706	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 (1/2014 – 8/2014)	Note A	MELJIF
Michele O'Donohue	Court Clerk (9/20/14 – Present)		
Rebecca Overgaard	Chief Financial Officer/Tax Collector/ Treasurer/Sewer Utility Collector/ Tax Search Officer	Note A	MELJIF
Toni Flyge	Deputy Tax Collector		
Robike Noll	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 of the Borough's Affordable Housing Reserve trust account revealed the administrative expenses reported in the annual report filed with State Council on Affordable Housing ("COAH") exceeded the maximum permitted under the code by approximately \$107,000. It is recommended the Borough review the administrative expenses charged to the Affordable Housing Reserve trust account and develop a plan to address the amounts paid in excess of the COAH permitted threshold.

Current Year Comments

Our audit of the Building Department and Fire Prevention Bureau revealed pre-numbered receipts were not issued for monies collected. It is recommended that duplicate pre-numbered receipt tickets be issued for monies collected in the Building Department and Fire Prevention Bureau.

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 \$17,500 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.

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

Golf Course Concessions
Street Sweeper

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

**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)

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.

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, 2014 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 2014, 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,

Additionally, the Governing Body on January 7, 2014 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.

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

GENERAL COMMENTS (Continued)

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

Also the Governing Body on January 7, 2014 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 2014 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 October 22, 2014.

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>
2014	4
2013	4
2012	4

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.
- A formal plan be developed for the offsite storage of daily computer back-up files.

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. The Borough review the Administrative expenses charged to the Affordable Housing Reserve trust account and develop a plan to address the amount paid in excess of the COAH permitted threshold.
2. Duplicate pre-numbered receipt tickets be issued for monies collected in the Building Department and Fire Prevention Bureau.

* * * * *

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