

**BOROUGH OF OLD TAPPAN**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2016**

# BOROUGH OF OLD TAPPAN

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

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**PART I**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2016**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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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, 2016 and 2015, 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, 2016, 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 provisions 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 as described in Note 1. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***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 by the Borough of Old Tappan on the basis of the financial accounting and reporting provisions 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 financial reporting 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 matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Old Tappan as of December 31, 2016 and 2015, or changes in financial position, or, where applicable, cash flows for the years then ended.

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

As discussed in Note 18 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 41 percent and 37 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2016 and 2015.

### ***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, 2016 and 2015, 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, 2016 in accordance with the financial accounting and reporting provisions 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 June 30, 2017 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  
June 30, 2017

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	A-4	\$ 5,809,400	\$ 5,386,034
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	1,836	3,697
Grants Receivable	A-11	<u>13,983</u>	<u>17,178</u>
		<u>5,825,574</u>	<u>5,407,264</u>
<b>RECEIVABLES AND OTHER ASSETS</b>			
<b>WITH FULL RESERVES</b>			
Delinquent Property Taxes Receivable	A-7	322,593	295,611
Tax Title Liens Receivable	A-9	36,265	32,310
Property Acquired for Taxes - Assessed Valuation	A-10	278,485	278,485
Revenue Accounts Receivable	A-12	18,282	16,283
Due from Other Trust Fund	B-8	33	-
Due from Sewer Utility Operating Fund	D-17	<u>-</u>	<u>3,910</u>
		<u>655,658</u>	<u>626,599</u>
<b>DEFERRED CHARGES</b>			
Emergency Authorization	A-13	61,000	-
Special Emergency	A-14	<u>15,000</u>	<u>-</u>
		<u>76,000</u>	<u>-</u>
<b>Total Assets</b>		<u><u>\$ 6,557,232</u></u>	<u><u>\$ 6,033,863</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Appropriation Reserves	A-3,A-15	\$ 182,328	\$ 71,715
Encumbrances Payable	A-20	290,792	196,809
Accounts Payable	A-21	14,412	11,677
Due to State - Sales Tax Payable	A-16	1,281	1,575
Due to State-DCA Training Fees	A-16	3,124	2,794
Due to Other Trust Fund	B-8	-	5,965
Prepaid Revenues	A-17	1,931	2,630
Prepaid Taxes	A-18	170,647	153,798
Tax Overpayments	A-19	5,448	
County Taxes Payable	A-24	6,766	11,663
Local District School Taxes Payable	A-22	3,345,295	3,159,861
Reserve for Tax Appeals	A-25	50,026	44,092
Reserve for Insurance Proceeds	A-26	54,254	
Reserve for Grants - Appropriated	A-27	10,725	5,450
Reserve for Grants - Unappropriated	A-28	<u>19,176</u>	<u>15,118</u>
		4,156,205	3,683,147
Reserve for Receivables and Other Assets	A	655,658	626,599
Fund Balance	A-1	<u>1,745,369</u>	<u>1,724,117</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 6,557,232</u>	<u>\$ 6,033,863</u>

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 800,000	\$ 800,000
Miscellaneous Revenue Anticipated	A-2	3,005,557	2,979,463
Receipts from Delinquent Taxes	A-2	296,231	280,989
Receipts from Current Taxes	A-2	33,446,423	32,904,879
Non-Budget Revenue	A-2	186,587	199,918
Other Credits to Income			
Unexpended Balances of Appropriation Reserves	A-15	40,969	65,914
Accounts Payable Cancelled	A-21	242	1,530
Prior Year Interfunds Returned	A	<u>3,910</u>	<u>126</u>
Total Income		<u>37,779,919</u>	<u>37,232,819</u>
<b>EXPENDITURES</b>			
Operations			
Salaries and Wages	A-3	3,362,962	3,328,401
Other Expenses	A-3	2,944,400	2,958,743
Capital Improvements	A-3	211,000	100,000
Municipal Debt Service	A-3	1,167,636	942,675
Deferred Charges and Statutory Expenditures	A-3	830,406	1,022,746
County Taxes	A-24	4,225,979	4,157,562
Due County for Added and Omitted Taxes	A-24	6,766	11,663
Local District School Taxes	A-22	14,236,864	13,895,990
Regional High School District Taxes	A-23	9,865,906	9,832,838
Municipal Open Space Taxes	A-4	173,423	173,045
Other Debits to Income			
Prior Year Senior Citizen Deductions Disallowed	A-8	620	2,057
Refund of Prior Year Revenue	A-4	538	985
Refund of Prior Year Taxes	A-4	5,678	
Cancelled Grants Receivable	A-11	2,456	
Interfunds Advanced	A	<u>33</u>	<u>3,910</u>
Total Expenditures		<u>37,034,667</u>	<u>36,430,615</u>
Excess in Revenue		745,252	802,204
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-13,A-14	<u>76,000</u>	<u>-</u>
Statutory Excess to Fund Balance		821,252	802,204
Fund Balance, January 1	A	<u>1,724,117</u>	<u>1,721,913</u>
		2,545,369	2,524,117
Less Utilization as Anticipated Revenue	A-1,A-2	<u>800,000</u>	<u>800,000</u>
Fund Balance, December 31	A	<u>\$ 1,745,369</u>	<u>\$ 1,724,117</u>

The Accompanying Notes are an Integral Part of These Financial Statements

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Ref.	Budget	Anticipated Special Added by 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	A-1	\$ 800,000	-	\$ 800,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	10,800		10,800	
Other	A-2	5,500		8,033	\$ 2,533
Fees and Permits	A-2	20,000		21,793	1,793
Fines and Costs - Municipal Court	A-12	50,000		64,150	14,150
Interest and Costs on Taxes	A-12	83,000		90,998	7,998
Uniform Fire Safety Act	A-12	5,900		7,190	1,290
Interest on Investments and Deposits	A-2	32,000		33,923	1,923
Golf Course Fees	A-12	558,000		569,006	11,006
Uniform Construction Code Fees	A-12	150,000		226,750	76,750
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	130,000		71,752	(58,248)
Public and Private Revenues Offset with Appropriations					
Recycling Tonnage Grant	A-11	19,106		19,106	-
Clean Communities Program	A-28	13,110		13,110	-
Alcohol Education and Rehabilitation Fund	A-28	413		413	-
Municipal Alliance on Alcoholism and Drug Abuse	A-11	-	\$ 9,876	9,876	-
Body Armor Fund Federal Share	A-11	1,317		1,317	-
Body Armor Fund State Share	A-28	1,595		1,595	-
Community Development Block Grants					
Senior Citizens' Programs	A-11		3,530	3,530	-
Special Items of Revenue:					
Cell Tower Leases	A-12	160,000		170,151	10,151
Police Outside Duty Admin Fee	A-12	30,000		30,000	-
Library Contribution - Municipal Services	A-12	45,000		45,000	-
Golf Concession , Rent and Utilities	A-12	22,000		20,926	(1,074)
Library Debt Service Reimbursement	A-12	83,612	-	83,612	-
Total Miscellaneous Revenues	A-1	2,923,879	13,406	3,005,557	68,272
Receipts from Delinquent Taxes	A-1,A-7	267,000	-	296,231	29,231
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	A-2	5,309,369	-	5,752,485	443,116
	A-3	\$ 9,300,248	\$ 13,406	9,854,273	\$ 540,619
Non-Budget Revenue	A-1,A-2			186,587	
				\$ 10,040,860	

The Accompanying Notes are an Integral Part of These Financial Statements

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Reference</u>	<u>2016</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Current Taxes	A-7	\$ 33,482,423
Less: Transferred to Reserve Tax Appeals	A-25	<u>36,000</u>
		33,446,423
Allocated to School, County , Municipal Open Space Taxes	A-4,A-21,A-22,A-23	<u>28,508,938</u>
Balance for Support of Municipal Budget Appropriation		4,937,485
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>815,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 5,752,485</u>
Licenses - Other		
Borough Clerk	A-12	\$ 6,725
Health Officer	A-12	<u>1,308</u>
	A-2	<u>\$ 8,033</u>
Fees and Permits		
Planning Board	A-12	\$ 3,250
Police	A-12	12,558
Health Officer	A-12	100
Zoning Board	A-12	3,875
Registrar of Vital Statistics	A-12	<u>2,010</u>
	A-2	<u>\$ 21,793</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-12	\$ 33,511
Due from Other Trust Fund	B-8	<u>412</u>
	A-2	<u>\$ 33,923</u>

The Accompanying Notes are an Integral Part of These Financial Statements

**BOROUGH OF OLD TAPPAN  
STATEMENT OF REVENUES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Reference</u>	
ANALYSIS OF NON-BUDGET REVENUE		
Smoke Detector Compliance	\$	8,475
LEA Reimbursement		6,284
Senior Citizen and Veterans Administrative Fees		732
Stone Point Park Usage Fees		250
User Fees- Harrington Park		6,018
Right of Way Fees		5,700
Sale of SREC		16,960
Sale of Vehicle		5,500
Soil Moving Fees		5,750
Franchise Fees		91,442
BCJIF Dividend		8,924
Miscellaneous Fees and Reimbursements		<u>30,552</u>
	A-2	<u>\$ 186,587</u>
Cash Receipts	A-4	<u>\$ 186,587</u>

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
Administrative and Executive					
Salaries and Wages	\$ 175,500	\$ 172,500	\$ 172,339	\$ 161	
Other Expenses	65,150	65,150	62,677	2,473	
Mayor and Council					
Salaries and Wages	43,742	43,172	43,170	2	
Other Expenses	600	600	138	462	
Financial Administration					
Salaries and Wages	96,519	96,519	96,519	-	
Other Expenses	40,093	40,093	37,507	2,586	
Audit Services					
Other Expenses	20,600	20,600	20,538	62	
Assessment of Taxes					
Salaries and Wages	16,607	16,607	16,607	-	
Other Expenses	7,500	4,000	2,210	1,790	
Collection of Taxes					
Salaries and Wages	107,997	107,997	107,997	-	
Other Expenses	2,650	2,650	2,410	240	
Legal Services and Costs					
Other Expenses	60,000	54,255	47,510	6,745	
Engineering Services & Costs					
Other Expenses	11,500	10,607	3,960	6,647	
Open Space Advisory					
Other Expenses	80	80	-	80	
Senior Advisory					
Other Expenses	7,880	7,880	7,637	243	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	22,955	21,805	21,490	315	
Other Expenses	6,850	7,350	7,293	57	
Review of Master Plan	-	15,000	9,646	5,354	
Insurance					
General Liability	107,273	107,273	107,192	81	
Workers Compensation	109,423	108,223	108,212	11	
Employee Group Health	721,795	717,102	694,185	22,917	
Health Benefit Waiver				-	
Unemployment Insurance	12,000	12,000	12,000	-	
<b>PUBLIC SAFETY</b>					
Fire					
Salaries and Wages	13,088	12,094	12,093	1	
Other Expenses	3,500	3,500	1,668	1,832	
Rent	11,191	11,191	11,191	-	
Fire Hydrant Services	123,000	123,220	123,219	1	

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<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	\$ 29,000	\$ 29,000	\$ 28,396	\$ 604	
Other Expenses	27,175	27,175	27,175	-	
Police					
Salaries and Wages	1,909,056	1,915,156	1,911,667	3,489	
Other Expenses	62,370	62,370	62,362	8	
Purchase of Police Vehicles	18,000	18,000	17,721	279	
Police Dispatch/911					
Contractual	125,600	125,600	125,597	3	
First Aid Organization - Contribution	28,800	28,800	28,800	-	
Emergency Management Services					
Salaries and Wages	763	763	762	1	
Other Expenses	500	500	490	10	
Municipal Prosecutor					
Salaries and Wages	5,409	4,909	4,908	1	
PUBLIC WORKS FUNCTIONS					
Road Repairs & Maintenance					
Salaries and Wages	418,500	424,500	422,614	1,886	
Other Expenses	32,000	32,000	31,259	741	
Shade Tree Commission					
Other Expenses	26,095	26,095	25,694	401	
Recycling					
Salaries and Wages	2,700	2,700	2,344	356	
Other Expenses	51,248	51,248	50,565	683	
Solid Waste Collection					
Other Expenses	5,400	5,400	5,400	-	
Public Buildings and Grounds					
Other Expenses	24,720	28,320	27,349	971	
Contractual	17,600	17,600	17,580	20	
Vehicle Maintenance					
Other Expenses	52,720	52,720	52,392	328	
HEALTH & HUMAN SERVICES					
Board of Health					
Other Expenses	33,763	33,763	33,288	475	
O.S.H.A.					
Hepatitis B Program					
Other Expenses	666	666	666	-	
Environmental Commission					
Salaries and Wages	1,413	1,413	1,413	-	
Other Expenses	160	160	100	60	
Administration of Public Assistance					
Salaries and Wages	7,279	7,279	7,279	-	
Other Expenses	900	900	514	386	
Aid to Community Center for Mental Health (NJSA 40:4-2-9)	2,000	2,000	2,000	-	

The Accompanying Notes are an Integral Part of These Financial Statements

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<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.)					
PARKS AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Salaries and Wages	\$ 32,117	\$ 32,120	\$ 32,120		
Other Expenses	14,040	14,040	14,031	\$ 9	
Golf Course					
Salaries and Wages	336,147	331,201	326,623	4,578	
Other Expenses	87,000	91,750	91,627	123	
Recreation Program Fees					
Other Expenses	600	600	202	398	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	1,000	1,000	225	775	
Municipal Court Administration					
Salaries and Wages	12,877	12,877	11,665	1,212	-
Other Expenses	1,925	2,800	2,726	74	-
Public Defender					
Other Expenses	600	600	100	500	
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	112,855	111,485	111,484	1	
Other Expenses	4,500	4,500	4,362	138	
UNCLASSIFIED					
Utilities					
Electricity	109,600	109,600	86,588	23,012	
Street Lighting	12,000	12,000	9,563	2,437	
Telephone	19,000	19,000	18,740	260	
Water	24,000	27,900	26,104	1,796	
Gasoline	41,500	41,500	41,030	470	
Interlocal Service Agreement					
Harrington Park Service Fee	10,000	10,000	10,000	-	-
Total Operations Within "CAPS"	5,491,091	5,503,478	5,404,933	98,545	-
Contingent	5,000	5,000	2,500	2,500	-
Total Operations including Contingent Within "CAPS"	5,496,091	5,508,478	5,407,433	101,045	-
Detail:					
Salaries and Wages	3,344,524	3,344,097	3,331,490	12,607	-
Other Expenses	2,151,567	2,164,381	2,075,943	88,438	-

The Accompanying Notes are an Integral Part of These Financial Statements

**BOROUGH OF OLD TAPPAN  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<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"					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	\$ 243,000	\$ 235,600	\$ 235,541	\$ 59	
Public Employees Retirement System	207,325	208,804	208,803	1	
Police and Firemen's Retirement System	379,983	384,826	384,825	1	-
Defined Contribution Retirement Program	<u>1,000</u>	<u>1,176</u>	<u>1,176</u>	<u>-</u>	<u>-</u>
Total Deferred Charges & Statutory					
Expenditures - Municipal Within "CAPS"	<u>831,308</u>	<u>830,406</u>	<u>830,345</u>	<u>61</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>6,327,399</u>	<u>6,338,884</u>	<u>6,237,778</u>	<u>101,106</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM CAPS					
Aid to Public Library Association	571,270	571,270	571,270	-	
Stormwater Management					
Other Expenses	10,050	10,050	9,866	184	
Fire					
LOSAP	<u>78,000</u>	<u>78,000</u>	<u>78,000</u>	<u>-</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>659,320</u>	<u>659,320</u>	<u>659,136</u>	<u>184</u>	<u>-</u>
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
River Vale Fuel Reimbursement					
Gasoline	130,000	130,000	71,752	-	\$ 58,248
Emerson - Municipal Court Administration					
Salaries and Wages	<u>15,350</u>	<u>18,865</u>	<u>18,865</u>	<u>-</u>	<u>-</u>
Total Interlocal Municipal Service Agreements	<u>145,350</u>	<u>148,865</u>	<u>90,617</u>	<u>-</u>	<u>58,248</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance Program		9,876	5,091	4,785	
Clean Communities Grant	13,110	13,110	4,712	8,398	
Body Armor Replacement	2,912	2,912		2,912	
Recycling Tonnage Grant	19,106	19,106	19,106	-	
Alcohol Education and Rehabilitation Fund	413	413		413	
Community Development-Senior Citizen Program	<u>-</u>	<u>3,530</u>	<u>-</u>	<u>3,530</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>35,541</u>	<u>48,947</u>	<u>28,909</u>	<u>20,038</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>840,211</u>	<u>857,132</u>	<u>778,662</u>	<u>20,222</u>	<u>58,248</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd.)					
Detail:					
Salaries and Wages	\$ 15,350	\$ 18,865	\$ 18,865		
Other Expenses	<u>824,861</u>	<u>838,267</u>	<u>759,797</u>	<u>\$ 20,222</u>	<u>\$ 58,248</u>
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	150,000	150,000	150,000	-	-
Breathing Air Module at Fire House	<u>-</u>	<u>61,000</u>	<u>-</u>	<u>61,000</u>	<u>-</u>
Total Capital Improvements Excluded from "CAPS"	<u>150,000</u>	<u>211,000</u>	<u>150,000</u>	<u>61,000</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	975,000	975,000	975,000	-	
Interest on Bonds	<u>192,638</u>	<u>192,638</u>	<u>192,636</u>	<u>-</u>	<u>2</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>1,167,638</u>	<u>1,167,638</u>	<u>1,167,636</u>	<u>-</u>	<u>2</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,157,849</u>	<u>2,235,770</u>	<u>2,096,298</u>	<u>81,222</u>	<u>58,250</u>
Subtotal General Appropriations	8,485,248	8,574,654	8,334,076	182,328	58,250
Reserve for Uncollected Taxes	<u>815,000</u>	<u>815,000</u>	<u>815,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 9,300,248</u>	<u>\$ 9,389,654</u>	<u>\$ 9,149,076</u>	<u>\$ 182,328</u>	<u>\$ 58,250</u>
	<u>Reference</u>	A-2	A-1	A, A-1	
Budget as Adopted	A-3	\$ 9,300,248			
Appropriation by 40A:4-87	A-2	13,406			
Emergency Authorization	A-13	61,000			
Special Emergency Authorization	A-14	<u>15,000</u>			
		<u>\$ 9,389,654</u>			
Cash Disbursements	A-4		\$ 8,043,284		
Encumbrances Payable	A-20		290,792		
Reserve for Uncollected Taxes	A-2		<u>815,000</u>		
			<u>\$ 9,149,076</u>		

**BOROUGH OF OLD TAPPAN  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-3	\$ 1,923	\$ 2,095
<b>OTHER TRUST FUND</b>			
Cash	B-3	1,573,307	1,689,420
Due from Current Fund	B-8	-	5,965
		<u>1,573,307</u>	<u>1,695,385</u>
<b>UNEMPLOYMENT COMPENSATION INSURANCE FUND</b>			
Cash	B-3	<u>43,762</u>	<u>33,496</u>
<b>OPEN SPACE PRESERVATION TRUST FUND</b>			
Cash	B-3	<u>371,491</u>	<u>367,337</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM FUND - (UNAUDITED)</b>			
Investments	B	1,308,088	1,150,857
Contributions Receivable	B	<u>70,150</u>	<u>73,600</u>
		<u>1,378,238</u>	<u>1,224,457</u>
<b>Total Assets</b>		<u>\$ 3,368,721</u>	<u>\$ 3,322,770</u>

**BOROUGH OF OLD TAPPAN  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND</b>			
Due to State of New Jersey	B-4	\$ 8	\$ 2
Reserve for Animal Control Expenditures	B-5	<u>1,915</u>	<u>2,093</u>
		<u>1,923</u>	<u>2,095</u>
<b>OTHER TRUST FUND</b>			
Due to State of New Jersey			
Department of Human Services	B-6	400	450
Due to Current Fund	B-8	33	-
Escrow Deposits Payable	B-9	359,345	429,960
Miscellaneous Reserves and Deposits	B-10	<u>1,213,529</u>	<u>1,264,975</u>
		<u>1,573,307</u>	<u>1,695,385</u>
<b>UNEMPLOYMENT COMPENSATION INSURANCE FUND</b>			
Reserve for Unemployment Compensation			
Insurance Claims	B-11	<u>43,762</u>	<u>33,496</u>
<b>OPEN SPACE PRESERVATION TRUST FUND</b>			
Reserve for Open Space Preservation	B-13	<u>371,491</u>	<u>367,337</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM FUND - (UNAUDITED)</b>			
Reserve for Length of Service Awards Program	B	<u>1,378,238</u>	<u>1,224,457</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u><u>\$ 3,368,721</u></u>	<u><u>\$ 3,322,770</u></u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF REVENUES-REGULATORY BASIS  
OPEN SPACE PRESERVATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Reference</u>	<u>Anticipated Budget (Memo)</u>	<u>Realized</u>	<u>Excess or Deficit</u>
Amount to be Raised by Taxation	B-13	\$ 173,147	\$ 173,423	\$ 276
	B-2	<u>\$ 173,147</u>	173,423	<u>\$ 276</u>
Non-Budget Revenue	B-13		943	
			<u>\$ 174,366</u>	

EXHIBIT B-2

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS  
OPEN SPACE PRESERVATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated (Memo)</u>	<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u> <u>Reserved</u>
Maintenance of Lands for Recreation and Conservation:			
Salaries and Wages	\$ 67,000	\$ 67,000	\$ 67,000
Other Expenses	14,000	16,692	16,692
Capital Improvements:			
Down Payment on Improvements		45,000	45,000
Debt Service:			
Payment of Bond Principal	38,154	38,154	38,153      \$ 1
Interest on Bonds	3,367	3,367	3,367
Reserve for Future Use	<u>50,626</u>	<u>2,934</u>	<u>-</u> <u>2,934</u>
	<u>\$ 173,147</u>	<u>\$ 173,147</u>	<u>\$ 170,212</u> <u>\$ 2,935</u>
Reference	B-1	B-1	B-13

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 974,796	\$ 2,510,585
Grants Receivable	C-4	673,824	466,561
Deferred Charges to Future Taxation			
Funded	C-5	6,538,678	7,551,831
Unfunded	C-6	<u>40,000</u>	<u>90</u>
Total Assets		<u>\$ 8,227,298</u>	<u>\$ 10,529,067</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-14	\$ 6,399,000	\$ 7,374,000
Green Trust Loan Payable	C-13	139,678	177,831
Contracts Payable	C-7	486,855	1,215,832
Improvement Authorizations:			
Funded	C-9	597,668	1,220,258
Unfunded	C-9	40,000	90
Capital Improvement Fund	C-8	27,512	29,612
Reserve for Sidewalk Improvements	C-10	224,525	216,443
Reserve for Capital Improvements	C-11	698	698
Reserve for Payment of Debt	C-12	59,442	-
Reserve for Grants Receivable	C-4	200,719	260,161
Fund Balance	C-1	<u>51,201</u>	<u>34,142</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,227,298</u>	<u>\$ 10,529,067</u>

There were bonds and notes authorized but not issued as of December 31, 2016 and 2015 of \$40,000 and \$90 respectively (Exhibit C-15).

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Balance, January 1	C	\$ 34,142	\$ 308,674
Increased by:			
Premium on Sale of Bonds	C-1	-	13,568
Bid Specification Fees	C-2	3,600	
Funded Improvement Authorizations Cancelled	C-9	<u>132,059</u>	<u>-</u>
		169,801	322,242
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-9	<u>118,600</u>	<u>288,100</u>
Balance, December 31	C	<u>\$ 51,201</u>	<u>\$ 34,142</u>

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**SEWER UTILITY FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<b>OPERATING FUND</b>			
Cash	D-7	\$ 317,882	\$ 235,342
Due from Sewer Utility Assessment Trust Fund	D-11	<u>-</u>	<u>80,568</u>
		317,882	315,910
Receivables With Full Reserves			
Consumer Accounts Receivable	D-10	36,811	44,607
Deferred Charges			
Emergency Authorization	D-13	<u>19,985</u>	<u>-</u>
		<u>374,678</u>	<u>360,517</u>
<b>ASSESSMENT TRUST FUND</b>			
Cash	D-7,D-8	1,547,412	1,784,965
Assessments Receivable	D-12	1,189,708	1,827,209
Deferred Charge			
Utility Share of Assessment Debt Issued	D-14	<u>56,713</u>	<u>56,713</u>
		<u>2,793,833</u>	<u>3,668,887</u>
<b>CAPITAL FUND</b>			
Cash	D-7,D-9	134,208	171,968
Fixed Capital	D-15	18,423,319	18,415,785
Fixed Capital Authorized and Uncompleted	D-16	<u>52,500</u>	<u>-</u>
		<u>18,610,027</u>	<u>18,587,753</u>
Total Assets		<u>\$ 21,778,538</u>	<u>\$ 22,617,157</u>

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**SEWER UTILITY FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>OPERATING FUND</b>			
Liabilities			
Appropriation Reserves	D-4, D-18	\$ 10,307	\$ 18,761
Encumbrances Payable	D-21	47,132	17,957
Accrued Interest on Bonds and Loans	D-22	33,755	42,035
Sewer Fee Overpayments	D-23	1,697	8
Due to Current Fund	D-17	-	3,910
		<u>92,891</u>	<u>82,671</u>
Reserve for Receivables	D	36,811	44,607
Fund Balance	D-1	<u>244,976</u>	<u>233,239</u>
		<u>374,678</u>	<u>360,517</u>
<b>ASSESSMENT TRUST FUND</b>			
Assessment Serial Bonds	D-28	740,000	915,000
Environmental Infrastructure Loan Payable	D-27	1,853,672	2,473,158
Due to Sewer Utility Operating Fund	D-11	-	80,568
Reserve for Assessments Receivable	D-26	118,284	118,117
Fund Balance	D-2	<u>81,877</u>	<u>82,044</u>
		<u>2,793,833</u>	<u>3,668,887</u>
<b>CAPITAL FUND</b>			
Contracts Payable	D-19	5,032	
Improvement Authorizations- Unfunded	D-20	9,708	
Reserve for Sewer Assessment Debt	D-25	171,968	171,968
Reserve for Amortization	D-24	<u>18,423,319</u>	<u>18,415,785</u>
		<u>18,610,027</u>	<u>18,587,753</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 21,778,538</u>	<u>\$ 22,617,157</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2015 and 2014 of \$52,500 and \$0, respectively.  
 (Exhibit D-29)

**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, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>REVENUES AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	D-3	\$ 95,000	\$ 130,000
Sewer User Fees	D-3	1,094,049	1,065,250
Interest on Assessments	D-3	64,145	80,568
Non-Budget Revenue	D-3	34,242	10,443
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	D-18	<u>21,531</u>	<u>8,839</u>
 Total Income		 <u>1,308,967</u>	 <u>1,295,100</u>
 <b>EXPENDITURES</b>			
Operating	D-4	1,054,678	1,041,610
Capital Improvements	D-4	7,800	7,500
Debt Service	D-4	89,599	114,342
Deferred Charges and Statutory Expenditures	D-4	69,485	49,000
Refund of Prior Year Revenue	D-7	<u>653</u>	<u>-</u>
 Total Expenditures		 <u>1,222,215</u>	 <u>1,212,452</u>
 Excess in Revenue		 86,752	 82,648
 Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred Charged to Budgets in Succeeding Year	D-13	<u>19,985</u>	<u>-</u>
 Statutory Excess to Fund Balance		 106,737	 82,648
 Fund Balance, January 1	D	 <u>233,239</u>	 <u>280,591</u>
		339,976	363,239
 Less Utilization as Anticipated Revenue	D-1,D-3	 <u>95,000</u>	 <u>130,000</u>
 Fund Balance, December 31	D	 <u>\$ 244,976</u>	 <u>\$ 233,239</u>

The Accompanying Notes are an Integral Part of These Financial Statements

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**SEWER UTILITY ASSESSMENT TRUST FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

		<u>2016</u>	<u>2015</u>
Balance, January 1	D	\$ 82,044	\$ 81,511
Decreased by:			
Refund Prior Year Assessment Overpayments	D-7	<u>167</u>	<u>\$ 533</u>
Balance, December 31	D	<u>\$ 81,877</u>	<u>\$ 82,044</u>

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<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	1,054,857	1,094,049	\$ 39,192
Interest on Assessments	D-11	<u>60,000</u>	<u>64,145</u>	<u>4,145</u>
	D-4	<u>\$ 1,209,857</u>	1,253,194	<u>\$ 43,337</u>
Non-Budget Revenue	D-3		<u>34,242</u>	
			<u>\$ 1,287,436</u>	
Analysis of Non-Budget Revenue:				
Interest on Deposits			\$ 10,363	
Sewer Connection Fees			<u>23,879</u>	
	D-3,D-7		<u>\$ 34,242</u>	

The Accompanying Notes are an Integral Part of These Financial Statements

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATING					
Salaries	\$ 353,445	\$ 350,264	\$ 343,452	\$ 6,812	
Other Expenses	<u>704,414</u>	<u>704,414</u>	<u>702,685</u>	<u>1,729</u>	<u>-</u>
Total Operating	<u>1,057,859</u>	<u>1,054,678</u>	<u>1,046,137</u>	<u>8,541</u>	<u>-</u>
CAPITAL IMPROVEMENTS					
Capital Outlay	<u>7,800</u>	<u>7,800</u>	<u>7,534</u>	<u>266</u>	<u>-</u>
Total Capital Improvements	<u>7,800</u>	<u>7,800</u>	<u>7,534</u>	<u>266</u>	<u>-</u>
DEBT SERVICE					
Interest on Bonds and Loans	<u>94,698</u>	<u>97,879</u>	<u>89,599</u>	<u>-</u>	<u>8,280</u>
Total Debt Service	<u>94,698</u>	<u>97,879</u>	<u>89,599</u>	<u>-</u>	<u>8,280</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
DEFERRED CHARGES					
Emergency Authorization		19,985	19,985		-
STATUTORY EXPENDITURES					
Social Security System (O.A.S.I.)	27,500	27,500	26,000	1,500	
Public Employees Retirement System	14,000	14,000	14,000		
Unemployment Compensation Insurance	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures	<u>49,500</u>	<u>69,485</u>	<u>67,985</u>	<u>1,500</u>	<u>-</u>
	<u>\$ 1,209,857</u>	<u>\$ 1,229,842</u>	<u>\$ 1,211,255</u>	<u>\$ 10,307</u>	<u>\$ 8,280</u>
	<u>Reference</u>	D-3	D-1	D, D-1	
Budget as Adopted	D-4	\$ 1,209,857			
Emergency Authorization	D-13	<u>19,985</u>			
		<u>\$ 1,229,842</u>			
Cash Disbursements	D-7		\$ 1,074,524		
Encumbrances Payable	D-21		47,132		
Accrued Interest on Bonds and Loans	D-22		<u>89,599</u>		
			<u>\$ 1,211,255</u>		

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**SEWER UTILITY ASSESSMENT TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Anticipated Budget After Modifications</u>	<u>Realized</u>
Assessment Cash	\$ 794,486	\$ 794,486	\$ 794,486
	<u>\$ 794,486</u>	<u>\$ 794,486</u>	<u>\$ 794,486</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, 2016**

	<u>Budget</u>	<u>Appropriation Budget After Modifications</u>	<u>Expended</u>
Payment of Bond Principal	\$ 175,000	\$ 175,000	\$ 175,000
Payment of Loan Principal	619,486	619,486	619,486
	<u>\$ 794,486</u>	<u>\$ 794,486</u>	<u>\$ 794,486</u>
<u>Reference</u>	D-5	D-5	D-27,D-28

**BOROUGH OF OLD TAPPAN  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Cash	E-1	<u>\$ 93,977</u>	<u>\$ 93,242</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	E-2	<u>\$ 93,977</u>	<u>\$ 93,242</u>

The Accompanying Notes are an Integral Part of These Financial Statements

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Land	\$ 24,751,900	\$ 24,751,900
Buildings and Building Improvements	7,164,914	7,164,914
Machinery and Equipment	<u>7,686,250</u>	<u>7,170,555</u>
	<u>\$ 39,603,064</u>	<u>\$ 39,087,369</u>
<b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 39,603,064</u>	<u>\$ 39,087,369</u>

The Accompanying Notes are an Integral Part of These Financial Statements

## **NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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 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 presides over all public meetings, makes appointments to various boards and has the responsibility for implementing policies of the Council and functions as liaison officer between the council, municipal personnel, and residents of the Borough. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments and all executive authority not specifically provided to the Mayor by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for 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, 2016 AND 2015**

**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 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, 2016 AND 2015**

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

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

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

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

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

**Financial Statements – Regulatory Basis**

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

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

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

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

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

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

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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 December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

**Sewer Utility Revenues/Receivables** - 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, 2016 AND 2015**

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

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

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

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

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

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

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

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

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

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

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

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

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

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems 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 prior to December 31, 2008 are stated as follows:

Land	Assessed Value
Building and Building Improvements	Assessed Value
Machinery and Equipment	Replacement 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, 2016 AND 2015**

**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 2016 and 2015 the Borough Council increased the original current fund budget by \$89,406 and \$19,001. The increase in 2016 was funded by additional aid allotted to the Borough of \$13,406, an emergency resolution for the replacement of a breathing air module at the Firehouse for \$61,000 and a special emergency for review of the master plan for \$15,000. The increase in 2015 was funded by additional aid allotted to the Borough. The original sewer utility budget increased by \$19,985 and \$-0- in 2016 and 2015. The increase in 2016 was due to an emergency resolution for repair to a channel grinder pump. In addition, the governing body approved several budget transfers during 2016 and 2015.

**NOTE 3 CASH 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. **Cash Deposits**

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), 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**  
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**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**A. Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2016 and 2015, the book value of the Borough's deposits were \$10,868,513 and \$12,274,839 and bank and brokerage firm balances of the Borough's deposits amounted to \$11,051,034 and \$12,909,692, 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>2016</u>	<u>2015</u>
Insured	\$ 11,043,328	\$ 12,902,017
Uninsured and Collateralized	7,706	7,675
	<u>\$ 11,051,034</u>	<u>\$ 12,909,692</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, 2016 and 2015, the Borough's bank balances of \$7,706 and \$7,675 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2016</u>	<u>2015</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 7,706</u>	<u>\$ 7,675</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, 2016 AND 2015**

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

**B. Investments (Continued)**

As of December 31, 2016 and 2015, the Borough had the following investments:

	<u>Fair Value</u> <u>(LOSAP-Unaudited)</u>	
	<u>2016</u>	<u>2015</u>
Investment:		
Lincoln Financial LOSAP Investment Fund (Unaudited)	\$ <u>1,308,088</u>	\$ <u>1,150,857</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, 2016 and 2015, \$1,308,088 and \$1,150,857 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u> <u>(LOSAP-Unaudited)</u>	
	<u>2016</u>	<u>2015</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>1,308,088</u>	\$ <u>1,150,857</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, 2016 and 2015, the Borough's investment in Lincoln Financial, a subsidiary of Lincoln National Corporation was rated Baa1 by Moody's.

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.

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, 2016 AND 2015**

**NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE**

Receivables at December 31, 2016 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<b><u>2016</u></b>			
Property Taxes	\$ 322,593		\$ 322,593
Tax Title Liens	36,265		36,265
Utility Charges	<u>-</u>	<u>\$ 36,811</u>	<u>36,811</u>
	<u>\$ 358,858</u>	<u>\$ 36,811</u>	<u>\$ 395,669</u>

In 2016, the Borough collected \$296,231 and \$44,607 from delinquent taxes and utility charges and fees, which represented 90% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2015.

Receivables at December 31, 2015 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<b><u>2015</u></b>			
Property Taxes	\$ 295,611		\$ 295,611
Tax Title Liens	32,310		32,310
Utility Charges	<u>-</u>	<u>\$ 44,607</u>	<u>44,607</u>
	<u>\$ 327,921</u>	<u>\$ 44,607</u>	<u>\$ 372,528</u>

In 2015, the Borough collected \$280,989 and \$64,818 from delinquent taxes and utility charges and fees, which represented 91% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2014.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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>2016</u>		<u>2015</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	\$ 33		\$ 3,910	\$ 5,965
Other Trust Fund		\$ 33	5,965	
Sewer Utility Fund:				
Operating			80,568	3,910
Assessment Trust Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,568</u>
Total	<u>\$ 33</u>	<u>\$ 33</u>	<u>\$ 90,443</u>	<u>\$ 90,443</u>

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

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

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

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

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2016</u>			
Current Fund:			
Emergency Authorization	\$61,000	\$61,000	-
Special Emergency Authorization	15,000	3,000	\$12,000
Sewer Utility Operating Fund:			
Emergency Authorization	19,985	19,985	-

2015

There are none.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 7 DEFERRED SCHOOL TAXES**

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2016 and 2015 are as follows:

	<u><b>2016</b></u>	<u><b>2015</b></u>
	Local District School	Local District School
Balance of Tax	\$7,431,155	\$7,245,721
Deferred Liability	<u>4,085,860</u>	<u>4,085,860</u>
Taxes Payable	<u>\$3,345,295</u>	<u>\$3,159,861</u>

**NOTE 8 FUND BALANCES APPROPRIATED**

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

	<u><b>2016</b></u>		<u><b>2015</b></u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,653,550	\$ 800,000	\$ 1,703,242	\$ 800,000
Non-Cash Surplus	<u>91,819</u>	<u>-</u>	<u>20,875</u>	<u>-</u>
	<u>\$ 1,745,369</u>	<u>\$ 800,000</u>	<u>\$ 1,724,117</u>	<u>\$ 800,000</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 224,994	\$ 92,000	\$ 233,239	\$ 95,000
Non-Cash Surplus	<u>19,985</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 244,979</u>	<u>\$ 92,000</u>	<u>\$ 233,239</u>	<u>\$ 95,000</u>

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 9 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2016 and 2015.

	Balance December 31, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
<b><u>2016</u></b>				
Land	\$ 24,751,900			\$ 24,751,900
Buildings and Building Improvements	7,164,914			7,164,914
Machinery and Equipment	<u>7,170,555</u>	<u>\$ 1,291,950</u>	<u>\$ 776,255</u>	<u>7,686,250</u>
	<u>\$ 39,087,369</u>	<u>\$ 1,291,950</u>	<u>\$ 776,255</u>	<u>\$ 39,603,064</u>
	Balance December 31, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>				
Land	\$ 24,751,900			\$ 24,751,900
Buildings and Building Improvements	7,164,914			7,164,914
Machinery and Equipment	<u>6,930,734</u>	<u>\$ 335,705</u>	<u>\$ 95,884</u>	<u>7,170,555</u>
	<u>\$ 38,847,548</u>	<u>\$ 335,705</u>	<u>\$ 95,884</u>	<u>\$ 39,087,369</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 9 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, 2016 and 2015.

	Balance December 31, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
<b><u>2016</u></b>				
Fixed Capital				
System and System Improvements	\$ 18,019,637	\$ 7,534		\$ 18,027,171
Vehicles and Equipment	<u>396,148</u>	<u>-</u>	<u>\$ -</u>	<u>396,148</u>
	<u>\$ 18,415,785</u>	<u>\$ 7,534</u>	<u>\$ -</u>	<u>\$ 18,423,319</u>
	Balance December 31, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>				
Fixed Capital				
System and System Improvements	\$ 18,012,137	\$ 7,500		\$ 18,019,637
Vehicles and Equipment	<u>396,148</u>	<u>-</u>	<u>\$ -</u>	<u>396,148</u>
	<u>\$ 18,408,285</u>	<u>\$ 7,500</u>	<u>\$ -</u>	<u>\$ 18,415,785</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT**

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

The Borough's debt is summarized as follows:

	<u>2016</u>	<u>2015</u>
Issued		
General		
Bonds and Loans	\$ 6,538,678	\$ 7,551,831
Sewer Utility Assessment		
Bonds and Loans	<u>2,593,672</u>	<u>3,388,158</u>
	9,132,350	10,939,989
Less Funds Temporarily Held to Pay Bonds and Notes	<u>1,696,945</u>	<u>1,794,321</u>
Net Debt Issued	7,435,405	9,145,668
Authorized But Not Issued		
General		
Bonds and Notes	40,000	90
Sewer Utility		
Bonds and Notes	<u>52,500</u>	<u>-</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 7,527,905</u>	<u>\$ 9,145,758</u>

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .376% and .439% at December 31, 2016 and 2015, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2016</u></b>			
General Debt	\$ 6,578,678	\$ 59,442	\$ 6,519,236
School Debt	5,960,621	5,960,621	-
Utility Debt	<u>2,646,172</u>	<u>2,646,172</u>	<u>-</u>
Total	<u>\$ 15,185,471</u>	<u>\$ 8,666,235</u>	<u>\$ 6,519,236</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2015</u></b>			
General Debt	\$ 7,551,921		\$ 7,551,921
School Debt	4,815,732	\$ 4,815,732	-
Utility Debt	<u>3,388,158</u>	<u>3,388,158</u>	<u>-</u>
Total	<u>\$ 15,755,811</u>	<u>\$ 8,203,890</u>	<u>\$ 7,551,921</u>

**Statutory Borrowing Power**

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

	<u>2016</u>	<u>2015</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 60,655,331	\$ 60,142,629
Less: Net Debt	<u>6,519,236</u>	<u>7,551,921</u>
Remaining Borrowing Power	<u>\$ 54,136,095</u>	<u>\$ 52,590,708</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

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

**General Obligation Bonds**

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

	<u>2016</u>	<u>2015</u>
\$2,120,000, 2010 Bonds, due in annual installments of \$160,000 to \$325,000 through July 2022, interest at 2.25% to 3.125%	\$ 1,510,000	\$ 1,670,000
\$1,780,000, 2012 Bonds, due in annual installments of \$150,000 to \$200,000 through November 2023, interest at 1.00% to 2.00%	1,250,000	1,400,000
\$2,110,000, 2014 Refunding Bonds (Series A), due in annual installments of \$420,000 to \$435,000 through August 2019, interest at 3.00% to 4.00%	1,285,000	1,705,000
\$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%	465,000	525,000
\$2,074,000, 2015 Bonds, due in annual installments of \$185,000 to \$229,000 through August 2025, interest at 1.00 to 2.00%	<u>1,889,000</u>	<u>2,074,000</u>
Total	<u>\$ 6,399,000</u>	<u>\$ 7,374,000</u>

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

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

**General Intergovernmental Loans Payable**

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

	<u>2016</u>	<u>2015</u>
\$653,625, 2000 Loan, due in annual installments of \$18,982 to \$20,555 through February 21, 2020, interest at 2.00%	\$ 139,678	\$ 177,831
Total	<u>\$ 139,678</u>	<u>\$ 177,831</u>

**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>2016</u>	<u>2015</u>
\$730,000, 2010 Refunding Assessment Bonds, due in annual installments of \$85,000 through February 2019, interest at 2.00% to 2.625%	\$ 255,000	\$ 340,000
\$665,000, 2014 Refunding Assessments Bonds, due in annual installments of \$45,000 to \$90,000 through August 2022, interest at 2.00% to 4.00%	<u>485,000</u>	<u>575,000</u>
Total	<u>\$ 740,000</u>	<u>\$ 915,000</u>

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

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

**Sewer Utility Intergovernmental Assessment Loans Payable**

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

**Sewer Utility Assessment Loans**

	<u>2016</u>	<u>2015</u>
\$3,415,000 1999 Assessment Loans, refunded by 2006B Refunding Series, due in annual installments of \$225,762 to \$255,579 through August 1, 2019, interest of 5.50% to 5.70%	\$ 736,419	\$ 962,181
\$3,193,990, 1999 Assessment Loan, due in semi-annual installments of \$4,592 to \$167,654 through August 1, 2018, interest free	326,995	505,767
\$1,960,000 2000 Assessment Loans, refunded by 2006A and 2010A Refunding Series, due in annual installments of \$114,163 to \$139,676 through August 1, 2020, rates of 5.13% to 5.25%	520,927	635,090
\$1,828,595, 2000 Assessment Loan, due in semi-annual installments of \$4,884, to \$94,212 through August 1, 2019, interest free	<u>269,331</u>	<u>370,120</u>
 Sewer Utility Assessment Loans	 <u>\$ 1,853,672</u>	 <u>\$ 2,473,158</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

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

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2016 is as follows:

Calendar Year	General		Sewer Assessment		Total
	Principal	Interest	Principal	Interest	
2017	1,028,920	173,886	811,415	82,578	2,096,799
2018	1,054,703	146,254	800,818	60,284	2,062,059
2019	1,080,500	115,055	626,765	37,515	1,859,835
2020	810,555	81,542	224,674	15,219	1,131,990
2021	805,000	61,036	85,000	4,750	955,786
2022-2026	1,759,000	73,677	45,000	1,350	1,879,027
Total	<u>\$ 6,538,678</u>	<u>\$ 651,450</u>	<u>\$ 2,593,672</u>	<u>\$ 201,696</u>	<u>\$ 9,985,496</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2016 and 2015 were as follows:

	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<b><u>2016</u></b>					
General Capital Fund					
Bonds Payable	\$ 7,374,000	\$ -	\$ 975,000	\$ 6,399,000	\$ 990,000
Intergovernmental Loans Payable	<u>177,831</u>	<u>-</u>	<u>38,153</u>	<u>139,678</u>	<u>38,920</u>
General Capital Fund Long-Term Liabilities	<u>\$ 7,551,831</u>	<u>\$ -</u>	<u>\$ 1,013,153</u>	<u>\$ 6,538,678</u>	<u>\$ 1,028,920</u>
Sewer Utility Assessment Fund					
Bonds Payable	\$ 915,000	\$ -	\$ 175,000	\$ 740,000	\$ 175,000
Intergovernmental Loans	<u>2,473,158</u>	<u>-</u>	<u>616,486</u>	<u>1,856,672</u>	<u>636,415</u>
Sewer Utility Assessment Fund Long-Term Liabilities	<u>\$ 3,388,158</u>	<u>\$ -</u>	<u>\$ 791,486</u>	<u>\$ 2,596,672</u>	<u>\$ 811,415</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

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

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

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>2015</u></b>					
General Capital Fund					
Bonds Payable	\$ 6,065,000	\$ 2,074,000	\$ 765,000	\$ 7,374,000	\$ 975,000
Intergovernmental Loans Payable	<u>215,233</u>	<u>-</u>	<u>37,402</u>	<u>177,831</u>	<u>38,154</u>
General Capital Fund Long-Term Liabilities	<u>\$ 6,280,233</u>	<u>\$ 2,074,000</u>	<u>\$ 802,402</u>	<u>\$ 7,551,831</u>	<u>\$ 1,013,154</u>
Sewer Utility Assessment Fund					
Bonds Payable	\$ 1,090,000		\$ 175,000	\$ 915,000	\$ 175,000
Intergovernmental Loans Payable	<u>3,076,740</u>	<u>-</u>	<u>603,582</u>	<u>2,473,158</u>	<u>619,485</u>
Sewer Utility Assessment Fund Long-Term Liabilities	<u>\$ 4,166,740</u>	<u>\$ -</u>	<u>\$ 778,582</u>	<u>\$ 3,388,158</u>	<u>\$ 794,485</u>

**NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<b><u>2016</u></b>		
Sidewalk Project Phase 5 & 6	\$233,963	2017
2016 Road Resurfacing	34,915	2017
Russell Ave. and Irving St. Improvements	122,820	2017
<b><u>2015</u></b>		
Sidewalk Project Phase 5 & 6	199,117	2016

**BOROUGH OF OLD TAPPAN**  
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**NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)**

As of December 31, the Borough has other significant commitments as follows:

<u>Purpose</u>	<u>Remaining Commitment</u>
<b><u>2016</u></b>	
Police and DPW Generator	\$52,744
<b><u>2015</u></b>	
Purchase of New Pierce Arrow Fire Truck	964,923

**NOTE 12 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

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

**B. Changes in Other Long-Term Liabilities**

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board. The Borough's changes in other long-term liabilities for the years ended December 31, 2016 and 2015 were as follows:

	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>
<b><u>2016</u></b>				
Net Pension Liability				
PERS	\$ 5,778,898	\$ 2,131,271	\$ 230,361	\$ 7,679,808
PFRS	<u>7,782,130</u>	<u>1,969,826</u>	<u>399,197</u>	<u>9,352,759</u>
Total Other Long-Term Liabilities	<u>\$ 13,561,028</u>	<u>\$ 4,101,097</u>	<u>\$ 629,558</u>	<u>\$ 17,032,567</u>

**BOROUGH OF OLD TAPPAN  
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YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)**

**B. Changes in Other Long-Term Liabilities (Continued)**

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>				
Net Pension Liability				
PERS	\$ 4,634,753	\$ 1,365,470	\$ 221,325	\$ 5,778,898
PFRS	<u>5,796,286</u>	<u>2,365,827</u>	<u>379,983</u>	<u>7,782,130</u>
Total Other Long-Term Liabilities	<u>\$ 10,431,039</u>	<u>\$ 3,731,297</u>	<u>\$ 601,308</u>	<u>\$ 13,561,028</u>

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS**

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

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 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.

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

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new 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. DCRP is a defined contribution pension plan.

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

**Funded Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, which was rolled forward to June 30, 2016, the aggregate funded ratio for all the State administered retirement systems, including local PERS and local PFRS is 45.7 percent with an unfunded actuarial accrued liability of \$50.3 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 40.14 percent and \$29.6 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 52.01 percent and \$20.7 billion, respectively.

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, 2015 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) 7.65% for investment rate of return for all the retirement systems and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age 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 10.0% for PFRS, 7.06% for PERS and 5.50% for DCRP of employee's annual compensation for fiscal year 2016.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2016 and 2015 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**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

During the years ended December 31, 2016, 2015 and 2014, 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>
2016	\$ 379,983	\$ 221,325	\$ 1,176
2015	353,917	204,074	1,179
2014	325,014	192,972	514

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS)**

At December 31, 2016 and 2015, the Borough reported a liability of \$7,679,808 and \$5,778,898, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2016, the Borough's proportionate share was .02593 percent, which was an increase of .00118 percent from its proportionate share measured as of June 30, 2015 of .02475 percent.

For the year ended December 31, 2016 and 2015, the pension system has determined the Borough's pension expense to be \$750,729 and \$389,955, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$221,325 and \$204,074, respectively. At December 31, 2016 and 2015, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2016</u>		<u>2015</u>	
	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>
Difference Between Expected and Actual Experience	\$ 142,821		\$ 137,864	
Changes of Assumptions	1,590,846		620,608	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	292,838			\$ 92,914
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	154,233	\$ 77,114	157,068	99,531
Total	<u>\$ 2,180,738</u>	<u>\$ 77,114</u>	<u>\$ 915,540</u>	<u>\$ 192,445</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

At December 31, 2016 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year</u> <u>Ending</u> <u>December 31,</u>	<u>Total</u>
2017	\$ 474,528
2018	474,528
2019	543,580
2020	465,316
2021	<u>145,672</u>
	<u>\$ 2,103,624</u>

**Actuarial Assumptions**

The Borough's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.15-4.40%
Through 2026	1.65-4.15%	Based on Age
	Based on Age	
Thereafter	2.65-5.15%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	3.98%
2015	June 30, 2015	4.90%

**BOROUGH OF OLD TAPPAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return                      Through June 30, 2034

Municipal Bond Rate \*                                      From July 1, 2034  
and Thereafter

\* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2016 and 2015 calculated using the discount rate of 3.98% and 4.90%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98% and 3.90%, respectively) or 1-percentage-point higher (4.98% and 5.90%, respectively) than the current rate:

	<b>1% Decrease (2.98%)</b>	<b>Current Discount Rate (3.98%)</b>	<b>1% Increase (4.98%)</b>
<u>2016</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 9,410,708</u>	<u>\$ 7,679,808</u>	<u>\$ 6,250,800</u>
	<b>1% Decrease (3.90%)</b>	<b>Current Discount Rate (4.90%)</b>	<b>1% Increase (5.90%)</b>
<u>2015</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 7,182,463</u>	<u>\$ 5,778,898</u>	<u>\$ 4,602,159</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2016 and 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Police and Firemen's Retirement System (PFRS)**

At December 31, 2016 and 2015, the Borough reported a liability of \$9,352,759 and \$7,782,130, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2016, the Borough's proportionate share was .04896 percent, which was an increase of .00224 percent from its proportionate share measured as of June 30, 2015 of .04672 percent.

For the years ended December 31, 2016 and 2015, the pension system has determined the Borough pension expense to be \$1,105,706 and \$720,037, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$379,983 and \$353,917, respectively. At December 31, 2016 and 2015, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2016		2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience				\$ 67,123
Changes of Assumptions	\$ 1,295,434	\$ 61,309	\$ 1,436,775	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	655,329			135,441
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	<u>417,072</u>	<u>-</u>	<u>207,988</u>	<u>-</u>
Total	<u>\$ 2,367,835</u>	<u>\$ 61,309</u>	<u>\$ 1,644,763</u>	<u>\$ 202,564</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

At December 31, 2016 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2017	\$ 570,178
2018	570,178
2019	718,050
2020	447,490
2021	<u>630</u>
	<u>\$ 2,306,526</u>

***Actuarial Assumptions***

The Borough's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.60-9.48%
		Based on Age
Through 2026	2.10-8.98%	
	Based on Age	
Thereafter	3.10-9.98%	3.60-10.48%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2015 and July 1, 2014 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	5.55%
2015	June 30, 2015	5.79%

**BOROUGH OF OLD TAPPAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

**Discount Rate (Continued)**

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return                      Through June 30, 2050

Municipal Bond Rate \*                                      From July 1, 2050  
and Thereafter

\* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Sensitivity of Net Pension Liability**

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2016 and 2015 calculated using the discount rate of 5.55% and 5.79%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55% and 4.79%, respectively) or 1-percentage-point higher (6.55% and 6.79%, respectively) than the current rate:

	<b>1% Decrease (4.55%)</b>	<b>Current Discount Rate (5.55%)</b>	<b>1% Increase (6.55%)</b>
<u>2016</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 12,059,697</u>	<u>\$ 9,352,759</u>	<u>\$ 7,145,414</u>
	<b>1% Decrease (4.79%)</b>	<b>Current Discount Rate (5.79%)</b>	<b>1% Increase (6.79%)</b>
<u>2015</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 10,259,318</u>	<u>\$ 7,782,130</u>	<u>\$ 5,762,205</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2016 and 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

***Special Funding Situation – PFRS***

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$785,400 and \$682,467, respectively. For the years ended December 31, 2016 and 2015, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$100,314 and \$85,128, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$30,094 and \$35,526, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

***Pension Plan Fiduciary Net Position***

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Borough. 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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

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

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

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

**Basis of Accounting**

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

**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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.9 billion for state active and retired members, \$16.8 billion for local active and retired members and \$41.6 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.

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.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

**Actuarial Methods and Assumptions**

In the July 1, 2015 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 \$181.9 million for 10,725 eligible retired members for Fiscal Year 2016. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$48.3 million in Fiscal Year 2016 to provide benefits under Chapter 330 to qualified retirees.

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, 2016, 2015 and 2014 were \$224,634, \$209,252 and \$204,191, respectively, which equaled the required contributions for each year. In addition, the Borough's eligible retirees reimbursed the Borough \$24,310, \$18,241 and \$15,482 for the years ended December 31, 2016, 2015 and 2014, respectively, for certain post-retirement medical benefit coverages.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 15 RISK MANAGEMENT**

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

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

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>
2015	\$ 20,000	\$ 4,437	\$ 14,299	\$ 43,762
2015	20,000	4,390	17,711	33,496
2014	16,000	4,257	31,275	26,726

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 16 CONTINGENT LIABILITIES**

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

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2016 and 2015. 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, 2016 and 2015, the Borough reserved \$50,026 and \$44,092, 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, 2016 and 2015, 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.

**NOTE 17 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2016 and 2015, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

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

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

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

If an active member meets the year of active service requirement, 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 2016 and 2015, respectively, for each eligible volunteer fire department and volunteer first aid squad member into the Plan. The total Borough contributions were \$59,800 and \$67,850 for 2016 and 2015, 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.

**Vesting and Benefits**

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

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

**Reporting Requirements**

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

**NOTE 19 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.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 19 CONSTRUCTION LOAN AGREEMENT – OLD TAPPAN FREE PUBLIC LIBRARY ASSOCIATION  
(Continued)**

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 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, 2016 and 2015 the balances of the Loan outstanding were \$500,000 and \$560,000, respectively.

**NOTE 20 SUBSEQUENT EVENTS**

**Debt Authorized**

On April 3, 2017 the Borough adopted a bond ordinance authorizing the issuance of \$1,046,000 in bonds or bond anticipation notes to fund certain general capital projects. In addition, the Borough authorized \$60,000 in bonds or bond anticipation notes to fund certain sewer 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, 2015 \$ 5,386,034

Increased by:

Taxes Receivable	\$ 33,589,466	
Grants Receivable	31,431	
Revenue Accounts Receivable	2,953,568	
Non-Budget Revenue	186,587	
Prepaid Taxes	170,647	
Tax Overpayments	80,693	
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	36,631	
Due to State of New Jersey	16,983	
Prepaid Revenues	1,931	
Reserve for Insurance Proceeds	54,254	
Reserve for Grants - Unappropriated	19,176	
Receipts from Sewer Utility Operating Fund	5,506	
Receipts from Other Trust Fund	414	
		37,147,287
		42,533,321

Decreased by:

2016 Appropriations	8,043,284	
2015 Appropriation Reserves	30,399	
Local District School Taxes Payable	14,051,430	
Regional High School Taxes Payable	9,865,906	
County Taxes Payable	4,237,642	
Encumbrances Payable	182,725	
Accounts Payable	1,623	
Tax Overpayments	75,245	
Reserve for Grants-Appropriated	1,419	
Reserve for Tax Appeals	30,066	
Due to State of New Jersey	16,947	
Payments to Open Space Preservation Trust Fund - Tax Levy	173,423	
Payments to Other Trust Fund	6,000	
Payments for Sewer Utility Operating Fund	1,596	
Refund of Prior Year Taxes	5,678	
Refund of Prior Year Revenue	538	
		36,723,921

Balance, December 31, 2016 \$ 5,809,400

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

<u>Office</u>	Balance, December 31, <u>2016</u>	Balance, December 31, <u>2015</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, 2015	<u>\$ 100</u>
Balance December 31, 2016	<u>\$ 100</u>

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

<u>Year</u>	Balance, December 31, <u>2015</u>	2016 <u>Levy</u>	Senior Citizens' and Veterans' Deductions <u>Disallowed</u>	<u>Collected Cash</u>		Senior Citizens' and Veterans' Deductions <u>Allowed</u>	<u>Cancelled</u>	Transferred to Tax Title Liens	Balance, December 31, <u>2016</u>
				<u>2015</u>	<u>2016</u>				
2015	\$ 295,611	\$ -	\$ 620	\$ -	\$ 296,231	\$ -	\$ -	\$ -	\$ -
	295,611	-	620	-	296,231	-	-	-	-
2016	-	33,869,570	2,860	\$ 153,798	33,293,235	\$ 38,250	\$ 60,599	3,955	\$ 322,593
	<u>\$ 295,611</u>	<u>\$ 33,869,570</u>	<u>\$ 3,480</u>	<u>\$ 153,798</u>	<u>\$ 33,589,466</u>	<u>\$ 38,250</u>	<u>\$ 60,599</u>	<u>\$ 3,955</u>	<u>\$ 322,593</u>

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Analysis of 2016 Property Tax Levy

**TAX YIELD**

General Purpose Tax	\$ 33,815,632
Added Taxes	<u>53,938</u>
	<u>\$ 33,869,570</u>

**TAX LEVY**

Regional High School Tax	\$ 9,865,906
Local District School Tax	14,236,864
County Taxes - General	\$ 4,182,938
County Taxes - Open Space	43,041
Due County for Added Taxes	<u>6,766</u>
	4,232,745
Municipal Open Space Tax	173,147
Municipal Open Space Tax-Added	<u>276</u>
	173,423
Local Tax for Municipal Purposes	5,309,369
Additional Tax Levied	<u>51,263</u>
	<u>5,360,632</u>
	<u>\$ 33,869,570</u>

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

Balance, December 31, 2015	\$ 3,697
Increased by:	
Senior Citizens' Deductions Per Tax Billings	\$ 4,250
Veterans' Deductions Per Tax Billings	33,250
Senior Citizens Deductions Allowed by Tax Collector- 2016	<u>750</u>
	<u>38,250</u>
	41,947
Decreased by:	
Received in Cash - State	36,631
Senior Citizens' Deductions Disallowed by Tax Collector-2016	2,860
Senior Citizens' Deductions Disallowed by Tax Collector-2015	<u>620</u>
	<u>40,111</u>
Balance, December 31, 2016	<u><u>\$ 1,836</u></u>

EXHIBIT A-9

**STATEMENT OF TAX TITLE LIENS**

Balance, December 31, 2015	\$ 32,310
Increased by:	
Transfers from Taxes Receivable	<u>3,955</u>
Balance, December 31, 2016	<u><u>\$ 36,265</u></u>

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

Balance, December 31, 2015	<u>\$ 278,485</u>
Balance, December 31, 2016	<u>\$ 278,485</u>

**STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2015</u>	Awards Accrued in <u>2016</u>	<u>Received</u>	<u>Cancelled</u>	Balance December 31, <u>2016</u>
Municipal Drug Alliance Program	\$ 9,377	\$ 9,876	\$ 7,266	\$ 2,752	\$ 9,235
Drive Sober or Get Pulled Over	2,456	-	-	2,456	-
Recycling Tonnage		19,106	19,106		-
Body Armor - Federal	1,220	1,317	1,319		1,218
Community Development - Senior Citizen Programs	<u>4,125</u>	<u>3,530</u>	<u>3,740</u>	<u>385</u>	<u>3,530</u>
	<u>\$ 17,178</u>	<u>\$ 33,829</u>	<u>\$ 31,431</u>	<u>\$ 5,593</u>	<u>\$ 13,983</u>

2015 Appropriation Reserves	\$ 3,137
Charged to Operations	<u>2,456</u>
	<u>\$ 5,593</u>

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

	Balance, December 31, <u>2015</u>	Accrued in <u>2016</u>	<u>Collected</u>	Balance, December 31, <u>2016</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 10,800	\$ 10,800	
Other		6,725	6,725	
Health Officer				
Licenses		1,308	1,308	
Fees and Permits		100	100	
Planning Board				
Fees and Permits		3,250	3,250	
Police				
Fees and Permits		12,558	12,558	
Tax Collector				
Interest and Costs on Taxes	\$ 10,756	94,865	90,998	\$ 14,623
Zoning Board				
Fees and Permits		3,875	3,875	
Registrar of Vital Statistics				
Fees and Permits		2,010	2,010	
Construction Code Official				
Fees and Permits		226,750	226,750	
Municipal Court				
Fines and Costs	5,527	62,282	64,150	3,659
Golf Course Fees		569,006	569,006	
Golf Course Concession, Rent and Utilities	-	20,926	20,926	
Energy Receipts Tax		1,463,986	1,463,986	
Watershed Moratorium Offset Aid		38,540	38,540	
Interest on Investments and Deposits		33,511	33,511	
Uniform Fire Safety - Fees		7,190	7,190	
Cell Tower Leases	-	170,151	170,151	
River Vale Fuel Reimbursement		71,752	71,752	
Police Outside Duty Admin Fee		30,000	30,000	
Library Debt Service Reimbursement		83,612	83,612	
Library Contribution-Municipal Services	-	45,000	45,000	-
	<u>\$ 16,283</u>	<u>\$ 2,958,197</u>	<u>\$ 2,956,198</u>	<u>\$ 18,282</u>
		Cash Receipts	\$ 2,953,568	
		Prepaid Revenue Applied	<u>2,630</u>	
			<u>\$ 2,956,198</u>	

**BOROUGH OF OLD TAPPAN  
STATEMENT OF DEFERRED CHARGES  
EMERGENCY AUTHORIZATIONS**

	<u>Added in 2016</u>	<u>Balance, December 31, 2016</u>
Emergency Authorization (40A:4-47)	\$ 61,000	\$ 61,000

**STATEMENT OF DEFERRED CHARGES  
N.J.S. 40A:55 SPECIAL EMERGENCY**

	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Added in 2016</u>	<u>Balance, December 31, 2016</u>
Review of Master Plan	\$ 15,000	\$ 3,000	\$ 15,000	\$ 15,000

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

	Balance, December 31, <u>2015</u>	Encumbrances Payable <u>Restored</u>	<u>Transfers</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	<u>Cancelled</u>	Balance <u>Lapsed</u>
<u>Salaries and Wages</u>							
Administrative and Executive	\$ 416			\$ 416	\$ 289		\$ 127
Mayor and Council	2			2			2
Financial Administration	3			3			3
Assessment of Taxes	1			1			1
Fire	1			1			1
Fire Official	350			350			350
Police Department	2,224		\$ 9,400	11,624	11,559		65
Emergency Management Services	1			1			1
Road Repairs and Maintenance	58		2,500	2,558	2,537		21
Recycling	424			424	100		324
Administration of Public Assistance	1			1			1
Parks and Playgrounds	1			1			1
Golf Course	735		110	845	842		3
Municipal Court	246			246			246
Construction Code Official	3			3	-	-	3
Interlocal- Emerson Municipal Court	8	-	-	8	-	-	8
	<u>4,474</u>	<u>-</u>	<u>12,010</u>	<u>16,484</u>	<u>15,327</u>	<u>-</u>	<u>1,157</u>
<u>Other Expenses</u>							
Administrative and Executive	1,375			1,375	658		717
Mayor and Council	9			9	-		9
Financial Administration	1,374		2,900	4,274	3,370		904
Assessment of Taxes	2,942		(2,926)	16	-		16
Collection of Taxes	540		(500)	40	-		40
Legal Services and Costs	2,804		(2,700)	104	48		56
Engineering Services and Costs	1,945		(1,945)	-	-		-
Open Space Advisory	80			80			80
Senior Advisory	106			106			106
Planning Board	492		100	592	484		108
Insurance							
General Liability	32			32	-		32
Workers Compensation	1,132	\$ 199	(1,132)	199			199
Employee Group Health	1,890		(1,807)	83	1		82
Fire	883	252	(621)	514	-		514
Fire Hydrant Service	6,749			6,749			6,749
Fire Official	196	7		203			203
Police	2,654		(2,000)	654	116		538
Purchase of Police Vehicles/Equipment	54			54	-		54
Police Dispatch/911	508		(500)	8			8
Road Repair and Maintenance	3,197		(1,004)	2,193	157		2,036
Stormwater Management	433		1,100	1,533	1,522		11
Shade Tree Commission	1,455			1,455			1,455
Recycling		6		6			6
Public Buildings and Grounds	2,799			2,799	391		2,408
Public Buildings and Grounds Contractual	1,465			1,465	1,465		-
Vehicle Maintenance	2,971	330		3,301			3,301
Board of Health	108			108			108
Hepatitis B Program	333			333	333		-
Environmental Commission	90			90			90
Administration of Public Assistance	18			18			18
Parks and Playgrounds	299			299			299

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

	Balance, December 31, 2015	Encumbrances Payable Restored	Transfers	Balance After Modification	Paid or Charged	Cancelled	Balance Lapsed
<u>Other Expenses (Continued)</u>							
Golf Course	\$ 389		\$ 4	\$ 393	\$ 393		\$ -
Recreation Program Fees	430			430			430
Celebration of Public Events	33			33			33
Municipal Court	553			553			553
Construction Code Official	2,025		(1,500)	525	80		445
Utilities							
Electricity	3,768			3,768	3,470		298
Street Lighting	264			264	264		-
Telephone	375			375			375
Water	332		521	853	852		1
Gasoline	1,656	\$ 1,519		3,175			3,175
Contingent	5,000			5,000			5,000
Length of Service Awards (LOSAP)		9,350		9,350			9,350
Social Security Sys. (O.A.S.I.)	4			4			4
Defined Contribution Retirement Program	1			1			1
Clean Communities Grant	3,714			3,714	3,714		-
Drunk Driving Enforcement Fund	1,025			1,025	1,025		-
Municipal Alliance Program	1,539	2,421		3,960	1,208	\$ 2,752	-
Alcohol Education and Rehabilitation	768			768	768		-
Body Armor Replacement	2,817			2,817	2,817		-
Community Development - Senior Citizen	3,615	-	-	3,615	3,230	385	-
	<u>67,241</u>	<u>14,084</u>	<u>(12,010)</u>	<u>69,315</u>	<u>26,366</u>	<u>3,137</u>	<u>39,812</u>
	<u>\$ 71,715</u>	<u>\$ 14,084</u>	<u>\$ -</u>	<u>\$ 85,799</u>	<u>\$ 41,693</u>	<u>\$ 3,137</u>	<u>\$ 40,969</u>
Cash Disbursed					\$ 30,399		
Transfer to Reserve for Grants Appropriated					6,694		
Transfer to Accounts Payable					4,600		
Grants Receivable					-	\$ 3,137	
					<u>\$ 41,693</u>	<u>\$ 3,137</u>	

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

	Balance, December 31, <u>2015</u>	<u>Received</u>	<u>Paid</u>	Balance, December 31, <u>2016</u>
Sales Tax Payable	\$ 1,575	\$ 6,486	\$ 6,780	\$ 1,281
DCA Training Fees	<u>2,794</u>	<u>10,497</u>	<u>10,167</u>	<u>3,124</u>
	<u>\$ 6,323</u>	<u>\$ 16,983</u>	<u>\$ 16,947</u>	<u>\$ 4,405</u>

**STATEMENT OF PREPAID REVENUES**

	Balance, December 31, <u>2015</u>	<u>Received</u>	Applied to 2016 <u>Revenue</u>	Balance, December 31, <u>2016</u>
Prepaid Golf Membership Fees	\$ 2,630	\$ 1,931	\$ 2,630	\$ 1,931
	<u>\$ 2,630</u>	<u>\$ 1,931</u>	<u>\$ 2,630</u>	<u>\$ 1,931</u>

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

Balance, December 31, 2015	\$ 153,798
Increased by:	
Collection - 2017 Taxes	<u>170,647</u>
	324,445
Decreased by:	
Application to 2016 Taxes Receivable	<u>153,798</u>
Balance, December 31, 2016	<u><u>\$ 170,647</u></u>

**STATEMENT OF TAX OVERPAYMENTS**

Increased by:	
Overpayments Received	\$ 80,693
Decreased by:	
Refunds Paid	<u>75,245</u>
Balance, December 31, 2016	<u><u>\$ 5,448</u></u>

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2015	\$ 196,809
Increased by:	
Charges to 2016 Budget Appropriations	<u>290,792</u>
	487,601
Decreased by:	
Cash Disbursements	\$ 182,725
Encumbrances Restored to Appropriation Reserves	<u>14,084</u>
	<u>196,809</u>
Balance, December 31, 2016	<u><u>\$ 290,792</u></u>

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

Balance, December 31, 2015		\$	11,677
Increased by:			
Transfer from Appropriation Reserves			<u>4,600</u>
			16,277
Decreased by:			
Cash Disbursements	\$	1,623	
Cancelled to Operations		<u>242</u>	
			<u>1,865</u>
Balance, December 31, 2016		\$	<u>14,412</u>

**STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Balance, December 31, 2015			
School Tax Payable	\$	3,159,861	
School Tax Deferred		<u>4,085,860</u>	
			\$ 7,245,721
Increased by:			
Levy - School Year - July 1, 2016 to June 30, 2017			<u>14,236,864</u>
			21,482,585
Decreased by:			
Payments			<u>14,051,430</u>
Balance, December 31, 2016			
School Tax Payable		3,345,295	
School Tax Deferred		<u>4,085,860</u>	
			\$ <u>7,431,155</u>
2016 Liability for Local School Tax			
Tax Paid			\$ 14,051,430
Tax Payable at December 31, 2016			<u>3,345,295</u>
			17,396,725
Less Tax Payable December 31, 2015			<u>3,159,861</u>
Amount Charged to 2016 Operations			<u>\$ 14,236,864</u>

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

Increased by:

Levy - Calendar Year 2016	\$	9,865,906
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Decreased by:

Payments	\$	<u>9,865,906</u>
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EXHIBIT A-24

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2015	\$	11,663
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Increased by:

2016 Tax Levy:

General	\$	4,182,938
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Open Space Tax		<u>43,041</u>
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	\$	4,225,979
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Added Taxes (54:4-63.1)		<u>6,766</u>
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		<u>4,232,745</u>
--	--	------------------

		4,244,408
--	--	-----------

Decreased by:

Payments

		<u>4,237,642</u>
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Balance, December 31, 2016

	\$	<u>6,766</u>
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**BOROUGH OF OLD TAPPAN  
RESERVE FOR TAX APPEALS**

Balance, December 31, 2015	\$ 44,092
Increased by:	
Transfer from Current Year Tax Collections	<u>36,000</u>
	80,092
Decreased by:	
Refund of Prior Year Tax Court Judgements	<u>30,066</u>
Balance, December 31, 2016	<u>\$ 50,026</u>

**RESERVE FOR INSURANCE PROCEEDS**

Increased by:	
Cash Receipt	<u>\$ 54,254</u>
Balance, December 31, 2016	<u>\$ 54,254</u>

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED**

	Balance, December 31, <u>2015</u>	Transferred from Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2016</u>
Clean Communities Grant		\$ 3,714		\$ 3,714
Drunk Driving Enforcement Fund		616		616
Alcohol Education and Rehabilitation Fund	\$ 529	768		1,297
Body Armor Grant	<u>4,921</u>	<u>1,596</u>	<u>\$ 1,419</u>	<u>5,098</u>
	<u>\$ 5,450</u>	<u>\$ 6,694</u>	<u>\$ 1,419</u>	<u>\$ 10,725</u>
Cash Disbursements			<u>\$ 1,419</u>	

EXHIBIT A-28

**STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED**

	Balance, December 31, <u>2015</u>	<u>Received</u>	Revenue Realized in <u>Budget</u>	Balance, December 31, <u>2016</u>
Drunk Driving Enforcement Fund		\$ 2,098		\$ 2,098
Body Armor Grant - State	\$ 1,595	1,543	\$ 1,595	1,543
Alcohol Education and Rehabilitation Fund	413	544	413	544
Clean Communities Grant	<u>13,110</u>	<u>14,991</u>	<u>13,110</u>	<u>14,991</u>
	<u>\$ 15,118</u>	<u>\$ 19,176</u>	<u>\$ 15,118</u>	<u>\$ 19,176</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, 2015	\$ 2,095	\$ 1,689,420	\$ 33,496	\$ 367,337
Increased by Receipts:				
Dog License Fees	5,830			
Due to State of New Jersey	704	625		
Escrow Deposits		118,771		
Miscellaneous Reserves		1,279,195		
Interest on Deposits		412	128	943
Received from Current Fund		6,000		
2016 Open Space Tax Levy		-		173,423
Employees' Payroll Deductions		1,716,202	4,437	
Budget Appropriations	-	-	20,000	-
	<u>6,534</u>	<u>3,121,205</u>	<u>24,565</u>	<u>174,366</u>
	<u>8,629</u>	<u>4,810,625</u>	<u>58,061</u>	<u>541,703</u>
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.11	6,008			
Payments to State of New Jersey	698	675	14,299	
Escrow Deposits		189,386		
Miscellaneous Reserves		1,330,641		
Payroll Disbursements		1,716,202		
Payments to Current Fund		414		
Open Space Preservation Expenditures	-	-	-	170,212
	<u>6,706</u>	<u>3,237,318</u>	<u>14,299</u>	<u>170,212</u>
Balance, December 31, 2016	<u>\$ 1,923</u>	<u>\$ 1,573,307</u>	<u>\$ 43,762</u>	<u>\$ 371,491</u>

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

Balance, December 31, 2015	\$ 2
Increased by:	
2016 State Fees Collected	<u>704</u>
	706
Decreased by:	
Payments to State of New Jersey	<u>698</u>
Balance, December 31, 2016	<u><u>\$ 8</u></u>

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

Balance, December 31, 2015	\$ 2,093
Increased by:	
Dog License Fees Collected	<u>5,830</u>
	7,923
Decreased by:	
Payments Under R.S. 4:19-15.11	<u>6,008</u>
Balance, December 31, 2016	<u><u>\$ 1,915</u></u>

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

Balance, December 31, 2015	\$ 450
Increased by:	
Fees Collected	<u>625</u>
	1,075
Decreased by:	
Payment to State of New Jersey	<u>675</u>
Balance, December 31, 2016	<u><u>\$ 400</u></u>

EXHIBIT B-7

**STATEMENT OF PAYROLL DEDUCTIONS PAYABLE**  
**OTHER TRUST FUND**

Increased by:	
Deposits	\$ 1,716,202
Decreased by:	
Disbursements	<u><u>\$ 1,716,202</u></u>

EXHIBIT B-8

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

Balance, December 31, 2015 (Due from)	\$ 5,965
Increased by:	
Payments to Current Fund	<u>414</u>
	6,379
Decreased by:	
Cash Receipts from Current Fund	\$ 6,000
Interest Earned on Deposits	<u>412</u>
	<u>6,412</u>
Balance, December 31, 2016 (Due to)	<u><u>\$ 33</u></u>

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

Balance, December 31, 2015	\$ 429,960
Increased by:	
Deposits Received	<u>118,771</u>
	548,731
Decreased by:	
Cash Disbursements	<u>189,386</u>
Balance, December 31, 2016	<u>\$ 359,345</u>

EXHIBIT B-10

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

	Balance, December 31, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
Parking Offense Adjudication Act Fines	\$ 617	\$ 22		\$ 639
Fire Prevention Penalties	1,550			1,550
Recreation Fees	155,705	254,516	\$ 241,390	168,831
Miscellaneous Deposits	2,300			2,300
Affordable Housing Fees	576,333	113,871	17,055	673,149
Municipal Alliance Donations	52,028	538	5,100	47,466
Golf Course Donations	6,879	4,728	5,335	6,272
Tree Preservation Donations	26,000	200		26,200
Premium on Tax Title Liens	244,800	220,100	370,500	94,400
Tax Sale Redemption	2,780	539,927	540,540	2,167
Police Equipment Donations	83,439	250		83,689
Fire Department Donations	55,007	175	33,782	21,400
Outside Police Duty Services	36,037	118,347	110,000	44,384
Stone Point Park Donations	500	750		1,250
Snow Removal Costs	6,000	6,000		12,000
Municipal Alliance Fundraising		19,771	6,939	12,832
Bonnabel Park Bequest	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
	<u>\$ 1,264,975</u>	<u>\$ 1,279,195</u>	<u>\$ 1,330,641</u>	<u>\$ 1,213,529</u>
Cash Receipts		\$ 1,279,195		
Cash Disbursements		<u>-</u>	<u>\$ 1,330,641</u>	
		<u>\$ 1,279,195</u>	<u>\$ 1,330,641</u>	

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

Balance, December 31, 2015			\$	33,496
Increased by:				
Employee Contributions		\$	4,437	
Interest on Deposits			128	
Budget Appropriation				
Current Fund	\$	12,000		
Sewer Utility Operating Fund		<u>8,000</u>		
			<u>20,000</u>	
				<u>24,565</u>
				58,061
Decreased by:				
Unemployment Claims - Due to State of New Jersey				<u>14,299</u>
Balance, December 31, 2016			\$	<u>43,762</u>

EXHIBIT B-12

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

Increased by:				
Charges to Reserve for Unemployment Compensation Insurance Claims			\$	14,299
Decreased by:				
Payments to State of New Jersey			\$	<u>14,299</u>

EXHIBIT B-13

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

Balance, December 31, 2015			\$	367,337
Increased by:				
2016 Tax Levy	\$	173,147		
2016 Added Tax Levy		<u>276</u>		
			\$	173,423
Interest on Deposits			<u>943</u>	
				<u>174,366</u>
				541,703
Decreased by:				
Payments for Open Space Preservation Expenditures				<u>170,212</u>
Balance, December 31, 2016			\$	<u>371,491</u>

**GENERAL CAPITAL FUND**

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

Balance, December 31, 2015		\$ 2,510,585
Increased by:		
Budget Appropriation - Capital Improvement Fund	\$ 150,000	
Receipts from Open Space Trust Fund	45,000	
Grants Receivable	97,237	
Bid Specification Receipts- Fund Balance	3,600	
Reserve for Sidewalk Improvements - Developer Fees	<u>26,082</u>	
		<u>321,919</u>
		2,832,504
Decreased by:		
Improvement Authorizations	641,876	
Contracts Payable	<u>1,215,832</u>	
		<u>1,857,708</u>
Balance, December 31, 2016		<u><u>\$ 974,796</u></u>

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

	December 31, <u>2016</u>
Fund Balance	\$ 51,201
Contracts Payable	486,855
Capital Improvement Fund	27,512
Reserve for Payment of Bonds	59,442
Reserve for Sidewalk Improvements	224,525
Reserve for Capital Improvements	698
Grants Receivable	(473,105)

Ord. <u>No.</u>	<u>Improvement Description</u>	
1045	Various Public Improvements	36,391
1057/1084	Various Improvements and Acquisition of Various Equipment and Vehicles	31,541
1067	Various Improvements and Acquisition of Various Equipment and Vehicles	13,110
1079	Various Improvements and Acquisition of Various Equipment and Vehicles	139,990
1085	Stone Point Park Basketball Court Project	59,793
1088	Installation of Handicap Accessible Bathrooms at Hold Course	7,706
1094	Various Improvements and Acquisition of Various Equipment and Vehicles	306,931
1099	Improvements to Russell Ave and Irving Street	<u>2,206</u>
		<u>\$ 974,796</u>

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

Ord. No.	Grantor	Balance, December 31, 2015	Grant Awards	Cash Receipts	Balance, December 31, 2016	Balance, Pledged To	
						Impvt. Authori- zations	Reserve
16 1045-12	Dept. of Transportation - Sidewalk Grant	\$ 260,161		\$ 59,442	\$ 200,719		\$ 200,719
1084-15	FEMA Grant	75,000			75,000	\$ 75,000	
1085-15	Bergen County Open Space	87,500			87,500	87,500	
1088-15	CDBG - Handicap Accessible Bathrooms	43,900		37,795	6,105	6,105	
1094-16	Dept. of Transportation - Sidewalk Grant		\$ 149,000		149,000	149,000	
1099-16	Dept. of Transportation - Roadway Improvements	<u>-</u>	<u>155,500</u>	<u>-</u>	<u>155,500</u>	<u>155,500</u>	<u>-</u>
		<u>\$ 466,561</u>	<u>\$ 304,500</u>	<u>\$ 97,237</u>	<u>\$ 673,824</u>	<u>\$ 473,105</u>	<u>\$ 200,719</u>
	Improvement Authorizations		<u>\$ 304,500</u>				

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

Balance, December 31, 2015		\$ 7,551,831
Decreased by:		
Budget Appropriation to Pay Bonds	\$ 975,000	
Open Space Preservation Tax Levy to Pay Loans	<u>38,153</u>	
		<u>1,013,153</u>
Balance, December 31, 2016		<u>\$ 6,538,678</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2015</u>	2016 <u>Authorization</u>	Authorizations <u>Cancelled</u>	Balance, December 31, <u>2016</u>	<u>Analysis of Balance</u>
						<u>Unexpended Improvement Authorizations</u>
1045	Various Public Improvements	\$ 90		\$ 90		
1099	Improvements to Russell Avenue and Irving Street	-	\$ 40,000	-	\$ 40,000	\$ 40,000
		<u>\$ 90</u>	<u>\$ 40,000</u>	<u>\$ 90</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>
Improvement Authorizations - Unfunded						<u>\$ 40,000</u>

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

Balance, December 31, 2015	\$ 1,215,832
Increased by:	
Charges to Improvement Authorizations	<u>486,855</u>
	1,702,687
Decreased by:	
Payments	<u>1,215,832</u>
Balance, December 31, 2016	<u>\$ 486,855</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2015	\$ 29,612
Increased by:	
2016 Budget Appropriation	<u>150,000</u>
	179,612
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>152,100</u>
Balance, December 31, 2016	<u>\$ 27,512</u>

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

2016 Authorizations

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2015		Capital Improvement Fund	Deferred Charges Unfunded	Capital Fund Balance	Grants	Open Space Trust Fund	Reserve for Sidewalk Improvements	Cancelled	Paid or Charged	Balance, December 31, 2016		
			Funded	Unfunded									Funded	Unfunded	
General Improvements															
954/956	Construction of Police Headquarters-Supplemental	\$ 1,800,000	\$ 18,523								\$ 18,523				
986	Various Public Improvements	863,000	10								10				
1011	Various Public Improvements and Equipment Acquisitions	428,000	60								60				
1023	Redevelopment of a Well at Golf Course	6,900	36								36				
1032	Various Public Improvements	623,500	55,278								53,660	\$ 1,618			
1045	Various Public Improvements	1,775,000	82,783	\$ 90							30,189	16,293	\$ 36,391		
1049	Renovation of Former Police Station for Use of Senior Center	381,000	11,492								11,492		-		
1052	Acquisition of DPW Equipment	90,000	795								795		-		
1057/1084	Various Improvements and Acquisition of Various Equipment and Vehicles	517,500	227,611								5,342	190,728	31,541		
1067	Various Improvements and Acquisition of Various Equipment and Vehicles	275,000	37,740								3,971	20,659	13,110		
1077	Acquisition of a Four Wheel Drive Emergency Vehicle	32,000	1,614								571	1,043	-		
1079	Various Improvements and Acquisition of Various Equipment and Vehicles	2,405,000	561,590								7,500	414,100	139,990		
1085	Stone Point Park Basketball Court Project	175,000	173,157									113,364	59,793		
1088	Installation of Handicap Accessible Bathrooms at the Golf Course	50,000	49,569	-								41,863	7,706	-	
1094	Various Capital Improvements and the Acquisition of Various Equipment	482,700			\$ 152,100		\$ 118,600	\$ 149,000	\$ 45,000	\$ 18,000		175,769	306,931		
1099	Improvement to Russell Avenue and Irving Street	195,500	-	-	-	\$ 40,000	-	155,500	-	-	-	153,294	2,206	\$ 40,000	
			\$ 1,220,258	\$ 90	\$ 152,100	\$ 40,000	\$ 118,600	\$ 304,500	\$ 45,000	\$ 18,000	\$ 132,149	\$ 1,128,731	\$ 597,668	\$ 40,000	
Capital Fund Balance											\$ 132,059				
Deferred Charges- Unfunded											90				
Cash Disbursements											\$ 641,876				
Contracts Payable											-	486,855			
											\$ 132,149	\$ 1,128,731			

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

Balance, December 31, 2015	\$ 216,443
Increased by:	
Developer Fees Received	<u>26,082</u>
	242,525
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>18,000</u>
Balance, December 31, 2016	<u>\$ 224,525</u>

**STATEMENT OF RESERVE FOR CAPITAL IMPROVEMENTS**

Balance, December 31, 2015	<u>\$ 698</u>
Balance, December 31, 2016	<u>\$ 698</u>

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Increased by:	
Grant Receipts on Fully Funded Ordinance	<u>\$ 59,442</u>
Balance, December 31, 2016	<u>\$ 59,442</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding</u>		<u>Interest Rate</u>	<u>Balance,</u>	<u>Decreased</u>	<u>Balance,</u>
			<u>December 31, 2016</u>	<u>December 31, 2016</u>		<u>December 31,</u>		<u>December 31,</u>
			<u>Date</u>	<u>Amount</u>		<u>2015</u>		<u>2016</u>
Acquisition of Land (Open Space)	11/17/2000	\$ 653,625	2017-2020	Various	2.00%	\$ 177,831	\$ 38,153	\$ 139,678
Paid by Open Space Preservation Trust Fund							\$ 38,153	

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance, December 31, 2015	Decreased	Balance, December 31, 2016
			Date	Amount				
General Bonds of 2010	7/15/2010	2,120,000	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	\$ 1,670,000	\$ 160,000	\$ 1,510,000
General Bonds of 2012	11/15/2012	1,780,000	2017-2019	150,000	1.00-2.00			
			2020-2023	200,000	2.00	1,400,000	150,000	1,250,000
General Refunding Bonds of 2014 (Series A)	8/15/2014	2,110,000	2017	420,000	3.00-4.00	1,705,000	420,000	1,285,000
			2018	430,000	4.00			
			2019	435,000	4.00			
General Refunding Bonds of 2014 (Series B)	8/15/2014	585,000	2017-2018	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	525,000	60,000	465,000
General Improvement Bonds of 2015	8/15/2015	2,074,000	2017	190,000	1.00			
			2018	195,000	2.00			
			2019	200,000	2.00			
			2020	205,000	2.00			
			2021	210,000	2.00			
			2022	215,000	2.00			
			2023	220,000	2.00			
			2024	225,000	2.00			
			2025	229,000	2.00	2,074,000	185,000	1,889,000
						<u>\$ 7,374,000</u>	<u>\$ 975,000</u>	<u>\$ 6,399,000</u>
Paid by Budget Appropriation						\$ 975,000		

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, <u>2015</u>	2016 <u>Authorizations</u>	<u>Cancelled</u>	Balance, December 31, <u>2016</u>
1045	Various Public Improvements	\$ 90		\$ 90	
1099	Improvements of Russell Avenue and Irving Street	-	\$ 40,000	-	\$ 40,000
		<u>\$ 90</u>	<u>\$ 40,000</u>	<u>\$ 90</u>	<u>\$ 40,000</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, 2015	\$ 235,342	\$ 1,784,965	\$ 171,968
Increased by Receipts:			
Consumer Accounts Receivable	\$ 1,094,041		
Interest on Assessments		\$ 64,145	
Assessments Receivable		637,668	
Receipts from Current Fund	1,596	-	
Receipts from Sewer Assessment Fund	144,713		
Sewer Fee Overpayments	1,697		
Non-Budget Revenue	34,242	-	-
	<u>1,276,289</u>	<u>701,813</u>	<u>-</u>
	1,511,631	2,486,778	171,968
Decreased by Disbursements:			
2016 Budget Appropriations	1,074,524		
2015 Appropriation Reserves	243		
Interest on Bonds and Loans	97,879		
Serial Bonds	-	175,000	
Improvement Authorizations			37,760
Encumbrances Payable	14,944		
Refund Sewer User Fees	653		
Refund Prior Year Assessment Overpayment		167	
Environmental Infrastructure Loans		619,486	
Payments to Sewer Utility Operating Fund		144,713	
Payments to Current Fund	5,506	-	-
	<u>1,193,749</u>	<u>939,366</u>	<u>37,760</u>
Balance, December 31, 2016	<u>\$ 317,882</u>	<u>\$ 1,547,412</u>	<u>\$ 134,208</u>

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

	Balance, December 31, 2016
Fund Balance	\$ 81,877
Assessment Serial Bonds and Loans	
Ord. 624/626- Improvements to Sanitary Sewerage System - DeBerg Dr.	211,037
Ord. 654/665- Improvements to Sanitary Sewerage System - Area A	747,570
Ord. 708- Improvements to Sanitary Sewerage System - Orangeburg Rd. So./Greenswood/Olsen	363,368
Ord. 778/797/845/870 2002 and 2004 Sewer Project Areas	143,560
	<u>\$ 1,547,412</u>

**ANALYSIS OF CASH  
SEWER UTILITY CAPITAL FUND**

	Balance December 31, 2016
Contracts Payable	\$ 5,032
Reserve for Sewer Assessment Debt	171,968
<u>Improvement Authorizations</u>	
<u>Ord. No.</u>	<u>Improvement Description</u>
1093	Replacement of a Channel Grinder at Pump Station No. 1
	<u>(42,792)</u>
	<u>\$ 134,208</u>

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

Balance, December 31, 2015		\$ 44,607
Increased by:		
Sewer Rents Levied		<u>1,086,253</u>
		1,130,860
Decreased by:		
Sewer Rents Collected:		
Cash Receipts	\$ 1,094,041	
Overpayments Applied	<u>8</u>	
		<u>1,094,049</u>
Balance, December 31, 2016		<u>\$ 36,811</u>

EXHIBIT D-11

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

Balance, December 31, 2015		\$ 80,568
Increased by:		
Interest on Assessments		<u>64,145</u>
		144,713
Decreased by:		
Payments to Sewer Utility Operating Fund		<u>\$ 144,713</u>

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

Ord. No.	Improvement Description	Date of Confirmation	Annual Install- ments	Due Dates	Balance, December 31, 2015	Adjustment	Collected	Balance, December 31, 2016	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	\$ 117,703	\$ 167	\$ 72,577	\$ 45,293	\$ 43,963	\$ 1,330
654/665	Improvements to Sanitary Sewerage System- Area A	10/15/2001	18	10/15/2001-10/15/2018	710,453		298,199	412,254	315,844	96,410
708	Improvements to Sanitary Sewerage System- Orangeburg Road South	10/7/2002	18	10/7/2002-10/7/2019	415,738	-	123,996	291,742	291,742	
708	Improvements to Sanitary Sewerage System- Greenwoods Road	10/7/2002	18	10/7/2002-10/7/2019	145,587		43,169	102,418	102,418	
708	Improvements to Sanitary Sewerage System- Olsen Lane	10/7/2002	18	10/7/2002-10/7/2019	16,436	-	6,029	10,407	10,407	
797	Improvements to Sanitary Sewerage System- Demarest Lane	4/19/2004	18	4/19/2004-4/19/2021	1,639		254	1,385	1,385	
778/ 797	Improvements to Sanitary Sewerage System- 2002 Sewer Project Areas	10/4/2004	18	10/4/2004-10/4/2021	165,795		37,320	128,475	107,931	20,544
845/870	Improvements to Sanitary Sewer System 2004 Sewer Project Areas	10/17/2005	18	10/17/2005-10/17/2022	<u>253,858</u>	<u>-</u>	<u>56,124</u>	<u>197,734</u>	<u>197,734</u>	<u>-</u>
					<u>\$ 1,827,209</u>	<u>\$ 167</u>	<u>\$ 637,668</u>	<u>\$ 1,189,708</u>	<u>\$ 1,071,424</u>	<u>\$ 118,284</u>
Refund of Prior Year Assessment Overpayment						<u>\$ 167</u>				

**BOROUGH OF OLD TAPPAN  
STATEMENT OF DEFERRED CHARGES- EMERGENCY AUTHORIZATION  
SEWER UTILITY OPERATING FUND**

	<u>Added in 2016</u>	<u>Balance December 31, 2016</u>
Emergency Authorization (40A:4-47)	\$ 19,985	\$ 19,985

**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, 2015</u>	<u>Balance, December 31, 2016</u>	<u>Balance, Pledged to Assessment Bonds/Loans</u>
708	Impvts. To Sanitary Sewer- Orangeburg Rd. So.	\$ 22,323	\$ 22,323	\$ 22,323
845/870	Impvts. to Sanitary Sewers 2004 Sewer Project Areas	<u>34,390</u>	<u>34,390</u>	<u>34,390</u>
		<u>\$ 56,713</u>	<u>\$ 56,713</u>	<u>\$ 56,713</u>
			Bonds \$ 34,390	
			Loans <u>22,323</u>	
			<u>\$ 56,713</u>	

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

	Balance, December 31, 2015	<u>Additions by</u> <u>Budget</u> <u>Capital</u> <u>Outlay</u>	Balance, December 31, 2016
<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	141,735	\$ 7,534	149,269
<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>\$ 18,415,785</u>	<u>\$ 7,534</u>	<u>\$ 18,423,319</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
SEWER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	2016	
		<u>Authorizations</u>	Balance,
		Deferred Charges to Future <u>Revenue</u>	December 31, <u>2016</u>
1093	Replacement of Channel Grinder Pump Station No. 1	\$ 52,500	\$ 52,500
		<u>\$ 52,500</u>	<u>\$ 52,500</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF DUE TO CURRENT FUND  
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2015	\$ 3,910
Increased by:	
Receipts from Current Fund	<u>1,596</u>
	5,506
Decreased by:	
Payments to Current Fund	<u>\$ 5,506</u>

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

	Balance, December 31, <u>2015</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating				
Salaries	\$ 10,071	\$ 10,071	\$ 243	\$ 9,828
Other Expenses	<u>8,690</u>	<u>11,703</u>	<u>-</u>	<u>11,703</u>
Total Operating	<u>18,761</u>	<u>21,774</u>	<u>243</u>	<u>21,531</u>
Appropriation Reserves		\$ 18,761		
Encumbrances Cancelled		<u>3,013</u>		
		<u>\$ 21,774</u>		

**STATEMENT OF CONTRACTS PAYABLE  
SEWER UTILITY CAPITAL FUND**

Increased by:	
Charges to Improvement Authorizations	<u>\$ 5,032</u>
Balance, December 31, 2016	<u>\$ 5,032</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS  
SEWER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Ordinance <u>Amount</u>	2016 <u>Authorizations</u>	<u>Paid or Charged</u>	Balance, December 31,
			<u>Deferred Charges to Future Revenues</u>		<u>2016 Unfunded</u>
1093	Replacement of Channel Grinder Pump Station No. 1	\$ 52,500	\$ <u>52,500</u>	\$ <u>42,792</u>	\$ <u>9,708</u>
			Cash Disbursed	\$ 37,760	
			Contracts Payable	<u>5,032</u>	
				\$ <u>42,792</u>	

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

Balance, December 31, 2015		\$ 17,957
Increased by:		
Charges to 2016 Budget Appropriations		<u>47,132</u>
		65,089
Decreased by:		
Payments	\$ 14,944	
Cancellations Restored to Appropriation Reserves	<u>3,013</u>	
		<u>17,957</u>
Balance, December 31, 2016		<u><u>\$ 47,132</u></u>

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

Balance, December 31, 2015		\$ 42,035
Increased by:		
Charges to Budget Appropriations for Interest		<u>89,599</u>
		131,634
Decreased by:		
Interest Paid		<u>97,879</u>
Balance, December 31, 2016		<u><u>\$ 33,755</u></u>

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

Balance, December 31, 2015	\$ 8
Increased by:	
2016 Overpayments Received	<u>1,697</u>
	1,705
Decreased by:	
Overpayments Refunded	<u>8</u>
Balance, December 31, 2016	<u>\$ 1,697</u>

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

Balance, December 31, 2015	\$ 18,415,785
Increased by:	
Capital Outlay - Operating Budget	<u>7,534</u>
Balance, December 31, 2016	<u>\$ 18,423,319</u>

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

Ord. No.	Improvement Description	Balance December 31, 2015	Balance December 31, 2016
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-26

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

Ord. No.	Description	Balance December 31, 2015	Assessments Receivable Adjustments	Balance December 31, 2016
626/668	Improvements to Sanitary Sewer- Deberg Drive	\$ 1,163	\$ 167	\$ 1,330
654/665	Improvement to Sanitary Sewerage System - Area A	\$ 96,410		96,410
778/797	Sanitary Sewer - 2002 Sewer Project Areas	<u>20,544</u>	<u>-</u>	<u>20,544</u>
		<u>\$ 118,117</u>	<u>\$ 167</u>	<u>\$ 118,284</u>

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

Purpose	Date of Loan	Original Loan	Maturities of Loans		Interest Rate	Balance, December 31, 2015	Decreased	Balance, December 31, 2016
			December 31, 2016 Date	Outstanding Amount				
Construction of Sanitary Sewers- Trust Loan - Area "A"-Series 1999 Refunding Series 2006B	11/1/1999	\$ 3,415,000	8/1/2017	233,900	5.50%			
			8/1/2018	246,940	5.70%			
			8/1/2019	255,579	5.70%	\$ 962,181	\$ 225,762	\$ 736,419
Construction of Sanitary Sewers- Fund Loan - Area "A"-Series 1999	11/1/1999	3,193,990	2/1/2017	8,955				
			8/1/2017	167,654				
			2/1/2018	4,592				
			8/1/2018	145,794	None	505,767	178,772	326,995
Construction of Sanitary Sewers- Trust Loan - Orangeburg Rd. So. Series 2000 Refunding Series 2006A Refunding Series 2010A	11/1/2000	1,960,000	8/1/2017	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%	635,090	114,163	520,927
Construction of Sanitary Sewers- Fund Loan - Orangeburg Rd. So.	11/1/2000	1,828,595	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	370,120	100,789	269,331
						\$ 2,473,158	\$ 619,486	\$ 1,853,672
						</		

**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, 2016</u>		<u>Interest Rate</u>	<u>Balance,</u>	<u>Decreased</u>	<u>Balance,</u>
			<u>Date</u>	<u>Amount</u>		<u>December 31, 2015</u>		<u>December 31, 2016</u>
Refunding Assessment Bonds Ord. 624,626,668	7/15/2010	\$ 730,000	2017-2019	\$ 85,000	2.00-2.625%	340,000	85,000	\$ 255,000
Refunding Assessment Bonds Ord. 778/797/845/870	7/10/2014	665,000	2017-2019	90,000	2.00-4.00%	<u>575,000</u>	<u>90,000</u>	<u>485,000</u>
			2020-2021	85,000	4.00%			
			2022	45,000	3.00%			
						<u>\$ 915,000</u>	<u>\$ 175,000</u>	<u>\$ 740,000</u>
Paid by Sewer Assessment Cash							<u>\$ 175,000</u>	

**STATEMENT OF AUTHORIZED BUT NOT ISSUED  
SEWER UTILITY CAPITAL FUND**

<u>Ord. No.</u>	<u>Purpose</u>	<u>2016 Authorization</u>	<u>Balance, December 31, 2016</u>
1093	Replacement of Channel Grinder	<u>\$ 52,500</u>	<u>\$ 52,500</u>

**PUBLIC ASSISTANCE FUND**

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

	<u>Account #1</u>
Balance, December 31, 2015	\$ 93,242
Increased by:	
Receipts	<u>9,320</u>
	102,562
Decreased by:	
Disbursements	<u>8,585</u>
Balance, December 31, 2016	<u>\$ 93,977</u>

**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

	<u>Account #1</u>
Balance, December 31, 2015	\$ 93,242
Increased by:	
Revenues	<u>9,320</u>
	102,562
Decreased by:	
Expenditures	<u>8,585</u>
Balance, December 31, 2016	<u>\$ 93,977</u>

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

	<u>Account #1</u>
Donations	\$ 9,320
Total Receipts/Revenues	<u>\$ 9,320</u>

**STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES**

	<u>Account #1</u>
Current Year Assistance	
Assistance Ineligible for State Aid	\$ 8,585
Total Disbursements/Expenditures	<u>\$ 8,585</u>

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

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**PART II  
GOVERNMENT AUDITING STANDARDS  
YEAR ENDED DECEMBER 31, 2016**



# 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  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, 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  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA, PSA

## 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, 2016, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2017. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared 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 financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Lerch, Vinci & Higgins, LLP*

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



Jeffery C. Bliss  
Registered Municipal Accountant  
RMA Number CR00429

Fair Lawn, New Jersey  
June 30, 2017

**BOROUGH OF OLD TAPPAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>CFDA Number</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>2016 Grant Receipts</u>	<u>Balance, January 1, 2016</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Adjustments/ Cancelled</u>	<u>Balance, December 31, 2016</u>	<u>Cumulative Expended</u>
U.S. Dept. of Housing and Urban Development (Passed through County Dept. of Community Development) Community Development Block Grants	14.218										
Senior Citizens' Programs		CDOTSC13	2013/14	\$ 3,274		\$ 3,274			\$ 3,274		\$ 3,274
Senior Citizens' Programs		CDOTSC16	2016/17	3,530			\$ 3,530			3,530	
Senior Citizens' Programs		CDOTSC15	2015/16	4,125	\$ 3,740	3,615		\$ 3,230	385	-	3,740
Handicapped Accessible Bathrooms (Ord. 1088)		CDOTH15	2015/16	43,900	37,795	43,900		37,795		6,105	37,795
U.S. Dept. of Homeland Security Disaster Grants - Public Assistance (Passed Through N.J. State Police) FEMA (Ord. 1084)	97.036										
		066-1200-100-xxx	2015	75,000		75,000	-			75,000	
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	2016	1,317	1,319		1,317			1,317	
			2015	1,220		1,220	-	-	-	1,220	
						<u>\$ 127,009</u>	<u>\$ 4,847</u>	<u>\$ 41,025</u>	<u>\$ 3,659</u>	<u>\$ 87,172</u>	

(A)- Encumbrances restored

Note - This Schedule was not subject to a single audit in accordance with U.S. Uniform Guidance

**BOROUGH OF OLD TAPPAN**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2016 Grant Receipts</u>	<u>Balance January 1, 2016</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Payables Cancelled</u>	<u>Grants Cancelled</u>	<u>Balance, December 31, 2016</u>	<u>Cumulative Expended</u>
Drunk Driving Enforcement	1110-448-031020-22	2016	\$ 2,098	\$ 2,098							
		2014	2,826		\$ 1,025		\$ 409			\$ 616	2,210
Municipal Drug and Alcohol Alliance Program (Passed through County of	N/A	2016	9,876		-	\$ 9,876	5,091			4,785	5,091
		2015	9,876	7,266	1,539		1,208	\$ 2,421	\$ 2,752	-	7,124
										-	
Recycling Tonnage Grant	042-4900-752-001	2016	19,106	19,106		19,106	19,106			-	19,106
Clean Communities Grant	042-4900-765-004	2016	14,991	14,991							
		2015	13,110			13,110	4,712			8,398	4,712
		2014	10,788		3,714					3,714	7,074
Alcohol Education & Rehabilitation Pgm.	4250-760-050000-63	2016	544	544							
		2015	413			413				413	
		2014	768		768	-				768	
		2013	475		475					475	
		2012	54		54					54	
Body Armor Replacement Fund	066-1020-718-001	2016	1,543	1,543							
		2015	1,595			1,595				1,595	
		2014	1,597		1,597		1,221			376	1,221
		2013	1,984		1,984					1,984	
		2012	2,290		2,290		772			1,518	772
		2011	1,608		647		647			-	961
Department of Transportation											
Local Municipal Aid - Sidewalk Improvements (Ord. 1045)	078-6320-480-ALL	2014	299,000	59,442	260,161	-	59,442	-	-	200,719	98,281
Local Municipal Aid - Sidewalk Improvements (Ord. 1094)	078-6320-480-ALW	2016	149,000		-	149,000	-	-	-	149,000	-
Local Municipal Aid - Roadway Improvements (Ord. 1099)		2016	155,500		-	155,500	-	-	-	155,500	
					<u>\$ 274,254</u>	<u>\$ 348,600</u>	<u>\$ 92,608</u>	<u>\$ 2,421</u>	<u>\$ 2,752</u>	<u>\$ 529,915</u>	

Note - This Schedule was not subject to a single audit in accordance with NJ 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, 2016**

**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	\$ 4,847	\$ 44,100	\$ 48,947
General Capital Fund	<u>-</u>	<u>304,500</u>	<u>304,500</u>
Total Financial Awards	<u>\$ 4,847</u>	<u>\$ 348,600</u>	<u>\$ 353,447</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, 2016**

**NOTE 5 STATE LOANS OUTSTANDING**

The Borough's state loans outstanding at December 31, 2016, 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>Total</u>
Dept. of Environmental Protection-		
Green Trust Loan Program	4800-553-851000-60	\$ 139,678
Environmental Infrastructure Loan (1999 Loan)	4800-504-993150-60	1,063,414
Environmental Infrastructure Loan (2000 Loan)	4800-534-094802-60	<u>790,258</u>
		<u>\$ 1,993,350</u>

**BOROUGH OF OLD TAPPAN  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

*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, 2016**

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, 2016**

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, 2016**

**BOROUGH OF OLD TAPPAN  
SUPPLEMENTARY DATA**

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

	<u>Year 2016</u>		<u>Year 2015</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 800,000	2.12%	\$ 800,000	2.15%
Miscellaneous - From Other Than Local				
Property Tax Levies	3,192,144	8.45%	3,179,381	8.54%
Collection of Delinquent Taxes and Tax Title Liens	296,231	0.78%	280,989	0.75%
Collection of Current Tax Levy	33,446,423	88.53%	32,904,879	88.38%
Other Credits	<u>45,121</u>	<u>0.12%</u>	<u>67,570</u>	<u>0.18%</u>
Total Income	<u>37,779,919</u>	<u>100.00%</u>	<u>37,232,819</u>	<u>100.00%</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	8,516,404	23.00%	8,352,565	22.93%
County Taxes	4,232,745	11.43%	4,169,225	11.44%
Local and Regional School Taxes	24,102,770	65.08%	23,728,828	65.13%
Municipal Open Space Tax	173,423	0.47%	173,045	0.48%
Other Expenditures	<u>9,325</u>	<u>0.02%</u>	<u>6,952</u>	<u>0.02%</u>
Total Expenditures	<u>37,034,667</u>	<u>100.00%</u>	<u>36,430,615</u>	<u>100.00%</u>
Less: Expenditures to be Raised by Future Revenue	<u>76,000</u>		<u>-</u>	
Total Adjusted Expenditures	<u>36,958,667</u>		<u>36,430,615</u>	
Excess in Revenue	821,252		802,204	
Fund Balance, January 1	<u>1,724,117</u>		<u>1,721,913</u>	
	2,545,369		2,524,117	
Less Utilization as Anticipated Revenue	<u>800,000</u>		<u>800,000</u>	
Fund Balance, December 31	<u>\$ 1,745,369</u>		<u>\$ 1,724,117</u>	

**BOROUGH OF OLD TAPPAN  
SUPPLEMENTARY DATA**

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

	<u>Year 2016</u>		<u>Year 2015</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 95,000	7.26%	\$ 130,000	10.04%
Collection of Sewer User Fees	1,094,049	83.58%	1,065,250	82.25%
Miscellaneous- From Other Than				
Sewer User Fees	64,145	4.90%	80,568	6.22%
Non-Budget Revenue	34,242	2.62%	10,443	0.81%
Other Credits to Income	<u>21,531</u>	<u>1.64%</u>	<u>8,839</u>	<u>0.68%</u>
Total Income	<u>1,308,967</u>	<u>100.00%</u>	<u>1,295,100</u>	<u>100.00%</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Operating	1,054,678	86.29%	1,041,610	85.91%
Capital Improvements	7,800	0.64%	7,500	0.62%
Debt Service	89,599	7.33%	114,342	9.43%
Deferred Charges and Statutory Expenditures	69,485	5.69%	49,000	4.04%
Other Expenditures	<u>653</u>	<u>0.05%</u>	<u>-</u>	<u>0.00%</u>
Total Expenditures	<u>1,222,215</u>	<u>100.00%</u>	<u>1,212,452</u>	<u>100.00%</u>
Less: Expenditures to be Raised by Future Revenue	<u>19,985</u>		<u>-</u>	
Total Adjusted Expenditures	<u>1,202,230</u>		<u>1,212,452</u>	
Excess in Revenue	106,737		82,648	
Fund Balance, January 1	<u>233,239</u>		<u>280,591</u>	
	339,976		363,239	
Less Utilization as Anticipated Revenue	<u>95,000</u>		<u>130,000</u>	
Fund Balance, December 31	<u>\$ 244,976</u>		<u>\$ 233,239</u>	

**BOROUGH OF OLD TAPPAN  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	<u>\$1.953</u>	<u>\$1.922</u>	<u>\$1.871</u>

Apportionment of Tax Rate

Municipal	.306	.295	.282
Municipal Open Space	.010	.010	.010
County	.242	.239	.229
County Open Space	.003	.003	.003
Local District School	.822	.805	.790
Regional High School	.570	.570	.557

Assessed Valuation

2016	<u>\$1,731,471,128</u>	
2015	<u>\$1,725,627,784</u>	
2014		<u>\$1,720,747,488</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>
2016	\$33,869,570	\$33,482,423	98.85%
2015	33,259,195	32,904,879	98.93%
2014	32,296,333	31,976,361	99.00%

**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 Taxes</u>	<u>Percentage of Tax Levy</u>
2016	\$ 36,265	\$ 322,593	\$ 358,858	1.06%
2015	32,310	295,611	327,921	0.99%
2014	28,418	278,937	307,355	1.10%

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2016 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>
2016	\$278,485
2015	278,485
2014	278,485

**Schedule of Sewer Utility Levies**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(1)</u>	<u>Percentage of Collection</u>
2016	\$ 1,086,253	\$ 1,094,049	100.72%
2015	1,045,039	1,065,250	101.93%
2014	1,077,482	1,055,525	97.96%

(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	2016	\$1,745,369	\$800,000
	2015	1,724,117	800,000
	2014	1,721,913	800,000
	2013	1,634,486	750,000
	2012	1,367,090	724,000
Sewer Utility Fund	2016	\$244,976	\$92,000
	2015	233,239	95,000
	2014	280,591	130,000
	2013	303,501	95,000
	2012	323,729	95,000

**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>
John M. Kramer	Mayor		
Matthew Nalbandian	Council President		
Ronald Binaghi, Jr.	Councilman		
Guy Carnazza	Councilman		
Victor Cioce	Councilman		
Thomas Gallagher	Councilman		
Anna Haverilla	Councilwoman		
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
Laurel Carnazza	Court Clerk		
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 \$120,000. We noted the Borough developed and approved a corrective action plan to reduce the administrative expenses to the COAH permitted threshold. Such plan will require an extended period of time to resolve this issue. Therefore no recommendation is deemed necessary at this time.

**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 \$40,000 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 Bathroom Renovations  
Police and DPW Generator  
Various Renovations for Stone Point Park Basketball Courts  
2016 Pascack Valley Paving Program  
Russell Ave. and Irving St. Improvements  
Recycling Contract

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 3, 2016 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 2016, 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 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 3, 2016 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 3, 2016 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 2016 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 and delinquent user fees 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 12, 2016.

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>
2016	4
2015	4
2014	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**

- Standardized procedures be implemented with respect to recreation concession stand receipts.
- The Borough consider approving a policy regarding fund raising activities of the recreation department.

**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:

There are none.

\* \* \* \* \*

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*

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Registered Municipal Accountants



Jeffrey C. Bliss  
Registered Municipal Accountant  
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