

**BOROUGH OF OLD TAPPAN**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2018**

# BOROUGH OF OLD TAPPAN

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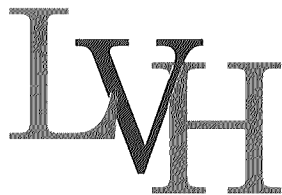
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**BOROUGH OF OLD TAPPAN**  
**BERGEN COUNTY, NEW JERSEY**

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2018**



# 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, 2018 and 2017, 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, 2018, 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, 2018 and 2017, 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, 2018 and 2017. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 42.2 percent and 43.1 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2018 and 2017.

#### ***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, 2018 and 2017, 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, 2018 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 July 24, 2019 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 the effectiveness of the Borough of Old Tappan's 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  
July 24, 2019

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Cash	A-4	\$ 5,667,484	\$ 10,460,718
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	2,696	2,696
Grants Receivable	A-11	<u>22,053</u>	<u>8,114</u>
		<u>5,692,588</u>	<u>10,471,883</u>
<b>RECEIVABLES AND OTHER ASSETS</b>			
<b>WITH FULL RESERVES</b>			
Delinquent Property Taxes Receivable	A-7	371,180	299,789
Tax Title Liens Receivable	A-9	43,083	39,170
Property Acquired for Taxes - Assessed Valuation	A-10	278,485	278,485
Revenue Accounts Receivable	A-12	24,096	20,069
Due from Other Trust Fund	B-8	<u>57</u>	<u>-</u>
		<u>716,901</u>	<u>637,513</u>
<b>DEFERRED CHARGES</b>			
Special Emergency Authorization	A-13	<u>9,000</u>	<u>12,000</u>
		<u>9,000</u>	<u>12,000</u>
<b>Total Assets</b>		<u><b>\$ 6,418,489</b></u>	<u><b>\$ 11,121,396</b></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, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Appropriation Reserves	A-3,A-14	\$ 161,506	\$ 142,292
Encumbrances Payable	A-19	276,131	244,294
Accounts Payable	A-20	9,032	6,004
Due to State - Sales Tax Payable	A-15	1,294	1,293
Due to State-DCA Training Fees	A-15	1,768	1,235
Due to Other Trust Fund	B-8	-	5,954
Third Party Lien Payable	A-26	1,480	1,480
Prepaid Revenues	A-16	353	-
Prepaid Taxes	A-17	216,132	4,654,801
County Taxes Payable	A-23	4,816	10,644
Local District School Taxes Payable	A-21	3,055,251	3,458,343
Reserve for Tax Appeals	A-24	50,966	50,707
Reserve for Master Plan	A-25	5,327	5,327
Reserve for Grants - Appropriated	A-27	9,139	3,768
Reserve for Grants - Unappropriated	A-28	<u>15,561</u>	<u>42,143</u>
		3,808,756	8,628,285
Reserve for Receivables and Other Assets	A	716,901	637,513
Fund Balance	A-1	<u>1,892,832</u>	<u>1,855,598</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,418,489</u>	<u>\$ 11,121,396</u>

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 800,000	\$ 800,000
Miscellaneous Revenue Anticipated	A-2	3,097,108	3,022,658
Receipts from Delinquent Taxes	A-2	300,420	322,843
Receipts from Current Taxes	A-2	34,731,839	34,451,453
Non-Budget Revenue	A-2	170,749	267,151
Other Credits to Income			
Unexpended Balances of Appropriation Reserves	A-14	98,191	81,191
Accounts Payable Cancelled	A-20	1,055	3,050
Prior Year Interfunds Returned	A-1	-	33
		<hr/>	<hr/>
Total Income		39,199,362	38,948,379
<b>EXPENDITURES</b>			
Operations			
Salaries and Wages	A-3	3,460,849	3,451,772
Other Expenses	A-3	3,176,100	3,038,568
Capital Improvements	A-3	50,000	150,000
Municipal Debt Service	A-3	1,184,465	1,161,286
Deferred Charges and Statutory Expenditures	A-3	921,401	930,143
County Taxes	A-23	4,330,788	4,434,269
Due County for Added and Omitted Taxes	A-23	4,816	10,644
Local District School Taxes	A-21	14,324,223	14,469,005
Regional High School District Taxes	A-22	10,732,232	10,209,913
Municipal Open Space Taxes	A-4	174,316	173,783
Other Debits to Income			
Prior Year Senior Citizen Deductions Disallowed	A-8	631	250
Refund of Prior Year Revenue	A-4	2,250	5,010
Refund of Prior Year Taxes	A-1	-	3,507
Interfunds Advanced	A	57	-
		<hr/>	<hr/>
Total Expenditures		38,362,128	38,038,150
Excess in Revenue		837,234	910,229
Fund Balance, January 1	A	<hr/> 1,855,598	<hr/> 1,745,369
		2,692,832	2,655,598
Less Utilization as Anticipated Revenue	A-1,A-2	<hr/> 800,000	<hr/> 800,000
Fund Balance, December 31	A	<u>\$ 1,892,832</u>	<u>\$ 1,855,598</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, 2018**

	<u>Ref.</u>	<u>Budget</u>	<u>Anticipated</u> Special Added by 40A:4-87	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
Surplus Anticipated	A-1	\$ 800,000	-	\$ 800,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	10,800		11,040	\$ 240
Other	A-2	5,400		6,130	730
Fees and Permits	A-2	20,000		25,599	5,599
Fines and Costs - Municipal Court	A-12	55,000		56,949	1,949
Interest and Costs on Taxes	A-12	87,500		92,310	4,810
Uniform Fire Safety Act	A-12	6,500		6,802	302
Interest on Investments and Deposits	A-2	39,000		121,873	82,873
Golf Course Fees	A-12	500,000		482,951	(17,049)
Uniform Construction Code Fees	A-12	170,000		215,361	45,361
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	110,000	\$ 13,100	122,006	(1,094)
Public and Private Revenues Offset with Appropriations					
Recycling Tonnage Grant	A-28	27,589		27,589	-
Drunk Driving Enforcement Fund	A-11	2,500		2,500	-
Clean Communities Program	A-28	12,736		12,736	-
Alcohol Education and Rehabilitation Fund	A-28	193		193	-
Municipal Alliance on Alcoholism and Drug Abuse	A-11		9,876	9,876	-
Body Armor Fund	A-11, A-28	2,679		2,679	-
Community Development Block Grants					
Senior Citizens' Programs	A-11		5,623	5,623	-
Drive Sober or Get Pulled Over	A-11		5,500	5,500	-
Special Items of Revenue:					
NVRHS SLEO Interlocal Agreement	A-12		62,500		(62,500)
Cell Tower Leases	A-12	170,000		191,661	21,661
Police Outside Duty Admin Fee	A-12	30,000		30,000	-
Library Contribution - Municipal Services	A-12	49,888		49,888	-
Golf Concession , Rent and Utilities	A-12	30,000		31,704	1,704
Library Debt Service Reimbursement	A-12	83,612	-	83,612	-
Total Miscellaneous Revenues	A-1	2,915,923	96,599	3,097,108	84,586
Receipts from Delinquent Taxes	A-1,A-7	295,000	-	300,420	5,420
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	A-2	5,613,889	-	6,030,464	416,575
	A-3	\$ 9,624,812	\$ 96,599	10,227,992	\$ 506,581
Non-Budget Revenue	A-1,A-2			170,749	
				\$ 10,398,741	

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, 2018**

	<u>Reference</u>	<u>2018</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Current Taxes	A-7	\$ 34,756,839
Less: Transferred to Reserve Tax Appeals	A-24	<u>25,000</u>
		34,731,839
Allocated to School, County , Municipal Open Space Taxes	A-4,A-21,A-22,A-23	<u>29,566,375</u>
Balance for Support of Municipal Budget Appropriation		5,165,464
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>865,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 6,030,464</u>
Licenses - Other		
Borough Clerk	A-12	\$ 4,888
Health Officer	A-12	<u>1,242</u>
	A-2	<u>\$ 6,130</u>
Fees and Permits		
Planning Board	A-12	\$ 5,100
Police	A-12	13,714
Health Officer	A-12	300
Zoning Board	A-12	4,980
Tax Search	A-12	20
Registrar of Vital Statistics	A-12	<u>1,485</u>
	A-2	<u>\$ 25,599</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-12	\$ 121,245
Due from Other Trust Fund	B-8	<u>628</u>
	A-2	<u>\$ 121,873</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, 2018**

	<u>Reference</u>
ANALYSIS OF NON-BUDGET REVENUE	
Smoke Detector Compliance	\$ 9,428
LEA Reimbursement	7,696
Senior Citizen and Veterans Administrative Fees	613
Stone Point Park Usage Fees	250
User Fees- Harrington Park	9,530
Right of Way Fees	5,100
Sale of Vehicle	13,100
Soil Moving Fees	5,775
Franchise Fees	93,904
BCJIF Dividend	8,603
Forfeited Tax Sale Premiums	3,226
Refund LOSAP	1,150
Filming Fees	2,750
Miscellaneous Fees and Reimbursements	<u>9,624</u>
	A-2, A-4 \$ <u>170,749</u>

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<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>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages	\$ 179,615	\$ 178,615	\$ 178,376	\$ 239	
Other Expenses	63,255	67,925	67,794	131	
Mayor and Council					
Salaries and Wages	45,509	45,509	45,509	-	
Other Expenses	600	600	420	180	
Financial Administration					
Salaries and Wages	100,386	100,386	100,385	1	
Other Expenses	43,818	46,418	40,959	5,459	
Audit Services					
Other Expenses	22,500	22,500	22,500	-	
Assessment of Taxes					
Salaries and Wages	17,260	17,260	17,260	-	
Other Expenses	8,585	5,690	1,885	3,805	
Collection of Taxes					
Salaries and Wages	112,360	112,360	112,360	-	
Other Expenses	3,060	3,734	3,734	-	
Legal Services and Costs					
Other Expenses	80,000	80,000	65,700	14,300	
Engineering Services & Costs					
Other Expenses	11,500	8,301	5,460	2,841	
Open Space Advisory					
Other Expenses	80	80		80	
Senior Advisory					
Other Expenses	9,150	9,150	8,094	1,056	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	22,253	20,253	19,606	647	
Other Expenses	7,286	7,286	5,129	2,157	
Insurance					
General Liability	110,150	110,150	110,069	81	
Workers Compensation	107,618	107,618	106,618	1,000	
Employee Group Health	758,750	758,750	754,831	3,919	
Health Benefit Waiver	13,200	13,200	10,652	2,548	
Unemployment Insurance	10,000	10,000	10,000	-	
PUBLIC SAFETY					
Fire					
Salaries and Wages	32,000	32,000	31,999	1	
Other Expenses	28,200	28,200	27,940	260	
Rent	11,643	11,643	11,643	-	
Fire Hydrant Services	124,000	120,000	115,755	4,245	



**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<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	\$ 11,822	\$ 11,822	\$ 11,822		
Other Expenses	3,350	3,350	1,922	\$ 1,428	
Police					
Salaries and Wages	2,006,690	2,006,690	1,967,821	38,869	
Other Expenses	57,500	57,500	56,903	597	
Purchase of Police Vehicles	25,000	25,000	24,732	268	
Police Dispatch/911					
Contractual	129,393	129,393	128,825	568	
First Aid Organization - Contribution	39,780	39,780	39,780	-	
Emergency Management Services					
Salaries and Wages	793	793	793	-	
Other Expenses	500	500	312	188	
Municipal Prosecutor					
Salaries and Wages	5,607	5,607	5,107	500	
PUBLIC WORKS FUNCTIONS					
Road Repairs & Maintenance					
Salaries and Wages	453,910	459,910	458,917	993	
Other Expenses	38,000	38,000	37,200	800	
Shade Tree Commission					
Other Expenses	26,895	26,895	26,894	1	
Recycling					
Salaries and Wages	2,700	2,910	2,857	53	
Other Expenses	48,399	48,399	47,951	448	
Solid Waste Collection					
Other Expenses	5,400	5,400	5,400	-	
Public Buildings and Grounds					
Other Expenses	34,375	34,375	31,061	3,314	
Contractual	18,953	18,953	17,580	1,373	
Vehicle Maintenance					
Other Expenses	56,150	56,150	55,435	715	
HEALTH & HUMAN SERVICES					
Board of Health					
Other Expenses	34,164	34,224	34,168	56	
O.S.H.A.					
Hepatitis B Program					
Other Expenses	666	666	666	-	
Environmental Commission					
Salaries and Wages	1,467	1,467	1,467	-	
Other Expenses	150	150	131	19	
Administration of Public Assistance					
Salaries and Wages	7,561	7,561	7,561	-	
Other Expenses	972	972	484	488	
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, 2018**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd.)					
PARKS AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Salaries and Wages	\$ 33,421	\$ 33,674	\$ 33,673	\$ 1	
Other Expenses	14,540	14,540	14,390	150	
Golf Course					
Salaries and Wages	308,677	304,514	299,040	5,474	
Other Expenses	92,500	93,250	93,046	204	
Recreation Program Fees					
Other Expenses	300	300	110	190	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	500	500	426	74	
Municipal Court Administration					
Salaries and Wages	13,167	13,167	11,983	1,184	-
Other Expenses	2,905	2,905	1,729	1,176	-
Public Defender	600	700	700		
Other Expenses				-	
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	106,351	106,351	105,750	601	
Other Expenses	3,150	3,150	2,730	420	
UNCLASSIFIED					
Utilities					
Electricity	101,010	101,010	98,436	2,574	
Street Lighting	13,000	13,000	12,540	460	
Telephone	19,850	21,450	21,155	295	
Water	28,000	28,000	23,885	4,115	
Gasoline	39,500	39,500	37,649	1,851	
Interlocal Service Agreement					
Harrington Park Service Fee	10,200	10,200	10,200	-	-
Total Operations Within "CAPS"	5,722,646	5,722,306	5,609,909	112,397	-
Contingent	25,000	25,000	2,500	22,500	-
Total Operations including Contingent Within "CAPS"	5,747,646	5,747,306	5,612,409	134,897	-
Detail:					
Salaries and Wages	3,461,549	3,460,849	3,412,286	48,563	-
Other Expenses	2,286,097	2,286,457	2,200,123	86,334	-

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, 2018**

	<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.)					
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
- Municipal Within "CAPS"					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	\$ 210,782	\$ 210,782	\$ 210,450	\$ 332	
Public Employees Retirement System	252,500	252,500	251,883	617	
Police and Firemen's Retirement System	453,479	453,504	453,502	2	-
Defined Contribution Retirement Program	1,300	1,615	1,514	101	-
Total Deferred Charges & Statutory					
Expenditures - Municipal Within "CAPS"	918,061	918,401	917,349	1,052	-
Total General Appropriations for Municipal					
Purposes Within "CAPS"	6,665,707	6,665,707	6,529,758	135,949	-
OPERATIONS - EXCLUDED FROM CAPS					
Aid to Public Library Association	586,683	586,683	586,683	-	
Stormwater Management					
Other Expenses	10,300	10,300	10,300	-	
Fire					
LOSAP	84,000	84,000	84,000	-	-
Total Other Operations Excluded					
from "CAPS"	680,983	680,983	680,983	-	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
River Vale Fuel Reimbursement					
Gasoline	110,000	123,100	118,117	3,889	\$ 1,094
Emerson - Municipal Court Administration					
Other Expenses	19,958	19,958	19,958	-	-
NVRHS- SLEO III Agreement					
Salaries and Wages	-	62,500	-	-	62,500
Total Interlocal Municipal Service Agreements	129,958	205,558	138,075	3,889	63,594
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Drunk Driving Enforcement Fund	2,500	2,500		2,500	
Municipal Alliance Program		9,876	3,690	6,186	
Clean Communities Grant	12,736	12,736	12,540	196	
Body Armor Replacement	2,679	2,679		2,679	
Recycling Tonnage Grant	27,589	27,589	27,589	-	
Alcohol Education and Rehabilitation Fund	193	193		193	
Drive Sober or Get Pulled Over Grant		5,500	1,209	4,291	
Community Development-Senior Citizen Program	-	5,623	-	5,623	-
Total Public and Private Programs					
Offset by Revenues	45,697	66,696	45,028	21,668	-
Total Operations Excluded from "CAPS"	856,638	953,237	864,086	25,557	63,594

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, 2018**

	<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 - EXCLUDED FROM "CAPS" (Cont'd.)					
Detail:					
Salaries and Wages		\$ 62,500			\$ 62,500
Other Expenses	\$ 856,638	890,737	\$ 864,086	\$ 25,557	1,094
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	50,000	50,000	50,000	-	-
Total Capital Improvements Excluded from "CAPS"	50,000	50,000	50,000	-	-
MUNICIPAL DEBT SERVICE -					
EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,015,000	1,015,000	1,015,000	-	
Interest on Bonds	144,438	144,438	144,436	-	2
Interest on Notes	25,029	25,029	25,029	-	-
Total Municipal Debt Service Excluded from "CAPS"	1,184,467	1,184,467	1,184,465	-	2
DEFERRED CHARGES					
Special Emergency Authorizations- 5 years	3,000	3,000	3,000	-	-
Total Deferred Charges - Municipal	3,000	3,000	3,000	-	-
Excluded from "CAPS"					
Total General Appropriations for Municipal					
Purposes Excluded from "CAPS"	2,094,105	2,190,704	2,101,551	25,557	63,596
Subtotal General Appropriations	8,759,812	8,856,411	8,631,309	161,506	63,596
Reserve for Uncollected Taxes	865,000	865,000	865,000	-	-
Total General Appropriations	\$ 9,624,812	\$ 9,721,411	\$ 9,496,309	\$ 161,506	\$ 63,596
	<u>Reference</u>	A-2	A-1	A, A-1	
Budget as Adopted	A-3	\$ 9,624,812			
Appropriation by 40A:4-87	A-2	96,599			
		<u>\$ 9,721,411</u>			
Cash Disbursements	A-4		\$ 8,352,178		
Encumbrances Payable	A-19		276,131		
Deferred Charges:					
Special Emergency Authorization	A-13		3,000		
Reserve for Uncollected Taxes	A-2		865,000		

\$ 9,496,309

The Accompanying Notes are an Integral Part of These Financial Statements

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 3,005	\$ 2,073
OTHER TRUST FUND			
Cash	B-3	1,682,499	1,673,531
Due from Current Fund	B-8	<u>-</u>	<u>5,954</u>
		<u>1,682,499</u>	<u>1,679,485</u>
UNEMPLOYMENT COMPENSATION INSURANCE FUND			
Cash	B-3	<u>58,447</u>	<u>50,015</u>
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	<u>353,055</u>	<u>424,122</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND - (UNAUDITED)			
Investments	B	1,450,582	1,555,876
Contributions Receivable	B	<u>78,200</u>	<u>75,900</u>
		<u>1,528,782</u>	<u>1,631,776</u>
Total Assets		<u>\$ 3,625,788</u>	<u>\$ 3,787,471</u>

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-4	\$ 19	\$ 2
Reserve for Animal Control Expenditures	B-5	<u>2,986</u>	<u>2,071</u>
		<u>3,005</u>	<u>2,073</u>
OTHER TRUST FUND			
Due to State of New Jersey			
Department of Human Services	B-6	450	500
Due to Current Fund	B-8	57	-
Escrow Deposits Payable	B-9	403,520	324,130
Miscellaneous Reserves and Deposits	B-10	<u>1,278,472</u>	<u>1,354,855</u>
		<u>1,682,499</u>	<u>1,679,485</u>
UNEMPLOYMENT COMPENSATION INSURANCE FUND			
Reserve for Unemployment Compensation			
Insurance Claims	B-11	<u>58,447</u>	<u>50,015</u>
OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Open Space Preservation	B-13	<u>353,055</u>	<u>424,122</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND - (UNAUDITED)			
Reserve for Length of Service Awards Program	B	<u>1,528,782</u>	<u>1,631,776</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,625,788</u>	<u>\$ 3,787,471</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF REVENUES-REGULATORY BASIS  
OPEN SPACE PRESERVATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Reference</u>	<u>Anticipated (Memo)</u>		<u>Realized</u>	<u>Excess or Deficit</u>
		<u>Budget</u>	<u>Budget After Modifications</u>		
Amount to be Raised by Taxation	B-13	\$ 174,123	\$ 174,123	\$ 174,316	\$ 193
Reserve Funds Utilized	B-14	<u>-</u>	<u>76,457</u>	<u>76,457</u>	<u>-</u>
	B-2	<u>\$ 174,123</u>	<u>\$ 250,580</u>	\$ 250,773	<u>\$ 193</u>
Non-Budget Revenue	B-13			<u>5,197</u>	
				<u>\$ 255,970</u>	

EXHIBIT B-2

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS  
OPEN SPACE PRESERVATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<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	15,000	15,000	15,000	
Capital Improvements:				
Down Payment on Improvements		127,059	127,059	
Debt Service:				
Payment of Bond Principal	39,703	39,703	39,703	
Interest on Bonds	1,818	1,818	1,818	
Reserve for Future Use	<u>50,602</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 174,123</u>	<u>\$ 250,580</u>	<u>\$ 250,580</u>	<u>\$ -</u>
Reference	B-1	B-1	B-13	

The Accompanying Notes are an Integral Part of These Financial Statements

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 1,027,325	\$ 1,034,121
Grants Receivable	C-4	581,198	501,759
Deferred Charges to Future Taxation			
Funded	C-5	4,455,055	5,509,758
Unfunded	C-6	<u>1,948,223</u>	<u>1,110,223</u>
Total Assets		<u>\$ 8,011,801</u>	<u>\$ 8,155,861</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-15	\$ 4,394,000	\$ 5,409,000
Green Trust Loan	C-14	61,055	100,758
Bond Anticipation Notes	C-16	1,948,223	1,112,373
Encumbrances Payable	C-7	91,718	209,645
Due to Sewer Utility Capital Fund	C-8	-	104,000
Improvement Authorizations:			
Funded	C-10	415,684	341,359
Unfunded	C-10	517,479	173,040
Capital Improvement Fund	C-9	132,762	124,762
Reserve for Sidewalk Improvements	C-11	228,801	215,704
Reserve for Capital Improvements	C-12	9,116	9,116
Reserve for Payment of Debt	C-13	59,442	59,442
Fund Balance	C-1	<u>153,521</u>	<u>296,662</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,011,801</u>	<u>\$ 8,155,861</u>

There were no bonds and notes authorized but not issued as of December 31, 2018 and 2017, respectively (Exhibit C-17)



**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, January 1	C	\$ 296,662	\$ 51,201
Increased by:			
Premium on Notes Issued	C-2	15,975	9,284
Bid Specification Fees	C-1	-	800
Funded Improvement Authorizations Cancelled	C-10	<u>9,145</u>	<u>240,977</u>
		321,782	302,262
Decreased by:			
Grant Receivable Cancelled	C-4	261	
Appropriated to Finance Improvement Authorizations	C-10	<u>168,000</u>	<u>5,600</u>
Balance, December 31	C	<u>\$ 153,521</u>	<u>\$ 296,662</u>

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**SEWER UTILITY FUND**  
**AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
OPERATING FUND			
Cash	D-7	\$ 316,489	\$ 294,941
Receivables With Full Reserves			
Consumer Accounts Receivable	D-10	<u>55,935</u>	<u>37,287</u>
		<u>372,424</u>	<u>332,228</u>
ASSESSMENT TRUST FUND			
Cash	D-7,D-8	824,638	1,253,946
Assessments Receivable	D-12	303,522	671,759
Deferred Charge			
Utility Share of Assessment Debt Issued	D-13	<u>56,713</u>	<u>56,713</u>
		<u>1,184,873</u>	<u>1,982,418</u>
CAPITAL FUND			
Cash	D-7,D-9	270,152	77,462
Due from General Capital Fund	C-8	-	104,000
Fixed Capital	D-14	18,441,045	18,432,545
Fixed Capital Authorized and Uncompleted	D-15	<u>233,500</u>	<u>112,500</u>
		<u>18,944,697</u>	<u>18,726,507</u>
Total Assets		<u>\$ 20,501,994</u>	<u>\$ 21,041,153</u>

**BOROUGH OF OLD TAPPAN**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**SEWER UTILITY FUND**  
**AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4, D-16	\$ 14,993	\$ 39,402
Encumbrances Payable	D-19	60,592	9,839
Accrued Interest on Bonds, Loans and Notes	D-20	17,238	25,323
Sewer Fee Overpayments	D-21	<u>1,382</u>	<u>2,114</u>
		94,205	76,678
Reserve for Receivables	D	55,935	37,287
Fund Balance	D-1	<u>222,284</u>	<u>218,263</u>
		<u>372,424</u>	<u>332,228</u>
ASSESSMENT TRUST FUND			
Assessment Serial Bonds	D-27	390,000	565,000
Environmental Infrastructure Loans	D-26	591,439	1,217,257
Reserve for Assessments Receivable	D-24	20,544	117,578
Fund Balance	D-2	<u>182,890</u>	<u>82,583</u>
		<u>1,184,873</u>	<u>1,982,418</u>
CAPITAL FUND			
Bond Anticipation Notes	D-25	225,000	104,000
Encumbrances Payable	D-17	73,338	-
Improvement Authorizations- Unfunded	D-18	33,346	17,994
Reserve for Sewer Assessment Debt	D-23	171,968	171,968
Reserve for Amortization	D-22	<u>18,441,045</u>	<u>18,432,545</u>
		<u>18,944,697</u>	<u>18,726,507</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 20,501,994</u>	<u>\$ 21,041,153</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2018 and 2017 of \$8,500 (Exhibit D-28)

**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, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>REVENUES AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	D-3	\$ 41,000	\$ 92,000
Sewer User Fees	D-3	1,148,231	1,129,601
Interest on Assessments	D-3	23,362	39,901
Non-Budget Revenue	D-3	10,574	25,450
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	D-16	<u>32,867</u>	<u>10,414</u>
 Total Income		 <u>1,256,034</u>	 <u>1,297,366</u>
 <b>EXPENDITURES</b>			
Operating	D-4	1,106,044	1,088,223
Capital Improvements	D-4	10,000	10,000
Debt Service	D-4	46,969	66,871
Deferred Charges and Statutory Expenditures	D-4	<u>48,000</u>	<u>66,985</u>
 Total Expenditures		 <u>1,211,013</u>	 <u>1,232,079</u>
 Excess in Revenue		 45,021	 65,287
 Fund Balance, January 1	 D	 <u>218,263</u>	 <u>244,976</u>
		263,284	310,263
 Less Utilization as Anticipated Revenue	 D-1,D-3	 <u>41,000</u>	 <u>92,000</u>
 Fund Balance, December 31	 D	 <u>\$ 222,284</u>	 <u>\$ 218,263</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, 2018 AND 2017**

		<u>2018</u>	<u>2017</u>
Balance, January 1	D	\$ 82,583	\$ 81,877
Increased by:			
Collection of Unpledged Assessments	D-24	<u>100,307</u>	<u>706</u>
Balance, December 31	D	<u>\$ 182,890</u>	<u>\$ 82,583</u>

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	Excess or ( <u>Deficit</u> )
Surplus Anticipated	D-1	\$ 41,000	\$ 41,000	
Sewer User Fees	D-10	1,170,668	1,148,231	\$ (22,437)
Interest on Assessments	D-11	<u>15,000</u>	<u>23,362</u>	<u>8,362</u>
	D-4	<u>\$ 1,226,668</u>	1,212,593	<u>\$ (14,075)</u>
Non-Budget Revenue	D-3		<u>10,574</u>	
			<u>\$ 1,223,167</u>	
Analysis of Non-Budget Revenue:				
Interest on Delinquent Accounts			\$ 5,360	
Sewer Connection Fees			5,207	
Miscellaneous			<u>7</u>	
	D-3,D-7		<u>\$ 10,574</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, 2018**

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Reserved</u> <u>Cancelled</u>
OPERATING				
Salaries	\$ 365,430	\$ 365,430	\$ 363,857	\$ 1,573
Other Expenses	740,614	740,614	729,694	10,920
				-
Total Operating	1,106,044	1,106,044	1,093,551	12,493
				-
CAPITAL IMPROVEMENTS				
Capital Outlay	10,000	10,000	8,500	1,500
				-
Total Capital Improvements	10,000	10,000	8,500	1,500
				-
DEBT SERVICE				
Interest on Bonds and Loans	60,284	59,157	43,502	\$ 15,655
Interest on Notes	2,340	3,467	3,467	-
				-
Total Debt Service	62,624	62,624	46,969	-
				15,655
STATUTORY EXPENDITURES				
STATUTORY EXPENDITURES				
Social Security System (O.A.S.I.)	27,000	27,000	26,000	1,000
Public Employees Retirement System	15,000	15,000	15,000	
Unemployment Compensation Insurance	6,000	6,000	6,000	-
				-
Total Statutory Expenditures	48,000	48,000	47,000	1,000
				-
	<u>\$ 1,226,668</u>	<u>\$ 1,226,668</u>	<u>\$ 1,196,020</u>	<u>\$ 14,993</u>
				<u>\$ 15,655</u>
	<u>Reference</u>	<u>D-3</u>	<u>D-1</u>	<u>D, D-1</u>
Budget as Adopted	D-4	<u>\$ 1,226,668</u>		
Cash Disbursements	D-7		\$ 1,088,459	
Encumbrances Payable	D-19		60,592	
Accrued Interest on Bonds, Loans and Notes	D-20		46,969	
			<u>\$ 1,196,020</u>	

**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**SEWER UTILITY ASSESSMENT TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Anticipated</u>		
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Realized</u>
Assessment Cash	\$ 800,819	\$ 800,819	\$ 800,778
	<u>\$ 800,819</u>	<u>\$ 800,819</u>	<u>\$ 800,778</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, 2018**

	<u>Appropriation</u>		
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Expended</u>
Payment of Bond Principal	\$ 175,000	\$ 175,000	\$ 175,000
Payment of Loan Principal	625,819	625,819	625,778
	<u>\$ 800,819</u>	<u>\$ 800,819</u>	<u>\$ 800,778</u>
<u>Reference</u>	D-5	D-5	D-26,D-27



**BOROUGH OF OLD TAPPAN  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Cash	E-1	\$ <u>84,782</u>	\$ <u>91,891</u>
<b>LIABILITIES AND RESERVES</b>			
Reserve for Public Assistance Expenditures	E-2	\$ <u>84,782</u>	\$ <u>91,891</u>

**BOROUGH OF OLD TAPPAN  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Land	\$ 24,751,900	\$ 24,751,900
Buildings and Building Improvements	7,301,648	7,301,648
Machinery and Equipment	<u>8,035,706</u>	<u>7,855,727</u>
	<u>\$ 40,089,254</u>	<u>\$ 39,909,275</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 40,089,254</u>	<u>\$ 39,909,275</u>

## **NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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, 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, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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, 2018 AND 2017**

**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, 2018 AND 2017

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.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

**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.



**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

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

**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.

**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 \$500 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 acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2008 are stated as follows:

Land	Assessed Value
Buildings 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 funds 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, 2018 AND 2017**

**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 2018 and 2017 the Borough Council increased the original Current Fund budget by \$96,599 and \$15,214. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2018 and 2017.

**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 or NCUSIF.

**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, 2018 and 2017, the book value of the Borough's deposits were \$10,288,231 and \$15,363,175 and bank and brokerage firm balances of the Borough's deposits amounted to \$10,484,783 and \$15,145,823, 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>2018</u>	<u>2017</u>
Insured	\$ 10,476,869	\$ 15,138,051
Uninsured and Collateralized	7,914	7,772
	<u>\$ 10,484,783</u>	<u>\$ 15,145,823</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, 2018 and 2017, the Borough's bank balances of \$7,914 and \$7,772 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2018</u>	<u>2017</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 7,914</u>	<u>\$ 7,772</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, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); 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**  
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**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

As of December 31, 2018 and 2017, the Borough had the following investments:

	<b><u>Fair Value</u></b> <b><u>(LOSAP-Unaudited)</u></b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
Investment:		
Lincoln Financial LOSAP Investment Fund (Unaudited)	\$ <u>1,450,582</u>	\$ <u>1,555,876</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, 2018 and 2017, \$1,450,582 and \$1,555,876 of the Borough's investments was exposed to custodial credit risk as follows:

	<b><u>Fair Value</u></b> <b><u>(LOSAP-Unaudited)</u></b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>1,450,582</u>	\$ <u>1,555,876</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 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2018 and 2017, 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 information provided by Lincoln Financial.

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

Receivables at December 31, 2018 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<b><u>2018</u></b>			
Property Taxes	\$ 371,180		\$ 371,180
Tax Title Liens	43,083		43,083
Sewer User Fees	<u>-</u>	<u>\$ 55,935</u>	<u>55,935</u>
	<u>\$ 414,263</u>	<u>\$ 55,935</u>	<u>\$ 470,198</u>

In 2018, the Borough collected \$300,420 and \$37,287 from delinquent taxes and utility charges and fees, which represented 87% and 100% of the delinquent tax and sewer charges receivable at December 31, 2017.

Receivables at December 31, 2017 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<b><u>2017</u></b>			
Property Taxes	\$ 299,789		\$ 299,789
Tax Title Liens	39,170		39,170
Sewer User Fees	<u>-</u>	<u>\$ 37,287</u>	<u>37,287</u>
	<u>\$ 338,959</u>	<u>\$ 37,287</u>	<u>\$ 376,246</u>

In 2017, the Borough collected \$322,843 and \$36,811 from delinquent taxes and utility charges and fees, which represented 90% and 100% of the delinquent tax and sewer charges receivable at December 31, 2016.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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>2018</u>		<u>2017</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	\$ 57			\$ 5,954
Other Trust Fund		\$ 57	\$ 5,954	
General Capital Fund				\$ 104,000
Sewer Utility Fund:				
Capital Fund	<u>-</u>	<u>-</u>	<u>104,000</u>	<u>-</u>
Total	<u>\$ 57</u>	<u>\$ 57</u>	<u>\$ 109,954</u>	<u>\$ 109,954</u>

The above balances are the result of revenues earned or receipts deposited 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>2018</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$9,000	\$3,000	\$6,000
<u>2017</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$12,000	\$3,000	\$9,000

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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 school 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, 2018 and 2017 are as follows:

	<u>Regional High School/ Local District School</u>	
	<u>2018</u>	<u>2017</u>
Balance of Tax	\$7,141,111	\$7,544,203
Deferred Liability	<u>4,085,860</u>	<u>4,085,860</u>
Taxes Payable	<u>\$3,055,251</u>	<u>\$3,458,343</u>

**NOTE 8 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Fund(s) 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>2018</u>		<u>2017</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,859,083	\$ 800,000	\$ 1,832,788	\$ 800,000
Non-Cash Surplus	<u>33,749</u>	<u>-</u>	<u>22,810</u>	<u>-</u>
	<u>\$ 1,892,832</u>	<u>\$ 800,000</u>	<u>\$ 1,855,598</u>	<u>\$ 800,000</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 222,284	\$ 40,000	\$ 218,263	\$ 41,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 222,284</u>	<u>\$ 40,000</u>	<u>\$ 218,263</u>	<u>\$ 41,000</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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, 2018 and 2017.

	Balance December 31, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2018</u>
<b><u>2018</u></b>				
Land	\$ 24,751,900			\$ 24,751,900
Buildings and Building Improvements	7,301,648			7,301,648
Machinery and Equipment	<u>7,855,727</u>	<u>\$ 429,817</u>	<u>\$ 249,838</u>	<u>8,035,706</u>
	<u>\$ 39,909,275</u>	<u>\$ 429,817</u>	<u>\$ 249,838</u>	<u>\$ 40,089,254</u>
	Balance December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
<b><u>2017</u></b>				
Land	\$ 24,751,900			\$ 24,751,900
Buildings and Building Improvements	7,164,914	\$ 136,734		7,301,648
Machinery and Equipment	<u>7,686,250</u>	<u>439,768</u>	<u>\$ 270,291</u>	<u>7,855,727</u>
	<u>\$ 39,603,064</u>	<u>\$ 576,502</u>	<u>\$ 270,291</u>	<u>\$ 39,909,275</u>



**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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, 2018 and 2017.

**Sewer Utility Fund**

	Balance December 31, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2018</u>
<b><u>2018</u></b>				
Fixed Capital				
System and System Improvements	\$ 18,036,397	\$ 8,500		\$ 18,044,897
Vehicles and Equipment	<u>396,148</u>	<u>-</u>	<u>\$ -</u>	<u>396,148</u>
	<u>\$ 18,432,545</u>	<u>\$ 8,500</u>	<u>\$ -</u>	<u>\$ 18,441,045</u>
	Balance December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
<b><u>2017</u></b>				
Fixed Capital				
System and System Improvements	\$ 18,027,171	\$ 9,226		\$ 18,036,397
Vehicles and Equipment	<u>396,148</u>	<u>-</u>	<u>\$ -</u>	<u>396,148</u>
	<u>\$ 18,423,319</u>	<u>\$ 9,226</u>	<u>\$ -</u>	<u>\$ 18,432,545</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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 general capital, sewer utility capital and sewer utility 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>2018</u>	<u>2017</u>
Issued		
General		
Bonds, Notes and Loans	\$ 6,403,278	\$ 6,622,131
Sewer Utility		
Bonds and Notes	225,000	104,000
Sewer Utility Assessment		
Bonds and Loans	<u>981,439</u>	<u>1,782,257</u>
	7,609,717	8,508,388
Less Funds Temporarily Held to Pay Bonds and Notes	<u>701,190</u>	<u>1,404,923</u>
Net Debt Issued	6,908,527	7,103,465
Authorized But Not Issued		
Sewer Utility		
Bonds and Notes	<u>8,500</u>	<u>8,500</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 6,917,027</u>	<u>\$ 7,111,965</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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 .361% and .376% at December 31, 2018 and 2017, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2018</u></b>			
General Debt	\$ 6,403,278	\$ 59,442	\$ 6,343,836
School Debt	3,400,832	3,400,832	-
Utility Debt	<u>1,214,939</u>	<u>1,214,939</u>	<u>-</u>
Total	<u>\$ 11,019,049</u>	<u>\$ 4,675,213</u>	<u>\$ 6,343,836</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2017</u></b>			
General Debt	\$ 6,622,131	\$ 61,592	\$ 6,560,539
School Debt	4,619,503	4,619,503	-
Utility Debt	<u>1,894,757</u>	<u>1,894,757</u>	<u>-</u>
Total	<u>\$ 13,136,391</u>	<u>\$ 6,575,852</u>	<u>\$ 6,560,539</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>2018</u>	<u>2017</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 61,511,869	\$ 61,041,838
Less: Net Debt	<u>6,343,836</u>	<u>6,560,539</u>
Remaining Borrowing Power	<u>\$ 55,168,033</u>	<u>\$ 54,481,299</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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>2018</u>	<u>2017</u>
\$2,120,000, 2010 Bonds, due in annual installments of \$180,000 to \$325,000 through July 2022, interest at 3.0% to 3.125%	\$ 1,160,000	\$ 1,340,000
\$1,780,000, 2012 Bonds, due in annual installments of \$150,000 to \$200,000 through November 2023, interest at 2.00%	950,000	1,100,000
\$2,110,000, 2014 Refunding Bonds (Series A), due in annual installments of \$430,000 to \$435,000 through August 2019, interest at 4.00%	435,000	865,000
\$585,000, 2014 Refunding Bonds (Series B), due in annual installments of \$60,000 to \$75,000 through November 2023, interest at 3.00% to 4.00%	345,000	405,000
\$2,074,000, 2015 Bonds, due in annual installments of \$195,000 to \$229,000 through August 2025, interest at 2.00%	<u>1,504,000</u>	<u>1,699,000</u>
Total	<u>\$ 4,394,000</u>	<u>\$ 5,409,000</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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 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>2018</u>	<u>2017</u>
\$653,625, 2000 Loan, due in semi-annual installments of \$19,363 to \$20,555 through February 21, 2020, interest at 2.00%	\$ 61,055	\$ 100,758
Total	<u>\$ 61,055</u>	<u>\$ 100,758</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>2018</u>	<u>2017</u>
\$730,000, 2010 Refunding Assessment Bonds, due in annual installments of \$85,000 through February 2019, interest at 2.625%	\$ 85,000	\$ 170,000
\$665,000, 2014 Refunding Assessments Bonds, due in annual installments of \$45,000 to \$90,000 through August 2022, interest at 3.00% to 4.00%	<u>305,000</u>	<u>395,000</u>
Total	<u>\$ 390,000</u>	<u>\$ 565,000</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 MUNICIPAL DEBT (Continued)**

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

**Sewer Utility Intergovernmental Assessment Loans Payable**

The Borough has entered into 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 operations to pay debt service on utility intergovernmental assessment loans issued. Sewer Utility intergovernmental assessment loans outstanding at December 31 are as follows:

**Sewer Utility Assessment Loans**

	<u>2018</u>	<u>2017</u>
\$3,415,000 1999 Assessment Loans, refunded by 2006B Refunding Series, due in annual installments of \$246,940 to \$255,579 through August 1, 2019, interest of 5.70%	\$ 255,579	\$ 502,519
\$3,193,990, 1999 Assessment Loan, due in semi-annual installments of \$4,592 to \$145,794 through August 1, 2018, interest free		150,386
\$1,960,000 2000 Assessment Loans, refunded by 2006A and 2010A Refunding Series, due in annual installments of \$127,110 to \$139,676 through August 1, 2020, rates of 5.25%	270,704	397,814
\$1,828,595, 2000 Assessment Loan, due in semi-annual installments of \$4,884, to \$94,212 through August 1, 2019, interest free	<u>65,156</u>	<u>166,538</u>
Sewer Utility Assessment Loans	<u>\$ 591,439</u>	<u>\$ 1,217,257</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2018 is as follows:

Calendar Year	General		Sewer Assessment		Total
	Principal	Interest	Principal	Interest	
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	810,000	40,286	45,000	1,350	896,636
2023	495,000	19,730			514,730
2024-2025	<u>454,000</u>	<u>13,660</u>	<u>-</u>	<u>-</u>	<u>467,660</u>
Total	<u>\$ 4,455,055</u>	<u>\$ 331,309</u>	<u>\$ 981,439</u>	<u>\$ 58,834</u>	<u>\$ 5,826,637</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 10 MUNICIPAL DEBT (Continued)**

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

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2018 and 2017 were as follows:

	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within One Year
<b><u>2018</u></b>					
General Capital Fund					
Bonds Payable	\$ 5,409,000	\$ -	\$ 1,015,000	\$ 4,394,000	\$ 1,040,000
Intergovernmental Loans Payable	<u>100,758</u>	<u>-</u>	<u>39,703</u>	<u>61,055</u>	<u>40,500</u>
General Capital Fund Long-Term Liabilities	<u>\$ 5,509,758</u>	<u>\$ -</u>	<u>\$ 1,054,703</u>	<u>\$ 4,455,055</u>	<u>\$ 1,080,500</u>
Sewer Utility Assessment Fund					
Bonds Payable	\$ 565,000	\$ -	\$ 175,000	\$ 390,000	\$ 175,000
Intergovernmental Loans	<u>1,217,257</u>	<u>-</u>	<u>625,818</u>	<u>591,439</u>	<u>451,765</u>
Sewer Utility Assessment Fund Long-Term Liabilities	<u>\$ 1,782,257</u>	<u>\$ -</u>	<u>\$ 800,818</u>	<u>\$ 981,439</u>	<u>\$ 626,765</u>
	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within One Year
<b><u>2017</u></b>					
General Capital Fund					
Bonds Payable	\$ 6,399,000		\$ 990,000	\$ 5,409,000	\$ 1,015,000
Intergovernmental Loans Payable	<u>139,678</u>	<u>-</u>	<u>38,920</u>	<u>100,758</u>	<u>39,703</u>
General Capital Fund Long-Term Liabilities	<u>\$ 6,538,678</u>	<u>\$ -</u>	<u>\$ 1,028,920</u>	<u>\$ 5,509,758</u>	<u>\$ 1,054,703</u>
Sewer Utility Assessment Fund					
Bonds Payable	\$ 740,000		\$ 175,000	\$ 565,000	\$ 175,000
Intergovernmental Loans Payable	<u>1,853,672</u>	<u>-</u>	<u>636,415</u>	<u>1,217,257</u>	<u>625,818</u>
Sewer Utility Assessment Fund Long-Term Liabilities	<u>\$ 2,593,672</u>	<u>\$ -</u>	<u>\$ 811,415</u>	<u>\$ 1,782,257</u>	<u>\$ 800,818</u>

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2018 and 2017 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2017</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2018</u>
<b><u>2018</u></b>						
<u>General Capital Fund</u>						
Improvements to Russell Avenue/Irving St.	3.00%	9/27/2019	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Various Capital Improvements & Equip. Acq.	3.00%	9/27/2019	1,046,000	1,881,850	1,046,000	1,881,850
Improvements to Washington Avenue North	3.00%	9/27/2019	26,373	26,373	26,373	26,373
Total General Capital Fund			<u>\$ 1,112,373</u>	<u>\$ 1,948,223</u>	<u>\$ 1,112,373</u>	<u>\$ 1,948,223</u>
<u>Sewer Utility Capital Fund</u>						
Replacement of Channel Grinder	3.00%	9/27/2019	\$ 44,000	44,000	44,000	\$ 44,000
Various Improvements to Pump Stations	3.00%	9/27/2019	60,000	60,000	60,000	60,000
Upgrade of Control Panels at Pump Stations and Acquisition of Grinder Pump	3.00%	9/27/2019	-	121,000	-	121,000
Total Sewer Utility Capital Fund			<u>\$ 104,000</u>	<u>\$ 225,000</u>	<u>\$ 104,000</u>	<u>\$ 225,000</u>
			Balance, December 31, <u>2016</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2017</u>
<b><u>2017</u></b>						
<u>General Capital Fund</u>						
Improvements to Russell Avenue/Irvine St.	2.25%	9/28/2018		\$ 40,000		\$ 40,000
Various Capital Improvements & Equip. Acq.	2.25%	9/28/2018		1,046,000		1,046,000
Improvements to Washington Avenue North	2.25%	9/28/2018	-	26,373	-	26,373
Total General Capital Fund			<u>\$ -</u>	<u>\$ 1,112,373</u>	<u>\$ -</u>	<u>\$ 1,112,373</u>
<u>Sewer Utility Capital Fund</u>						
Replacement of Channel Grinder	2.25%	9/28/2018		44,000		44,000
Various Improvements to Pump Stations	2.25%	9/28/2018	-	60,000	-	60,000
Total Sewer Utility Capital Fund			<u>\$ -</u>	<u>\$ 104,000</u>	<u>\$ -</u>	<u>\$ 104,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund. The amounts issued for the sewer utility activities are accounted for in the Sewer Utility Capital and Assessment Funds.



**BOROUGH OF OLD TAPPAN  
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YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

**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>2018</u></b>			
	There are none.		
<b><u>2017</u></b>			
	2017 Road Resurfacing	\$128,165	2018

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

	<u>Purpose</u>	<u>Remaining Commitment</u>
<b><u>2018</u></b>		
	There are none.	
<b><u>2017</u></b>		
	Various Fire Department Equipment	\$31,234
	Various Police Department Equipment	30,554

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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.

**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, 2018 and 2017 were as follows:

	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	
<b><u>2018</u></b>					
Net Pension Liability- PERS	\$ 5,639,928		\$ 698,970	\$ 4,940,958	
Net Pension Liability- PFRS	7,906,027	-	911,115	6,994,912	
Net OPEB Liability	<u>11,091,694</u>	<u>-</u>	<u>2,317,761</u>	<u>8,773,933</u>	
Total	<u>\$ 24,637,649</u>	<u>\$ -</u>	<u>\$ 3,927,846</u>	<u>\$ 20,709,803</u>	
	Balance, December 31, <u>2016</u>	Prior Period Adjustment (A)	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>
<b><u>2017</u></b>					
Net Pension Liability- PERS	\$ 7,679,808			\$ 2,039,880	\$ 5,639,928
Net Pension Liability- PFRS	9,352,759	-	-	1,446,732	7,906,027
Net OPEB Liability	<u>-</u>	<u>\$ 12,352,677</u>	<u>-</u>	<u>1,260,983</u>	<u>11,091,694</u>
Total	<u>\$ 17,032,567</u>	<u>\$ 12,352,677</u>	<u>\$ -</u>	<u>\$ 4,747,595</u>	<u>\$ 24,637,649</u>

(A) The prior period adjustment reflects the opening amount of the Net OPEB Liability as of December 31, 2016 resulting from the implementation of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefit Other Than Pension" during the year ended December 31, 2018.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

The following represents the membership tiers for PFRS:

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

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

**Public Employees' Retirement System (PERS)** – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage 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. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

The following represents the membership tiers for PERS:

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

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

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

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

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

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

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

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

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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).

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for PERS at June 30, 2018 and 2017 is \$43.4 billion and \$48.9 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 40.45% and 36.78%, respectively. The collective net pension liability of the participating employers for PFRS at June 30, 2018 and 2017 is \$19.7 billion and \$21.6 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 57.91% and 54.52%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017, respectively.

**Actuarial Methods and Assumptions**

In the July 1, 2017 and 2016 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**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 for 2018 and 2017 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2018 and 2017 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2018, 2017 and 2016 were equal to the required contributions.

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

During the years ended December 31, 2018, 2017 and 2016, 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>
2018	\$ 453,229	\$ 224,448	\$ 1,514
2017	399,197	230,361	1,263
2016	379,983	221,325	1,176

In addition for the years ended December 31, 2018 and 2017 the Borough contributed for long-term disability insurance premiums (LTDI) \$334 and \$0 for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

**Public Employees Retirement System (PERS)**

At December 31, 2018 and 2017, the Borough reported a liability of \$4,940,958 and \$5,639,928, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, 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, 2018, the Borough's proportionate share was .02509 percent, which was an increase of .00081 percent from its proportionate share measured as of June 30, 2017 of .02428 percent.

**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)**

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough's pension expense to be \$259,075 and \$358,800, respectively, for PERS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$224,448 and \$230,361, respectively. At December 31, 2018 and 2017, 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:

	<b>2018</b>		<b>2017</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 94,225	\$ 25,477	\$ 132,801	
Changes of Assumptions	814,188	1,579,856	1,136,251	\$ 1,132,085
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		46,346	38,404	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>235,029</u>	<u>267,941</u>	<u>114,295</u>	<u>358,076</u>
Total	<u>\$ 1,143,442</u>	<u>\$ 1,919,620</u>	<u>\$ 1,421,751</u>	<u>\$ 1,490,161</u>

At December 31, 2018 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:

<b><u>Year Ending December 31,</u></b>	<b><u>Total</u></b>
2019	\$ 22,571
2020	(55,710)
2021	(375,336)
2022	(296,046)
2023	<u>(71,657)</u>
	<u>\$ (776,178)</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)**

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

*Actuarial Assumptions*

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65-4.15% Based on Age	1.65-4.15% Based on Age
Thereafter	2.65%-5.15% Based on Age	2.65-5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
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, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.



**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, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</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>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash Equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

***Discount Rate***

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	5.66%
2017	June 30, 2017	5.00%

**BOROUGH OF OLD TAPPAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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:

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2046	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2046 and Thereafter	From July 1, 2040 and Thereafter

\* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, 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 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

	<b>1% Decrease (4.66%)</b>	<b>Current Discount Rate (5.66%)</b>	<b>1% Increase (6.66%)</b>
<b><u>2018</u></b>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 6,212,685</u>	<u>\$ 4,940,958</u>	<u>\$ 3,874,060</u>
	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
<b><u>2017</u></b>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 6,996,713</u>	<u>\$ 5,639,928</u>	<u>\$ 4,509,558</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. 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, 2018 AND 2017**

**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, 2018 and 2017, the Borough reported a liability of \$6,994,912 and \$7,906,027, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, 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, 2018, the Borough's proportionate share was .05169 percent, which was an increase of .00048 percent from its proportionate share measured as of June 30, 2017 of .05121 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough pension expense to be \$722,198 and \$888,264, respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$453,229 and \$399,197, respectively. At December 31, 2018 and 2017, 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:

	2018		2017	
	<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	\$ 71,164	\$ 28,947	\$ 51,290	\$ 46,402
Changes of Assumptions	600,419	1,792,675	974,901	1,294,776
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		38,269	150,866	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	490,485	-	593,971	-
Total	<u>\$ 1,162,068</u>	<u>\$ 1,859,891</u>	<u>\$ 1,771,028</u>	<u>\$ 1,341,178</u>

**BOROUGH OF OLD TAPPAN**  
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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, 2018 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>
2019	\$ 216,903
2020	(53,657)
2021	(439,210)
2022	(315,460)
2023	(106,399)
	<u>\$ (697,823)</u>

***Actuarial Assumptions***

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	2.10%-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10%-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
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, 2017 and July 1, 2016 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**  
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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, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</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>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.87%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

***Discount Rate***

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	6.51%
2017	June 30, 2017	6.14%

**BOROUGH OF OLD TAPPAN**  
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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)**

***Discount Rate (Continued)***

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

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2062	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2062 and Thereafter	From July 1, 2057 and Thereafter

\* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, 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 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

	<b>1% Decrease (<u>5.51%</u>)</b>	<b>Current Discount Rate (<u>6.51%</u>)</b>	<b>1% Increase (<u>7.51%</u>)</b>
<b><u>2018</u></b>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 9,361,822</u>	<u>\$ 6,994,912</u>	<u>\$ 5,042,643</u>
	<b>1% Decrease (<u>5.14%</u>)</b>	<b>Current Discount Rate (<u>6.14%</u>)</b>	<b>1% Increase (<u>7.14%</u>)</b>
<b><u>2017</u></b>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 10,416,842</u>	<u>\$ 7,906,027</u>	<u>\$ 5,843,107</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF OLD TAPPAN  
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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)**

***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 of the net pension liability, deferred outflows and inflows 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, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$950,143 and \$885,542, respectively. For the years ended December 31, 2018 and 2017, 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 \$112,543 and \$108,322, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$56,271 and \$44,281, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Borough was .05169 percent, which was an increase of .00048 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .05121 percent. 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).

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS**

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

**Plan Description and Benefits Provided**

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

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

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

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

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

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).



**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Measurement Focus and Basis of Accounting**

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

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

**Collective Net OPEB Liability**

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2018 and 2017 is \$15.7 billion and \$20.4 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.97% and 1.03%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017.

**Actuarial Methods and Assumptions**

In the June 30, 2017 and 2016 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contribution**

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$421.2 million and \$381.8 million and the State of New Jersey, as the non-employer contributing entity, contributed \$53.5 million and \$53.1 million for fiscal years 2018 and 2017, respectively.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan—using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2018, 2017 and 2016 were \$295,728, \$246,459 and \$224,634, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2018, 2017 and 2016 were \$26,013, \$32,621 and \$24,310, respectively.

**BOROUGH OF OLD TAPPAN**  
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**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2018 and 2017, the Borough reported a liability of \$8,773,933 and \$11,091,694, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and 2017, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and 2016, respectively. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2018 and 2017 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2018 and 2017, respectively. As of the measurement date of June 30, 2018 the Borough's proportionate share was .05600 percent, which was an increase of .00167 percent from its proportionate share measured as of June 30, 2017 of .05433 percent.

For the years ended December 31, 2018 and 2017, the Plan has determined the Borough's OPEB expense to be \$319,264 and \$689,380, respectively, based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$295,728 and \$246,459, respectively. At December 31, 2018 and 2017, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	<b>2018</b>		<b>2017</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience		\$ 1,781,421		
Changes of Assumptions		2,225,623		\$ 1,231,084
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 4,637		\$ 1,901	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	333,195	416,035	-	484,915
Total	<u>\$ 337,832</u>	<u>\$ 4,423,079</u>	<u>\$ 1,901</u>	<u>\$ 1,715,999</u>

**BOROUGH OF OLD TAPPAN**  
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**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2019	\$ (609,088)
2020	(609,088)
2021	(609,087)
2022	(609,564)
2023	(610,366)
Thereafter	<u>(1,038,054)</u>
	<u>\$ (4,085,247)</u>

***Actuarial Assumptions***

The Borough's total OPEB liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total OPEB liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2018</u>	<u>2017</u>
Inflation Rate	2.50%	2.50%
Salary Increases*		
Initial Fiscal Year Applied Through	2026	2026
Rate	1.65% to 8.98%	1.65% to 8.98%
Rate Thereafter	2.65% to 9.98%	2.65% to 9.98%
Mortality	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	1.00%	1.00%

\*Salary increases are based on the defined benefit pension plan that the member is enrolled in and his or her age.

**BOROUGH OF OLD TAPPAN**  
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**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

*Actuarial Assumptions (Continued)*

For the June 30, 2018 measurement date healthcare cost trend rates for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

For the June 30, 2017 measurement date healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine year. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefit, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2017 and 2016 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

*Long-Term Expected Rate of Return*

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% and 1.00% as of June 30, 2018 and 2017, respectively.

**Discount Rate**

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

<b>Calendar</b>		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	3.87%
2017	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**BOROUGH OF OLD TAPPAN**  
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**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

***Sensitivity of Net OPEB Liability to Changes in the Discounts Rate***

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the discount rate of 3.87% and 3.58%, respectively, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.87% and 2.58%, respectively or 1-percentage-point higher 4.87% and 4.58%, respectively than the current rate:

	<b><u>1% Decrease (2.87%)</u></b>	<b><u>Current Discount Rate (3.87%)</u></b>	<b><u>1% Increase (4.87%)</u></b>
<b><u>2018</u></b>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 10,294,143</u>	<u>\$ 8,773,933</u>	<u>\$ 7,559,629</u>
	<b><u>1% Decrease (2.58%)</u></b>	<b><u>Current Discount Rate (3.58%)</u></b>	<b><u>1% Increase (4.58%)</u></b>
<b><u>2017</u></b>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 13,082,984</u>	<u>\$ 11,091,694</u>	<u>\$ 9,511,639</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

***Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate***

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b><u>1% Decrease</u></b>	<b><u>Healthcare Cost Trend Rates</u></b>	<b><u>1% Increase</u></b>
<b><u>2018</u></b>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 7,318,867</u>	<u>\$ 8,773,933</u>	<u>\$ 10,657,005</u>
	<b><u>1% Decrease</u></b>	<b><u>Healthcare Cost Trend Rates</u></b>	<b><u>1% Increase</u></b>
<b><u>2017</u></b>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 9,217,522</u>	<u>\$ 11,091,694</u>	<u>\$ 13,532,084</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to OPEB (Continued)**

***Special Funding Situation***

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB 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 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. 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. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2018 and 2017, there were no qualified plan members in the State's OPEB special funding situation.

***OPEB Plan Fiduciary Net Position***

Detailed information about the OPEB 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 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.

**BOROUGH OF OLD TAPPAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 15 RISK MANAGEMENT (Continued)**

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>
2018	\$ 16,000	\$ 5,034	\$ 13,267	\$ 58,447
2017	16,000	4,771	14,706	50,015
2016	20,000	4,437	14,299	43,762

**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, 2018 and 2017. 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, 2018 and 2017, the Borough reserved \$50,966 and \$50,707, 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, 2018 and 2017, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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, 2018 and 2017, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

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

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

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

The Borough of Old Tappan has contributed \$1,150 for 2018 and 2017, respectively, for each eligible volunteer fire department and volunteer first aid squad member into the Plan. The total Borough contributions were \$73,600 and \$72,450 for 2018 and 2017, 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.



**BOROUGH OF OLD TAPPAN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

**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.

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, receivables, 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, 2018 and 2017 the balances of the Loan outstanding were \$370,000 and \$435,000, respectively.

**NOTE 20 SUBSEQUENT EVENTS**

**Debt Authorized**

On April 15, 2019 the Borough adopted a bond ordinance authorizing the issuance \$1,604,000 in bonds or bond anticipation notes to fund certain general capital projects. In addition, the Borough authorized \$500,000 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, 2017 \$ 10,460,718

Increased by:

Taxes Receivable	\$ 30,371,172	
Grants Receivable	8,989	
Revenue Accounts Receivable	3,029,784	
Non-Budget Revenue	170,749	
Prepaid Taxes	216,132	
Tax Overpayments	62,000	
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	30,655	
Due to State of New Jersey	15,154	
Reserve for Grants - Unappropriated	15,561	
Prepaid Revenues	353	
Receipts from Other Trust Fund	617	
		33,921,166
		44,381,884

Decreased by:

2018 Appropriations	8,352,178	
2017 Appropriation Reserves	35,363	
Local District School Taxes Payable	14,727,315	
Regional High School Taxes Payable	10,732,232	
County Taxes Payable	4,341,432	
Encumbrances Payable	241,539	
Accounts Payable	150	
Tax Overpayments	62,000	
Reserve for Grants-Appropriated	264	
Reserve for Tax Appeals	24,741	
Due to State of New Jersey	14,620	
Payments to Open Space Preservation Trust Fund - Tax Levy	174,316	
Payments to Other Trust Fund	6,000	
Refund of Prior Year Revenue	2,250	
		38,714,400

Balance, December 31, 2018 \$ 5,667,484

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

<u>Office</u>	Balance, December 31, <u>2018</u>	Balance, December 31, <u>2017</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, 2017	\$ <u>100</u>
Balance December 31, 2018	\$ <u>100</u>

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

<u>Year</u>	<u>Balance, December 31, 2017</u>	<u>2018 Levy</u>	<u>Senior Citizens' and Veterans' Deductions Disallowed</u>	<u>Collected Cash 2017</u>	<u>2018</u>	<u>Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Cancelled</u>	<u>Transferred to Tax Title Liens</u>	<u>Balance, December 31, 2018</u>
2017	\$ 299,789	\$ -	\$ 631	\$ -	\$ 300,420	\$ -	\$ -	\$ -	\$ -
	299,789	-	631	-	300,420	-	-	-	-
2018	-	35,229,351	464	4,654,801	30,070,752	31,750	97,419	3,913	371,180
	\$ 299,789	\$ 35,229,351	\$ 1,095	\$ 4,654,801	\$ 30,371,172	\$ 31,750	\$ 97,419	\$ 3,913	\$ 371,180

Analysis of 2018 Property Tax Levy

<b>TAX YIELD</b>	
General Purpose Tax	\$ 35,190,265
Added Taxes	<u>39,086</u>
	\$ 35,229,351
<b>TAX LEVY</b>	
Regional High School Tax	\$ 10,732,232
Local District School Tax	14,324,223
County Taxes - General	\$ 4,153,819
County Taxes - Open Space	176,969
Due County for Added Taxes	<u>4,816</u>
	4,335,604
Municipal Open Space Tax	174,123
Municipal Open Space Tax-Added	<u>193</u>
	174,316
Local Tax for Municipal Purposes	5,613,889
Additional Tax Levied	<u>49,087</u>
	5,662,976
	<u>\$ 35,229,351</u>

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

Balance, December 31, 2017	\$ 2,696
Increased by:	
Senior Citizens' Deductions Per Tax Billings	\$ 3,250
Veterans' Deductions Per Tax Billings	27,500
Senior Citizens Deductions Allowed by Tax Collector	<u>1,000</u>
	<u>31,750</u>
	34,446
Decreased by:	
Received in Cash - State	30,655
Senior Citizens' Deductions Disallowed by Tax Collector - 2018	464
Senior Citizens' Deductions Disallowed by Tax Collector-2017	<u>631</u>
	<u>31,750</u>
Balance, December 31, 2018	<u>\$ 2,696</u>

EXHIBIT A-9

**STATEMENT OF TAX TITLE LIENS**

Balance, December 31, 2017	\$ 39,170
Increased by:	
Transfers from Taxes Receivable	<u>3,913</u>
Balance, December 31, 2018	<u>\$ 43,083</u>

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

Balance, December 31, 2017 \$ 278,485

Balance, December 31, 2018 \$ 278,485

**STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2017</u>	Awards Accrued in 2018	<u>Received</u>	<u>Cancelled</u>	Balance December 31, <u>2018</u>
Municipal Drug Alliance Program	\$ 4,776	\$ 9,876	\$ 3,399	\$ 1,377	\$ 9,876
Drive Sober or Get Pulled Over		5,500			5,500
Drunk Driving Enforcement Fund		2,500	2,500		-
Body Armor - State	-	1,054	-		1,054
Community Development - Senior Citizen Programs	<u>3,338</u>	<u>5,623</u>	<u>3,090</u>	<u>248</u>	<u>5,623</u>
	<u>\$ 8,114</u>	<u>\$ 24,553</u>	<u>\$ 8,989</u>	<u>\$ 1,625</u>	<u>\$ 22,053</u>

2017 Appropriation Reserves \$ 1,625

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

	Balance, December 31, <u>2017</u>	Accrued in 2018	<u>Collected</u>	Balance, December 31, <u>2018</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 11,040	\$ 11,040	
Other		4,888	4,888	
Health Officer				
Licenses		1,242	1,242	
Fees and Permits		300	300	
Planning Board				
Fees and Permits		5,100	5,100	
Police				
Fees and Permits		13,714	13,714	
Tax Collector				
Fees and Permits		20	20	
Interest and Costs on Taxes	\$ 15,330	95,675	92,310	\$ 18,695
Zoning Board				
Fees and Permits		4,980	4,980	
Registrar of Vital Statistics				
Fees and Permits		1,485	1,485	
Construction Code Official				
Fees and Permits		215,361	215,361	
Municipal Court				
Fines and Costs	4,739	57,611	56,949	5,401
Golf Course Fees		482,951	482,951	
Golf Course Concession, Rent and Utilities	-	31,704	31,704	
Energy Receipts Tax		1,463,986	1,463,986	
Watershed Moratorium Offset Aid		38,540	38,540	
Interest on Investments and Deposits		121,245	121,245	
Uniform Fire Safety - Fees		6,802	6,802	
Cell Tower Leases	-	191,661	191,661	
River Vale Fuel Reimbursement		122,006	122,006	
Police Outside Duty Admin Fee		30,000	30,000	
Library Debt Service Reimbursement		83,612	83,612	
Library Contribution-Municipal Services	-	49,888	49,888	-
	<u>\$ 20,069</u>	<u>\$ 3,033,811</u>	<u>\$ 3,029,784</u>	<u>\$ 24,096</u>
Cash Receipts			<u>\$ 3,029,784</u>	



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

	Net Amount <u>Authorized</u>	1/5 of Net Amount <u>Authorized</u>	Balance, December 31, <u>2017</u>	Raised in <u>2018</u>	Balance, December 31, <u>2018</u>
Review of Master Plan	\$ 15,000	\$ 3,000	<u>\$ 12,000</u>	<u>\$ 3,000</u>	<u>\$ 9,000</u>

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

	Balance, December 31 2017	Cancelled Encumbrances Restored	Transfers	Balance After Modification	Paid or Charged	Cancelled	Balance Lapsed
<u>Salaries and Wages</u>							
Administrative and Executive	\$ 1,177			\$ 1,177			\$ 1,177
Mayor and Council	2			2			2
Financial Administration	1			1			1
Assessment of Taxes	1			1			1
Collection of Taxes	3			3			3
Fire	15			15			15
Police Department	6,270		\$ 1,866	8,136	\$ 8,136		-
Emergency Management Services	1			1			1
Prosecutor	500			500			500
Road Repairs and Maintenance	6			6			6
Recycling	303			303	102		201
Environmental Commission	160			160			160
Administration of Public Assistance	2			2			2
Park and Playground	36			36			36
Golf Course	5		460	465	464		1
Municipal Court	1,210			1,210			1,210
Emerson- Municipal Court Administration	4			4	4		-
Construction Code Official	3,600	-	-	3,600	-	-	3,600
	13,296	-	2,326	15,622	8,706	-	6,916
<u>Other Expenses</u>							
Administrative and Executive	3,868	\$ 299		4,167			4,167
Financial Administration	525		163	688	688		-
Assessment of Taxes	6,839			6,839			6,839
Collection of Taxes	180	30		210			210
Legal Services and Costs	1,761			1,761			1,761
Engineering Services and Costs	2,372			2,372	422		1,950
Open Space Advisory	80			80			80
Senior Advisory	265			265			265
Planning Board	1,718			1,718	375		1,343
<u>Insurance</u>							
General Liability	81			81			81
Workers Compensation	97			97			97
Employee Group Health	28,186		(3,094)	25,092	1,738		23,354
Fire	223			223			223
Fire Hydrant Service	1,353			1,353	750		603
Fire Official	1,265			1,265			1,265
Police	5,653			5,653	24		5,629
Purchase of Police Vehicles/Equipment	1,268			1,268			1,268
Police Dispatch/911	526			526			526
Emergency Management	500			500			500
Road Repair and Maintenance	627			627	360		267
Shade Tree Commission	1,955	20		1,975			1,975
Recycling	548			548	102		446
Public Buildings and Grounds	3,344			3,344	1,561		1,783
Public Buildings and Grounds Contractual	196			196			196
Vehicle Maintenance	3,954			3,954	455		3,499
Board of Health	177			177			177
Environmental Commission	10			10			10
Administration of Public Assistance	4			4			4
Parks and Playgrounds	97			97			97

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

	Balance, December 31, <u>2017</u>	Cancelled Encumbrances <u>Restored</u>	<u>Transfers</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	<u>Cancelled</u>	Balance <u>Lapsed</u>
<u>Other Expenses (Continued)</u>							
Golf Course	\$ 56			\$ 56	\$ 40		\$ 16
Recreation Program Fees	290			290			290
Celebration of Public Events	554			554			554
Municipal Court	1,288			1,288	-		1,288
Construction Code Official	1,821			1,821			1,821
Utilities							
Electricity	7,780			7,780	1,818		5,962
Street Lighting		\$ 6	\$ 605	611	605		6
Telephone	432			432			432
Water	1,630			1,630	617		1,013
Gasoline	20,529			20,529	5,941		14,588
Contingent	4,253			4,253			4,253
Length of Service Awards (LOSAP)		2,400		2,400			2,400
Defined Contribution Retirement Program	37			37			37
Clean Communities Grant	3,401			3,401	3,401		-
Drunk Driving Enforcement Fund	4,402			4,402	4,402		-
Municipal Alliance Program	7,426			7,426	6,049	\$ 1,377	-
Alcohol Education and Rehabilitation	544			544	544		-
Body Armor Replacement	1,543			1,543	1,543		-
Sustainable Jersey Small Grant	2,000			2,000	2,000		-
Community Development - Senior Citizen	3,338	-	-	3,338	3,090	248	-
	<u>128,996</u>	<u>2,755</u>	<u>(2,326)</u>	<u>129,425</u>	<u>36,525</u>	<u>1,625</u>	<u>91,275</u>
	<u>\$ 142,292</u>	<u>\$ 2,755</u>	<u>\$ -</u>	<u>\$ 145,047</u>	<u>\$ 45,231</u>	<u>\$ 1,625</u>	<u>\$ 98,191</u>
Cash Disbursed					\$ 35,363		
Transfer to Reserve for Grants Appropriated					5,635		
Transfer to Accounts Payable					4,233		
Grants Receivable					-	\$ 1,625	
					<u>\$ 45,231</u>	<u>\$ 1,625</u>	

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

	Balance, December 31, <u>2017</u>	<u>Received</u>	<u>Paid</u>	Balance, December 31, <u>2018</u>
Sales Tax Payable	\$ 1,293	\$ 6,024	\$ 6,023	\$ 1,294
DCA Training Fees	<u>1,235</u>	<u>9,130</u>	<u>8,597</u>	<u>1,768</u>
	<u>\$ 6,323</u>	<u>\$ 15,154</u>	<u>\$ 14,620</u>	<u>\$ 3,062</u>

**STATEMENT OF PREPAID REVENUES**

	Balance, December 31, <u>2017</u>	<u>Received</u>	Applied to 2018 <u>Revenue</u>	Balance, December 31, <u>2018</u>
Prepaid Golf Membership Fees	\$ -	\$ 250	\$ -	\$ 250
Prepaid Medical	<u>-</u>	<u>103</u>	<u>-</u>	<u>103</u>
	<u>\$ -</u>	<u>\$ 353</u>	<u>\$ -</u>	<u>\$ 353</u>

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

Balance, December 31, 2017	\$ 4,654,801
Increased by:	
Collection - 2019 Taxes	<u>216,132</u>
	4,870,933
Decreased by:	
Application to 2018 Taxes Receivable	<u>4,654,801</u>
Balance, December 31, 2018	<u><u>\$ 216,132</u></u>

EXHIBIT A-18

**STATEMENT OF TAX OVERPAYMENTS**

Increased by:	
Overpayments Received	\$ 62,000
Decreased by:	
Refunds Paid	<u>62,000</u>

EXHIBIT A-19

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2017	\$ 244,294
Increased by:	
Charges to 2018 Budget Appropriations	<u>276,131</u>
	520,425
Decreased by:	
Cash Disbursements	\$ 241,539
Encumbrances Restored to Appropriation Reserves	<u>2,755</u>
	<u>244,294</u>
Balance, December 31, 2018	<u><u>\$ 276,131</u></u>

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

Balance, December 31, 2017		\$ 6,004
Increased by:		
Transfer from Appropriation Reserves		<u>4,233</u>
		10,237
Decreased by:		
Cash Disbursements	\$ 150	
Cancelled to Operations	<u>1,055</u>	
		<u>1,205</u>
Balance, December 31, 2018		<u><u>\$ 9,032</u></u>

**STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Balance, December 31, 2017		
School Tax Payable	\$ 3,458,343	
School Tax Deferred	<u>4,085,860</u>	
		\$ 7,544,203
Increased by:		
Levy - School Year - July 1, 2018 to June 30, 2019		<u>14,324,223</u>
		21,868,426
Decreased by:		
Payments		<u>14,727,315</u>
Balance, December 31, 2018		
School Tax Payable	3,055,251	
School Tax Deferred	<u>4,085,860</u>	
		<u><u>\$ 7,141,111</u></u>
2018 Liability for Local School Tax		
Tax Paid		\$ 14,727,315
Tax Payable at December 31, 2018		<u>3,055,251</u>
		17,782,566
Less Tax Payable December 31, 2017		<u>3,458,343</u>
Amount Charged to 2018 Operations		<u><u>\$ 14,324,223</u></u>

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

Increased by:	
Levy - Calendar Year 2018	\$ 10,732,232
Decreased by:	
Payments	<u>\$ 10,732,232</u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2017		\$ 10,644
Increased by:		
2018 Tax Levy:		
General	\$ 4,153,819	
Open Space Tax	<u>176,969</u>	
		\$ 4,330,788
Added Taxes (54:4-63.1)		<u>4,816</u>
		<u>4,335,604</u>
		4,346,248
Decreased by:		
Payments		<u>4,341,432</u>
Balance, December 31, 2018		<u>\$ 4,816</u>

**BOROUGH OF OLD TAPPAN  
RESERVE FOR TAX APPEALS**

Balance, December 31, 2017	\$ 50,707
Increased by:	
Transfer from Current Year Tax Collections	<u>25,000</u>
	75,707
Decreased by:	
Refund of Prior Year Tax Court Judgements	<u>24,741</u>
Balance, December 31, 2018	<u><u>\$ 50,966</u></u>

**RESERVE FOR MASTER PLAN**

Balance, December 31, 2017	<u>\$ 5,327</u>
Balance, December 31, 2018	<u><u>\$ 5,327</u></u>

**THIRD PARTY LIENS PAYABLE**

Balance, December 31, 2017	<u>\$ 1,480</u>
Balance, December 31, 2018	<u><u>\$ 1,480</u></u>



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

	Balance, December 31, <u>2017</u>	Transferred from Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2018</u>
Drunk Driving Enforcement Fund	\$ 264	\$ 3,548	\$ 264	\$ 3,548
Alcohol Education and Rehabilitation Fund	1,710	544		2,254
Body Armor Grant	<u>1,794</u>	<u>1,543</u>	<u>-</u>	<u>3,337</u>
	<u>\$ 3,768</u>	<u>\$ 5,635</u>	<u>\$ 264</u>	<u>\$ 9,139</u>
Cash Disbursements			<u>\$ 264</u>	

EXHIBIT A-28

**STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED**

	Balance, December 31, <u>2017</u>	<u>Received</u>	Revenue Realized in <u>Budget</u>	Balance, December 31, <u>2018</u>
Drunk Driving Enforcement Fund		\$ 2,500		\$ 2,500
Body Armor Grant - State	\$ 1,625		\$ 1,625	-
Recycling Tonnage Grant	27,589		27,589	-
Alcohol Education and Rehabilitation Fund	193	879	193	879
Clean Communities Program	<u>12,736</u>	<u>12,182</u>	<u>12,736</u>	<u>12,182</u>
	<u>\$ 42,143</u>	<u>\$ 15,561</u>	<u>\$ 42,143</u>	<u>\$ 15,561</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, 2017	\$ 2,073	\$ 1,673,531	\$ 50,015	\$ 424,122
Increased by Receipts:				
Dog License Fees	5,281			
Late Fees	923			
Due to State of New Jersey	713	525		
Escrow Deposits		158,400		
Miscellaneous Reserves		794,296		
Interest on Deposits		628	665	4,136
2018 Open Space Tax Levy		-		174,316
Receipts from Current Fund		6,000		
Receipts from General Capital Fund				1,061
Employees' Payroll Deductions		2,529,218	5,034	
Budget Appropriations	-	-	16,000	-
	<u>6,917</u>	<u>3,489,067</u>	<u>21,699</u>	<u>179,513</u>
	<u>8,990</u>	<u>5,162,598</u>	<u>71,714</u>	<u>603,635</u>
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.11	5,289			
Payments to State of New Jersey	696	575	13,267	
Escrow Deposits		79,010		
Miscellaneous Reserves		870,679		
Payroll Disbursements		2,529,218		
Payments to Current Fund		617		
Payments to General Capital Fund				127,059
Open Space Preservation Expenditures	-	-	-	123,521
	<u>5,985</u>	<u>3,480,099</u>	<u>13,267</u>	<u>250,580</u>
Balance, December 31, 2018	\$ 3,005	\$ 1,682,499	\$ 58,447	\$ 353,055

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

Balance, December 31, 2017	\$	2
Increased by:		
2018 State Fees Collected		<u>713</u>
		715
Decreased by:		
Payments to State of New Jersey		<u>696</u>
Balance, December 31, 2018	\$	<u>19</u>

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

Balance, December 31, 2017	\$	2,071
Increased by:		
Dog License Fees Collected	\$	5,281
Late Fees		<u>923</u>
		<u>6,204</u>
		8,275
Decreased by:		
Payments Under R.S. 4:19-15.11		<u>5,289</u>
Balance, December 31, 2018	\$	<u>2,986</u>

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

Balance, December 31, 2017	\$ 500
Increased by:	
Fees Collected	<u>525</u>
	1,025
Decreased by:	
Payment to State of New Jersey	<u>575</u>
Balance, December 31, 2018	<u>\$ 450</u>

EXHIBIT B-7

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

Increased by:	
Deposits	\$ 2,529,218
Decreased by:	
Disbursements	<u>\$ 2,529,218</u>

EXHIBIT B-8

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

Balance, December 31, 2017 (Due from)	\$ 5,954
Increased by:	
Payments to Current Fund	<u>617</u>
	6,571
Decreased by:	
Interest Earned on Deposits	\$ 628
Received from Current Fund	<u>6,000</u>
	<u>6,628</u>
Balance, December 31, 2018 (Due to)	<u>\$ 57</u>

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

Balance, December 31, 2017	\$ 324,130
Increased by:	
Deposits Received	<u>158,400</u>
	482,530
Decreased by:	
Cash Disbursements	<u>79,010</u>
Balance, December 31, 2018	<u>\$ 403,520</u>

EXHIBIT B-10

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

	Balance, December 31, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2018</u>
Parking Offense Adjudication Act Fines	\$ 683	\$ 16		\$ 699
Fire Prevention Penalty Fees	1,550			1,550
Recreation Fees	159,297	235,765	\$ 257,486	137,576
Miscellaneous Deposits	4,000	700		4,700
Affordable Housing Fees	690,046	80,766	17,909	752,903
Municipal Alliance Donations	45,681	508	1,455	44,734
Golf Course Donations	8,768	9,805	11,836	6,737
Tree Preservation Donations	26,200		4,230	21,970
Premium on Tax Title Liens	178,600	4,500	174,500	8,600
Tax Sale Redemption Deposits	17,198	128,232	145,430	-
Police Equipment Donations	104,677	8,638	6,477	106,838
Fire Department Donations	20,268	9,437	1,052	28,653
Outside Police Duty Service Fees	59,394	306,601	233,507	132,488
Stone Point Park Donations	1,000	250		1,250
Snow Removal Costs	12,276	7,633	12,521	7,388
Municipal Alliance Fundraising Donations	10,217	1,445	4,276	7,386
Bonnabel Park Bequest	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
	<u>\$ 1,354,855</u>	<u>\$ 794,296</u>	<u>\$ 870,679</u>	<u>\$ 1,278,472</u>
Cash Receipts		\$ 794,296		
Cash Disbursements		<u>-</u>	<u>\$ 870,679</u>	
		<u>\$ 794,296</u>	<u>\$ 870,679</u>	

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

Balance, December 31, 2017			\$	50,015
Increased by:				
Employee Contributions		\$	5,034	
Interest on Deposits			665	
Budget Appropriation				
Current Fund	\$	10,000		
Sewer Utility Operating Fund		<u>6,000</u>		
			16,000	
				<u>21,699</u>
				71,714
Decreased by:				
Unemployment Claims - Due to State of New Jersey				<u>13,267</u>
Balance, December 31, 2018			\$	<u>58,447</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			\$	13,267
Decreased by:				
Payments to State of New Jersey			\$	<u>13,267</u>

EXHIBIT B-13

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

Balance, December 31, 2017			\$	424,122
Increased by:				
2018 Tax Levy	\$	174,123		
2018 Added Tax Levy		<u>193</u>		
			\$	174,316
Funded Improvement Authorizations Cancelled - General Capital Fund			1,061	
Interest on Deposits			<u>4,136</u>	
				<u>179,513</u>
				603,635
Decreased by:				
Appropriated to Fund Improvement Authorizations- General Capital Fund			127,059	
Payments for Open Space Preservation Expenditures			<u>123,521</u>	
				<u>250,580</u>
Balance, December 31, 2018			\$	<u>353,055</u>

**GENERAL CAPITAL FUND**



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

Balance, December 31, 2017		\$ 1,034,121
Increased by:		
Budget Appropriation - Capital Improvement Fund	\$ 50,000	
Grants Receivable	243,620	
Premium on Notes Issued - Fund Balance	15,975	
Receipts from Open Space Trust Fund - Improvement Authorization	127,059	
Reimbursements- Improvement Authorizations	9,145	
Bond Anticipation Notes	838,000	
Reserve for Sidewalk Improvements - Developer Fees	<u>38,097</u>	
		<u>1,321,896</u>
		2,356,017
Decreased by:		
Improvement Authorizations	1,069,195	
Encumbrances Payable	152,286	
Bond Anticipation Notes	2,150	
Payment to Sewer Capital Fund	104,000	
Payments to Open Space Preservation Trust Fund - Improvement Authorizations	<u>1,061</u>	
		<u>1,328,692</u>
Balance, December 31, 2018		<u><u>\$ 1,027,325</u></u>

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

		December 31, <u>2018</u>
Fund Balance		\$ 153,521
Grants Receivable		(581,198)
Encumbrances Payable		91,718
Capital Improvement Fund		132,762
Reserve for Payment of Bonds		59,442
Reserve for Sidewalk Improvements		228,801
Reserve for Capital Improvements		9,116
<u>Ord.</u>	<u>Improvement Description</u>	
<u>No.</u>		
1045	Various Public Improvements	4,041
1067	Various Improvements and Acquisition of Various Equipment and Vehicles	2,378
1094	Various Improvements and Acquisition of Various Equipment and Vehicles	105,647
1099	Improvements to Russell Ave and Irving Street	18,969
1109	Various Improvements and Acquisition of Various Equipment and Vehicles	165,895
1117	Washington Avenue North, Section 4	502
1123	Various Improvements and Acquisition of Various Equipment and Vehicles	332,113
1125	Various Improvements and Acquisition of Various Equipment and Vehicles	38,413
1130/1133	Acquisition and Installation of Communication Equipment	12,022
1137	Various Park Improvements	253,183
		<u>\$ 1,027,325</u>

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

Ord. No.	Grantor	Balance, December 31, 2017	Grant Awards	Cash Receipts	Cancelled	Balance, December 31, 2018	Impvt. Authori- zations	Balance, Pledged To Reserve
1084-15 FEMA Grant		\$ 75,000		\$ 75,000				
1088-15/ CDBG - Handicap Accessible Bathrooms		48,400		44,400	\$ 4,000	\$ 149,000	\$ 149,000	
1094-16 Dept. of Transportation - Sidewalk Grant		149,000		-				
1099-16 Dept. of Transportation - Roadway Improvements		63,732		-	-	63,732	63,732	-
1117-17 Dept. of Transportation - North Washington Ave Paving		165,627		124,220	-	41,407	41,407	-
1123-18 Dept. of Transportation- Roadway Improvements			\$ 200,000			200,000	200,000	
1137-18 Bergen County Open Space- Various Park Improvements		-	127,059	-	-	127,059	127,059	-
		<u>\$ 501,759</u>	<u>\$ 327,059</u>	<u>\$ 243,620</u>	<u>\$ 4,000</u>	<u>\$ 581,198</u>	<u>\$ 581,198</u>	<u>\$ -</u>
	Improvement Authorization				\$ 3,739			
	Charged to Fund Balance				261			
					<u>\$ 4,000</u>			

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

Balance, December 31, 2017		\$ 5,509,758
Decreased by:		
Budget Appropriation to Pay Bonds	\$ 1,015,000	
Open Space Preservation Tax Levy to Pay Loans	<u>39,703</u>	
		<u>1,054,703</u>
Balance, December 31, 2018		<u>\$ 4,455,055</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, 2017	2018 Authorization	Balance, December 31, 2018	Analysis of Balance	
					Bond Anticipation Notes	Unexpended Improvement Authorizations
1099	Improvements to Russell Avenue and Irving Street	\$ 40,000		\$ 40,000	\$ 40,000	
1109	Various Capital Improvements and Equip.	1,043,850		1,043,850	1,043,850	
1117	North Washington Avenue Paving Project	26,373		26,373	26,373	-
1123	Various Capital Improvements and Equip.	-	\$ 838,000	838,000	838,000	-
		<u>\$ 1,110,223</u>	<u>\$ 838,000</u>	<u>\$ 1,948,223</u>	<u>\$ 1,948,223</u>	<u>\$ -</u>
		Bond Anticipation Notes Issued \$ 1,948,223				
		Improvement Authorizations- Unfunded \$ 517,479				
	Less: Unexpended Proceeds					
	Ord. 1099		\$	18,969		
	Ord. 1109			165,895		
	Ord. 1117			502		
	Ord. 1123			332,113		
						<u>517,479</u>
						<u>\$ -</u>

**BOROUGH OF OLD TAPPAN  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2017		\$ 209,645
Increased by:		
Charges to Improvement Authorizations		<u>91,718</u>
		301,363
Decreased by:		
Cancelled Contracts Restored to Improvement Authorizations	\$ 57,359	
Payments	<u>152,286</u>	
		<u>209,645</u>
Balance, December 31, 2018		<u>\$ 91,718</u>

**STATEMENT OF DUE TO SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2017	\$ 104,000
Decreased by:	
Payments to Sewer Utility Capital Fund	<u>104,000</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2017	\$ 124,762
Increased by:	
2018 Budget Appropriation	<u>50,000</u>
	174,762
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>42,000</u>
Balance, December 31, 2018	<u>\$ 132,762</u>

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

Balance, December 31, 2017	\$ 215,704
Increased by:	
Developer Fees Received	<u>38,097</u>
	253,801
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>25,000</u>
Balance, December 31, 2018	<u>\$ 228,801</u>

**STATEMENT OF RESERVE FOR CAPITAL IMPROVEMENTS**

Balance, December 31, 2017	<u>\$ 9,116</u>
Balance, December 31, 2018	<u>\$ 9,116</u>

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2017	<u>\$ 59,442</u>
Balance, December 31, 2018	<u>\$ 59,442</u>



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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loans</u>			<u>Interest Rate</u>	<u>Balance, December 31, 2017</u>	<u>Decreased</u>	<u>Balance, December 31, 2018</u>
			<u>Date</u>	<u>Amount</u>	<u>Outstanding December 31, 2018</u>				
Acquisition of Land (Open Space)	11/17/2000	\$ 653,625	2017-2020	Various		2.00%	\$ 100,758	\$ 39,703	\$ 61,055
Paid by Open Space Preservation Trust Fund									
								\$ 39,703	

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance, December 31, 2017	Decreased	Balance, December 31, 2018
			Outstanding December 31, 2018					
			Date	Amount				
General Bonds of 2010	7/15/2010	\$ 2,120,000	2019	\$ 190,000	3.00			
			2020	320,000	3.00			
			2021-2022	325,000	3.00-3.125	\$ 1,340,000	\$ 180,000	\$ 1,160,000
General Bonds of 2012	11/15/2012	1,780,000	2019	150,000	2.00			
			2020-2023	200,000	2.00	1,100,000	150,000	950,000
General Refunding Bonds of 2014 (Series A)	8/15/2014	2,110,000	2019	435,000	4.00	865,000	430,000	435,000
General Refunding Bonds of 2014 (Series B)	8/15/2014	585,000	2019-2020	65,000	4.00			
			2021-2022	70,000	3.00-4.00			
			2023	75,000	3.00	405,000	60,000	345,000
General Improvement Bonds of 2015	8/15/2015	2,074,000	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	1,699,000	195,000	1,504,000
						<u>\$ 5,409,000</u>	<u>\$ 1,015,000</u>	<u>\$ 4,394,000</u>
Paid by Budget Appropriation							<u>\$ 1,015,000</u>	

**BOROUGH OF OLD TAPPAN  
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of Original Issue	Date of Maturity	Interest Rate	Balance, December 31, 2017	Increased	Decreased	Balance, December 31, 2018
1099-16	Improvement of Russell Avenue and Irving Street	9/28/2017	9/28/2018 9/27/2019	2.25 % 3.00	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
1109-17	Various Capital Improvements and Acq. of Equip.	9/28/2017	9/28/2018 9/27/2019	2.25 3.00	1,046,000	1,043,850	1,046,000	1,043,850
1117-17	Improvements of Washington Avenue North	9/28/2017	9/28/2018 9/27/2019	2.25 3.00	26,373	26,373	26,373	26,373
1123-18	Various Capital Improvements and Acq. of Equip.	9/28/2018	9/27/2019	3.00	-	838,000	-	838,000
					<u>\$ 1,112,373</u>	<u>\$ 1,948,223</u>	<u>\$ 1,112,373</u>	<u>\$ 1,948,223</u>
				Renewals				
				Issued for Cash	\$ 1,110,223	\$ 1,110,223	\$ 1,110,223	\$ 1,110,223
				Paid with Capital Cash	838,000	-	-	-
					<u>-</u>	<u>2,150</u>	<u>2,150</u>	<u>2,150</u>
					<u>\$ 1,948,223</u>	<u>\$ 1,948,223</u>	<u>\$ 1,112,373</u>	<u>\$ 1,112,373</u>

**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>2017</u>	2018 <u>Authorizations</u>	Notes <u>Issued</u>	Balance, December 31, <u>2018</u>
1109	Various Capital Improvements and Acquisition of Equipment	<u>\$ -</u>	<u>\$ 838,000</u>	<u>838,000</u>	<u>\$ -</u>
		<u>\$ -</u>	<u>\$ 838,000</u>	<u>\$ 838,000</u>	<u>\$ -</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, 2017	\$ 294,941	\$ 1,253,946	\$ 77,462
Increased by Receipts:			
Consumer Accounts Receivable	\$ 1,146,117		
Interest on Assessments		\$ 23,362	
Assessments Receivable		371,470	
Receipts from Sewer Assessment Fund	23,362		
Receipts from General Capital Fund			\$ 104,000
Bond Anticipation Notes	1,382		121,000
Sewer Fee Overpayments	10,574		
Non-Budget Revenue	<u>1,181,435</u>	<u>-</u>	<u>-</u>
		394,832	225,000
Decreased by Disbursements:			
2018 Budget Appropriations	1,088,459		
2017 Appropriation Reserves	6,535		
Encumbrances Payable	9,839		
Interest on Bonds, Loans and Notes	55,054		
Serial Bonds		175,000	
Improvement Authorizations			32,310
Environmental Infrastructure Loans		625,778	
Payments to Sewer Utility Operating Fund		23,362	
	<u>-</u>	<u>824,140</u>	<u>-</u>
	1,159,887		32,310
Balance, December 31, 2018	<u>\$ 316,489</u>	<u>\$ 824,638</u>	<u>\$ 270,152</u>

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

	Balance, December 31, 2018
Fund Balance	\$ 182,890
Assessment Serial Bonds and Loans	
Ord. 624/626- Improvements to Sanitary Sewerage System - DeBerg Dr.	85,000
Ord. 654/665- Improvements to Sanitary Sewerage System - Area A	255,579
Ord. 708- Improvements to Sanitary Sewerage System - Orangeburg Rd. So./Greenswood/Olsen	184,931
Ord. 778/797/845/870 2002 and 2004 Sewer Project Areas	<u>116,238</u>
	<u>\$ 824,638</u>

**ANALYSIS OF CASH  
SEWER UTILITY CAPITAL FUND**

	Balance December 31, 2018
Encumbrances Payable	\$ 73,338
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
1110	Various Improvements to Pump Stations
1124/1132	Upgrade of Control Panels in Pump Stations and Acquisition of a Grinder Pump
	<u>455</u>
	<u>4,691</u>
	<u>19,700</u>
	<u>\$ 270,152</u>

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

Balance, December 31, 2017		\$ 37,287
Increased by:		
Sewer Rents Levied		<u>1,166,879</u>
		1,204,166
Decreased by:		
Sewer Rents Collected:		
Cash Receipts	\$ 1,146,117	
Overpayments Applied	<u>2,114</u>	
		<u>1,148,231</u>
Balance, December 31, 2018		<u>\$ 55,935</u>

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

Increased by:		
Interest on Assessments		\$ 23,362
Decreased by:		
Payments to Sewer Utility Operating Fund		<u>\$ 23,362</u>



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

Ord. No.	Improvement Description	Date of Confir- mation	Annual Instal- ments	Due Dates	Balance, December 31, 2017	Collectors Adjustments	Collected	Balance, December 31, 2018	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	\$ 624		\$ 624			
654/665	Improvements to Sanitary Sewerage System- Area A	10/15/2001	18	10/15/2001-10/15/2018	167,804	\$ 3,233	171,037			
708	Improvements to Sanitary Sewerage System- Orangeburg Road South	10/7/2002	18	10/7/2002-10/7/2019	189,775	-	94,649	\$ 95,126	\$ 95,126	
708	Improvements to Sanitary Sewerage System- Greenwoods Road	10/7/2002	18	10/7/2002-10/7/2019	66,579		36,696	29,883	29,883	
708	Improvements to Sanitary Sewerage System- Olsen Lane	10/7/2002	18	10/7/2002-10/7/2019	7,030	-	3,433	3,597	3,597	
797	Improvements to Sanitary Sewerage System- Demarest Lane	4/19/2004	18	4/19/2004-4/19/2021	1,127		268	859	859	
778/797	Improvements to Sanitary Sewerage System- 2002 Sewer Project Areas	10/4/2004	18	10/4/2004-10/4/2021	90,719		22,725	67,994	47,450	\$ 20,544
845/870	Improvements to Sanitary Sewer System 2004 Sewer Project Areas	10/17/2005	18	10/17/2005-10/17/2022	148,101	-	42,038	106,063	106,063	-
					\$ 671,759	\$ 3,233	\$ 371,470	\$ 303,522	\$ 282,978	\$ 20,544
Reserve for Assessments Receivable					\$ 3,233					

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

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2017</u>	Balance, December 31, <u>2018</u>	Balance, Pledged to Assessment <u>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, 2017	<u>Additions by</u> Budget Capital Outlay	Balance, December 31, 2018
<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	158,495	\$ 8,500	166,995
<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>\$ 18,432,545</u>	<u>\$ 8,500</u>	<u>\$ 18,441,045</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2017	2018 Authorizations	Balance, December 31, 2018
			Deferred Charges to Future Revenue	
1093	Replacement of Channel Grinder Pump Station No. 1	\$ 52,500		\$ 52,500
1110	Various Improvements to Pump Stations	60,000		60,000
1124/1132	Upgrade of Control Panels at Pump Stations and Acquisition of a Grinder Pump	-	\$ 121,000	121,000
		<u>\$ 112,500</u>	<u>\$ 121,000</u>	<u>\$ 233,500</u>

EXHIBIT D-16

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

	Balance, December 31, 2017	Balance After Modifications	Paid or Charged	Balance Lapsed
Operating				
Salaries	\$ 9,566	\$ 9,566	\$ 330	\$ 9,236
Other Expenses	29,062	29,062	6,205	22,857
Capital Improvements				
Capital Outlay	<u>774</u>	<u>774</u>	<u>-</u>	<u>774</u>
Total Operating	<u>39,402</u>	<u>39,402</u>	<u>6,535</u>	<u>32,867</u>

EXHIBIT D-17

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

Increased by:	
Charges to Improvement Authorizations	<u>\$ 73,338</u>
Balance, December 31, 2018	<u>\$ 73,338</u>

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

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2017	2018 Authorizations	Paid or Charged	Balance, December 31, 2018
			Unfunded	Deferred Charges to Future Revenues		Unfunded
1093	Replacement of Channel Grinder Pump Station No. 1	\$ 52,500	\$ 9,155		\$ 200	\$ 8,955
1110	Various Improvements to Pump Stations	60,000	8,839		4,148	4,691
1124/ 1132	Upgrading Control Panels at Pump Stations and Acquisition of a Grinder Pump	121,000	-	\$ 121,000	101,300	19,700
			<u>\$ 17,994</u>	<u>\$ 121,000</u>	<u>\$ 105,648</u>	<u>\$ 33,346</u>
				Cash Disbursed	\$ 32,310	
				Encumbrances Payable	73,338	
					<u>\$ 105,648</u>	

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

Balance, December 31, 2017	\$ 9,839
Increased by:	
Charges to 2018 Budget Appropriations	<u>60,592</u>
	70,431
Decreased by:	
Cash Disbursements	<u>9,839</u>
Balance, December 31, 2018	<u><u>\$ 60,592</u></u>

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

Balance, December 31, 2017	\$ 25,323
Increased by:	
Charges to Budget Appropriations for Interest	<u>46,969</u>
	72,292
Decreased by:	
Interest Paid	<u>55,054</u>
Balance, December 31, 2018	<u><u>\$ 17,238</u></u>

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

Balance, December 31, 2017	\$ 2,114
Increased by:	
2018 Overpayments Received	<u>1,382</u>
	3,496
Decreased by:	
Overpayments Applied	<u>2,114</u>
Balance, December 31, 2018	<u><u>\$ 1,382</u></u>

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

Balance, December 31, 2017	\$ 18,432,545
Increased by:	
Capital Outlay - Operating Budget	<u>8,500</u>
Balance, December 31, 2018	<u><u>\$ 18,441,045</u></u>

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

Ord. No.	Improvement Description	Balance December 31, 2017	Balance December 31, 2018
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-24

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

Ord. No.	Description	Balance December 31, 2017	Increases	Collections to Fund Balance	Balance December 31, 2018
626/668	Improvements to Sanitary Sewer- Deberg Drive	\$ 624		\$ 624	
654/665	Improvement to Sanitary Sewerage System - Area A	96,410	\$ 3,273	99,683	-
778/797	Sanitary Sewer - 2002 Sewer Project Areas	<u>20,544</u>	<u>-</u>	<u>-</u>	<u>\$ 20,544</u>
		<u>\$ 117,578</u>	<u>\$ 3,273</u>	<u>\$ 100,307</u>	<u>\$ 20,544</u>
	Assessments Receivable		\$ 3,233		
	Environmental Information Loans		<u>40</u>		
			<u>\$ 3,273</u>		



**BOROUGH OF OLD TAPPAN**  
**STATEMENT OF BOND ANTICIPATION NOTES**  
**SEWER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2018</u>
1093-16	Replacement of Channel Grinder	9/28/2017	9/28/2017	9/28/2018	2.25 %	\$ 44,000	\$ 44,000	\$ 44,000	\$ 44,000
1110-17	Various Improvements to Pump Stations	9/28/2017	9/28/2017 9/28/2018	9/28/2018 9/27/2019	3.00 2.25 3.00	60,000	60,000	60,000	- 60,000
1124-18/ 1132-18	Upgrade of Control Panels at Pump Stations and Acquisition of a Grinder Pump	9/28/2018	9/28/2018	9/27/2019	3.00	-	121,000	-	121,000
						<u>\$ 104,000</u>	<u>\$ 225,000</u>	<u>\$ 104,000</u>	<u>\$ 225,000</u>
					Renewals Issued for Cash		\$ 104,000	\$ 104,000	
							121,000	-	
							<u>\$ 225,000</u>	<u>\$ 104,000</u>	<u>\$ 104,000</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, 2017	Decreased	Balance, December 31, 2018
			Outstanding December 31, 2018	Amount				
Construction of Sanitary Sewers- Trust Loan - Area "A"-Series 1999 Refunding Series 2006B	11/1/1999	\$ 3,415,000	8/1/2019	255,579	5.70%	\$ 502,519	\$ 246,940	\$ 255,579
	11/1/1999	3,193,990				150,386	150,386	-
Construction of Sanitary Sewers- Fund Loan - Area "A"-Series 1999	11/1/2000	1,960,000	8/1/2019	131,028	5.25%			
			8/1/2020	139,676	5.25%	397,814	127,110	270,704
Construction of Sanitary Sewers- Trust Loan - Orangeburg Rd. So. Series 2000 Refunding Series 2006A Refunding Series 2010A	11/1/2000	1,828,595	8/1/2019	4,884				
			8/1/2019	60,272	None	166,538	101,382	65,156
						\$ 1,217,257	\$ 625,818	\$ 591,439
Paid by Sewer Utility Assessment Cash						\$ 625,778		
Cancelled to Reserve for Assessment Receivables							40	
						\$ 625,818		

**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</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2017</u>	<u>Decreased</u>	<u>Balance, December 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Assessment Bonds Ord. 624,626,668	7/15/2010	\$ 730,000	2019	\$ 85,000	2.625%	\$ 170,000	\$ 85,000	\$ 85,000
Refunding Assessment Bonds Ord. 778/797/845/870	7/10/2014	665,000	2019	90,000	4.00%			
			2020-2021	85,000	4.00%			
			2022	45,000	3.00%	395,000	90,000	305,000
						<u>\$ 565,000</u>	<u>\$ 175,000</u>	<u>\$ 390,000</u>
							<u>\$ 175,000</u>	

Paid by Sewer Assessment Cash

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

<u>Ord. No.</u>	<u>Purpose</u>	<u>Balance, December 31, 2017</u>	<u>2018 Authorizations</u>	<u>Notes Issued</u>	<u>Balance, December 31, 2018</u>
1093	Replacement of Channel Grinder	\$ 8,500			\$ 8,500
1124/	Upgrade of Control Panels at Pump Stations and				
1132	Acquisition of a Grinder Pump	-	\$ 121,000	\$ 121,000	-
		<u>\$ 8,500</u>	<u>\$ 121,000</u>	<u>\$ 121,000</u>	<u>\$ 8,500</u>

**PUBLIC ASSISTANCE FUND**

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

	<u>Account #1</u>
Balance, December 31, 2017	\$ 91,891
Increased by:	
Receipts	<u>8,570</u>
	100,461
Decreased by:	
Disbursements	<u>15,679</u>
Balance, December 31, 2018	<u>\$ 84,782</u>

**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

	<u>Account #1</u>
Balance, December 31, 2017	\$ 91,891
Increased by:	
Revenues	<u>8,570</u>
	100,461
Decreased by:	
Expenditures	<u>15,679</u>
Balance, December 31, 2018	<u>\$ 84,782</u>

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

	<u>Account #1</u>
Donations	\$ 8,570
 Total Receipts/Revenues	 <u>\$ 8,570</u>

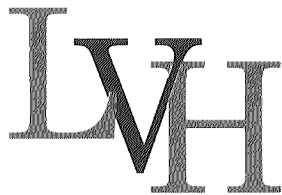
**STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES**

	<u>Account #1</u>
Current Year Assistance	
Assistance Ineligible for State Aid	<u>\$ 15,679</u>
 Total Disbursements/Expenditures	 <u>\$ 15,679</u>

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

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**PART II  
GOVERNMENT AUDITING STANDARDS  
YEAR ENDED DECEMBER 31, 2018**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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CHRIS SOHN, CPA

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Old Tappan as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated July 24, 2019. 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.

### **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.

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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**

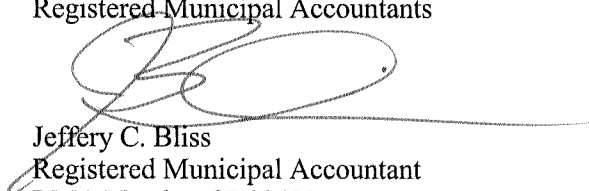
As part of obtaining reasonable assurance about whether the Borough of Old Tappan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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  
July 24, 2019

**Note - The Federal Award Programs were not subject to an 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, 2018**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2018 Grant Receipts</u>	<u>Balance January 1, 2018</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Grants Cancelled</u>	<u>Balance December 31, 2018</u>	<u>Cumulative Expended</u>
Drunk Driving Enforcement	1110-448-031020-22	2018	\$ 5,000	\$ 5,000	\$	\$ 2,500			\$ 2,500	
		2017	2,304		\$ 2,304				2,304	
		2016	2,098		2,098		\$ 854		1,244	\$ 854
		2014	2,826		264		264		-	2,826
Municipal Drug and Alcohol Alliance Program (Passed through County of	N/A	2018	9,876			9,876	3,690		6,186	3,690
		2017	9,876	3399	7,426		6,049	\$ 1,377	-	8,499
Recycling Tonnage Grant	042-4900-752-001	2018	27,589			27,589	27,589		-	27,589
Clean Communities Grant	042-4900-765-004	2018	12,182	12,182						
		2017	12,736			12,736	12,540		196	12,540
		2016	14,991		3,401		3,401		-	14,991
Alcohol Education & Rehabilitation Pgm.	098-9735-760-01	2018	879	879						
		2017	193			193			193	
		2016	544		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	2018	2,679			2,679			2,679	
		2016	1,543		1,543				1,543	
		2015	1,595		1,595	-			1,595	
		2014	1,597		100			-	100	1,591
		2017	2,000		2,000		2,000		-	2,000
Sustainable New Jersey										
Department of Transportation										
Local Municipal Aid - Sidewalk Improvements (Ord. 1094)	078-6320-480-ALW	2016	149,000		65,309	-	51,872	-	13,437	135,563
Local Municipal Aid - Roadway Improvements (Ord. 1099)	078-6320-480-AMF	2016	155,500		32,681	-	19,162	-	13,519	141,981
Local Municipal Aid - Washington Ave. Paving Section 4 (Ord. 1117)	078-6320-480-AMQ	2017	165,627	124,220	165,627	-	165,627	-	-	165,627
Local Municipal Aid - Roadway DeWolf Road (Ord. 1123)	078-6320-480-xxx	2018	200,000						200,000	
					-	200,000	-	-	-	200,000
					\$ 286,602	\$ 255,573	\$ 293,048	\$ 1,377	\$ 247,750	

Note - The State Financial Assistance programs were not subject to an 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, 2018**

**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	\$ 11,123	\$ 55,573	\$ 66,696
General Capital Fund	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Total Financial Awards	<u>\$ 11,123</u>	<u>\$ 255,573</u>	<u>\$ 266,696</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, 2018**

**NOTE 5 STATE LOANS OUTSTANDING**

The Borough's state loans outstanding at December 31, 2018, 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	\$ 61,055
Environmental Infrastructure Loan (1999 Loan)	4800-504-993150-60	255,579
Environmental Infrastructure Loan (2000 Loan)	4800-534-094802-60	<u>335,860</u>
		<u>\$ 652,494</u>

**NOTE 6 DE MINIMIS INDIRECT COST RATE**

The Borough has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

**BOROUGH OF OLD TAPPAN  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

*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, 2018**

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, 2018**

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, 2018**

**BOROUGH OF OLD TAPPAN  
SUPPLEMENTARY DATA**

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

	<u>Year 2018</u>		<u>Year 2017</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 800,000	2.04%	\$ 800,000	2.05%
Miscellaneous - From Other Than Local				
Property Tax Levies	3,267,857	8.34%	3,289,809	8.45%
Collection of Delinquent Taxes and Tax Title Liens	300,420	0.77%	322,843	0.83%
Collection of Current Tax Levy	34,731,839	88.60%	34,451,453	88.45%
Other Credits	<u>99,246</u>	<u>0.25%</u>	<u>84,274</u>	<u>0.22%</u>
Total Income	<u>39,199,362</u>	<u>100.00%</u>	<u>38,948,379</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	8,792,815	22.92%	8,731,769	22.95%
County Taxes	4,335,604	11.30%	4,444,913	11.69%
Local and Regional School Taxes	25,056,455	65.32%	24,678,918	64.88%
Municipal Open Space Tax	174,316	0.45%	173,783	0.46%
Other Expenditures	<u>2,938</u>	<u>0.01%</u>	<u>8,767</u>	<u>0.02%</u>
Total Expenditures	<u>38,362,128</u>	<u>100.00%</u>	<u>38,038,150</u>	<u>100.00%</u>
Excess in Revenue	837,234		910,229	
Fund Balance, January 1	<u>1,855,598</u>		<u>1,745,369</u>	
	2,692,832		2,655,598	
Less Utilization as Anticipated Revenue	<u>800,000</u>		<u>800,000</u>	
Fund Balance, December 31	<u>\$ 1,892,832</u>		<u>\$ 1,855,598</u>	

**BOROUGH OF OLD TAPPAN  
SUPPLEMENTARY DATA**

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

	<u>Year 2018</u>		<u>Year 2017</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 41,000	3.26%	\$ 92,000	7.09%
Collection of Sewer User Fees	1,148,231	91.42%	1,129,601	87.07%
Miscellaneous- From Other Than				
Sewer User Fees	23,362	1.86%	39,901	3.08%
Non-Budget Revenue	10,574	0.84%	25,450	1.96%
Other Credits to Income	<u>32,867</u>	<u>2.62%</u>	<u>10,414</u>	<u>0.80%</u>
Total Income	<u>1,256,034</u>	<u>100.00%</u>	<u>1,297,366</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Operating	1,106,044	91.33%	1,088,223	88.32%
Capital Improvements	10,000	0.83%	10,000	0.81%
Debt Service	46,969	3.88%	66,871	5.43%
Deferred Charges and Statutory Expenditures	<u>48,000</u>	<u>3.96%</u>	<u>66,985</u>	<u>5.44%</u>
Total Expenditures	<u>1,211,013</u>	<u>100.00%</u>	<u>1,232,079</u>	<u>100.00%</u>
Excess in Revenue	45,021		65,287	
Fund Balance, January 1	<u>218,263</u>		<u>244,976</u>	
	263,284		310,263	
Less Utilization as Anticipated Revenue	<u>41,000</u>		<u>92,000</u>	
Fund Balance, December 31	<u>\$ 222,284</u>		<u>\$ 218,263</u>	

**BOROUGH OF OLD TAPPAN  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate</u>	<u>\$2.021</u>	<u>\$2.005</u>	<u>\$1.953</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.322	.315	.306
Municipal Open Space	.010	.010	.010
County	.239	.246	.242
County Open Space	.010	.010	.003
Local District School	.823	.835	.822
Regional High School	.617	.589	.570

Assessed Valuation

2018	<u>\$1,741,230,299</u>	
2017	<u>\$1,733,666,227</u>	
2016		<u>\$1,731,471,128</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>
2018	\$35,229,351	\$34,756,839	98.66%
2017	\$34,843,378	\$34,476,453	98.95%
2016	33,869,570	33,482,423	98.85%

**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>
2018	\$ 43,083	\$ 371,180	\$ 414,263	1.18%
2017	39,170	299,789	338,959	0.97%
2016	36,265	322,593	358,858	1.06%

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2018 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>
2018	\$278,485
2017	278,485
2016	278,485

**Schedule of Sewer Utility Levies**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(1)</u>	<u>Percentage of Collection</u>
2018	\$ 1,166,879	\$ 1,148,231	98.40%
2017	1,130,077	1,129,601	99.96%
2016	1,086,253	1,094,049	100.72%

(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	2018	\$1,892,832	\$800,000
	2017	1,855,598	800,000
	2016	1,745,369	800,000
	2015	1,724,117	800,000
	2014	1,721,913	800,000
Sewer Utility Fund	2018	\$222,284	\$40,000
	2017	218,263	41,000
	2016	244,976	92,000
	2015	233,239	95,000
	2014	280,591	130,000

**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		
Anna Haverilla	Council President		
Matthew Nalbandian	Councilman		
Ronald Binaghi, Jr.	Councilman		
Guy Carnazza	Councilman		
Victor Cioce	Councilman		
Thomas Gallagher	Councilman		
Patrick O'Brien	Administrator	Note A	MELJIF
Jean Donch	Borough Clerk	Note A	MELJIF
Lori Langone	Registrar of Vital Statistics	Note A	MELJIF
Warren Clark	Magistrate	Note A	MELJIF
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		
Charles Batch	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 Findings – 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 \$139,000 as of December 31, 2018. 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:

2018 Road Paving Program  
Washington Avenue North Paving Project  
Pumping Services  
4 Year Lease of Golf Carts

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 2, 2018 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 2018, 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 2, 2018 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 2, 2018 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 2018 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 18, 2018.

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>
2018	4
2017	4
2016	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 and procedures regarding fund raising activities of the recreation department.
- Ticket sales reports be prepared for Town Day collections.

**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*

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



Jeffrey C. Bliss  
Registered Municipal Accountant  
RMA Number CR00429