

A BRIEF EXPLANATION OF YOUR TAXES AND THE IMPENDING REASSESSMENT:

Due to the recent residential development activity in the Borough, Old Tappan’s assessed value (or ratable base) increased by 2.3% (\$40,398,000) in 2024 and then again 2.1% (\$38,548,000) in 2025. These increases provided additional tax revenue for the Borough and other taxing entities including the Local School District, Regional High School District and the County. Although the additional amount seems significant the Borough's share amounts to only 16% of the total. The remaining 84% of the additional tax revenue is proportioned to the other taxing entities within the Borough. The following is an analysis of how this additional tax revenue for 2024 and 2025 was allocated to the various taxing entities within the Borough:

| TAXING ENTITY | 2024 | | 2025 | |
|-----------------------|-----------|-------------|-----------|-------------|
| | AMOUNT | PERCENT (%) | AMOUNT | PERCENT (%) |
| County | \$114,810 | 12.9% | \$118,424 | 13.1% |
| Local School District | 406,730 | 45.7% | 419,456 | 46.4% |
| Regional High School | 219,830 | 24.7% | 217,864 | 24.1% |
| Municipal Open Space | 3,560 | .4% | 3,616 | .4% |
| Municipal Budget | 145,070 | 16.3% | 144,640 | 16.0% |
| | \$890,000 | 100.0% | \$904,000 | 100.0% |

As you will note, the Borough's share of these additional taxes was \$145,070 for 2024 and \$144,640 for 2025. The remaining share of additional tax revenue was to support the budgets of the Local School District, Regional High School District, County and a minor portion for the municipal open space budget.

With respect to the Local School District and the County the tax levy increases required were significantly higher than the additional tax revenues received from the increase in the assessed values (ratables) for 2024 and 2025. The Borough has no control over these other taxing entities budgets, all of which are separate legal governmental entities with taxing powers in accordance with N.J. State Statutes,

With respect to the Borough the additional tax revenues received by the increase in assessed valuations ("ratables") were also not sufficient to cover the required tax levy to balance the municipal budget while funding all essential costs in the 2024 and 2025 operating budgets.

For 2024 the Borough's tax levy increased \$257,789 (\$112,719 more than the additional tax revenue of \$145,070):

| | <u>2024 Increases</u> |
|---|-----------------------|
| Salaries and Wages: | |
| Police | \$143,300 |
| Road Repair & Maintenance | 62,500 |
| Other Departments | 43,200 |
| Employee Health Benefits | 58,800 |
| General Liability/Worker's Compensation Insurance | 35,300 |
| Aid to Library Association | 61,600 |
| | \$404,700 |

For 2025 the Borough's tax levy increased \$401,478 (\$286,838 more than the additional tax revenue received of \$144,640):

| | <u>2025 Increases</u> |
|----------------------------|-----------------------|
| Salaries and Wages | |
| Police | \$68,900 |
| Road Repair & Maintenance | 45,600 |
| Other | 29,300 |
| Employee Health Benefits | 237,300 |
| Pension Contributions | 121,900 |
| Aid to Library Association | 79,100 |
| Debt Service Payments | 65,200 |
| | \$647,300 |

In addition to the increase in the 2025 tax levy of \$401,478 the Borough utilized additional fund balance ("Surplus") and increased revenues from interest earnings, golf course fees, construction code fees and municipal court fines to balance the 2025 budget and fund the additional increases in costs as noted above for 2025.

Old Tappan has experienced a significant increase in its Current Fund's surplus balances over the past two years. These increases have resulted from revenues realized in excess of anticipated budget amounts over the years from construction code fees, golf course fees, interest earned on deposits and investments and the collection of added taxes levied during the year. Although the Borough has utilized more surplus annually to balance the budget, as new building activity in the Borough lessens, it is expected that the regeneration of surplus from these excess construction code fees and collections of added taxes levied during the year will decrease significantly. As a result, it is expected that the surplus balances at year end will decrease in future years to levels experienced in previous years.

If the increases in the Borough's assessed values or ratable base did not occur the amount of property taxes that residents paid in 2024 and 2025 would have been more than what they actually paid. For example, in 2024 the average taxpayer with a home assessed at \$822,000 paid total property taxes (including school, county and municipal open space) of \$18,100. If the assessed values did not increase in 2024 the same property owner would have paid \$18,520 or \$420 (2.32%) more in property tax. In 2025 the average taxpayer with a home assessed at \$826,000 paid total property taxes of \$19,378. If the assessed values did not the same property owner would have paid \$20,254 or \$876 (4.52%) more in property taxes.

The Borough is now in the process of conducting a townwide reassessment of all property as ordered by the New Jersey Division of Taxation; all other districts in Bergen County have either completed same in the past few years or are currently under similar order. During this process, all assessments will be evaluated as the order requires all assessments to be brought to 100% of market value. This is a revenue neutral program so while there will certainly be some property owners that experience a shift in their annual tax burden, the Borough's tax rate is adjusted proportionally with the amount that the total assessments are increased. In general, 33% of properties see some increase, 33% see some decrease and the other third essentially stays the same.