

BOROUGH OF OLD TAPPAN
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2015

BOROUGH OF OLD TAPPAN

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BOROUGH OF OLD TAPPAN
BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2015



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, 2015 and 2014, 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, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Old Tappan on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the 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, 2015 and 2014, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 36.9 percent and 36.9 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

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, 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, 2015 and 2014, 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, 2015 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

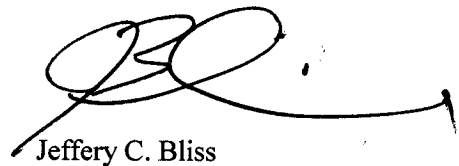
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated April 21, 2016 on our consideration of the Borough of Old Tappan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Old Tappan's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffery C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
April 21, 2016

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014

ASSETS	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash	A-4	\$ 5,386,034	\$ 5,326,726
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	3,697	5,197
Grants Receivable	A-11	<u>17,178</u>	<u>17,866</u>
		<u>5,407,264</u>	<u>5,350,144</u>
RECEIVABLES AND OTHER ASSETS			
WITH FULL RESERVES			
Delinquent Property Taxes Receivable	A-7	295,611	278,937
Tax Title Liens Receivable	A-9	32,310	28,418
Property Acquired for Taxes - Assessed Valuation	A-10	278,485	278,485
Revenue Accounts Receivable	A-12	16,283	17,587
Due from Other Trust Fund	B-8	-	126
Due from Sewer Utility Operating Fund	D-15	<u>3,910</u>	<u>-</u>
		<u>626,599</u>	<u>603,553</u>
Total Assets		<u>\$ 6,033,863</u>	<u>\$ 5,953,697</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-13	\$ 71,715	\$ 117,327
Encumbrances Payable	A-18	196,809	236,984
Accounts Payable	A-19	11,677	4,040
Due to State - Sales Tax Payable	A-14	1,575	1,362
Due to State-DCA Training Fees	A-14	2,794	5,008
Due to Other Trust Fund	B-8	5,965	
Prepaid Revenues	A-15	2,630	8,023
Prepaid Taxes	A-16	153,798	131,993
County Taxes Payable	A-22	11,663	12,591
Local District School Taxes Payable	A-20	3,159,861	2,998,340
Reserve for Tax Appeals	A-25	44,092	51,335
Reserve for Grants - Appropriated	A-23	5,450	5,637
Reserve for Grants - Unappropriated	A-24	<u>15,118</u>	<u>55,591</u>
		3,683,147	3,628,231
Reserve for Receivables and Other Assets	A	626,599	603,553
Fund Balance	A-1	<u>1,724,117</u>	<u>1,721,913</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,033,863</u>	<u>\$ 5,953,697</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 800,000	\$ 750,000
Miscellaneous Revenue Anticipated	A-2	2,979,463	3,109,008
Receipts from Delinquent Taxes	A-2	280,989	324,019
Receipts from Current Taxes	A-2	32,904,879	31,961,361
Non-Budget Revenue	A-2	199,918	221,616
Other Credits to Income			
Unexpended Balances of Appropriation Reserves	A-13	65,914	23,729
Accounts Payable Cancelled	A-19	1,530	3,021
Prior Year Interfunds Returned	A	<u>126</u>	<u>2,698</u>
Total Income		<u>37,232,819</u>	<u>36,395,452</u>
EXPENDITURES			
Operations			
Salaries and Wages	A-3	3,328,401	3,230,395
Other Expenses	A-3	2,958,743	2,986,895
Capital Improvements	A-3	100,000	250,000
Municipal Debt Service	A-3	942,675	976,608
Deferred Charges and Statutory Expenditures	A-3	1,022,746	781,331
County Taxes	A-22	4,157,562	3,967,200
Due County for Added and Omitted Taxes	A-22	11,663	12,591
Local District School Taxes	A-20	13,895,990	13,594,559
Regional High School District Taxes	A-21	9,832,838	9,585,034
Municipal Open Space Taxes	A-4	173,045	172,613
Other Debits to Income			
Prior Year Senior Citizen Deductions Disallowed	A-8	2,057	673
Refund of Prior Year Revenue	A-4	985	-
Interfunds Advanced	A	<u>3,910</u>	<u>126</u>
Total Expenditures		<u>36,430,615</u>	<u>35,558,025</u>
Excess in Revenue		802,204	837,427
Fund Balance, January 1	A	<u>1,721,913</u>	<u>1,634,486</u>
		2,524,117	2,471,913
Less Utilization as Anticipated Revenue	A-1,A-2	<u>800,000</u>	<u>750,000</u>
Fund Balance, December 31	A	<u>\$ 1,724,117</u>	<u>\$ 1,721,913</u>

See Accompanying Notes to Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Anticipated Special Added by 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	\$ 800,000	-	\$ 800,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	10,800		10,800	\$ -
Other	A-2	6,500		5,557	(943)
Fees and Permits	A-2	25,000		20,774	(4,226)
Fines and Costs - Municipal Court	A-12	70,000		52,974	(17,026)
Interest and Costs on Taxes	A-12	90,000		83,756	(6,244)
Uniform Fire Safety Act	A-12	6,600		5,940	(660)
Interest on Investments and Deposits	A-2	25,000		32,324	7,324
Golf Course Fees	A-12	542,000		558,729	16,729
Uniform Construction Code Fees	A-12	200,000		175,764	(24,236)
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	155,000		94,302	(60,698)
Public and Private Revenues Offset with Appropriations					
Recycling Tonnage Grant	A-24	41,145		41,145	-
Drunk Driving Enforcement Fund	A-24	1,292		1,292	-
Drive Sober or Get Pulled Over	A-11		\$ 5,000	2,456	(2,544)
Clean Communities Program	A-24	10,788		10,788	-
Alcohol Education and Rehabilitation Fund	A-24	768		768	-
Municipal Alliance on Alcoholism and Drug Abuse	A-11	-	9,876	9,876	-
Body Armor Fund State Share	A-11, A-24	2,817		2,817	-
Community Development Block Grants					
Senior Citizens' Programs	A-11		4,125	4,125	-
Special Items of Revenue:					
Cell Tower Leases	A-12	155,000		167,300	12,300
Police Outside Duty Admin Fee	A-12	30,000		30,000	-
Library Contribution - Municipal Services	A-12	45,000		45,000	-
Reserve for Debt Service	A-4	10,206		10,206	-
Golf Concession, Rent and Utilities	A-12	20,000		24,231	4,231
Library Debt Service Reimbursement	A-12	86,012	-	86,013	1
Total Miscellaneous Revenues	A-1	3,036,454	19,001	2,979,463	(75,992)
Receipts from Delinquent Taxes	A-1,A-7	255,000	-	280,989	25,989
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	A-2	5,095,115	-	5,623,781	528,666
	A-3	\$ 9,186,569	\$ 19,001	9,684,233	\$ 478,663
Non-Budget Revenue	A-1,A-2			199,918	
				<u>\$ 9,884,151</u>	

See Accompanying Notes to Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

ANALYSIS OF REALIZED REVENUES	<u>Reference</u>	<u>2015</u>
Allocation of Current Tax Collections		
Revenue from Current Taxes	A-7	\$ 32,904,879
Allocated to School, County , Municipal Open Space Taxes	A-20,A-21,A-22,A-4	<u>28,071,098</u>
Balance for Support of Municipal Budget Appropriation		4,833,781
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>790,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 5,623,781</u>
Licenses - Other		
Borough Clerk	A-12	\$ 4,532
Health Officer	A-12	<u>1,025</u>
	A-2	<u>\$ 5,557</u>
Fees and Permits		
Planning Board	A-12	\$ 2,050
Police	A-12	13,094
Health Officer	A-12	75
Zoning Board	A-12	4,055
Registrar of Vital Statistics	A-12	<u>1,500</u>
	A-2	<u>\$ 20,774</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-12	\$ 31,918
Due from Other Trust Fund	B-8	<u>406</u>
	A-2	<u>\$ 32,324</u>

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Reference</u>	
ANALYSIS OF NON-BUDGET REVENUE		
Smoke Detector Compliance		\$ 8,400
LEA Reimbursement		6,182
Senior Citizen and Veterans Administrative Fees		769
Stone Point Park Usage Fees		750
User Fees- Harrington Park		15,646
Soil Moving Fees		5,775
Miscellaneous Fees and Reimbursements		<u>162,396</u>
	A-2	<u>\$ 199,918</u>
Cash Receipts	A-4	\$ 199,183
Due From Sewer Utility Operating Fund	D-15	595
Due From Sewer Utility Assessment Trust Fund	D-20	<u>140</u>
	A-2	<u>199,918</u>

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages	\$ 170,486	\$ 169,486	\$ 169,070	\$ 416	
Other Expenses	64,500	64,500	63,125	1,375	
Mayor and Council					
Salaries and Wages	42,884	42,884	42,882	2	
Other Expenses	600	600	591	9	
Financial Administration					
Salaries and Wages	94,645	94,645	94,642	3	
Other Expenses	37,018	37,018	35,644	1,374	
Audit Services					
Other Expenses	20,600	20,015	20,015	-	
Assessment of Taxes					
Salaries and Wages	16,291	16,291	16,290	1	
Other Expenses	9,500	4,800	1,858	2,942	
Collection of Taxes					
Salaries and Wages	105,880	105,880	105,880	-	
Other Expenses	2,800	2,800	2,260	540	
Legal Services and Costs					
Other Expenses	60,000	57,500	54,696	2,804	
Engineering Services & Costs					
Other Expenses	11,500	8,215	6,270	1,945	
Open Space Advisory					
Other Expenses	80	80		80	
Senior Advisory					
Other Expenses	8,180	8,180	8,074	106	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	22,603	21,873	21,873	-	
Other Expenses	6,950	6,950	6,458	492	
Insurance					
General Liability	109,658	109,260	109,228	32	
Workers Compensation	112,845	112,845	111,713	1,132	
Employee Group Health	701,844	701,844	699,954	1,890	
Health Benefit Waiver	10,000	10,000	10,000	-	
Unemployment Insurance	12,000	12,000	12,000	-	
PUBLIC SAFETY					
Fire					
Salaries and Wages	12,832	12,832	12,831	1	
Other Expenses	4,050	3,550	2,667	883	
Rent	10,971	10,971	10,971	-	
Fire Hydrant Services	122,800	122,800	116,051	6,749	

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd.)					
GENERAL GOVERNMENT (Cont'd.)					
PUBLIC SAFETY					
Uniform Fire Safety Act (PL 1983, C.383)					
Fire Official					
Salaries and Wages	\$ 29,000	\$ 29,000	\$ 28,650	\$ 350	
Other Expenses	26,999	25,999	25,803	196	
Police					
Salaries and Wages	1,838,700	1,841,100	1,838,876	2,224	
Other Expenses	51,081	51,081	48,427	2,654	
Purchase of Police Vehicles	36,200	36,200	36,146	54	
Police Dispatch/911					
Contractual	122,142	122,142	121,634	508	
First Aid Organization - Contribution	28,880	28,880	28,880	-	
Emergency Management Services					
Salaries and Wages	748	748	747	1	
Other Expenses	500			-	
Municipal Prosecutor					
Salaries and Wages	5,313	4,813	4,813	-	
PUBLIC WORKS FUNCTIONS					
Road Repairs & Maintenance					
Salaries and Wages	476,200	481,300	481,242	58	
Other Expenses	31,840	31,840	28,643	3,197	
Shade Tree Commission					
Other Expenses	20,095	20,095	18,640	1,455	
Recycling					
Salaries and Wages	2,700	2,700	2,276	424	
Other Expenses	33,725	33,725	33,725	-	
Solid Waste Collection					
Other Expenses	5,400	5,400	5,400	-	
Public Buildings and Grounds					
Other Expenses	26,345	26,345	23,546	2,799	
Contractual	17,500	17,580	16,115	1,465	
Vehicle Maintenance					
Other Expenses	58,390	58,390	55,419	2,971	
HEALTH & HUMAN SERVICES					
Board of Health					
Other Expenses	33,025	33,025	32,917	108	
O.S.H.A.					
Hepatitis B Program					
Other Expenses	333	666	333	333	
Environmental Commission					
Salaries and Wages	1,386	1,386	1,386	-	
Other Expenses	160	160	70	90	
Administration of Public Assistance					
Salaries and Wages	7,143	7,143	7,142	1	
Other Expenses	900	1,075	1,057	18	
Aid to Community Center for Mental Health (NJSA 40:4-2-9)	2,000	2,000	2,000	-	

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd.)					
PARKS AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Salaries and Wages	\$ 31,488	\$ 31,488	\$ 31,487	\$ 1	
Other Expenses	15,000	15,000	14,701	299	
Golf Course					
Salaries and Wages	327,923	327,923	327,188	735	
Other Expenses	85,500	85,800	85,411	389	
Recreation Program Fees					
Other Expenses	600	600	170	430	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	1,000	1,000	967	33	
Municipal Court Administration					
Salaries and Wages	12,664	11,664	11,418	246	-
Other Expenses	1,900	1,900	1,347	553	-
Public Defender					
Other Expenses	600	100	100	-	
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	110,645	110,645	110,642	3	
Other Expenses	7,400	5,400	3,375	2,025	
UNCLASSIFIED					
Utilities					
Electricity	109,000	109,000	105,232	3,768	
Street Lighting	12,000	12,800	12,536	264	
Telephone	19,165	19,165	18,790	375	
Water	22,225	25,325	24,993	332	
Gasoline	42,000	42,000	40,344	1,656	
Interlocal Service Agreement					
Harrington Park Service Fee	10,000	10,000	10,000	-	-
Total Operations Within "CAPS"	5,437,332	5,430,422	5,377,631	52,791	-
Contingent	5,000	5,000	-	5,000	-
Total Operations including Contingent Within "CAPS"	5,442,332	5,435,422	5,377,631	57,791	-
Detail:					
Salaries and Wages	3,309,531	3,313,801	3,309,335	4,466	-
Other Expenses	2,132,801	2,121,621	2,068,296	53,325	-

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd.)					
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
- Municipal Within "CAPS"					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	\$ 232,000	\$ 237,575	\$ 237,571	\$ 4	
Public Employees Retirement System	190,074	190,074	190,074	-	
Police and Firemen's Retirement System	353,917	353,917	353,917	-	
Defined Contribution Retirement Program	550	1,180	1,179	1	-
Total Deferred Charges & Statutory					
Expenditures - Municipal Within "CAPS"	776,541	782,746	782,741	5	-
Total General Appropriations for Municipal					
Purposes Within "CAPS"	6,218,873	6,218,168	6,160,372	57,796	-
OPERATIONS - EXCLUDED FROM CAPS					
Aid to Public Library Association	575,653	575,653	575,653	-	
Insurance					
Employee Group Health	3,906	3,906	3,906	-	
Stormwater Management					
Other Expenses	10,050	10,755	10,322	433	
Fire					
LOSAP	79,000	79,000	79,000	-	-
Total Other Operations Excluded					
from "CAPS"	668,609	669,314	668,881	433	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
River Vale Fuel Reimbursement					
Gasoline	155,000	155,000	94,541		\$ 60,459
Emerson - Municipal Court Administration					
Salaries and Wages	14,600	14,600	14,592	8	-
Total Interlocal Municipal Service Agreements	169,600	169,600	109,133	8	60,459
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Drunk Driving Enforcement Fund	1,292	1,292	267	1,025	
Drive Sober or get Pulled Over Grant		5,000	2,456	-	2,544
Municipal Alliance Program		9,876	8,337	1,539	
Clean Communities Grant	10,788	10,788	7,074	3,714	
Body Armor Replacement	2,817	2,817		2,817	
Recycling Tonnage Grant	41,145	41,145	41,145	-	
Alcohol Education and Rehabilitation Fund	768	768		768	
Community Development-Senior Citizen Program	-	4,125	510	3,615	-
Total Public and Private Programs					
Offset by Revenues	56,810	75,811	59,789	13,478	2,544
Total Operations Excluded from "CAPS"	895,019	914,725	837,803	13,919	63,003

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd.)					
Detail:					
Salaries and Wages	\$ 14,600	\$ 14,600	\$ 14,592	\$ 8	
Other Expenses	880,419	900,125	823,211	13,911	\$ 63,003
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	100,000	100,000	100,000	-	-
Total Capital Improvements Excluded from "CAPS"	100,000	100,000	100,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	765,000	765,000	765,000	-	
Interest on Bonds	177,677	177,677	177,675	-	2
Total Municipal Debt Service Excluded from "CAPS"	942,677	942,677	942,675	-	2
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"					
Deferred Charges - Unfunded					
Ordinance No. 992	29,920	29,920	29,920	-	-
Ordinance No. 1045	210,080	210,080	210,080	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	240,000	240,000	240,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,177,696	2,197,402	2,120,478	13,919	63,005
Subtotal General Appropriations	8,396,569	8,415,570	8,280,850	71,715	63,005
Reserve for Uncollected Taxes	790,000	790,000	790,000	-	-
Total General Appropriations	\$ 9,186,569	\$ 9,205,570	\$ 9,070,850	\$ 71,715	\$ 63,005
	Reference	A-2	A-1	A, A-1	
Budget as Adopted	A-3	\$ 9,186,569			
Appropriation by 40A:4-87	A-2	19,001			
		<u>\$ 9,205,570</u>			
Cash Disbursements	A-4		\$ 8,084,041		
Encumbrances Payable	A-18		196,809		
Reserve for Uncollected Taxes	A-2		790,000		
			<u>\$ 9,070,850</u>		

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 2,095	\$ 2,053
OTHER TRUST FUND			
Cash	B-3	1,689,420	1,631,261
Due from Current Fund	B-8	5,965	-
		<u>1,695,385</u>	<u>1,631,261</u>
UNEMPLOYMENT COMPENSATION INSURANCE FUND			
Cash	B-3	<u>33,496</u>	<u>26,726</u>
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	<u>367,337</u>	<u>415,731</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND - (UNAUDITED)			
Investments	B	1,150,857	1,141,418
Contributions Receivable	B	<u>73,600</u>	<u>71,300</u>
		<u>1,224,457</u>	<u>1,212,718</u>
Total Assets		<u>\$ 3,322,770</u>	<u>\$ 3,288,489</u>

**BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-4	\$ 2	\$ 18
Reserve for Animal Control Expenditures	B-5	<u>2,093</u>	<u>2,035</u>
		<u>2,095</u>	<u>2,053</u>
OTHER TRUST FUND			
Due to State of New Jersey			
Department of Human Services	B-6	450	375
Due to Current Fund	B-8	-	126
Escrow Deposits Payable	B-9	429,960	389,842
Miscellaneous Reserves and Deposits	B-10	<u>1,264,975</u>	<u>1,240,918</u>
		<u>1,695,385</u>	<u>1,631,261</u>
UNEMPLOYMENT COMPENSATION INSURANCE FUND			
Reserve for Unemployment Compensation			
Insurance Claims	B-11	<u>33,496</u>	<u>26,726</u>
		<u>33,496</u>	<u>26,726</u>
OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Open Space Preservation	B-13	<u>367,337</u>	<u>415,731</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND - (UNAUDITED)			
Reserve for Length of Service Awards Program	B	<u>1,224,457</u>	<u>1,212,718</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,322,770</u>	<u>\$ 3,288,489</u>

**BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Reference</u>	<u>Anticipated Budget (Memo)</u>	<u>Realized</u>	<u>Excess or Deficit</u>
Amount to be Raised by Taxation	B-13	\$ 172,563	\$ 173,045	\$ 482
Reserve Funds Anticipated		<u>50,060</u>	<u>50,060</u>	<u>-</u>
	B-2	<u>\$ 222,623</u>	223,105	<u>\$ 482</u>
Non-Budget Revenue	B-13		<u>1,184</u>	
			<u>\$ 224,289</u>	

EXHIBIT B-2

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriated (Memo)</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Maintenance of Lands for Recreation and Conservation:				
Salaries and Wages	\$ 67,000	\$ 67,000	\$ 67,000	
Other Expenses	13,000	26,603	26,603	
Capital Improvements:				
Down Payment on Improvements		87,500	87,500	
Debt Service:				
Payment of Bond Principal	37,402	37,402	37,402	
Interest on Bonds	4,118	4,118	4,118	
Reserve for Future Use	<u>51,043</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
	<u>\$ 172,563</u>	<u>\$ 222,623</u>	<u>\$ 222,623</u>	<u>\$ -</u>
Reference	B-1	B-1	B-13	

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2015 AND 2014

ASSETS	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash	C-2,C-3	\$ 2,510,585	\$ 778,400
Grants Receivable	C-4	466,561	260,161
Deferred Charges to Future Taxation			
Funded	C-5	7,551,831	6,280,233
Unfunded	C-6	<u>90</u>	<u>424,090</u>
Total Assets		<u>\$ 10,529,067</u>	<u>\$ 7,742,884</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-14	\$ 7,374,000	\$ 6,065,000
Green Trust Loan Payable	C-13	177,831	215,233
Contracts Payable	C-7	1,215,832	132,545
Improvement Authorizations:			
Funded	C-9	1,220,258	281,301
Unfunded	C-9	90	215,172
Capital Improvement Fund	C-8	29,612	28,612
Reserve for Sidewalk Improvements	C-10	216,443	205,282
Reserve for Capital Improvements	C-11	698	20,698
Reserve for Payment of Debt	C-12	-	10,206
Reserve for Grants Receivable	C-4	260,161	260,161
Fund Balance	C-1	<u>34,142</u>	<u>308,674</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,529,067</u>	<u>\$ 7,742,884</u>

There were bonds and notes authorized but not issued as of December 31, 2015 and 2014 of \$90 and \$424,090 respectively (Exhibit C-15).

BOROUGH OF OLD TAPPAN
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Balance, January 1	C	\$ 308,674	\$ 4,666
Increased by:			
Premium on Sale of Bonds	C-2	13,568	
Funded Improvement Authorizations Cancelled	C-1	<u>-</u>	<u>304,802</u>
		322,242	309,468
Decreased by:			
Grants Receivable Cancelled	C-1	-	794
Appropriated to Finance Improvement Authorizations	C-9	<u>288,100</u>	<u>-</u>
Balance, December 31	C	<u>\$ 34,142</u>	<u>\$ 308,674</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2015 AND 2014

ASSETS	<u>Reference</u>	<u>2015</u>	<u>2014</u>
OPERATING FUND			
Cash	D-7	\$ 235,342	\$ 358,348
Due from Sewer Utility Assessment Trust Fund	D-11	<u>80,568</u>	<u>-</u>
		315,910	358,348
Receivables With Full Reserves			
Consumer Accounts Receivable	D-10	<u>44,607</u>	<u>64,818</u>
		<u>360,517</u>	<u>423,166</u>
ASSESSMENT TRUST FUND			
Cash	D-7,D-8	1,784,965	1,903,636
Assessment Receivable	D-12	1,827,209	2,404,277
Deferred Charge			
Utility Share of Assessment Debt Issued	D-13	<u>56,713</u>	<u>57,411</u>
		<u>3,668,887</u>	<u>4,365,324</u>
CAPITAL FUND			
Cash	D-7,D-9	171,968	171,968
Fixed Capital	D-14	<u>18,415,785</u>	<u>18,408,285</u>
		<u>18,587,753</u>	<u>18,580,253</u>
Total Assets		<u>\$ 22,617,157</u>	<u>\$ 23,368,743</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2015 AND 2014

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2015</u>	<u>2014</u>
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4, D-16	\$ 18,761	\$ 10,055
Encumbrances Payable	D-17	17,957	18,003
Accrued Interest on Bonds and Loans	D-18	42,035	49,699
Sewer Fee Overpayments	D-19	8	-
Due to Current Fund	D-15	<u>3,910</u>	<u>-</u>
		82,671	77,757
Reserve for Receivables	D	44,607	64,818
Fund Balance	D-1	<u>233,239</u>	<u>280,591</u>
		<u>360,517</u>	<u>423,166</u>
ASSESSMENT TRUST FUND			
Assessment Serial Bonds	D-25	915,000	1,090,000
Environmental Infrastructure Loan Payable	D-24	2,473,158	3,076,740
Due to Sewer Utility Operating Fund	D-11	80,568	-
Reserve for Assessments Receivable	D-23	118,117	116,007
Fund Balance	D-2	<u>82,044</u>	<u>82,577</u>
		<u>3,668,887</u>	<u>4,365,324</u>
CAPITAL FUND			
Reserve for Sewer Assessment Debt	D-22	171,968	171,968
Reserve for Amortization	D-21	<u>18,415,785</u>	<u>18,408,285</u>
		<u>18,587,753</u>	<u>18,580,253</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 22,617,157</u>	<u>\$ 23,368,743</u>

There were no Bonds and Notes Authorized But Not Issued on December 31, 2015 and 2014.

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, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized			
Sewer User Fees	D-3	\$ 130,000	\$ 95,000
Interest on Assessments	D-3	1,065,250	1,055,525
Non-Budget Revenue	D-3	80,568	108,620
Other Credits to Income:	D-3	10,443	41,256
Unexpended Balances of Appropriation Reserves	D-16	<u>8,839</u>	<u>6,083</u>
Total Income		<u>1,295,100</u>	<u>1,306,484</u>
EXPENDITURES			
Operating			
Capital Improvements	D-4	1,041,610	1,040,889
Debt Service	D-4	7,500	7,500
Deferred Charges and Statutory Expenditures	D-4	114,342	141,399
Refund of Prior Year Revenue	D-4	49,000	44,500
	D-1	<u>-</u>	<u>106</u>
Total Expenditures		<u>1,212,452</u>	<u>1,234,394</u>
Excess in Revenue		82,648	72,090
Fund Balance, January 1	D	<u>280,591</u>	<u>303,501</u>
		363,239	375,591
Less Utilization as Anticipated Revenue	D-1,D-3	<u>130,000</u>	<u>95,000</u>
Fund Balance, December 31	D	<u>\$ 233,239</u>	<u>\$ 280,591</u>

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

		<u>2015</u>	<u>2014</u>
Balance, January 1	D	\$ 82,577	\$ 82,577
Decreased by:			
Refund Prior Year Assessment Payments	D-7	<u>533</u>	<u>\$ -</u>
Balance, December 31	D	<u>\$ 82,044</u>	<u>\$ 82,577</u>

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	D-1	\$ 130,000	\$ 130,000	
Sewer User Fees	D-10	1,054,833	1,065,250	\$ 10,417
Interest on Assessments	D-11	<u>90,000</u>	<u>80,568</u>	<u>(9,432)</u>
	D-4	<u>\$ 1,274,833</u>	1,275,818	<u>\$ 985</u>
Non-Budget Revenue	D-3		<u>10,443</u>	
			<u>\$ 1,286,261</u>	
Analysis of Non-Budget Revenue:				
Interest on Deposits			\$ 5,856	
Sewer Connection Fees			4,575	
Miscellaneous			<u>12</u>	
	D-3,D-7		<u>\$ 10,443</u>	

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Cancelled</u>
OPERATING					
Salaries	\$ 360,119	\$ 345,100	\$ 335,029	\$ 10,071	
Other Expenses	<u>739,760</u>	<u>756,279</u>	<u>687,820</u>	<u>8,690</u>	<u>59,769</u>
Total Operating	<u>1,099,879</u>	<u>1,101,379</u>	<u>1,022,849</u>	<u>18,761</u>	<u>59,769</u>
CAPITAL IMPROVEMENTS					
Capital Outlay	<u>8,000</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>-</u>
Total Capital Improvements	<u>8,000</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>-</u>
DEBT SERVICE					
Interest on Bonds	<u>116,954</u>	<u>116,954</u>	<u>114,342</u>	<u>-</u>	<u>2,612</u>
Total Debt Service	<u>116,954</u>	<u>116,954</u>	<u>114,342</u>	<u>-</u>	<u>2,612</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
STATUTORY EXPENDITURES					
Social Security System (O.A.S.I.)	28,000	27,000	27,000		
Public Employees Retirement System	14,000	14,000	14,000	-	
Unemployment Compensation Insurance	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures	<u>50,000</u>	<u>49,000</u>	<u>49,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,274,833</u>	<u>\$ 1,274,833</u>	<u>\$ 1,193,691</u>	<u>\$ 18,761</u>	<u>\$ 62,381</u>

<u>Reference</u>	D-3	D-1	D, D-1
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Budget as Adopted	D-4	<u>\$ 1,274,833</u>
Cash Disbursements	D-7	\$ 1,057,482
Encumbrances Payable	D-17	17,957
Due to Current Fund	D-15	3,910
Accrued Interest on Bonds and Loans	D-18	114,342
		<u>\$ 1,193,691</u>

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

EXHIBIT D-5

	<u>Budget</u>	<u>Anticipated Budget After Modifications</u>	<u>Realized</u>
Assessment Cash	\$ 778,583	\$ 778,583	\$ 778,582
	<u>\$ 778,583</u>	<u>\$ 778,583</u>	<u>\$ 778,582</u>
<u>Reference</u>	D-6	D-6	D-7

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

EXHIBIT D-6

	<u>Budget</u>	<u>Appropriation Budget After Modifications</u>	<u>Expended</u>
Payment of Bond Principal	\$ 175,000	\$ 175,000	\$ 175,000
Payment of Loan Principal	603,583	603,583	603,582
	<u>\$ 778,583</u>	<u>\$ 778,583</u>	<u>\$ 778,582</u>
<u>Reference</u>	D-5	D-5	D-24,D-25

**BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash	E-1	\$ <u>93,242</u>	\$ <u>93,859</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	E-2	\$ <u>93,242</u>	\$ <u>93,859</u>

**BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Land	\$ 24,751,900	\$ 24,751,900
Buildings and Building Improvements	7,164,914	7,164,914
Machinery and Equipment	<u>7,170,555</u>	<u>6,930,734</u>
	<u>\$ 39,087,369</u>	<u>\$ 38,847,548</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 39,087,369</u>	<u>\$ 38,847,548</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 has the responsibility for implementing policies of the Council and functions as liaison officer between the council, municipal personnel, and residents of the Borough. A Borough Administrator is appointed by the Borough Council to run the day to day operations of the Borough. The Borough's major operations include public safety, road repair and maintenance, recycling, fire protection, recreation and parks, health services, sanitary sewer services and general administrative services.

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

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

B. Description of Regulatory Basis of Accounting

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

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

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 AND 2014**

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 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

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

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the sewer utility 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, 2015 AND 2014**

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 2015 and 2014 the Borough Council increased the original budget by \$19,001 and \$18,876. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2015 and 2014.

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

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Borough's deposits were \$12,274,839 and \$10,709,063 and bank and brokerage firm balances of the Borough's deposits amounted to \$12,909,692 and \$10,871,115, 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>2015</u>	<u>2014</u>
Insured	\$ 12,902,017	\$ 10,863,448
Uninsured and Collateralized	<u>7,675</u>	<u>7,667</u>
	<u>\$ 12,909,692</u>	<u>\$ 10,871,115</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, 2015 and 2014, the Borough's bank balances of \$7,675 and \$7,667 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 7,675</u>	<u>\$ 7,667</u>

B. Investments

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

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2015 and 2014, the Borough had the following investments:

	<u>Fair Value</u> <u>(LOSAP-Unaudited)</u>	
	<u>2015</u>	<u>2014</u>
Investment:		
Lincoln Financial LOSAP Investment Fund (Unaudited)	<u>\$ 1,150,857</u>	<u>\$ 1,141,418</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, 2015 and 2014, \$1,150,857 and \$1,141,418 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u> <u>(LOSAP-Unaudited)</u>	
	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 1,150,857</u>	<u>\$ 1,141,418</u>

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2015 and 2014, the Borough's investment in Lincoln Financial, a subsidiary of Lincoln National Corporation, was rate Baal, respectively by Moody's Investor Services.

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

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

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

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 TAXES AND SEWER UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2015 consisted of the following:

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

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

Receivables at December 31, 2014 consisted of the following:

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

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

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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>2015</u>		<u>2014</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	\$ 3,910	\$ 5,965	\$ 126	
Other Trust	5,965			126
Sewer Utility Fund:				
Operating	80,568	3,910		
Assessment Trust Fund	<u>-</u>	<u>80,568</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 90,443</u>	<u>\$ 90,443</u>	<u>\$ 126</u>	<u>\$ 126</u>

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

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

NOTE 6 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
	Local District <u>School</u>	Local District <u>School</u>
Balance of Tax	\$7,245,721	\$7,084,200
Deferred Liability	<u>4,085,860</u>	<u>4,085,860</u>
Taxes Payable	<u>\$3,159,861</u>	<u>\$2,998,340</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 7 FUND BALANCES APPROPRIATED

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

	2015		2014	
	<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	\$ 1,703,242	\$ 800,000	\$ 1,698,850	\$ 800,000
Non-Cash Surplus	<u>20,875</u>	<u>-</u>	<u>23,063</u>	<u>-</u>
	<u>\$ 1,724,117</u>	<u>\$ 800,000</u>	<u>\$ 1,721,913</u>	<u>\$ 800,000</u>
Sewer Utility Operating Fund				
Cash Surplus	<u>\$ 233,239</u>	<u>\$ 95,000</u>	<u>\$ 280,591</u>	<u>\$ 130,000</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2015 and 2014.

	<u>Balance December 31, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2015</u>
2015				
Land	\$ 24,751,900			\$ 24,751,900
Buildings and Building Improvements	7,164,914			7,164,914
Machinery and Equipment	<u>6,930,734</u>	<u>\$ 335,705</u>	<u>\$ 95,884</u>	<u>7,170,555</u>
	<u>\$ 38,847,548</u>	<u>\$ 335,705</u>	<u>\$ 95,884</u>	<u>\$ 39,087,369</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 8 FIXED ASSETS (Continued)

A. General Fixed Assets (Continued)

	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land	\$ 24,751,900			\$ 24,751,900
Buildings and Building Improvements	7,081,409	\$ 83,505		7,164,914
Machinery and Equipment	<u>6,669,419</u>	<u>434,051</u>	<u>\$ 172,736</u>	<u>6,930,734</u>
	<u>\$ 38,502,728</u>	<u>\$ 517,556</u>	<u>\$ 172,736</u>	<u>\$ 38,847,548</u>

B. Sewer Utility Fund Fixed Assets

The following is a summary of changes in the utility fund fixed assets for the years ended December 31, 2015 and 2014.

Sewer Utility Fund	Balance December 31, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<u>2015</u>				
Fixed Capital				
System and System Improvements	\$ 18,012,137	\$ 7,500		\$ 18,019,637
Vehicles and Equipment	<u>396,148</u>	<u>-</u>	<u>\$ -</u>	<u>396,148</u>
	<u>\$ 18,408,285</u>	<u>\$ 7,500</u>	<u>\$ -</u>	<u>\$ 18,415,785</u>
	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Fixed Capital				
System and System Improvements	\$ 18,004,886	\$ 7,251		\$ 18,012,137
Vehicles and Equipment	<u>396,148</u>	<u>-</u>	<u>\$ -</u>	<u>396,148</u>
	<u>\$ 18,401,034</u>	<u>\$ 7,251</u>	<u>\$ -</u>	<u>\$ 18,408,285</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2015</u>	<u>2014</u>
Issued		
General		
Bonds and Loans	\$ 7,551,831	\$ 6,280,233
Sewer Utility Assessment		
Bonds and Loans	<u>3,388,158</u>	<u>4,166,740</u>
	10,939,989	10,446,973
Less Funds Temporarily Held to Pay Bonds and Notes	<u>1,794,321</u>	<u>2,003,233</u>
Net Debt Issued	9,145,668	8,443,740
Authorized But Not Issued		
General		
Bonds and Notes	<u>90</u>	<u>424,090</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 9,145,758</u>	<u>\$ 8,867,830</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .439% and .385% at December 31, 2015 and 2014, respectively.

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 6,704,323	\$ 10,206	\$ 6,694,117
School Debt	5,951,469	5,951,469	-
Utility Debt	<u>4,166,741</u>	<u>4,166,741.00</u>	<u>-</u>
Total	<u>\$ 16,822,533</u>	<u>\$ 10,128,416</u>	<u>\$ 6,694,117</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>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 60,142,629	\$ 60,892,228
Less: Net Debt	<u>7,551,921</u>	<u>6,694,117</u>
Remaining Borrowing Power	<u>\$ 52,590,708</u>	<u>\$ 54,198,111</u>

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2015</u>	<u>2014</u>
\$2,120,000, 2010 Bonds, due in annual installments of \$150,000 to \$325,000 through July 2022, interest at 2.00% to 3.125%	\$ 1,670,000	\$ 1,820,000
\$1,780,000, 2012 Bonds, due in annual installments of \$150,000 to \$200,000 through November 2023, interest at 1.00% to 2.00%	1,400,000	1,550,000
\$2,110,000, 2014 Refunding Bonds (Series A), due in annual installments of \$405,000 to \$435,000 through August 2019, interest at 2.00% to 4.00%	1,705,000	2,110,000
\$585,000, 2014 Refunding Bonds (Series B), due in annual installments of \$60,000 to \$75,000 through November 2023, interest at 2.00% to 4.00%	525,000	585,000
\$2,074,000, 2015 Bonds, due in annual installments of \$185,000 to \$229,000 through August 2025, interest at 1.00 to 2.00%	<u>2,074,000</u>	<u>-</u>
Total	<u>\$ 7,374,000</u>	<u>\$ 6,065,000</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

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

	<u>2015</u>	<u>2014</u>
\$653,625, 2000 Loans, due in annual installments of \$18,608 to \$20,555 through February 21, 2020, interest at 2.00%	\$ 177,831	\$ 215,233
Total	<u>\$ 177,831</u>	<u>\$ 215,233</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>2015</u>	<u>2014</u>
\$730,000, 2010 Refunding Assessment Bonds, due in annual installments of \$85,000 through February 2019, interest at 2.00% to 2.65%	\$ 340,000	\$ 425,000
\$665,000, 2014 Refunding Assessments Bonds, due in annual installments of \$45,000 to \$90,000 through August 2022, interest at 2.00% to 4.00%	<u>575,000</u>	<u>665,000</u>
Total	<u>\$ 915,000</u>	<u>\$ 1,090,000</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 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 special benefit assessments to pay debt service on sewer utility intergovernmental assessment loans issued. Sewer Utility intergovernmental assessment loans outstanding at December 31 are as follows:

Sewer Utility

	<u>2015</u>	<u>2014</u>
\$3,415,000 1999 Assessment Loans, refunded by 2006B Refunding Series, due in annual installments of \$214,633 to \$255,579 through August 1, 2019, interest of 5.50% to 5.70%	\$ 962,181	\$ 1,176,814
\$3,193,990, 1999 Assessment Loan, due in semi-annual installments of \$4,592 to \$167,654 through August 1, 2018, interest free	505,767	\$ 683,076
\$1,960,000 2000 Assessment Loans, refunded by 2006A and 2010A Refunding Series, due in annual installments of \$110,007 to \$139,676 through August 1, 2020, rates of 5.13% to 5.25%	635,090	745,097
\$1,828,595, 2000 Assessment Loan, due in semi-annual installments of \$4,884, to \$94,212 through August 1, 2019, interest free	<u>370,120</u>	<u>471,753</u>
 Sewer Utility Assessment Loans	 <u>\$ 2,473,158</u>	 <u>\$ 3,076,740</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2015 is as follows:

Calendar Year	General		Sewer Assessment		Total
	Principal	Interest	Principal	Interest	
2016	1,013,154	196,003	794,485	102,978	2,106,620
2017	1,028,920	173,886	811,415	82,578	2,096,799
2018	1,054,703	146,254	800,818	60,284	2,062,059
2019	1,080,501	115,055	626,765	37,515	1,859,836
2020	810,553	26,080	224,675	15,222	1,076,530
2021-2025	<u>2,564,000</u>	<u>134,713</u>	<u>130,000</u>	<u>6,100</u>	<u>2,834,813</u>
Total	<u>\$ 7,551,831</u>	<u>\$ 791,991</u>	<u>\$ 3,388,158</u>	<u>\$ 304,677</u>	<u>\$ 12,036,657</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2015 and 2014 were as follows:

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

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

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2015</u>		
Sidewalk Projects Phase 5 & 6	\$199,117	2016
<u>2014</u>		
Sidewalk Project Phase 4 & 5	\$249,315	2015

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

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

<u>2015</u>	<u>Purpose</u>	<u>Remaining Commitment</u>
	Purchase of New Pierce Arrow Fire Truck	\$964,923

2014

There were none.

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

B. Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the footnotes 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, 2015 and 2014 were as follows:

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

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

	Balance, December 31, <u>2013</u>	Prior Period Adjustment (A)	Additions	Reductions	Balance, December 31, <u>2014</u>	Due Within One Year
2014						
Net Pension Liability - PERS		\$ 4,875,477		\$ 240,724	\$ 4,634,753	\$ 204,074
Net Pension Liability - PFRS	-	5,922,286	\$ 227,917	353,917	5,796,286	353,917
Total Other Long-Term Liabilities	\$ -	\$ 10,797,763	\$ 227,917	\$ 594,641	\$ 10,431,039	\$ 557,991

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Other Pension Funds

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

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

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

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

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

Basis of Accounting

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

Investment Valuation

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation (Continued)

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The CPFPPF system is 65.4 percent funded with an unfunded actuarial accrued liability of \$ 1.7 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases of 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 5.50% for DCRP and 6.92% for fiscal year 2015 for PERS of employee's annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2015 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2015, 2014 and 2013, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation 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>
2015	\$ 353,917	\$ 204,074	\$ 1,179
2014	325,014	192,972	514
2013	371,583	195,853	498

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

Public Employees Retirement System (PERS)

At December 31, 2015 and 2014, the Borough had a liability of \$5,778,898 and \$4,634,753, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, 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. At June 30, 2015, the Borough's proportionate share was .02574 percent, which was an increase of .00099 percent from its proportionate share measured as of June 30, 2014 of .02475 percent.

For the year ended December 31, 2015 and 2014, the pension system has determined the Borough's pension expense to be \$389,955 and \$216,627, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$204,074 and \$192,972, respectively. At December 31, 2015 and 2014, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2015</u>		<u>2014</u>	
	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>
Difference Between Expected and Actual Experience	\$ 137,864			
Changes of Assumptions	620,608		\$ 145,742	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 92,914		\$ 276,206
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	157,068	99,531	-	121,949
Total	<u>\$ 915,540</u>	<u>\$ 192,445</u>	<u>\$ 145,742</u>	<u>\$ 398,155</u>

BOROUGH OF OLD TAPPAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 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)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year</u> <u>Ending</u> <u>December 31,</u>	<u>Total</u>
2016	\$ 132,651
2017	132,651
2018	132,651
2019	201,703
2020	123,439
Thereafter	-
	<u>\$ 723,095</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40%	2.15-4.40%
	Based on Age	Based on Age
Thereafter	3.15-5.40%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

BOROUGH OF OLD TAPPAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

Discount Rate

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

<u>Year</u>	<u>Discount Rate</u>
2015	4.90%
2014	5.39%

**BOROUGH OF OLD TAPPAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 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:

PERS

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2033

Municipal Bond Rate * From July 1, 2033
and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, 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, 2015 calculated using the discount rate of 4.90%, 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>7,182,463</u>	\$ <u>5,778,898</u>	\$ <u>4,602,159</u>

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

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.

BOROUGH OF OLD TAPPAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2015 and 2014, the Borough had a liability of \$7,782,130 and \$5,796,286, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, 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. At June 30, 2015, the Borough's proportionate share was .04672 percent, which was an increase of .00064 percent from its proportionate share measured as of June 30, 2014 of .04608 percent.

For the year ended December 31, 2015 and 2014, the pension system has determined the Borough pension expense to be \$720,037 and \$431,487, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$353,917 and \$325,014, respectively. At December 31, 2015 and 2014, 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:

	2015		2014	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 67,123		
Changes of Assumptions	\$ 1,436,775		\$ 217,612	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		135,441		\$ 591,491
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	207,988	-	170,497	-
Total	<u>\$ 1,644,763</u>	<u>\$ 202,564</u>	<u>\$ 388,109</u>	<u>\$ 591,491</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 283,403
2017	283,403
2018	283,403
2019	431,275
2020	160,715
Thereafter	-
	<u>\$ 1,442,199</u>

**BOROUGH OF OLD TAPPAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 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)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	Based on Age	Based on Age
Thereafter	3.60-10.48%	4.95-9.62%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

BOROUGH OF OLD TAPPAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

Discount Rate

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

<u>Year</u>	<u>Discount Rate</u>
2015	5.79%
2014	6.32%

**BOROUGH OF OLD TAPPAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 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:

PFRS

Period of Projected Benefit
Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2045

Municipal Bond Rate * From July 1, 2045
and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, 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, 2015 calculated using the discount rate of 5.79%, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	1% Decrease <u>(4.79%)</u>	Current Discount Rate <u>(5.79%)</u>	1% Increase <u>(6.79%)</u>
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>10,259,318</u>	\$ <u>7,782,130</u>	\$ <u>5,762,205</u>

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

Special Funding Situation – PFRS

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

**BOROUGH OF OLD TAPPAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 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 (Continued)

At December 31, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$682,467 and \$624,163, respectively. For the years ended December 31, 2015 and 2014, 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 \$85,128 and \$84,143, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$35,526 and \$25,917, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll.

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.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Borough. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

State Health Benefits Program Funds (HBPF) – Local Government (Continued)

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

Basis of Accounting

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$173.9 million for 10,355 eligible retired members for Fiscal Year 2015. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$44.3 million in Fiscal Year 2015 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2015, 2014 and 2013 were \$209,252, \$204,191 and \$174,575, respectively, which equaled the required contributions for each year.

NOTE 14 RISK MANAGEMENT

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

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

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

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 14 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>
2015	\$ 20,000	\$ 4,390	\$ 17,711	\$ 33,496
2014	16,000	4,257	31,275	26,726
2013	16,000	4,268	14,948	37,627

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2015 and 2014. 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 immaterial. As of December 31, 2015 and 2014, the Borough reserved \$44,092 and \$51,335, 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, 2015 and 2014, 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, 2015 AND 2014**

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2015 and 2014, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

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

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

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

The Borough of Old Tappan has contributed \$1,150 for 2015 and 2014, respectively, for each eligible volunteer fire department and volunteer first aid squad member into the Plan. The total Borough contributions were \$67,850 and \$70,150 for 2015 and 2014, 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, 2015 AND 2014**

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

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

As security for the loan, the Library executed and delivered to the Borough a Security Agreement and financing statements, which constituted a first lien and prior on the assets of the Library, a Collateral Assignment of Lease and a Collateral Assignment of Appropriation. The security interest is a valid first security lien on all of the assets of the Library, including but not limited to, all books, equipment, furnishings, fixtures, contract rights, cash accounts receivable, and the Library's right to receive the Borough's annual appropriation out of the Borough's operating budget. The loan is further secured by a collateral assignment of the Library's rights under its Lease with the Borough and a collateral assignment of the Library's 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, 2015 and 2014 the balances of the Loan outstanding were \$560,000 and \$620,000, respectively.

CURRENT FUND

BOROUGH OF OLD TAPPAN
STATEMENT OF CASH - COLLECTOR-TREASURER

Balance, December 31, 2014		\$ 5,326,726
Increased by:		
Taxes Receivable	\$ 33,014,875	
Grants Receivable	9,557	
Revenue Accounts Receivable	2,887,561	
Reserve for Debt Service - General Capital Fund	10,206	
Non-Budget Revenue	199,183	
Prepaid Taxes	153,798	
Tax Overpayments	61,782	
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	38,443	
Due to State of New Jersey	13,848	
Prepaid Revenues	2,630	
Reserve for Grants - Unappropriated	15,117	
Receipts from Sewer Utility Operating Fund	595	
Receipts from Other Trust Fund	497	
Receipts from Sewer Assessment Trust Fund	140	
		<u>36,408,232</u>
		41,734,958
Decreased by:		
2015 Appropriations	8,084,041	
2014 Appropriation Reserves	261,963	
Local District School Taxes Payable	13,734,469	
Regional High School Taxes Payable	9,832,838	
County Taxes Payable	4,170,153	
Tax Overpayments	61,782	
Reserve for Grants-Appropriated	2,646	
Reserve for Tax Appeals	7,243	
Due to State of New Jersey	15,849	
Payments to Open Space Preservation Trust Fund - Tax Levy	173,045	
Payments for Sewer Utility Operating Fund	3,910	
Refund of Prior Year Revenue	985	
		<u>36,348,924</u>
Balance, December 31, 2015		<u>\$ 5,386,034</u>

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

<u>Office</u>	Balance, December 31, <u>2015</u>	Balance, December 31, <u>2014</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, 2014	<u>\$ 100</u>
Balance December 31, 2015	<u>\$ 100</u>

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

<u>Year</u>	<u>Balance,</u> <u>December 31,</u> <u>2014</u>	<u>2015</u> <u>Levy</u>	<u>Senior</u> <u>Citizens'</u> <u>and</u> <u>Veterans'</u> <u>Deductions</u> <u>Disallowed</u>	<u>Collected Cash</u>		<u>Senior</u> <u>Citizens'</u> <u>and</u> <u>Veterans'</u> <u>Deductions</u> <u>Allowed</u>	<u>Cancelled</u>	<u>Transferred</u> <u>to Tax</u> <u>Title</u> <u>Liens</u>	<u>Balance,</u> <u>December 31,</u> <u>2015</u>
				<u>2014</u>	<u>2015</u>				
2014	\$ 278,937	\$ -	\$ 2,057	\$ -	\$ 280,989	\$ -	\$ 5	\$ -	\$ -
	278,937	-	2,057	-	280,989	-	5	-	-
2015	-	33,259,195	1,000	\$ 131,993	32,733,886	\$ 40,000	\$ 54,813	3,892	\$ 295,611
	<u>\$ 278,937</u>	<u>\$ 33,259,195</u>	<u>\$ 3,057</u>	<u>\$ 131,993</u>	<u>\$ 33,014,875</u>	<u>\$ 40,000</u>	<u>\$ 54,818</u>	<u>\$ 3,892</u>	<u>\$ 295,611</u>

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Analysis of 2015 Property Tax Levy

TAX YIELD

General Purpose Tax	\$ 33,166,566
Added Taxes	92,629
	<u>\$ 33,259,195</u>

TAX LEVY

Regional High School Tax	\$ 9,832,838
Local District School Tax	13,895,990
County Taxes - General	\$ 4,114,214
County Taxes - Open Space	43,348
Due County for Added Taxes	<u>11,663</u>
	4,169,225
Municipal Open Space Tax	172,563
Municipal Open Space Tax-Added	<u>482</u>
	173,045
Local Tax for Municipal Purposes	5,095,115
Additional Tax Levied	<u>92,982</u>
	<u>5,188,097</u>
	<u>\$ 33,259,195</u>

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

Balance, December 31, 2014		\$ 5,197
Increased by:		
Senior Citizens' Deductions Per Tax Billings	\$ 5,000	
Veterans' Deductions Per Tax Billings	34,500	
Senior Citizens Deductions Allowed by Tax Collector- 2015	<u>500</u>	
		<u>40,000</u>
		45,197
Decreased by:		
Received in Cash - State	38,443	
Senior Citizens' Deductions Disallowed by Tax Collector-2015	1,000	
Senior Citizens' Deductions Disallowed by Tax Collector-2014	<u>2,057</u>	
		<u>41,500</u>
Balance, December 31, 2015		<u>\$ 3,697</u>

EXHIBIT A-9

STATEMENT OF TAX TITLE LIENS

Balance, December 31, 2014	\$ 28,418
Increased by:	
Transfers from Taxes Receivable	<u>3,892</u>
Balance, December 31, 2015	<u>\$ 32,310</u>

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

Balance, December 31, 2014

\$ 278,485

Balance, December 31, 2015

\$ 278,485

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2014</u>	Awards Accrued in <u>2015</u>	<u>Received</u>	<u>Cancelled</u>	Balance December 31, <u>2015</u>
Municipal Drug Alliance Program	\$ 12,698	\$ 9,876	\$ 4,390	\$ 8,807	\$ 9,377
Drive Sober or Get Pulled Over	-	2,456	-	-	2,456
Body Armor - Federal	1,168	1,220	1,168		1,220
Community Development - Senior Citizen Programs	<u>4,000</u>	<u>4,125</u>	<u>3,999</u>	<u>1</u>	<u>4,125</u>
	<u>\$ 17,866</u>	<u>\$ 17,677</u>	<u>\$ 9,557</u>	<u>\$ 8,808</u>	<u>\$ 17,178</u>

2014 Appropriation Reserves

\$ 8,808

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

	Balance, December 31, <u>2014</u>	Accrued in <u>2015</u>	<u>Collected</u>	Balance, December 31, <u>2015</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 10,800	\$ 10,800	
Other		4,532	4,532	
Health Officer				
Licenses		1,025	1,025	
Fees and Permits		75	75	
Planning Board				
Fees and Permits		2,050	2,050	
Police				
Fees and Permits		13,094	13,094	
Tax Collector				
Interest and Costs on Taxes	\$ 10,920	83,592	83,756	\$ 10,756
Zoning Board				
Fees and Permits		4,055	4,055	
Registrar of Vital Statistics				
Fees and Permits		1,500	1,500	
Construction Code Official				
Fees and Permits		175,764	175,764	
Municipal Court				
Fines and Costs	6,667	51,834	52,974	5,527
Golf Course Fees		558,729	558,729	
Golf Course Concession, Rent and Utilities	-	24,231	24,231	
Energy Receipts Tax		1,463,986	1,463,986	
Watershed Moratorium Offset Aid		38,540	38,540	
Interest on Investments and Deposits		31,918	31,918	
Uniform Fire Safety - Fees		5,940	5,940	
Cell Tower Leases	-	167,300	167,300	
River Vale Fuel Reimbursement		94,302	94,302	
Police Outside Duty Admin Fee		30,000	30,000	
Library Debt Service Reimbursement		86,013	86,013	
Library Contribution-Municipal Services	-	45,000	45,000	-
	<u>\$ 17,587</u>	<u>\$ 2,894,280</u>	<u>\$ 2,895,584</u>	<u>\$ 16,283</u>
Cash Receipts			\$ 2,887,561	
Prepaid Revenue Applied			8,023	
			<u>\$ 2,895,584</u>	

BOROUGH OF OLD TAPPAN
STATEMENT OF APPROPRIATION RESERVES

	Balance, December 31, <u>2014</u>	Encumbrances Payable <u>Restored</u>	<u>Transfers</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	<u>Cancelled</u>	Balance <u>Lapsed</u>
<u>Salaries and Wages</u>							
Administrative and Executive	\$ 2,104			\$ 2,104	\$ 80		\$ 2,024
Financial Administration	45			45			45
Assessment of Taxes	4			4			4
Collection of Taxes	35			35			35
Planning Board	248			248			248
Fire	925			925	675		250
Fire Official	8			8			8
Police Department	1,796		\$ 18,472	20,268	20,268		-
Emergency Management Services	4			4			4
Municipal Prosecutor	509			509			509
Road Repairs and Maintenance	4			4			4
Recycling	63			63	49		14
Environmental Commission	154			154			154
Administration of Public Assistance	9			9			9
Parks and Playgrounds	189			189	184		5
Golf Course	5,595			5,595	1,799		3,796
Municipal Court	1,314			1,314			1,314
Construction Code Official	4	-	-	4	-	-	4
	<u>13,010</u>	<u>-</u>	<u>18,472</u>	<u>31,482</u>	<u>23,055</u>	<u>-</u>	<u>8,427</u>
<u>Other Expenses</u>							
Administrative and Executive	2,864	\$ 3,981		6,845	4,850		1,995
Mayor and Council	414	114		528	114		414
Financial Administration	1,973	3,706		5,679	5,497		182
Assessment of Taxes	4,893	487		5,380	487		4,893
Collection of Taxes	1,125			1,125			1,125
Legal Services and Costs	5,765	51	(2,781)	3,035	51		2,984
Engineering Services and Costs	6,467	5,900		12,367	6,010		6,357
Open Space Advisory	80			80			80
Senior Advisory	1,280	995		2,275	1,127		1,148
Planning Board	1,438	800		2,238	1,000		1,238
Insurance							
General Liability	1,290	20,815		22,105	20,815		1,290
Workers Compensation	2	31,053		31,055	31,052		3
Employee Group Health	4,072	48,298		52,370	50,697		1,673
Fire		1,386	178	1,564	1,431		133
Fire Hydrant Service	395			395			395
Fire Official	423	35		458			458
Police	3	16,673	35	16,711	16,708		3
Purchase of Police Vehicles/Equipment	62			62			62
Emergency Management Services		500		500	500		-
Road Repair and Maintenance	1	901		902	831		71
Stormwater Management	67	4,199		4,266	4,199		67
Shade Tree Commission	220			220	100		120
Recycling	64			64			64
Public Buildings and Grounds		2		2	2		-
Public Buildings and Grounds Contractual	420	2,930		3,350	2,930		420
Vehicle Maintenance	808	7,223		8,031	7,916		115
Board of Health	1,033		32	1,065	1,065		-
Hepatitis B Program	333			333			333
Environmental Commission	170			170			170
Parks and Playgrounds	397			397			397

BOROUGH OF OLD TAPPAN
STATEMENT OF APPROPRIATION RESERVES

	Balance, December 31, 2014	Encumbrances Payable Restored	Transfers	Balance After Modification	Paid or Charged	Cancelled	Balance Lapsed
<u>Other Expenses</u> (Continued)							
Golf Course	\$ 92	\$ 937		\$ 1,029	\$ 746		\$ 283
Recreation Program Fees	530			530	230		300
Municipal Court	108			108			108
Public Defender		100		100	100		-
Construction Code Official	2,824	1,350		4,174	1,350		2,824
Utilities							
Electricity	2,958	5,421		8,379	8,323		56
Street Lighting	131	1,016		1,147	1,096		51
Telephone	1,833	259		2,092	728		1,364
Water	681		\$ 2,500	3,181	2,546		635
Contingent	2,500			2,500			2,500
Length of Service Awards (LOSAP)		75,000		75,000	73,750		1,250
Social Security Sys. (O.A.S.I.)	1			1			1
Public Employees Retirement System	20,860			20,860	3,000		17,860
Police and Fireman's Retirement System	22,465		(18,436)	4,029			4,029
Defined Contribution Retirement Program	36			36			36
Clean Communities Grant	1,818	370		2,188	2,188		-
Drunk Driving Enforcement Fund	1,534			1,534	1,534		-
Municipal Alliance Program	6,673	2,226		8,899	92	\$ 8,807	-
Alcohol Education and Rehabilitation	475			475	475	-	-
Body Armor Replacement	1,984			1,984	1,984	-	-
Community Development - Senior Citizen	755	256	-	1,011	1,010	1	-
	<u>104,317</u>	<u>236,984</u>	<u>(18,472)</u>	<u>322,829</u>	<u>256,534</u>	<u>8,808</u>	<u>57,487</u>
	<u>\$ 117,327</u>	<u>\$ 236,984</u>	<u>\$ -</u>	<u>\$ 354,311</u>	<u>\$ 279,589</u>	<u>\$ 8,808</u>	<u>\$ 65,914</u>
Cash Disbursed					\$ 261,963		
Transfer to Reserve for Grants Appropriated					2,459		
Transfer to Accounts Payable					9,167		
Due to Other Trust Fund-Snow Removal Reserve					6,000		
Grants Receivable					-	\$ 8,808	
					<u>\$ 279,589</u>	<u>\$ 8,808</u>	

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

	Balance, December 31, <u>2014</u>	<u>Received</u>	<u>Paid</u>	Balance, December 31, <u>2015</u>
Sales Tax Payable	\$ 1,362	\$ 5,990	\$ 5,777	\$ 1,575
DCA Training Fees	<u>5,008</u>	<u>7,858</u>	<u>10,072</u>	<u>2,794</u>
	<u>\$ 6,323</u>	<u>\$ 13,848</u>	<u>\$ 15,849</u>	<u>\$ 4,369</u>

EXHIBIT A-15

STATEMENT OF PREPAID REVENUES

	Balance, December 31, <u>2014</u>	<u>Received</u>	Applied to 2015 <u>Revenue</u>	Balance, December 31, <u>2015</u>
Prepaid Golf Membership Fees	\$ 8,023	\$ 2,630	\$ 8,023	\$ 2,630
	<u>\$ 8,023</u>	<u>\$ 2,630</u>	<u>\$ 8,023</u>	<u>\$ 2,630</u>

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

Balance, December 31, 2014	\$ 131,993
Increased by:	
Collection - 2016 Taxes	<u>153,798</u>
	285,791
Decreased by:	
Application to 2015 Taxes Receivable	<u>131,993</u>
Balance, December 31, 2015	<u>\$ 153,798</u>

EXHIBIT A-17

STATEMENT OF TAX OVERPAYMENTS

Increased by:	
Overpayments Received	\$ 61,782
Decreased by:	
Refunds Paid	<u>\$ 61,782</u>

EXHIBIT A-18

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2014	\$ 236,984
Increased by:	
Charges to 2015 Budget Appropriations	<u>196,809</u>
	433,793
Decreased by:	
Encumbrances Restored to Appropriation Reserves	<u>236,984</u>
Balance, December 31, 2015	<u>\$ 196,809</u>

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

Balance, December 31, 2014	\$ 4,040
Increased by:	
Transfer from Appropriation Reserves	<u>9,167</u>
	13,207
Decreased by:	
Cancelled to Operations	<u>1,530</u>
Balance, December 31, 2015	<u>\$ 11,677</u>

EXHIBIT A-20

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance, December 31, 2014		
School Tax Payable	\$ 2,998,340	
School Tax Deferred	<u>4,085,860</u>	
		\$ 7,084,200
Increased by:		
Levy - School Year - July 1, 2015 to June 30, 2016		<u>13,895,990</u>
		20,980,190
Decreased by:		
Payments		<u>13,734,469</u>
Balance, December 31, 2015		
School Tax Payable	3,159,861	
School Tax Deferred	<u>4,085,860</u>	
		<u>\$ 7,245,721</u>
2015 Liability for Local School Tax		
Tax Paid		\$ 13,734,469
Tax Payable at December 31, 2015		<u>3,159,861</u>
		16,894,330
Less Tax Payable December 31, 2014		<u>2,998,340</u>
Amount Charged to 2015 Operations		<u>\$ 13,895,990</u>

BOROUGH OF OLD TAPPAN
STATEMENT OF REGIONAL HIGH SCHOOL DISTRICT TAXES

Increased by:

Levy - Calendar Year 2015

\$ 9,832,838

Decreased by:

Payments

\$ 9,832,838

EXHIBIT A-22

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2014

\$ 12,591

Increased by:

2015 Tax Levy:

General

\$ 4,114,214

Open Space Tax

43,348

\$ 4,157,562

Added Taxes (54:4-63.1)

11,6634,169,225

Decreased by:

Payments

4,181,816

4,170,153

Balance, December 31, 2015

\$ 11,663

BOROUGH OF OLD TAPPAN
STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2014</u>	Transferred from Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2015</u>
Clean Communities Grant	\$ 1		\$ 1	
Drunk Driving Enforcement Fund	1,503		1,503	
Alcohol Education and Rehabilitation Fund	54	\$ 475		\$ 529
Body Armor Grant	<u>4,079</u>	<u>1,984</u>	<u>1,142</u>	<u>4,921</u>
	<u>\$ 5,637</u>	<u>\$ 2,459</u>	<u>\$ 2,646</u>	<u>\$ 5,450</u>
Cash Disbursements			<u>\$ 2,646</u>	

EXHIBIT A-24

STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2014</u>	<u>Received</u>	Revenue Realized in <u>Budget</u>	Balance, December 31, <u>2015</u>
Drunk Driving Enforcement Fund	\$ 1,292		\$ 1,292	\$ -
Body Armor Grant - State	1,597	1,595	1,597	1,595
Recycling Tonnage Grant	41,145	-	41,145	-
Alcohol Education and Rehabilitation Fund	768	413	768	413
Clean Communities Grant	<u>10,789</u>	<u>13,109</u>	<u>10,788</u>	<u>13,110</u>
	<u>\$ 55,591</u>	<u>\$ 15,117</u>	<u>\$ 55,590</u>	<u>\$ 15,118</u>

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

EXHIBIT A-25

Balance, December 31, 2014

\$ 51,335

Decreased by:

Refund of Prior Year Tax Judgements

7,243

Balance, December 31, 2015

\$ 44,092

TRUST FUND

BOROUGH OF OLD TAPPAN
STATEMENT OF TRUST FUND CASH - TREASURER

	Animal Control <u>Fund</u>	Other Trust <u>Fund</u>	Unemployment Compensation <u>Fund</u>	Open Space Preservation Trust <u>Fund</u>
Balance, December 31, 2014	\$ 2,053	\$ 1,631,261	\$ 26,726	\$ 415,731
Increased by Receipts:				
Dog License Fees	5,410			
Due to State of New Jersey	643	475		
Escrow Deposits		168,321		
Miscellaneous Reserves		623,153		
Interest on Deposits		406	91	1,184
2015 Open Space Tax Levy		-		173,045
Employees' Payroll Deductions		2,646,779	4,390	
Budget Appropriations	-	-	20,000	-
	<u>6,053</u>	<u>3,439,134</u>	<u>24,481</u>	<u>174,229</u>
	<u>8,106</u>	<u>5,070,395</u>	<u>51,207</u>	<u>589,960</u>
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.11	5,352			
Payments to State of New Jersey	659	400	17,711	
Escrow Deposits		128,203		
Miscellaneous Reserves		605,096		
Payroll Disbursements		2,646,779		
Payments to Current Fund		497		
Open Space Preservation Expenditures	-	-	-	222,623
	<u>6,011</u>	<u>3,380,975</u>	<u>17,711</u>	<u>222,623</u>
Balance, December 31, 2015	<u>\$ 2,095</u>	<u>\$ 1,689,420</u>	<u>\$ 33,496</u>	<u>\$ 367,337</u>

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

Balance, December 31, 2014	\$ 18
Increased by:	
2015 State Fees Collected	<u>643</u>
	661
Decreased by:	
Payments to State of New Jersey	<u>659</u>
Balance, December 31, 2015	<u>\$ 2</u>

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

Balance, December 31, 2014	\$ 2,035
Increased by:	
Dog License Fees Collected	<u>5,410</u>
	7,445
Decreased by:	
Payments Under R.S. 4:19-15.11	<u>5,352</u>
Balance, December 31, 2015	<u>\$ 2,093</u>

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

Balance, December 31, 2014	\$ 375
Increased by:	
Fees Collected	<u>475</u>
	850
Decreased by:	
Payment to State of New Jersey	<u>400</u>
Balance, December 31, 2015	<u>\$ 450</u>

EXHIBIT B-7

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND

Increased by:	
Deposits	\$ 2,646,779
Decreased by:	
Disbursements	<u>\$ 2,646,779</u>

EXHIBIT B-8

STATEMENT OF DUE TO/FROM CURRENT FUND
OTHER TRUST FUND

Balance, December 31, 2014 (Due to)	\$ 126
Increased by:	
Interest Earned on Deposits	<u>406</u>
	532
Decreased by:	
Payments to Current Fund	497
Appropriation Reserves - Snow Removal	<u>6,000</u>
	<u>6,497</u>
Balance, December 31, 2015 (Due from)	<u>\$ 5,965</u>

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

Balance, December 31, 2014	\$ 389,842
Increased by:	
Deposits Received	<u>168,321</u>
	558,163
Decreased by:	
Cash Disbursements	<u>128,203</u>
Balance, December 31, 2015	<u>\$ 429,960</u>

EXHIBIT B-10

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

	Balance, December 31, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
Parking Offense Adjudication Act Fines	\$ 563	\$ 54		\$ 617
Fire Prevention Penalties	1,300	250		1,550
Recreation Fees	150,393	238,502	\$ 233,190	155,705
Miscellaneous Deposits	2,300			2,300
Affordable Housing Fees	524,582	80,144	28,393	576,333
Municipal Alliance Donations	54,391	313	2,676	52,028
Golf Course Donations	6,294	3,915	3,330	6,879
Tree Preservation Donations	1,000	25,000		26,000
Premium on Tax Title Liens	317,200	18,000	90,400	244,800
Tax Sale Redemption	1,429	120,286	118,935	2,780
Police Equipment Donations	85,081	500	2,142	83,439
Fire Department Donations	53,807	1,200		55,007
Oak Parks Donations				-
Outside Police Duty Services	33,904	108,796	106,663	36,037
Stone Point Park Donations	250	250		500
Snow Removal Costs	8,424	6,000	8,424	6,000
Northern Valley Earth Fair		10,943	10,943	
Bonnabel Park Bequest	-	15,000	-	15,000
	<u>\$ 1,240,918</u>	<u>\$ 629,153</u>	<u>\$ 605,096</u>	<u>\$ 1,264,975</u>
Cash Receipts		\$ 623,153		
Due from Current Fund		6,000		
Cash Disbursements		<u>-</u>	<u>\$ 605,096</u>	
		<u>\$ 629,153</u>	<u>\$ 605,096</u>	

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

Balance, December 31, 2013			\$	26,726
Increased by:				
Employee Contributions			\$	4,390
Interest on Deposits				91
Budget Appropriation				
Current Fund	\$	12,000		
Sewer Utility Operating Fund		<u>8,000</u>		
				<u>20,000</u>
				<u>24,481</u>
Decreased by:				51,207
Unemployment Claims - Due to State of New Jersey				<u>17,711</u>
Balance, December 31, 2014			\$	<u>33,496</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			\$	17,711
Decreased by:				
Payments to State of New Jersey			\$	<u>17,711</u>

EXHIBIT B-13

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

Balance, December 31, 2014			\$	415,731
Increased by:				
2015 Tax Levy	\$	172,563		
2015 Added Tax Levy		<u>482</u>		
			\$	173,045
Interest on Deposits				<u>1,184</u>
				<u>174,229</u>
Decreased by:				589,960
Payments for Open Space Preservation Expenditures				<u>222,623</u>
Balance, December 31, 2015			\$	<u>367,337</u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2014		\$ 778,400
Increased by:		
Budget Appropriation - Deferred Charges Unfunded	\$ 240,000	
Budget Appropriation - Capital Improvement Fund	100,000	
Receipts from Open Space Trust Fund	87,500	
Grants Receivable	149,000	
Bond Sale Proceeds	2,074,000	
Premium on Bond Sale	13,568	
Reserve for Sidewalk Improvements - Developer Fees	<u>28,161</u>	
		<u>2,692,229</u>
		3,470,629
Decreased by:		
Improvement Authorizations	819,342	
Payment to Current Fund-Reserve for Payment of Debt	10,206	
Contracts Payable	<u>130,496</u>	
		<u>960,044</u>
Balance, December 31, 2015		<u>\$ 2,510,585</u>

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

December 31,
2015

Fund Balance	\$ 34,142
Contracts Payable	1,215,832
Capital Improvement Fund	29,612
Reserve for Sidewalk Improvements	216,443
Reserve for Capital Improvements	698
Grants Receivable	(206,400)

Ord.

No.

Improvement Description

954/956	Construction of Police Headquarters - Supplemental	18,523
986	Various Public Improvements	10
1011	Various Public Improvements and Equipment Acquisitions	60
1023	Redevelopment of a Well at Golf Course	36
1032	Various Public Improvements	55,278
1045	Various Public Improvements	82,783
1049	Renovation of Former Police Station for Use of Senior Center	11,492
1052	Acquisition of DPW Equipment	795
1057/1084	Various Improvements and Acquisition of Various Equipment and Vehicles	227,611
1067	Various Improvements and Acquisition of Various Equipment and Vehicles	37,740
1077	Acquisition of a Four Wheel Drive Emergency Vehicle	1,614
1079	Various Improvements and Acquisition of Various Equipment and Vehicles	561,590
1085	Stone Point Park Basketball Court Project	173,157
1088	Installation of Handicap Accessible Bathrooms at Hold Course	49,569
		<u>\$ 2,510,585</u>

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

Ord. No.	Grantor	Balance, December 31, <u>2014</u>	Grant Awards	Cash Receipts	Balance, December 31, <u>2015</u>	Balance, <u>Pledged To</u>	
						Impvt. Authori- zations	Reserve
1045-12	Dept. of Transportation - Sidewalk Grant	\$ 260,161			\$ 260,161		\$ 260,161
1079-15	Dept. of Transportation - Sidewalk Improvements		\$ 149,000	\$ 149,000	-	\$ -	
1084-15	FEMA Grant		75,000		75,000	75,000	
1085-15	Bergen County Open Space		87,500		87,500	87,500	
1088-15	CDBG - Handicap Accessible Bathrooms	-	43,900	-	43,900	43,900	-
		<u>\$ 260,161</u>	<u>\$ 355,400</u>	<u>\$ 149,000</u>	<u>\$ 466,561</u>	<u>\$ 206,400</u>	<u>\$ 260,161</u>
Improvement Authorizations			<u>\$ 355,400</u>				

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2014			\$ 6,280,233
Increased by:			
General Improvement Bonds Issued			<u>2,074,000</u>
			8,354,233
Decreased by:			
Budget Appropriation to Pay Bonds	\$ 765,000		
Open Space Preservation Tax Levy to Pay Loans	<u>37,402</u>		
			<u>802,402</u>
Balance, December 31, 2015			<u>\$ 7,551,831</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, 2014	2015 <u>Authorization</u>	Transferred to Deferred Charges <u>Funded</u>	Budget <u>Appropriation</u>	Balance, December 31, 2015	<u>Analysis of Balance</u> Unexpended Improvement Authorizations
992	Solar Energy Panels	\$ 29,920			\$ 29,920		
1045	Various Public Improvements	394,170		\$ 184,000	210,080	\$ 90	\$ 90
1079	Various Improvements and Acquisition of Various Equipment and Vehicles	-	1,890,000	1,890,000	-	-	-
		<u>\$ 424,090</u>	<u>\$ 1,890,000</u>	<u>\$ 2,074,000</u>	<u>\$ 240,000</u>	<u>\$ 90</u>	<u>\$ 90</u>

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

Balance, December 31, 2014		\$ 132,545
Increased by:		
Charges to Improvement Authorizations		<u>1,215,832</u>
		1,348,377
Decreased by:		
Cancelled Contracts Restored to Improvement Authorizations	\$ 2,049	
Payments	<u>130,496</u>	
		<u>132,545</u>
Balance, December 31, 2015		<u>\$ 1,215,832</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2014		\$ 28,612
Increased by:		
Cancelled Improvement Authorizations		
2015 Budget Appropriation		<u>100,000</u>
		128,612
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>99,000</u>
Balance, December 31, 2015		<u>\$ 29,612</u>

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

2015 Authorizations

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2014		Capital Improvement Fund	Deferred Charges Unfunded	Capital Surplus	Grants	Open Space Trust Fund	Reserve for Capital Improvement	Reserve for Sidewalk Improvements	Canceled Payable	Paid or Charged	Balance, December 31, 2015		
			Funded	Unfunded										Funded	Unfunded	
General Improvements																
954/956	Construction of Police Headquarters-Supplemental	\$ 1,800,000	\$ 18,523											\$ 18,523		
986	Various Public Improvements	863,000										\$ 10		10		
1011	Various Public Improvements and Equipment Acquisitions	428,000	60											60		
1023	Redevelopment of a Well at Golf Course	6,900										36		36		
1032	Various Public Improvements	623,500	56,244										\$ 966	55,278		
1045	Various Public Improvements	1,775,000		\$ 215,172									132,299	82,783	\$ 90	
1049	Renovation of Former Police Station for Use of Senior Center	381,000	9,489									2,003		11,492		
1052	Acquisition of DPW Equipment	90,000	795											795		
1057/1084	Various Improvements and Acquisition of Various Equipment and Vehicles	517,500	137,996					\$ 75,000		\$ 20,000			5,385	227,611		
1067	Various Improvements and Acquisition of Various Equipment and Vehicles	275,000	58,194										20,454	37,740		
1077	Acquisition of a Four Wheel Drive Emergency Vehicle	32,000					\$ 32,000						30,386	1,614		
1079	Various Improvements and Acquisition of Various Equipment and Vehicles	2,405,000			\$ 99,000	\$ 1,890,000	250,000	149,000			\$ 17,000		1,843,410	561,590		
1085	Stone Point Park Basketball Court Project	175,000						87,500	\$ 87,500				1,843	173,157		
1088	Installation of Handicap Accessible Bathrooms at the Golf Course	50,000	-	-	-	-	6,100	43,900	-	-	-	-	431	49,569	-	
			<u>\$ 281,301</u>	<u>\$ 215,172</u>	<u>\$ 99,000</u>	<u>\$ 1,890,000</u>	<u>\$ 288,100</u>	<u>\$ 355,400</u>	<u>\$ 87,500</u>	<u>\$ 20,000</u>	<u>\$ 17,000</u>	<u>\$ 2,049</u>	<u>\$ 2,035,174</u>	<u>\$ 1,220,258</u>	<u>\$ 90</u>	
													Cash Disbursements	\$ 819,342		
													Contracts Payable	<u>1,215,832</u>		
														<u>\$ 2,035,174</u>		

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

Balance, December 31, 2014	\$ 205,282
Increased by:	
Developer Fees Received	<u>28,161</u>
	233,443
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>17,000</u>
Balance, December 31, 2015	<u>\$ 216,443</u>

STATEMENT OF RESERVE FOR CAPITAL IMPROVEMENTS

Balance, December 31, 2014	\$ 20,698
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>20,000</u>
Balance, December 31, 2015	<u>\$ 698</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2014	\$ 10,206
Decreased by:	
Paid to Current Fund as Anticipated Revenue	<u>\$ 10,206</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding December 31, 2015</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2014</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
Acquisition of Land (Open Space)	11/17/2000	\$ 653,625	2014-2020	Various	2.00%	<u>\$ 215,233</u>	<u>\$ 37,402</u>	<u>\$ 177,831</u>
Paid by Open Space Preservation Trust Fund							<u>\$ 37,402</u>	

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2014		Interest Rate	Balance, December 31, 2014	Increased	Decreased	Balance, December 31, 2015										
			Date	Amount															
General Bonds of 2010	7/15/2010	2,120,000	2016	160,000	2.25	%													
			2017	170,000	2.50														
			2018	180,000	3.00														
			2019	190,000	3.00														
			2020	320,000	3.00														
			2021-2022	325,000	3.00-3.125														
					\$	1,820,000		\$	150,000	\$	1,670,000								
General Bonds of 2012	11/15/2012	1,780,000	2016-2019	150,000	1.00-2.00														
			2020-2023	200,000	2.00														
							1,550,000		150,000		1,400,000								
General Refunding Bonds of 2014 (Series A)	8/15/2014	2,110,000	2016-2017	420,000	3.00-4.00		2,110,000		405,000		1,705,000								
			2018	430,000	4.00														
			2019	435,000	4.00														
General Refunding Bonds of 2014 (Series B)	8/15/2014	585,000	2016-2018	60,000	2.00-4.00														
			2019-2020	65,000	4.00														
			2021-2022	70,000	3.00-4.00														
			2023	75,000	3.00														
							585,000		60,000		525,000								
General Improvement Bonds of 2015	8/15/2015	2,074,000	2016	185,000	1.00														
			2017	190,000	1.00														
			2018	195,000	2.00														
			2019	200,000	2.00														
			2020	205,000	2.00														
			2021	210,000	2.00														
			2022	215,000	2.00														
			2023	220,000	2.00														
			2024	225,000	2.00														
			2025	229,000	2.00														
												\$	-	\$	2,074,000	\$	-	\$	2,074,000
															\$	6,065,000	\$	2,074,000	\$
Issued for Cash						\$	2,074,000												
Paid by Budget Appropriation							-	\$	765,000										
						\$	2,074,000	\$	765,000										

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

Ordinance Number	Improvement Description	Balance, December 31, 2014	2015 Appropriations	Paid by Budget Appropriation	Serial Bonds Issued	Balance, December 31, 2015
992	Solar Energy Panel	\$ 29,920		\$ 29,920		
1045	Various Public Improvements	394,170		210,080	\$ 184,000	\$ 90
1049	Renovation of Former Police Station for Use of Senior Center					
1079	Various Public Improvements	-	\$ 1,890,000	-	1,890,000	-
		<u>\$ 424,090</u>	<u>\$ 1,890,000</u>	<u>\$ 240,000</u>	<u>\$ 2,074,000</u>	<u>\$ 90</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, 2014	\$ 358,348	\$ 1,903,636	\$ 171,968
Increased by Receipts:			
Consumer Accounts Receivable	\$ 1,065,250		
Interest on Assessments		\$ 80,568	
Assessments Receivable		579,876	
Receipts for Current Fund	595	140	
Sewer Fee Overpayments	2,008		
Non-Budget Revenue	10,443	-	-
	<u>1,078,296</u>	<u>660,584</u>	<u>-</u>
	1,436,644	2,564,220	171,968
Decreased by Disbursements:			
2015 Budget Appropriations	1,057,482		
2014 Appropriation Reserves	1,216		
Interest on Bonds and Loans	122,006		
Serial Bonds		175,000	
Encumbrances Payable	18,003		
Refund Sewer User Fees	2,000		
Refund Prior Year Assessment Payments		533	
Environmental Infrastructure Loans		603,582	
Payments to Current Fund	595	140	-
	<u>1,201,302</u>	<u>779,255</u>	<u>-</u>
Balance, December 31, 2015	<u>\$ 235,342</u>	<u>\$ 1,784,965</u>	<u>\$ 171,968</u>

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

	Balance, December 31, 2015
	<hr/>
Fund Balance	\$ 82,044
Due to Sewer Utility Operating Fund	80,568
Assessment Serial Bonds and Loans	
Ord. 624/626- Improvements to Sanitary Sewerage System - DeBerg Dr.	223,460
Ord. 654/665- Improvements to Sanitary Sewerage System - Area A	853,905
Ord. 708- Improvements to Sanitary Sewerage System - Orangeburg Rd. So./Greenswood/Olsen	405,126
Ord. 778/797/845/870 2002 and 2004 Sewer Project Areas	<hr/> 139,862
	<hr/> \$ 1,784,965

**ANALYSIS OF CASH
SEWER UTILITY CAPITAL FUND**

	Balance December 31, 2015
	<hr/>
Reserve for Sewer Assessment Debt	\$ 171,968
	<hr/>

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

Balance, December 31, 2014	\$ 64,818
Increased by:	
Sewer Rents Levied	<u>1,045,039</u>
	1,109,857
Decreased by:	
Sewer Rents Collected:	
Cash Receipts	<u>1,065,250</u>
Balance, December 31, 2015	<u>\$ 44,607</u>

EXHIBIT D-11

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

Increased by:	
Interest on Investments	<u>\$ 80,568</u>
Balance, December 31, 2015	<u>\$ 80,568</u>

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

Ord. No.	Improvement Description	Date of Confirm- ation	Annual Install- ments	Due Dates	Balance, December 31, 2014	Adjustments	Collected	Balance, December 31, 2015	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	\$ 192,070		\$ 74,367	\$ 117,703	\$ 116,540	\$ 1,163
654/665	Improvements to Sanitary Sewerage System- Area A	10/15/2001	18	10/15/2001-10/15/2018	994,001	\$ 2,110	285,658	710,453	614,043	96,410
708	Improvements to Sanitary Sewerage System- Orangeburg Road South	10/7/2002	18	10/7/2002-10/7/2019	531,018	658	115,938	415,738	415,738	
708	Improvements to Sanitary Sewerage System- Greenwoods Road	10/7/2002	18	10/7/2002-10/7/2019	175,959		30,372	145,587	145,587	
708	Improvements to Sanitary Sewerage System- Olsen Lane	10/7/2002	18	10/7/2002-10/7/2019	20,275	40	3,879	16,436	16,436	
797	Improvements to Sanitary Sewerage System- Demarest Lane	4/19/2004	18	4/19/2004-4/19/2021	1,881		242	1,639	1,639	
778/ 797	Improvements to Sanitary Sewerage System- 2002 Sewer Project Areas	10/4/2004	18	10/4/2004-10/4/2021	199,353		33,558	165,795	145,251	20,544
845/870	Improvements to Sanitary Sewer System 2004 Sewer Project Areas	10/17/2005	18	10/17/2005-10/17/2022	289,720	-	35,862	253,858	253,858	-
					<u>\$ 2,404,277</u>	<u>\$ 2,808</u>	<u>\$ 579,876</u>	<u>\$ 1,827,209</u>	<u>\$ 1,709,092</u>	<u>\$ 118,117</u>
Deferred Charged - Utility Share of Assessment Debt Issued						\$ 698				
Reserve for Assessment Receivable						<u>2,110</u>				
						<u>\$ 2,808</u>				

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2014</u>	<u>Assessment Receivable Adjustments</u>	<u>Balance, December 31, 2015</u>	<u>Balance, Pledged to Assessment Bonds/Loans</u>
708	Impvts. To Sanitary Sewer- Orangeburg Rd. So.	\$ 23,021	\$ 698	\$ 22,323	\$ 22,323
845/870	Impvts. to Sanitary Sewers 2004 Sewer Project Areas	<u>34,390</u>	<u>-</u>	<u>34,390</u>	<u>34,390</u>
		<u>\$ 57,411</u>	<u>\$ 698</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, 2014	<u>Additions by</u> Budget Capital Outlay	Balance, December 31, 2015
<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	134,235	\$ 7,500	141,735
<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>\$ 18,408,285</u>	<u>\$ 7,500</u>	<u>\$ 18,415,785</u>

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

Increased by:

Current Fund Receipts Deposited into Sewer Operating Fund	\$ 595
Sewer Utility Operating Fund Expenditure Paid by Current Fund	<u>3,910</u>
	4,505

Decreased by:

Payments to Current Fund	<u>595</u>
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Balance, December 31, 2015

\$ 3,910

EXHIBIT D-16

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

	Balance, December 31, <u>2014</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating				
Salaries	\$ 6,916	\$ 6,916		\$ 6,916
Other Expenses	<u>2,890</u>	<u>2,890</u>	<u>\$ 1,216</u>	<u>1,674</u>
Total Operating	9,806	9,806	1,216	8,590
Capital Improvements				
Capital Outlay	<u>249</u>	<u>249</u>	<u>-</u>	<u>249</u>
Total Capital Improvements	<u>249</u>	<u>249</u>	<u>-</u>	<u>249</u>
	<u>\$ 10,055</u>	<u>\$ 10,055</u>	<u>\$ 1,216</u>	<u>\$ 8,839</u>

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

Balance, December 31, 2014	\$ 18,003
Increased by:	
Charges to 2015 Budget Appropriations	<u>17,957</u>
	35,960
Decreased by:	
Payments	<u>18,003</u>
Balance, December 31, 2015	<u>\$ 17,957</u>

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

Balance, December 31, 2014	\$ 49,699
Increased by:	
Charges to Budget Appropriations for Interest	<u>114,342</u>
	164,041
Decreased by:	
Interest Paid	<u>122,006</u>
Balance, December 31, 2015	<u>\$ 42,035</u>

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

Increased by:		
2015 Overpayments Received	\$	2,008
Decreased by:		
Overpayments Refunded		<u>2,000</u>
Balance, December 31, 2015	\$	<u>8</u>

EXHIBIT D-20

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

Increased by:		
Current Fund Receipts Deposited to Sewer Assessment	\$	140
Decreased by:		
Payments to Current Fund	\$	<u>140</u>

EXHIBIT D-21

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

Balance, December 31, 2014	\$	18,408,285
Increased by:		
Capital Outlay - Operating Budget		<u>7,500</u>
Balance, December 31, 2015	\$	<u>18,415,785</u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance December 31, <u>2014</u>	Balance December 31, <u>2015</u>
626/668	Impvts. To Sanitary Sewer - Deberg Drive	\$ 19,272	\$ 19,272
666	Impvts. To Sanitary Sewer - Orangeburg Road	18,215	18,215
708	Impvts. To Sanitary Sewer - Orangeburg Rd. So.	94,687	94,687
778/797	Impvts. To Sanitary Sewer - 2002 Sewer Project Areas	6,047	6,047
845/870	Impvts. To Sanitary Sewer - 2004 Sewer Project Areas	<u>33,747</u>	<u>33,747</u>
		<u>\$ 171,968</u>	<u>\$ 171,968</u>

EXHIBIT D-23

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

Increased by:

<u>Ord. No.</u>	<u>Description</u>	Balance December 31, <u>2014</u>	Assessment Receivable <u>Adjustments</u>	Balance December 31, <u>2015</u>
626/668	Improvements to Sanitary Sewer- Deberg Drive	\$ 1,163		\$ 1,163
654/665	Improvement to Sanitary Sewerage System - Area A	\$ 94,300	\$ 2,110	96,410
778/797	Sanitary Sewer - 2002 Sewer Project Areas	<u>20,544</u>	<u>-</u>	<u>20,544</u>
		<u>\$ 116,007</u>	<u>\$ 2,110</u>	<u>\$ 118,117</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, 2014	Decreased	Balance, December 31, 2015
			Outstanding December 31, 2015 Date	Amount				
Construction of Sanitary Sewers- Trust Loan - Area "A"-Series 1999 Refunding Series 2006B	11/1/1999	\$ 3,415,000	8/1/2016	225,762	5.50%			
			8/1/2017	233,900	5.50%			
			8/1/2018	246,940	5.70%			
			8/1/2019	255,579	5.70%	\$ 1,176,814	\$ 214,633	\$ 962,181
Construction of Sanitary Sewers- Fund Loan - Area "A"-Series 1999	11/1/1999	3,193,990	2/1/2016	13,148				
			8/1/2016	165,624				
			2/1/2017	8,955				
			8/1/2017	167,654				
			2/1/2018	4,592				
			8/1/2018	145,794	None	683,076	177,309	505,767
Construction of Sanitary Sewers- Trust Loan - Orangeburg Rd. So. Series 2000 Refunding Series 2006A Refunding Series 2010A	11/1/2000	1,960,000	8/1/2016	114,163	5.13%			
			8/1/2017	123,113	5.25%			
			8/1/2018	127,110	5.25%			
			8/1/2019	131,028	5.25%			
			8/1/2020	139,676	5.25%	745,097	110,007	635,090
Construction of Sanitary Sewers- Fund Loan - Orangeburg Rd. So.	11/1/2000	1,828,595	2/1/2016	11,376				
			8/1/2016	89,413				
			2/1/2017	9,376				
			8/1/2017	93,417				
			2/1/2018	7,170				
			8/1/2018	94,212				
			8/1/2019	4,884				
			8/1/2019	60,273	None	471,753	101,633	370,120
						\$ 3,076,740	\$ 603,582	\$ 2,473,158
							\$ 603,582	

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2015</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Assessment Bonds Ord. 624,626,668	7/15/2010	\$ 730,000	2016-2019	\$ 85,000	2.00-2.625%	425,000	-	85,000	\$ 340,000
Refunding Assessment Bonds Ord. 778/797/845/870	7/10/2014	665,000	2016-2019	90,000	2.00-4.00%				
			2020-2021	85,000	4.00%				
			2022	45,000	3.00%	665,000	\$ -	90,000	575,000
						<u>\$ 1,090,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 915,000</u>
Paid by Sewer Assessment Cash- Budget								<u>\$ 175,000</u>	

PUBLIC ASSISTANCE FUND

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

	<u>Account #1</u>
Balance, December 31, 2014	\$ 93,859
Increased by:	
Receipts	<u>12,901</u>
	106,760
Decreased by:	
Disbursements	<u>13,518</u>
Balance, December 31, 2015	<u>\$ 93,242</u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>
Balance, December 31, 2014	\$ 93,859
Increased by:	
Revenues	<u>12,901</u>
	106,760
Decreased by:	
Expenditures	<u>13,518</u>
Balance, December 31, 2015	<u>\$ 93,242</u>

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

	<u>Account #1</u>
Donations	\$ 12,901
Total Receipts/Revenues	<u>\$ 12,901</u>

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>
Current Year Assistance	
Assistance Ineligible for State Aid	\$ 13,518
Total Disbursements/Expenditures	<u>\$ 13,518</u>

BOROUGH OF OLD TAPPAN
BERGEN COUNTY, NEW JERSEY

PART II

GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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, 2015, and the related notes to the financial statements, and have issued our report thereon dated April 21, 2016. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

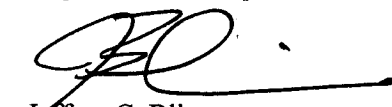
As part of obtaining reasonable assurance about whether the Borough of Old Tappan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

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

Purpose of this Report

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

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


Jeffery C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
April 21, 2016

BOROUGH OF OLD TAPPAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>CFDA Number</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>2015 Grant Receipts</u>	<u>Balance, January 1, 2015</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Cancelled</u>	<u>Balance, December 31, 2015</u>	<u>Cumulative Expended</u>
U.S. Dept. of Housing and Urban Development (Passed through County Dept. of Community Development)											
Community Development Block Grants	14.218										
Senior Citizens' Programs		CDOTSC13	2013/14	\$ 3,274		\$ 3,274				\$ 3,274	\$ 3,274
Senior Citizens' Programs		CDOTSC14	2014/15	4,000	\$ 3,999	755		\$ 754	1	-	3,245
Senior Citizens' Programs		CDOTSC15	2015/16	4,125			4,125	510		3,615	510
Handicapped Accessible Bathrooms (Ord. 1088)		CDOTH15	2015/16	43,900			43,900			43,900	
U.S. Dept. of Homeland Security											
Disaster Grants - Public Assistance	97.036										
(Passed Through N.J. State Police)											
Hurricane Sandy		066-1200-100-A92	2014	20,774							20,774
FEMA (Ord. 1084)							75,000			75,000	
U.S. Dept. of Justice (Passed Through Dept. of Law and Public Safety)											
Bulletproof Vest Partnership											
Program (Body Armor)	16.607	066-1020-718-001	2014	1,168	1,168					-	1,168
			2015	1,220			1,220			1,220	
U.S. Dept. of Transportation (Passed Through N.J. Division of Highway Traffic Safety)											
Drive Sober or Get Pulled Over	20.601	066-1160-100-057	2015	2,544		-	2,456	2,456	-	-	2,456
						<u>\$ 4,029</u>	<u>\$ 126,701</u>	<u>\$ 3,720</u>	<u>\$ 1</u>	<u>\$ 127,009</u>	

(A)- Encumbrances restored

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

BOROUGH OF OLD TAPPAN
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2015 Grant Receipts</u>	<u>Balance January 1, 2015</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Payables Cancelled</u>	<u>Grants Cancelled</u>	<u>Balance, December 31, 2015</u>	<u>Cumulative Expended</u>
Drunk Driving Enforcement	1110-448-031020-22	2014	\$ 2,826		\$ 1,534	\$ 1,292	\$ 1,801			\$ 1,025	1,801
		2012	1,403		588		588			-	1,403
		2011	1,123		915		915			-	1,123
		2010	1,135		-					-	1,135
Municipal Drug and Alcohol Alliance Program (Passed through County of	N/A	2015	9,876	\$ 499		9,876	8,337			1,539	8,337
		2014	14,814	3,891	6,673			\$ 2,134	\$ 8,807	-	6,007
		2013	9,876							-	9,876
Recycling Tonnage Grant	042-4900-752-001	2014	41,145			41,145	41,145				41,145
		2013	22,373								22,373
Clean Communities Grant	042-4900-765-004	2015	13,109	13,109						3,714	7,074
		2014	10,788			10,788	7,074			-	11,503
		2013	11,503		1,818		1,818			-	9,797
		2012	9,797		1		1			-	9,972
		2011	9,972				-			-	9,998
		2010	9,998							-	8,468
Stormwater Grant	4840-150-057500	2006	8,468							-	8,468
Alcohol Education & Rehabilitation Pgm.	4250-760-050000-63	2015	413	413						768	768
		2014	768			768				475	475
		2013	475		475					54	54
		2012	54		54					-	-
Body Armor Replacement Fund	066-1020-718-001	2015	1,595	1,595						-	-
		2014	1,597			1,597				1,597	1,597
		2013	1,984		1,984					1,984	2,290
		2012	2,290		2,290		-			647	961
		2011	1,608		1,608		961			-	2,342
		2010	2,342		181		181			-	-
Department of Transportation Local Municipal Aid - Sidewalk Improvements (Ord. 1045)	078-6320-480-ALL	2014	299,000		260,161	-	-	-	-	260,161	38,839
Local Municipal Aid - Sidewalk Improvements (Ord. 1079)	078-6320-480-ALW	2015	149,000		-	149,000	149,000	-	-	-	149,000
					<u>\$ 278,282</u>	<u>\$ 214,466</u>	<u>\$ 211,821</u>	<u>\$ 2,134</u>	<u>\$ 8,807</u>	<u>\$ 274,254</u>	

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

**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, 2015

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	\$ 7,801	\$ 65,466	\$ 73,267
General Capital Fund	<u>118,900</u>	<u>149,000</u>	<u>267,900</u>
Total Financial Awards	<u>\$ 126,701</u>	<u>\$ 214,466</u>	<u>\$ 341,167</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, 2015

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2015, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>Total</u>
Dept. of Environmental Protection-		
Green Trust Loan Program	4800-553-851000-60	\$ 177,831
Environmental Infrastructure Loan (1999 Loan)	4800-504-993150-60	1,467,948
Environmental Infrastructure Loan (2000 Loan)	4800-534-094802-60	<u>1,005,210</u>
		<u>\$ 2,650,989</u>

**BOROUGH OF OLD TAPPAN
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

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	<u> X </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none reported
Noncompliance material to the financial statements noted?	_____ yes	<u> X </u> 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, 2015**

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, 2015**

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, 2015

**BOROUGH OF OLD TAPPAN
SUPPLEMENTARY DATA**

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

	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 800,000	2.15%	\$ 750,000	2.06%
Miscellaneous - From Other Than Local				
Property Tax Levies	3,179,381	8.54%	3,330,624	9.15%
Collection of Delinquent Taxes				
and Tax Title Liens	280,989	0.75%	324,019	0.89%
Collection of Current Tax Levy	32,904,879	88.38%	31,961,361	87.82%
Other Credits	<u>67,570</u>	<u>0.18%</u>	<u>29,448</u>	<u>0.08%</u>
Total Income	<u>37,232,819</u>	<u>100.00%</u>	<u>36,395,452</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	8,352,565	22.93%	8,225,229	23.13%
County Taxes	4,169,225	11.44%	3,979,791	11.19%
Local and Regional School Taxes	23,728,828	65.13%	23,179,593	65.19%
Municipal Open Space Tax	173,045	0.47%	172,613	0.49%
Other Expenditures	<u>6,952</u>	<u>0.02%</u>	<u>799</u>	<u>0.00%</u>
Total Expenditures	<u>36,430,615</u>	<u>100.00%</u>	<u>35,558,025</u>	<u>100.00%</u>
Excess in Revenue	802,204		837,427	
Fund Balance, January 1	<u>1,721,913</u>		<u>1,634,486</u>	
	2,524,117		2,471,913	
Less Utilization as Anticipated Revenue	<u>800,000</u>		<u>750,000</u>	
Fund Balance, December 31	<u>\$ 1,724,117</u>		<u>\$ 1,721,913</u>	

**BOROUGH OF OLD TAPPAN
SUPPLEMENTARY DATA**

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

	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 130,000	10.04%	\$ 95,000	7.27%
Collection of Sewer User Fees	1,065,250	82.25%	1,055,525	80.79%
Miscellaneous- From Other Than				
Sewer User Fees	80,568	6.22%	108,620	8.31%
Non-Budget Revenue	10,443	0.81%	41,256	3.16%
Other Credits to Income	<u>8,839</u>	<u>0.68%</u>	<u>6,083</u>	<u>0.47%</u>
 Total Income	 <u>1,295,100</u>	 <u>100.00%</u>	 <u>1,306,484</u>	 <u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Operating	1,041,610	85.91%	1,040,889	84.32%
Capital Improvements	7,500	0.62%	7,500	0.61%
Debt Service	114,342	9.43%	141,399	11.45%
Deferred Charges and Statutory Expenditures	49,000	4.04%	44,500	3.61%
Other Expenditures	<u>-</u>	<u>0.00%</u>	<u>106</u>	<u>0.01%</u>
 Total Expenditures	 <u>1,212,452</u>	 <u>100.00%</u>	 <u>1,234,394</u>	 <u>100.00%</u>
 Excess in Revenue	 82,648		 72,090	
 Fund Balance, January 1	 <u>280,591</u>		 <u>303,501</u>	
	363,239		375,591	
 Less Utilization as Anticipated Revenue	 <u>130,000</u>		 <u>95,000</u>	
 Fund Balance, December 31	 <u>\$ 233,239</u>		 <u>\$ 280,591</u>	

**BOROUGH OF OLD TAPPAN
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>\$1.922</u>	<u>\$1.871</u>	<u>\$1.814</u>

Apportionment of Tax Rate

Municipal	.295	.282	.275
Municipal Open Space	.010	.010	.009
County	.239	.229	.234
County Open Space	.003	.003	.003
Local District School	.805	.790	.765
Regional High School	.570	.557	.528

Assessed Valuation

2015	<u>\$1,725,627,784</u>	
2014		<u>\$1,720,747,488</u>
2013		<u>\$1,732,034,166</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>
2015	\$ 33,259,195	\$ 32,904,879	98.93%
2014	32,296,333	31,976,361	99.00%
2013	31,493,961	31,090,280	98.71%

**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>
2015	\$ 32,310	\$ 295,611	\$ 327,921	0.99%
2014	28,418	278,937	307,355	0.95%
2013	24,629	323,346	347,975	1.10%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2015 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>
2015	\$278,485
2014	278,485
2013	278,485

Schedule of Sewer Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(1)</u>	<u>Percentage of Collection</u>
2015	\$ 1,045,039	\$ 1,065,250	101.93%
2014	1,077,482	1,055,525	97.96%
2013	1,049,557	1,053,762	100.40%

(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	2015	\$1,724,117	\$800,000
	2014	1,721,913	800,000
	2013	1,634,486	750,000
	2012	1,367,090	724,000
	2011	920,380	532,500
Sewer Utility Fund	2015	\$233,239	\$95,000
	2014	280,591	130,000
	2013	303,501	95,000
	2012	323,729	95,000
	2011	325,449	55,000

**BOROUGH OF OLD TAPPAN
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

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

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

GENERAL COMMENTS

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

Prior Year Comments – Unresolved

Our audit of the Borough's Affordable Housing Reserve trust account revealed the administrative expenses reported in the annual report filed with State Council on Affordable Housing ("COAH") exceeded the maximum permitted under the code by approximately \$120,000. It is recommended the Borough review the administrative expenses charged to the Affordable Housing Reserve trust account and develop a plan to address the amounts paid in excess of the COAH permitted threshold.

Current Year Comments

There are none.

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 as of July 1, 2015 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:

Leaf Collector
Sidewalks Project Phase 5 and 6
2015 Pascack Valley Paving Program

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 5, 2015 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 2015, shall be computed at the rate of eight (8%) percent per annum and,

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

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

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

Additionally, the Governing Body on January 5, 2015 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 5, 2015 adopted the following resolution authorizing interest to be charged on delinquent sewer flow charges:

BE IT RESOLVED, by the Mayor and Council of the Borough of Old Tappan, County of Bergen, State of New Jersey, that the rate of interest on delinquent sewer flow charges and delinquent user fees for the year 2014 shall be computed at the rate of eight percent (8%) per annum; and

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

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

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

Delinquent Taxes And Tax Title Liens

The Borough's last tax sale was held on October 22, 2015.

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>
2015	4
2014	4
2013	4

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

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

GENERAL COMMENTS (Continued)

Management Suggestions

- Internal control procedures be implemented with respect to recreation concession stand receipts.
- Exceptions to Borough policy regarding employee benefits be approved by resolution of the governing body.

APPRECIATION

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

BOROUGH OF OLD TAPPAN
LETTER OF COMMENTS AND RECOMMENDATIONS

RECOMMENDATIONS

It is recommended that:

- * 1. The Borough review the Administrative expenses charged to the Affordable Housing Reserve trust account and develop a plan to address the amount paid in excess of the COAH permitted threshold.

* * * * *

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