

BOROUGH OF OLD TAPPAN
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2022

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, 2022**

LERCH, VINCI & BLISS, 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 Audit of the Financial Statements

Opinions

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, 2022 and 2021, 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, 2022, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, 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, 2022 and 2021, 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, 2022 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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 section of our report, 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, 2022 and 2021, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Old Tappan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 18 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2022 and 2021. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 43 percent and 49 percent of the assets and liabilities of the Borough's Trust Funds as of December 31, 2022 and 2021, respectively.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Old Tappan on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Old Tappan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough of Old Tappan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Old Tappan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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, and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Old Tappan. 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.

Other Information


Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 25, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Old Tappan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Old Tappan's internal control over financial reporting and compliance.

Lerch, Vinci & Bliss, LLP
 LERCH, VINCI & BLISS, LLP
 Certified Public Accountants
 Registered Municipal Accountants


 Jeffery C. Bliss
 Registered Municipal Accountant
 RMA Number CR00429

Fair Lawn, New Jersey
 August 25, 2023

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash and Cash Equivalents	A-4	\$ 10,824,410	\$ 8,328,904
Cash - Change Funds	A-5	550	300
Due from State - Senior Citizens and Veteran's Deductions	A-8	1,597	2,097
Grants Receivable	A-11	<u>26,789</u>	<u>11,651</u>
		<u>10,853,346</u>	<u>8,342,952</u>
RECEIVABLES AND OTHER ASSETS			
WITH FULL RESERVES			
Delinquent Property Taxes Receivable	A-7	241,550	255,101
Tax Title Liens Receivable	A-9	60,801	56,341
Property Acquired for Taxes - Assessed Valuation	A-10	278,485	278,485
Revenue Accounts Receivable	A-12	104,938	35,850
Due from Sewer Utility Operating Fund	D-13	705	
Due from Sewer Utility Assessment Trust Fund	D-12	106	
Due from Other Trust Fund	B-8	<u>1,334</u>	<u>41</u>
		<u>687,919</u>	<u>625,818</u>
DEFERRED CHARGES			
Emergency Authorizations	A-14	31,050	
Special Emergency Authorizations	A-13	<u>166,000</u>	<u>-</u>
		<u>197,050</u>	<u>-</u>
Total Assets		<u>\$ 11,738,315</u>	<u>\$ 8,968,770</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-15	\$ 585,829	\$ 283,186
Encumbrances Payable	A-20	466,040	527,650
Accounts Payable	A-21	330,294	442,607
Due to State - Sales Tax Payable	A-16	1,792	1,598
Due to State - DCA Training Fees	A-16	6,556	7,052
Due to Unemployment Trust Fund	B-11	4,000	
Due to Open Space Preservation Trust Fund	B-12	597	
Third Party Lien Payable	A-28	1,480	1,480
Prepaid Revenues	A-17	360,746	120,525
Prepaid Taxes	A-18	201,098	213,164
Tax Overpayments	A-19	414	414
Due County - Added and Omitted Taxes Payable	A-24	14,863	8,617
Local District School Taxes Payable	A-22	3,890,040	3,596,735
Reserve for Tax Appeals	A-26	150,384	50,827
Reserve for Master Plan	A-27	5,327	5,327
Reserve for Grants - Appropriated	A-29	18,948	10,255
Reserve for Grants and Aid - Unappropriated	A-30	<u>516,752</u>	<u>321,730</u>
		6,555,160	5,591,167
Reserve for Receivables and Other Assets	A	687,919	625,818
Fund Balance	A-1	<u>4,495,236</u>	<u>2,751,785</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 11,738,315</u>	<u>\$ 8,968,770</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,241,000	\$ 1,000,000
Miscellaneous Revenue Anticipated	A-2	5,035,836	3,692,443
Receipts from Delinquent Taxes	A-2	256,101	336,779
Receipts from Current Taxes	A-2	36,497,729	36,357,837
Non-Budget Revenue	A-2	387,939	179,811
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	A-15	271,946	70,909
Accounts Payable Cancelled	A-21	265,000	
Prior Year Interfunds Returned	A	41	367
Total Income		<u>43,955,592</u>	<u>41,638,146</u>
EXPENDITURES			
Operations			
Salaries and Wages	A-3	3,930,446	3,799,259
Other Expenses	A-3	3,968,272	3,215,164
Capital Improvements	A-3	178,646	50,000
Municipal Debt Service	A-3	1,192,831	1,195,725
Deferred Charges and Statutory Expenditures	A-3	1,055,717	1,119,759
County Taxes	A-24	4,299,298	4,369,536
Due County for Added and Omitted Taxes	A-24	14,863	8,617
Local District School Taxes	A-22	15,993,801	15,407,192
Regional High School District Taxes	A-23	10,328,755	10,843,342
Municipal Open Space Taxes	A-25	173,352	172,862
Other Debits to Income:			
Prior Year Senior Citizen Deductions Disallowed	A-8	1,000	500
Refund of Prior Year Revenue	A-4	29,065	24,794
Interfunds Advanced	A	2,145	41
Total Expenditures		<u>41,168,191</u>	<u>40,206,791</u>
Excess in Revenue		2,787,401	1,431,355
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-13,A-14	<u>197,050</u>	<u>-</u>
Statutory Excess to Fund Balance		2,984,451	1,431,355
Fund Balance, January 1	A	<u>2,751,785</u>	<u>2,320,430</u>
		5,736,236	3,751,785
Less Utilization as Anticipated Revenue	A-1,A-2	<u>1,241,000</u>	<u>1,000,000</u>
Fund Balance, December 31	A	<u>\$ 4,495,236</u>	<u>\$ 2,751,785</u>

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

		<u>Anticipated</u>		
	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	\$ 1,241,000	\$ 1,241,000	-
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	A-12	10,800	11,040	\$ 240
Other	A-2	5,500	4,722	(778)
Fees and Permits	A-2	21,000	23,976	2,976
Fines and Costs - Municipal Court	A-12	25,000	35,032	10,032
Interest and Costs on Taxes	A-12	85,000	81,854	(3,146)
Interest on Investments and Deposits	A-2	12,000	190,530	178,530
Golf Course Fees	A-12	650,000	767,548	117,548
Uniform Fire Safety Act	A-12	9,000	11,695	2,695
Uniform Construction Code Fees	A-12	300,000	1,361,981	1,061,981
Energy Receipts Tax	A-12	1,463,986	1,463,986	-
Watershed Moratorium Offset Aid	A-12	38,540	38,540	-
Public and Private Revenues Offset with Appropriations				
Recycling Tonnage Grant	A-30	15,658	15,658	-
Clean Communities Program	A-30	13,044	13,044	-
Alcohol Education and Rehabilitation Fund	A-30	227	227	-
Body Armor Fund	A-11	2,922	2,922	-
Body-Worn Police Cameras	A-11	34,646	34,646	-
Special Items of Revenue:				
Northvale Vehicle Maintenance	A-12	20,000	13,966	(6,034)
Norwood Vehicle Maintenance	A-12	20,000	22,595	2,595
NVRHS SLEO Interlocal Agreement	A-12	100,000	104,743	4,743
River Vale Fuel Reimbursement	A-12	145,000	203,766	58,766
River Vale BOE Vehicle Maintenance	A-12	20,000	1,259	(18,741)
Westwood Regional BOE Vehicle Maintenance	A-12	20,000	24,749	4,749
Woodcliff Lake Vehicle Maintenance	A-12	20,000	6,681	(13,319)
American Rescue Plan (ARP)	A-30	200,000	200,000	-
Cell Tower Leases	A-12	205,000	186,106	(18,894)
Police Outside Duty Admin. Fee	A-12	80,000	80,000	-
Library Contribution - Municipal Services	A-12	46,509	46,509	-
Golf Concession, Rent and Utilities	A-12	7,800	6,179	(1,621)
Library Debt Service Reimbursement	A-12	81,882	81,882	-
Total Miscellaneous Revenues	A-1	3,653,514	5,035,836	1,382,322
Receipts from Delinquent Taxes	A-1,A-7	242,800	256,101	13,301
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	A-2	5,956,557	6,652,660	696,103
	A-3	\$ 11,093,871	13,185,597	\$ 2,091,726
Non-Budget Revenue	A-1,A-2		387,939	
			<u>\$ 13,573,536</u>	

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Reference</u>	<u>2022</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Current Taxes	A-7	\$ 36,627,729
Less: Transferred to Reserve Tax Appeals	A-25	<u>130,000</u>
Revenue Realized	A-2	36,497,729
Allocated to School, County , Municipal Open Space Taxes	A-22,A-23,A-24,A-25	<u>30,810,069</u>
Balance for Support of Municipal Budget Appropriation		5,687,660
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>965,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 6,652,660</u>
Licenses - Other		
Borough Clerk	A-12	\$ 4,158
Health Officer	A-12	<u>564</u>
	A-2	<u>\$ 4,722</u>
Fees and Permits		
Planning Board	A-12	\$ 2,925
Police	A-12	10,158
Health Officer	A-12	200
Zoning Board	A-12	9,555
Tax Collector	A-12	10
Registrar of Vital Statistics	A-12	<u>1,128</u>
	A-2	<u>\$ 23,976</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-12	\$ 189,900
Due from Other Trust Fund	B-8	<u>630</u>
	A-2	<u>\$ 190,530</u>

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Reference</u>
ANALYSIS OF NON-BUDGET REVENUE	
FEMA Reimbursement - Tropical Storm Isaias	\$ 176,217
Franchise Fees	85,854
Sale of SREC's	55,209
Miscellaneous	28,440
User Fees - Harrington Park	13,260
Soil Moving Fees	11,025
LEA Rebates (Fire Safety)	5,553
Right-of-Way Fees	5,200
Kemper Golf Pro Shop	3,958
Filming Fees	1,100
Sale of Vehicles	888
Field/Park Usage Fees	750
Senior Citizen and Veterans Administrative Fees	<u>485</u>
	A-2,A-4 \$ <u><u>387,939</u></u>

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages	\$ 176,075	\$ 176,075	\$ 174,392	\$ 1,683	
Other Expenses	77,000	89,500	85,179	4,321	
Mayor and Council					
Salaries and Wages	49,300	49,300	49,241	59	
Other Expenses	500	500	472	28	
Financial Administration					
Salaries and Wages	132,800	132,800	122,239	10,561	
Other Expenses	51,674	51,674	38,844	12,830	
Audit Services					
Other Expenses	24,600	24,600	24,600	-	
Assessment of Taxes					
Salaries and Wages	18,550	18,550	18,545	5	
Other Expenses	4,545	4,545	2,472	2,073	
Collection of Taxes					
Salaries and Wages	156,000	156,000	130,470	25,530	
Other Expenses	4,350	4,350	4,334	16	
Legal Services and Costs					
Other Expenses	80,000	80,000	73,951	6,049	
Engineering Services & Costs					
Other Expenses	7,500	7,500	3,975	3,525	
Open Space Advisory					
Other Expenses	50	50		50	
Senior Advisory					
Other Expenses	10,200	10,200	9,552	648	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	16,000	16,000	15,894	106	
Other Expenses	9,000	9,000	6,379	2,621	
Insurance					
General Liability	123,883	123,883	92,777	31,106	
Workers Compensation	102,367	102,367	80,000	22,367	
Employee Group Health	730,084	730,084	665,985	64,099	
Health Benefit Waiver	10,000	10,000	10,000	-	
Unemployment Insurance	4,000	4,000	4,000	-	
PUBLIC SAFETY					
Fire					
Salaries and Wages	36,000	36,000	36,000	-	
Other Expenses	32,550	32,550	32,453	97	
Rent	12,603	12,603	12,603	-	
Fire Hydrant Services	117,500	117,500	117,164	336	

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd.)					
GENERAL GOVERNMENT (Cont'd.)					
PUBLIC SAFETY					
Uniform Fire Safety Act (PL 1983, C.383)					
Fire Prevention					
Salaries and Wages	\$ 13,975	\$ 13,975	\$ 13,300	\$ 675	
Other Expenses	4,075	4,075	3,522	553	
Police					
Salaries and Wages	1,793,500	1,793,500	1,734,013	59,487	
Salaries and Wages - American Rescue Plan	150,000	150,000	150,000	-	
Other Expenses	75,150	75,150	71,522	3,628	
Police Dispatch/911					
Contractual	140,751	140,751	139,141	1,610	
First Aid Organization - Contribution	49,300	49,300	46,725	2,575	
Emergency Management Services					
Salaries and Wages	850	850	850	-	
Other Expenses	500	500		500	
Municipal Prosecutor					
Salaries and Wages	6,000	6,000	5,419	581	
PUBLIC WORKS FUNCTIONS					
Road Repairs & Maintenance					
Salaries and Wages	656,263	656,263	611,371	44,892	
Salaries and Wages - American Rescue Plan	50,000	50,000	50,000	-	
Other Expenses	54,075	54,075	53,149	926	
Shade Tree Commission					
Other Expenses	36,680	36,680	34,597	2,083	
Recycling					
Salaries and Wages	10,000	10,000	10,000	-	
Other Expenses	124,592	124,592	123,263	1,329	
Solid Waste Collection					
Other Expenses	5,400	5,850	5,850	-	
Public Buildings and Grounds					
Other Expenses	61,315	61,315	60,814	501	
Contractual	20,476	20,476	18,809	1,667	
Vehicle Maintenance					
Other Expenses	71,000	76,818	75,252	1,566	
HEALTH & HUMAN SERVICES					
Board of Health					
Other Expenses	28,705	28,705	23,092	5,613	
Environmental Commission					
Salaries and Wages	900	900	100	800	
Other Expenses	1,000	1,000	996	4	
Administration of Public Assistance					
Salaries and Wages	7,300	7,300	6,966	334	
Other Expenses	600	600	50	550	
Aid to Community Center for Mental Health (NJSA 40:4-2-9)	2,000	2,000	2,000	-	

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd.)					
PARKS AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Salaries and Wages	\$ 34,133	\$ 34,133	\$ 33,233	\$ 900	
Other Expenses	11,250	11,250	11,085	165	
Golf Course					
Salaries and Wages	71,375	71,375	68,983	2,392	
Other Expenses	641,321	578,567	512,378	66,189	
Recreation Program Fees					
Other Expenses	100	100		100	
MUNICIPAL COURT FUNCTIONS					
Municipal Court Administration					
Salaries and Wages	13,050	13,050	13,002	48	
Other Expenses	2,450	2,450	1,683	767	
Public Defender					
Other Expenses	600	600	400	200	
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	252,375	252,375	235,505	16,870	
Other Expenses	14,830	14,830	13,374	1,456	
UNCLASSIFIED					
Utilities					
Electricity	97,950	97,950	83,906	14,044	
Street Lighting	15,000	15,000	14,869	131	
Telephone	20,500	20,500	18,315	2,185	
Water	28,600	42,650	35,929	6,721	
Gasoline	35,000	52,000	45,081	6,919	
Interlocal Service Agreement					
Harrington Park Service Fee	12,300	12,300	11,865	435	
Celebration of Public Events					
Other Expenses	750	750		750	
Prior Years Bills					
Police - Hackensack Occupational - 2000	1,800	1,800	1,800	-	
Police - Northvale Car Wash - 2020	315	315	314	1	-
Terminal Leave Pay	-	166,000	165,844	156	-
Total Operations Within "CAPS"	6,605,237	6,758,301	6,319,888	438,413	-
Contingent	5,000	5,000	-	5,000	-
Total Operations including Contingent Within "CAPS"	6,610,237	6,763,301	6,319,888	443,413	-
Detail:					
Salaries and Wages	3,644,446	3,810,446	3,645,367	165,079	-
Other Expenses	2,965,791	2,952,855	2,674,521	278,334	-

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd.)					
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	\$ 266,000	\$ 266,000	\$ 266,000	-	
Public Employees Retirement System	231,700	231,700	230,019	\$ 1,681	
Police and Firemen's Retirement System	545,017	545,017	545,017	-	
Defined Contribution Retirement Program	13,000	13,000	8,064	4,936	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	1,055,717	1,055,717	1,049,100	6,617	-
Total General Appropriations for Municipal Purposes Within "CAPS"	7,665,954	7,819,018	7,368,988	450,030	-
OPERATIONS - EXCLUDED FROM CAPS					
Aid to Public Library Association	594,014	594,014	594,014	-	
Insurance					
Employee Group Health	6,216	6,216	6,182	34	
Stormwater Management					
Other Expenses	12,800	12,800	12,694	106	
Fire					
LOSAP	78,000	78,000	52,900	25,100	-
Total Other Operations Excluded from "CAPS"	691,030	691,030	665,790	25,240	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
River Vale Fuel Reimbursement					
Gasoline	145,000	181,986	175,515	6,471	
Emerson - Municipal Court Administration					
Other Expenses	21,050	21,050	21,049	1	
NVRHS - SLEO III Agreement					
Salaries and Wages	95,000	95,000	91,144	3,856	
Other Expenses	5,000	5,000	1,475	3,525	
Woodcliff Lake Vehicle Maintenance					
Salaries and Wages	5,000	5,000	713	4,287	
Other Expenses	15,000	15,000	1,846	13,154	
Norwood Vehicle Maintenance					
Salaries and Wages	5,000	5,000	1,500	3,500	
Other Expenses	15,000	15,000	9,577	5,423	
Northvale Vehicle Maintenance					
Salaries and Wages	5,000	5,000	1,428	3,572	
Other Expenses	15,000	15,000	12,963	2,037	
River Vale BOE Vehicle Maintenance					
Salaries and Wages	5,000	5,000		5,000	
Other Expenses	15,000	15,000	379	14,621	-
Westwood Regional Vehicle Maintenance					
Salaries and Wages	5,000	5,000	4,712	288	
Other Expenses	15,000	22,000	22,000	-	-
Total Interlocal Municipal Service Agreements	366,050	410,036	344,301	65,735	-

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd.)					
CAPITAL IMPROVEMENTS					
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Clean Communities Grant	\$ 13,044	\$ 13,044	\$ 7,636	\$ 5,408	
Body Armor Replacement	2,922	2,922	879	2,043	
Recycling Tonnage Grant	15,658	15,658	15,658	-	
Alcohol Education and Rehabilitation Fund	227	227		227	
Matching Funds for Grants	2,500	2,500	-	2,500	-
Total Public and Private Programs Offset by Revenues	34,351	34,351	24,173	10,178	-
Total Operations Excluded from "CAPS"	1,091,431	1,135,417	1,034,264	101,153	-
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd.)					
Detail:					
Salaries and Wages	120,000	120,000	99,497	20,503	-
Other Expenses	971,431	1,015,417	934,767	80,650	-
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	144,000	144,000	144,000		
NJDLPB Body Worn Camera Grant	34,646	34,646	-	34,646	-
Total Capital Improvements Excluded from "CAPS"	178,646	178,646	144,000	34,646	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,060,000	1,060,000	1,060,000	-	
Interest on Bonds	97,350	97,350	97,350	-	
Interest on Notes	35,490	35,490	35,481	-	\$ 9
Total Municipal Debt Service Excluded from "CAPS"	1,192,840	1,192,840	1,192,831	-	9
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,462,917	2,506,903	2,371,095	135,799	9
Subtotal General Appropriations	10,128,871	10,325,921	9,740,083	585,829	9
Reserve for Uncollected Taxes	965,000	965,000	965,000	-	-
Total General Appropriations	\$ 11,093,871	\$ 11,290,921	\$ 10,705,083	\$ 585,829	\$ 9
	Reference	A-2	A-1	A, A-1	
Budget as Adopted	A-3	\$ 11,093,871			
Emergency Authorization	A-14	31,050			
Special Emergency Authorization	A-14	166,000			
		\$ 11,290,921			
Cash Disbursements	A-4		\$ 9,270,043		
Encumbrances Payable	A-20		466,040		
Due to Unemployment Compensation Insurance Fund	B-11		4,000		
Reserve for Uncollected Taxes	A-2		965,000		
			\$ 10,705,083		

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 2,576	\$ 3,463
OTHER TRUST FUND			
Cash	B-3	2,290,600	2,148,595
UNEMPLOYMENT COMPENSATION INSURANCE FUND			
Cash	B-3	93,206	92,424
Due from Current Fund	B-11	4,000	
Due from Sewer Utility Operating Fund	D-27	3,500	-
		<u>100,706</u>	<u>92,424</u>
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	415,177	394,372
Due from Current Fund	B-12	597	
Due from General Capital Fund	C-9	9,065	9,065
		<u>424,839</u>	<u>403,437</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND - (UNAUDITED)			
Investments	B	2,076,589	2,482,200
Contributions Receivable	B	57,500	66,700
		<u>2,134,089</u>	<u>2,548,900</u>
Total Assets		<u>\$ 4,952,810</u>	<u>\$ 5,196,819</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-4	\$ 11	\$ 74
Reserve for Animal Control Expenditures	B-5	<u>2,565</u>	<u>3,389</u>
		<u>2,576</u>	<u>3,463</u>
OTHER TRUST FUND			
Due to State of New Jersey			
Department of Human Services	B-6		75
Due to Current Fund	B-8	1,334	41
Due to Sewer Utility Operating Fund	D-15	2	
Escrow Deposits Payable	B-9	670,203	607,812
Miscellaneous Reserves and Deposits	B-10	<u>1,619,061</u>	<u>1,540,667</u>
		<u>2,290,600</u>	<u>2,148,595</u>
UNEMPLOYMENT COMPENSATION INSURANCE FUND			
Due to State of New Jersey	B-14		65,789
Reserve for Unemployment Compensation			
Insurance Claims	B-13	<u>100,706</u>	<u>26,635</u>
		<u>100,706</u>	<u>92,424</u>
OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Open Space Preservation	B-15	<u>424,839</u>	<u>403,437</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND - (UNAUDITED)			
Reserve for Length of Service Awards Program	B	<u>2,134,089</u>	<u>2,548,900</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,952,810</u>	<u>\$ 5,196,819</u>

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

		<u>Anticipated (Memo)</u>			
	<u>Reference</u>	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Realized</u>	<u>Excess or Deficit</u>
Amount to be Raised by Taxation	B-13	\$ 172,755	\$ 172,755	\$ 173,352	\$ 597
	B-2	\$ 172,755	\$ 172,755	\$ 173,352	\$ 597
Non-Budget Revenue:					
Interest on Deposits	B-13			4,359	
				<u>\$ 177,711</u>	

EXHIBIT B-2

STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<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	\$ 69,000	\$ 69,000	\$ 67,000	\$ 2,000
Other Expenses	12,000	12,000	11,969	31
Capital Improvements:				
Down Payment on Improvements	77,000	77,340	77,340	-
Reserve for Future Use	<u>14,755</u>	<u>14,415</u>	<u>-</u>	<u>14,415</u>
	<u>\$ 172,755</u>	<u>\$ 172,755</u>	<u>\$ 156,309</u>	<u>\$ 16,446</u>
Reference	B-1	B-1	B-13	

**BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	C-2,C-3	\$ 2,126,744	\$ 2,868,355
Grants Receivable	C-4	1,056,534	887,642
Other Receivables	C-5	368,600	391,850
Deferred Charges to Future Taxation			
Funded	C-6	3,749,000	4,809,000
Unfunded	C-7	<u>3,781,021</u>	<u>2,844,021</u>
Total Assets		<u>\$ 11,081,899</u>	<u>\$ 11,800,868</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-15	\$ 3,749,000	\$ 4,809,000
Bond Anticipation Notes	C-16	3,780,400	2,846,400
Encumbrances Payable	C-8	942,119	2,128,717
Due to Open Space Preservation Trust Fund	C-9	9,065	9,065
Improvement Authorizations:			
Funded	C-11	953,787	636,119
Unfunded	C-11	1,296,355	951,691
Capital Improvement Fund	C-10	32,687	58,617
Reserve for Sidewalk Improvements	C-12	242,936	231,859
Reserve for Capital Improvements	C-13		9,116
Reserve for Payment of Debt	C-14	59,442	59,442
Fund Balance	C-1	<u>16,108</u>	<u>60,842</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 11,081,899</u>	<u>\$ 11,800,868</u>

There were bonds and notes authorized but not issued as of December 31, 2022 and 2021, of \$621 and \$455, respectively (Exhibit C-17)

BOROUGH OF OLD TAPPAN
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1	C	\$ 60,842	\$ 161,827
Increased by:			
Premium on Notes Issued	C-2	9,136	25,591
Funded Improvement Authorizations Cancelled	C-1	<u>-</u>	<u>3,476</u>
		69,978	190,894
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-11	<u>53,870</u>	<u>130,052</u>
Balance, December 31	C	<u>\$ 16,108</u>	<u>\$ 60,842</u>

**BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
OPERATING FUND			
Cash	D-8	\$ 434,096	\$ 517,564
Due from Sewer Utility Assessment Trust Fund	D-26	1,052	
Due from Other Trust Fund	D-15	<u>2</u>	<u>-</u>
		435,150	517,564
Receivables With Full Reserves			
Consumer Accounts Receivable	D-11	<u>41,926</u>	<u>28,808</u>
		<u>477,076</u>	<u>546,372</u>
ASSESSMENT TRUST FUND			
Cash	D-8,D-9	158,092	183,738
Assessments Receivable	D-14	2,498	20,694
Due from Sewer Utility Capital Fund	D-16	<u>2,498</u>	<u>-</u>
		<u>163,088</u>	<u>204,432</u>
CAPITAL FUND			
Cash	D-8,D-10	410,496	405,903
Fixed Capital	D-17	19,376,076	19,366,027
Fixed Capital Authorized and Uncompleted	D-18	<u>525,886</u>	<u>313,886</u>
		<u>20,312,458</u>	<u>20,085,816</u>
Total Assets		<u>\$ 20,952,622</u>	<u>\$ 20,836,620</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-5,D-19	\$ 24,252	\$ 23,029
Encumbrances Payable	D-22	58,655	42,037
Accrued Interest on Bonds and Notes	D-23	5,939	3,810
Sewer Fee Overpayments	D-24	720	1,883
Due to Current Fund	D-13	705	
Due to Unemployment Compensation Insurance Fund	D-27	3,500	-
		93,771	70,759
Reserve for Receivables	D-11	41,926	28,808
Fund Balance	D-1	341,379	446,805
		477,076	546,372
ASSESSMENT TRUST FUND			
Assessment Serial Bonds	D-31		45,000
Due to Current Fund	D-12	106	
Due to Sewer Utility Operating Fund	D-26	1,052	
Reserve for Assessments Receivable	D-14	2,498	
Fund Balance	D-2	159,432	159,432
		163,088	204,432
CAPITAL FUND			
Serial Bonds Payable	D-29	375,000	430,000
Bond Anticipation Notes	D-30	679,600	467,600
Encumbrances Payable	D-20	203,377	192,742
Due to Sewer Utility Assessment Trust Fund	D-16	2,498	
Improvement Authorizations			
Funded	D-21	6,185	6,185
Unfunded	D-21	35,305	42,959
Reserve for Sewer Assessment Debt	D-28	169,470	171,968
Reserve for Amortization	D-25	18,835,207	18,770,158
Fund Balance	D-3	5,816	4,204
		20,312,458	20,085,816
Total Liabilities, Reserves and Fund Balance		\$ 20,952,622	\$ 20,836,620

There were Bonds and Notes Authorized But Not Issued on December 31, 2022 and 2021 of \$12,155 and \$12,155, respectively (Exhibit D-32)

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, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-4	\$ 150,000	\$ 135,000
Sewer User Fees	D-4	1,201,328	1,228,070
Interest on Assessments	D-4	1,052	2,907
Sewer Assessment Trust Fund Balance	D-4		54,769
Non-Budget Revenue	D-4	10,997	57,892
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	D-19	<u>19,261</u>	<u>32,440</u>
Total Income		<u>1,382,638</u>	<u>1,511,078</u>
EXPENDITURES			
Operating	D-5	1,197,920	1,170,103
Capital Improvements	D-5	17,500	14,000
Debt Service	D-5	71,558	60,430
Deferred Charges and Statutory Expenditures	D-5	48,500	106,771
Refund of Prior Year Revenue	D-8	<u>2,586</u>	<u>-</u>
Total Expenditures		<u>1,338,064</u>	<u>1,351,304</u>
Excess in Revenue		44,574	159,774
Fund Balance, January 1	D	<u>446,805</u>	<u>422,031</u>
		491,379	581,805
Less Utilization as Anticipated Revenue	D-1,D-4	<u>150,000</u>	<u>135,000</u>
Fund Balance, December 31	D	<u>\$ 341,379</u>	<u>\$ 446,805</u>

BOROUGH OF OLD TAPPAN
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SEWER UTILITY ASSESSMENT TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1	D	\$ 159,432	\$ 196,431
Increased by:			
Collection of Unpledged Assessments	D-2	<u>-</u>	<u>17,770</u>
		\$ 159,432	\$ 214,201
Decreased by			
Due to Sewer Operating Fund as Anticipated Revenue	D-2	<u>-</u>	<u>54,769</u>
Balance, December 31	D	<u>\$ 159,432</u>	<u>\$ 159,432</u>

COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1	D	\$ 4,204	
Increased by			
Premium on Bond Anticipation Notes Issued	D-8	<u>1,612</u>	<u>\$ 4,204</u>
Balance, December 31	D	<u>\$ 5,816</u>	<u>\$ 4,204</u>

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	D-1	\$ 150,000	\$ 150,000	
Sewer User Fees	D-11	1,185,000	1,201,231	\$ 16,231
Interest on Assessments	D-26	<u>2,000</u>	<u>1,052</u>	<u>(948)</u>
	D-5	<u>\$ 1,337,000</u>	1,352,283	<u>\$ 15,283</u>
Non-Budget Revenue	D-4		<u>10,997</u>	
			<u>\$ 1,363,280</u>	
 <u>Analysis of Non-Budget Revenue:</u>				
Interest on Delinquent Accounts			\$ 3,355	
Sewer Connection Fees			4,568	
Miscellaneous			<u>3,074</u>	
	D-4,D-8		<u>\$ 10,997</u>	

BOROUGH OF OLD TAPPAN
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATING					
Salaries	\$ 381,500	\$ 381,500	\$ 375,095	\$ 6,405	
Other Expenses	816,420	816,420	806,024	10,396	-
Total Operating	1,197,920	1,197,920	1,181,119	16,801	-
CAPITAL IMPROVEMENTS					
Capital Outlay	17,500	17,500	10,049	7,451	-
Total Capital Improvements	17,500	17,500	10,049	7,451	-
DEBT SERVICE					
Bond Principal	55,000	55,000	55,000		
Interest on Bonds	8,600	8,600	8,600		
Interest on Notes	9,480	9,480	7,958	-	\$ 1,522
Total Debt Service	73,080	73,080	71,558	-	1,522
STATUTORY EXPENDITURES					
DEFERRED CHARGES					
STATUTORY EXPENDITURES					
Social Security System (O.A.S.I.)	28,000	28,000	28,000		
Public Employees Retirement System	17,000	17,000	17,000		
Unemployment Compensation Insurance	3,500	3,500	3,500	-	-
Total Statutory Expenditures	48,500	48,500	48,500	-	-
	<u>\$ 1,337,000</u>	<u>\$ 1,337,000</u>	<u>\$ 1,311,226</u>	<u>\$ 24,252</u>	<u>\$ 1,522</u>

Reference

D-4

D-1

D, D-1

Budget as Adopted

D-5

\$ 1,337,000

Cash Disbursements

D-8

\$ 1,232,513

Encumbrances Payable

D-22

58,655

Accrued Interest on Bonds and Notes

D-23

16,558

Due to Unemployment Compensation

D-27

3,500\$ 1,311,226

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY ASSESSMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Anticipated (Memo)</u>		
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Realized</u>
Assessment Cash	\$ 45,000	\$ 42,502	\$ 42,502
Reserve for Sewer Assessment Debt	-	2,498	2,498
	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>
<u>Reference</u>	D-7	D-7	D-8,D-25

STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY ASSESSMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriation (Memo)</u>		
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Expended</u>
Payment of Bond Principal	\$ 45,000	\$ 45,000	\$ 45,000
	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>
<u>Reference</u>	D-6	D-6	D-8, D-29

**BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	E-1	<u>\$ 69,317</u>	<u>\$ 67,079</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	E-2	<u>\$ 69,317</u>	<u>\$ 67,079</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 69,317</u>	<u>\$ 67,079</u>

**BOROUGH OF OLD TAPPAN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Land	\$ 24,387,200	\$ 24,387,200
Buildings and Building Improvements	7,485,572	7,442,522
Machinery and Equipment	<u>9,460,569</u>	<u>8,825,322</u>
	<u>\$ 41,333,341</u>	<u>\$ 40,655,044</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 41,333,341</u>	<u>\$ 40,655,044</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Old Tappan (the "Borough") was incorporated in 1894 and operates under an elected Mayor and Council form of government. Council members are elected for staggered three-year terms; the Mayor is elected separately every four years. The executive power of the Borough is exercised by the Mayor, subject to the approval of the Borough Council. The Mayor presides over all public meetings, makes appointments to various boards and has the responsibility for implementing policies of the Council and functions as liaison officer between the council, municipal personnel, and residents of the Borough. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments and all executive authority not specifically provided to the Mayor by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough's major operations include public safety, road repair and maintenance, recycling, fire protection, recreation and parks, health services, sanitary sewer services and general administrative services.

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

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, 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, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2021 balances to conform to the December 31, 2022 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Reserve for Uncollected Taxes – Reserve for Uncollected Taxes is a non-spending budget appropriation account required to provide assurance that cash collected for property taxes levied in the current year will provide sufficient cash flow to meet expected budgetary obligations. The minimum amount required to be budgeted in Reserve for Uncollected Taxes is determined utilizing the actual percentage of property taxes collected in the immediate preceding budget year, unless allowable alternative methods are utilized with the approval of the Division. A Reserve for Uncollected Taxes is not established or required under GAAP.

Pensions – The Borough appropriates in its annual budget the amount required to be paid for pension contributions as determined by the State administered pension systems. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements it's share of the actuarially determined net pension liabilities, deferred outflow of resources, deferred inflow of resources and pension expense (benefit) related to the State administered pension system. GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

Other Post-Employment Benefits (OPEB) – The Borough funds its employer paid post-retirement medical benefits on a pay-as-you-go basis. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements it's actuarially determined net OPEB liability, deferred outflow of resources, deferred inflow of resources and OPEB expense (benefit). GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

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 \$2,500 and an estimated useful life in excess of two years.

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

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

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

Land	Assessed Value
Buildings and Building Improvements	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

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.

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 Borough must prepare its budget in compliance with applicable laws limiting or capping the amounts by which both the budget appropriations and the municipal tax levy can increase in the annual budget.

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the Borough is permitted to increase its overall current fund appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the Implicit Price Deflator for Local Governments computed by the U.S. Department of Commerce. The Borough can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap appropriations to 3.5%, upon adoption of a COLA Rate Ordinance by the governing body and beyond 3.5% upon voter passage of a referendum.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It established limits on the increase in the total amount to be raised by taxation for municipal purposes (municipal tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation for municipal purposes, exclusive of certain appropriations and allowable adjustments and extraordinary costs related to a declared emergency. Voter approval may be requested to increase the municipal tax levy by more than the allowable adjusted tax levy.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

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 2022 and 2021 the Borough Council increased the original Current Fund budget by \$197,050 and \$49,750, respectively. The increases were funded by a special emergency authorization for terminal leave payouts and emergency authorizations for utilities in 2022 and in 2021 from additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2022 and 2021.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Cash Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC or NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, bail funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2022 and 2021, the book value of the Borough's deposits were \$16,817,003 and \$15,002,559 and bank and brokerage firm balances of the Borough's deposits amounted to \$17,109,675 and \$15,383,888, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Insured	\$ 16,390,485	\$ 14,720,072
Uninsured and Collateralized	<u>719,190</u>	<u>663,816</u>
	<u>\$ 17,109,675</u>	<u>\$ 15,383,888</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

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, 2022 and 2021, the Borough's bank balances of \$719,190 and \$663,816 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust		
department not in the Borough's name	<u>\$ 719,190</u>	<u>\$ 663,816</u>

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2022 and 2021, the Borough had the following investments:

<u>Investment Type</u>	Valuation <u>Basis</u>	<u>2022</u>	<u>2021</u>
Lincoln Financial LOSAP Retirement Plan (Unaudited)	Fair Value	\$ 2,076,589	\$ 2,482,200
N.J. Cash Management Fund	Book Value	<u>8,261</u>	<u>\$ 8,138</u>
		<u>\$ 2,084,850</u>	<u>\$ 2,490,338</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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 credit risk. As of December 31, 2022 and 2021, \$2,084,850 and \$2,490,338 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 2,084,850</u>	<u>\$ 2,490,338</u>

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2022 and 2021, the Borough’s investment in Lincoln Financial, a subsidiary of Lincoln National Life Insurance Company was rated A1 by Moody’s Investor Service.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough’s investment in a single issuer. 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 the Lincoln Financial LOSAP Retirement Plan. These investments are 99.6% and 99.7%, respectively, of the Borough’s total investments at December 31, 2022 and 2021.

Fair Value of Investments. The Borough of Old Tappan measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group and N.J. Cash Management Fund. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2022 and 2021 are categorized as Level 2.

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, 2022 AND 2021

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2022 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>2022</u>			
Property Taxes	\$ 241,550		\$ 241,550
Tax Title Liens	60,801		60,801
Sewer User Fees	<u>-</u>	<u>\$ 41,926</u>	<u>41,926</u>
	<u>\$ 302,351</u>	<u>\$ 41,926</u>	<u>\$ 344,277</u>

In 2022, the Borough collected \$256,101 and \$28,808 from delinquent taxes and utility charges and fees, which represented 82% and 100% of the delinquent tax and sewer charges receivable at December 31, 2021.

Receivables at December 31, 2021 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>2021</u>			
Property Taxes	\$ 255,101		\$ 255,101
Tax Title Liens	56,341		56,341
Sewer User Fees	<u>-</u>	<u>\$ 28,808</u>	<u>28,808</u>
	<u>\$ 311,442</u>	<u>\$ 28,808</u>	<u>\$ 340,250</u>

In 2021, the Borough collected \$336,779 and \$48,556 from delinquent taxes and utility charges and fees, which represented 87% and 100% of the delinquent tax and sewer charges receivable at December 31, 2020.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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>2022</u>		<u>2021</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 2,145	\$ 4,597	\$ 41	
Trust Funds:				
Other Trust		1,336		\$ 41
Unemployment Compensation Ins.	7,500			
Open Space Preservation Trust	9,662		9,065	
General Capital Fund		9,065		9,065
Sewer Utility:				
Operating Fund	1,054	4,205		
Assessment Trust Fund	2,498	1,158		
Capital Fund	-	2,498	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 22,859	\$ 22,859	\$ 9,106	\$ 9,106

The above balances are the result of revenues earned or receipts deposited in one fund that are due to another fund and appropriations budgeted in one fund that are due to another fund.

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2022</u>			
Current Fund			
Emergency Appropriation	\$ 31,050	\$ 31,050	
Special Emergency Appropriation	<u>166,000</u>	<u>33,200</u>	\$ 132,800
	<u>\$ 197,050</u>	<u>\$ 64,250</u>	<u>\$ 132,800</u>

2021

There are none.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual school levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2022 and 2021 are as follows:

	<u>Local District School</u>	
	<u>2022</u>	<u>2021</u>
Balance of Tax	\$7,975,900	\$7,682,595
Deferred Liability	<u>4,085,860</u>	<u>4,085,860</u>
Taxes Payable	<u>\$3,890,040</u>	<u>\$3,596,735</u>

NOTE 8 FUND BALANCES APPROPRIATED

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

	<u>2022</u>		<u>2021</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 4,269,800	\$ 1,500,000	\$ 2,738,037	\$ 1,241,000
Non-Cash Surplus	<u>225,436</u>	<u>-</u>	<u>13,748</u>	<u>-</u>
	<u>\$ 4,495,236</u>	<u>\$ 1,500,000</u>	<u>\$ 2,751,785</u>	<u>\$ 1,241,000</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 341,379	\$ 180,000	\$ 446,805	\$ 150,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 341,379</u>	<u>\$ 180,000</u>	<u>\$ 446,805</u>	<u>\$ 150,000</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2022 and 2021:

	Balance December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Land	\$ 24,387,200			\$ 24,387,200
Buildings and Building Improvements	7,442,522	\$ 43,050		7,485,572
Machinery and Equipment	<u>8,825,322</u>	<u>708,002</u>	<u>\$ 72,755</u>	<u>9,460,569</u>
	<u>\$ 40,655,044</u>	<u>\$ 751,052</u>	<u>\$ 72,755</u>	<u>\$ 41,333,341</u>
	Balance December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Land	\$ 24,751,900		\$ 364,700	\$ 24,387,200
Buildings and Building Improvements	7,348,444	\$ 94,078		7,442,522
Machinery and Equipment	<u>8,706,582</u>	<u>351,595</u>	<u>232,855</u>	<u>8,825,322</u>
	<u>\$ 40,806,926</u>	<u>\$ 445,673</u>	<u>\$ 597,555</u>	<u>\$ 40,655,044</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 FIXED ASSETS (Continued)

B. Sewer Utility Fund Fixed Assets

The following is a summary of changes in the sewer utility fund fixed assets for the years ended December 31, 2022 and 2021:

Sewer Utility Fund

	Balance December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Fixed Capital				
System and System Improvements	\$ 18,517,118	\$ 10,049		\$ 18,527,167
Vehicles and Equipment	<u>848,909</u>	<u>-</u>	<u>-</u>	<u>848,909</u>
	<u>\$ 19,366,027</u>	<u>\$ 10,049</u>	<u>\$ -</u>	<u>\$ 19,376,076</u>
	Balance December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Fixed Capital				
System and System Improvements	\$ 18,360,291	\$ 156,827		\$ 18,517,118
Vehicles and Equipment	<u>818,909</u>	<u>30,000</u>	<u>-</u>	<u>848,909</u>
	<u>\$ 19,179,200</u>	<u>\$ 186,827</u>	<u>\$ -</u>	<u>\$ 19,366,027</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 10 MUNICIPAL DEBT

The Local Bond Law (NJSA 40A:2 et seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital, sewer utility capital and sewer utility assessment fund projects and acquisitions or other purposes permitted by the Local Bond Law. 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 and acquisitions or other purposes permitted by the Local Bond Law 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>2022</u>	<u>2021</u>
Issued		
General		
Bonds, Notes and Loans	\$ 7,529,400	\$ 7,655,400
Sewer Utility		
Bonds and Notes	1,054,600	897,600
Sewer Utility Assessment		
Bonds and Loans	<u>-</u>	<u>45,000</u>
	8,584,000	8,598,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>228,912</u>	<u>258,550</u>
Net Debt Issued	8,355,088	8,339,450
Authorized But Not Issued		
General		
Bonds and Notes	621	455
Sewer Utility		
Bonds and Notes	<u>12,155</u>	<u>12,155</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 8,367,864</u>	<u>\$ 8,352,060</u>

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 10 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of .410% and .432% at December 31, 2022 and 2021, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2022</u>			
General Debt	\$ 7,530,021	\$ 59,442	\$ 7,470,579
School Debt	1,687,983	1,687,983	-
Utility Debt	<u>1,066,755</u>	<u>1,066,755</u>	<u>-</u>
Total	<u>\$ 10,284,759</u>	<u>\$ 2,814,180</u>	<u>\$ 7,470,579</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
General Debt	\$ 7,655,855	\$ 62,276	\$ 7,593,579
School Debt	2,087,099	2,087,099	-
Utility Debt	<u>954,755</u>	<u>954,755</u>	<u>-</u>
Total	<u>\$ 10,697,709</u>	<u>\$ 3,104,130</u>	<u>\$ 7,593,579</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>2022</u>	<u>2021</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 63,785,782	\$ 61,537,897
Less: Net Debt	<u>7,470,579</u>	<u>7,593,579</u>
Remaining Borrowing Power	<u>\$ 56,315,203</u>	<u>\$ 53,944,318</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2022</u>	<u>2021</u>
\$2,120,000, 2010 Bonds, final annual installment of \$325,000 due in July 2022, interest at 3.125%	\$	325,000
\$1,780,000, 2012 Bonds, due in annual installments of \$200,000 through November 2023, interest at 2.00%	\$ 200,000	400,000
\$585,000, 2014 Refunding Bonds (Series B), due in annual installments of \$70,000 to \$75,000 through August 2023, interest at 3.00%	75,000	145,000
\$2,074,000, 2015 Bonds, due in annual installments of \$215,000 to \$229,000 through August 2025, interest at 2.00%	674,000	889,000
\$3,550,000, 2019 Bonds, due in annual installments of \$250,000 to \$475,000 through September 2028, interest at 1.25 to 2.00%	<u>2,800,000</u>	<u>3,050,000</u>
Total	<u>\$ 3,749,000</u>	<u>\$ 4,809,000</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Sewer Utility Bonds

The Borough pledges revenues from operations to pay debt service on sewer utility bonds. The sewer utility bonds outstanding at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
\$510,000, 2019 Sewer Utility Bonds, due in annual installments of \$55,000 to \$65,000 through September 2028, interest at 1.375% to 2.00%	\$ 375,000	\$ 430,000
	<u>\$ 375,000</u>	<u>\$ 430,000</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>2022</u>	<u>2021</u>
\$665,000, 2014 Refunding Assessments Bonds, final annual installment of \$45,000 in August 2022, interest at 3.00%	-	\$ 45,000
Total	<u>\$ -</u>	<u>\$ 45,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2021 is as follows:

Calendar Year	General		Sewer Capital		Total
	Principal	Interest	Principal	Interest	
2023	\$ 970,000	\$ 73,356	\$ 60,000	\$ 7,200	\$ 1,110,556
2024	700,000	55,580	60,000	6,300	821,880
2025	704,000	41,580	60,000	5,100	810,680
2026	475,000	27,500	65,000	3,900	571,400
2027	450,000	18,000	65,000	2,600	
2028	450,000	9,000	65,000	1,300	525,300
Total	<u>\$ 3,749,000</u>	<u>\$ 225,016</u>	<u>\$ 375,000</u>	<u>\$ 26,400</u>	<u>\$ 3,839,816</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2022 and 2021 were as follows:

	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
<u>General Capital Fund</u>					
Bonds Payable	\$ 4,809,000	-	\$ 1,060,000	\$ 3,749,000	\$ 970,000
General Capital Fund Long-Term Liabilities	\$ 4,809,000	\$ -	\$ 1,060,000	\$ 3,749,000	\$ 970,000
<u>Sewer Capital Fund</u>					
Bonds Payable	\$ 430,000	-	\$ 55,000	\$ 375,000	\$ 60,000
Sewer Capital Fund Long-Term Liabilities	\$ 430,000	\$ -	\$ 55,000	\$ 375,000	\$ 60,000
<u>Sewer Utility Assessment Fund</u>					
Bonds Payable	\$ 45,000	-	\$ 45,000	\$ -	-
Sewer Utility Assessment Fund Long-Term Liabilities	\$ 45,000	\$ -	\$ 45,000	\$ -	\$ -

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
<u>General Capital Fund</u>					
Bonds Payable	\$ 5,864,000	-	\$ 1,055,000	\$ 4,809,000	\$ 1,060,000
General Capital Fund Long-Term Liabilities	<u>\$ 5,864,000</u>	<u>\$ -</u>	<u>\$ 1,055,000</u>	<u>\$ 4,809,000</u>	<u>\$ 1,060,000</u>
<u>Sewer Capital Fund</u>					
Bonds Payable	\$ 475,000	-	\$ 45,000	\$ 430,000	\$ 55,000
Sewer Capital Fund Long-Term Liabilities	<u>\$ 475,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 430,000</u>	<u>\$ 55,000</u>
<u>Sewer Utility Assessment Fund</u>					
Bonds Payable	\$ 130,000	-	\$ 85,000	\$ 45,000	\$ 45,000
Sewer Utility Assessment Fund Long-Term Liabilities	<u>\$ 130,000</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2022 and 2021 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2021</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2022</u>
<u>2022</u>						
<u>General Capital Fund</u>						
Various Capital Improvements & Equipment Acquisitions	4.50%	3/1/2023	\$ 2,846,400	\$ 3,780,400	\$ 2,846,400	\$ 3,780,400
Total General Capital Fund			\$ 2,846,400	\$ 3,780,400	\$ 2,846,400	\$ 3,780,400
<u>Sewer Utility Capital Fund</u>						
Acquisition of Utility Truck with Crane, Undertake Infiltration and Inflow Reduction Study, and Acquisition of a Grinder Pump	4.50%	3/1/2023	\$ 293,500	\$ 293,500	\$ 293,500	\$ 293,500
Various Sewer Improvements and Acquisition of New Geographic Information Technology Mapping Software, and Acquisition of a New Vehicle	4.50%	3/1/2023		212,000		212,000
Upgrade of Control Panels at Pump Stations, Infiltration and Inflow Study, and Pump Station Generator	4.50%	3/1/2023	\$ 174,100	174,100	\$ 174,100	174,100
Total Sewer Utility Capital Fund			\$ 467,600	\$ 679,600	\$ 467,600	\$ 679,600
			<u>Balance, December 31, 2020</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2021</u>
<u>2021</u>						
<u>General Capital Fund</u>						
Various Capital Improvements & Equipment Acquisitions	1.25%	10/7/2022	\$ 975,000	\$ 2,846,400	\$ 975,000	\$ 2,846,400
Total General Capital Fund			\$ 975,000	\$ 2,846,400	\$ 975,000	\$ 2,846,400
<u>Sewer Utility Capital Fund</u>						
Acquisition of Utility Truck with Crane, Undertake Infiltration and Inflow Reduction Study, and Acquisition of a Grinder Pump	1.25%	10/7/2022		\$ 293,500		\$ 293,500
Upgrade of Control Panels at Pump Stations, Infiltration and Inflow Study, and Pump Station Generator	1.25%	10/7/2022	\$ 174,100	174,100	\$ 174,100	174,100
Total Sewer Utility Capital Fund			\$ 174,100	\$ 467,600	\$ 174,100	\$ 467,600

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

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

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Capital Commitment</u>	<u>Estimated Date of Completion</u>
<u>2022</u>		
Acquisition of Firetruck	\$ 450,879	2023
Perry Street Drainage Improvements	205,515	2023
Acquisition fo Portable Communication Equipment	80,416	2023
<u>2021</u>		
Acquisition of DPW Equipment	\$ 132,009	2022
Sewer Pump Station Upgrades to Pump #5	52,780	2022
Acquisition of Firetruck	924,827	2023
Various Road Improvements	746,561	2022

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

B. Terminal Leave Benefits

Under certain existing labor agreements employees who retire at the completion of their twenty-fifth (25th) year of service with the Borough will receive a payment equal to fifty percent (50%) of their base annual salary at the time of retirement. The employee must provide the Borough with a written notice of intent to retire at least one (1) year prior to their retirement date. As of December 31, 2022 and 2021 the liability for terminal leave benefits were \$0 and \$165,844, respectively.

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2022 and 2021 were as follows:

	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Terminal Leave Benefits	\$ 165,844		\$ 165,844	
Net Pension Liability - PERS (1)	2,493,203			\$ 2,493,203
Net Pension Liability - PFRS (1)	3,261,261			3,261,261
Net OPEB Liability (1)	8,356,218	-	-	8,356,218
Total	<u>\$ 14,276,526</u>	<u>\$ -</u>	<u>\$ 165,844</u>	<u>\$ 14,110,682</u>

(1) GASB Statement Numbers 68 Pension and 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

	Balance, December 31, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Terminal Leave Benefits		\$ 165,844		\$ 165,844
Net Pension Liability - PERS	\$ 3,829,133		\$ 1,335,930	2,493,203
Net Pension Liability - PFRS	6,272,428		3,011,167	3,261,261
Net OPEB Liability	8,783,970	-	427,752	8,356,218
Total	<u>\$ 18,885,531</u>	<u>\$ 165,844</u>	<u>\$ 4,774,849</u>	<u>\$ 14,276,526</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PFRS:

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

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

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollment but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2022 was not available and for June 30, 2021 is \$12.0 billion, and the plan fiduciary net position as a percentage of the total pension liability is 70.33% at June 30, 2021. The collective net pension liability of the participating employers for local PFRS at June 30, 2022 was not available and for June 30, 2021 is \$9.4 billion and the plan fiduciary net position as a percentage of total pension liability is 77.26% at June 30, 2021.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2022 and 2021 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2022 and 2021 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2022, 2021 and 2020 were equal to the required contributions.

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Continued)

During the years ended December 31, 2022, 2021, and 2020, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended, December 31</u>	<u>PERS</u>	<u>PERS</u>	<u>DCRP</u>
2022	\$ 520,017	\$ 246,472	\$ 8,064
2021	542,311	256,870	10,451
2020	489,863	233,620	7,433

In addition for the years ended December 31, 2022, 2021 and 2020 the Borough contributed for long-term disability insurance premiums (LTDI) \$0, \$0 and \$392. respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 68 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2023-10 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2022 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2021, the Borough reported a liability of \$2,493,203, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2021, the Borough's proportionate share was .02105 percent, which was a decrease of .00243 percent from its proportionate share measured as of June 30, 2020 of .02348 percent.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2021, the pension system has determined the Borough's pension (benefit) to be \$(541,557), for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$256,870. At December 31, 2021, 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>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 39,321	\$ 17,848
Changes of Assumptions	12,985	887,596
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		656,775
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>56,565</u>	<u>637,505</u>
Total	<u>\$ 108,871</u>	<u>\$ 2,199,724</u>

At December 31, 2021 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2022	\$ (826,455)
2023	(711,181)
2024	(317,900)
2025	(231,827)
2026	(3,490)
Thereafter	<u>-</u>
	<u>\$ (2,090,853)</u>

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00%
	Based on Years of Service
Thereafter	3.00%-7.00%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	2021	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, 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 6.00% or 1-percentage-point higher 8.00% than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
2021			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 3,395,237	\$ 2,493,203	\$ 1,727,699

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2021. 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.

Police and Firemen's Retirement System (PFRS)

At December 31, 2021, the Borough reported a liability of \$3,261,261, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2021, the Borough's proportionate share was .04462 percent, which was a decrease of .00392 percent from its proportionate share measured as of June 30, 2020 of .04854 percent.

For the year ended December 31, 2021, the pension system has determined the Borough pension (benefit) to be \$(511,689), for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$542,311. At December 31, 2021, 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:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 37,207	\$ 390,665
Changes of Assumptions	17,353	977,385
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		1,389,729
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	64,099	759,695
Total	\$ 118,659	\$ 3,517,474

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

At December 31, 2021 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2022	\$ (1,141,188)
2023	(945,658)
2024	(622,535)
2025	(551,215)
2026	(118,137)
Thereafter	<u>(20,082)</u>
	<u>\$ (3,398,815)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	2.75%
Salary Increases	3.25%-15.25% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	2021	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability for PFRS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, 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 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2021</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 4,952,123</u>	<u>\$ 3,261,261</u>	<u>\$ 1,853,801</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2021. 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 of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2021, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$917,229. For the year ended December 31, 2021, 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 \$102,153, which is more than the actual contribution the State made on behalf of the Borough of \$79,679. At December 31, 2021 (measurement date June 30, 2021) the State's share of the PFRS net pension liability attributable to the Borough was .04462 percent, which was a decrease of .00392 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .04854 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

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

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Membership and Contributing Employers

Membership and contributing employers/nonemployers of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	64,243
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>32,624</u>
Total	<u>96,867</u>
Contributing Employers	585
Contributing Nonemployers	1

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2022 was not available and for 2021 is \$18.0 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.28% at June 30, 2021.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2020 which was rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution

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

The employers participating in the OPEB plan made contributions of \$325.1 million and the State of New Jersey, as the non-employer contributing entity, contributed \$37.8 million for fiscal year 2021.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2022, 2021 and 2020 were \$191,758, \$143,645 and \$158,430, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2022, 2021 and 2020 were \$70,409, \$44,499 and \$29,262, respectively.

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

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2023-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2022 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2021, the Borough reported a liability of \$8,356,218, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2021 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2021. As of the measurement date of June 30, 2021 the Borough's proportionate share was .04642 percent, which was a decrease of .00253 percent from its proportionate share measured as of June 30, 2020 of .04895 percent.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

For the year ended December 31, 2021, the Plan has determined the Borough's OPEB (benefit) to be \$(202,087), based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$143,645. At December 31, 2021, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	2021	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 187,504	\$ 1,748,244
Changes of Assumptions	1,202,067	1,477,060
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	3,995	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	302,626	1,799,951
Total	<u>\$ 1,696,192</u>	<u>\$ 5,025,255</u>

At December 31, 2021 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2022	\$ (763,308)
2023	(764,470)
2024	(764,947)
2025	(765,404)
2026	(272,911)
Thereafter	<u>1,977</u>
	<u>\$ (3,329,063)</u>

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2021</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%

*Salary increases are based on years of service within the respective pension plan.

Mortality Rates

Pre-retirement and healthy post-retirement mortality rates were based on the Pub-2010 Healthy "Safety" for PFRS and Healthy "General" for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality rates were based on the Pub-2010 Disabled "Safety" for PFRS and Disabled "General" for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trends

The trend rate for pre-Medicare medical benefits is initially 5.65 percent and decreases to a 4.50 percent long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 and 2023 are reflected. Future years PPO and HMO trend rates differ for each retirement plan. PPO trend is initially 7.56% in fiscal year 2024, increasing to 14.43% in fiscal year 2025 and decreasing to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to 4.50% long-term after 7 years.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

Discount Rate

The discount rate for June 30, 2021 measurement date was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the net OPEB liability as of December 31, 2021 calculated using the discount rate of 2.16%, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 1.16% or 1-percentage-point higher 3.16% than the current rate:

<u>2021</u>	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>9,833,666</u>	\$ <u>8,356,218</u>	\$ <u>7,185,309</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2021. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

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

The following presents the Borough's proportionate share of the net OPEB liability as of December 31, 2021 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2021</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>6,971,900</u>	\$ <u>8,356,218</u>	\$ <u>10,162,581</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2021. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

Special Funding Situation

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

At December 31, 2021, there were no qualified plan members in the State's OPEB special funding situation.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Plan Fiduciary Net Position

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

NOTE 15 RISK MANAGEMENT

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

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

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

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid or benefits (refunded) 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>(Refunds)</u>	<u>Interest</u> <u>Earnings</u>	<u>Ending</u> <u>Balance</u>
2022	\$ 7,500	\$ 7,267	\$ (50,285)	\$ 1,267	\$ 100,706
2021	15,000	13,140	27,565	83	26,635
2020	13,000	15,578	58,793	176	25,977

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 16 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2022 and 2021. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2022 and 2021, the Borough reserved \$150,384 and \$50,827, 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, 2022 and 2021, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 17 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2022 and 2021, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

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

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

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

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

The Borough of Old Tappan has contributed \$1,150 for 2022 and 2021, respectively, for each eligible volunteer fire department and volunteer first aid squad member into the Plan. The total Borough contributions were \$56,350 and \$65,550 for 2022 and 2021, 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 Life Insurance Company is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 19 CONSTRUCTION LOAN AGREEMENT – OLD TAPPAN FREE PUBLIC LIBRARY ASSOCIATION

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

As security for the loan, the Library executed and delivered to the Borough a Security Agreement and financing statements, which constituted a first lien and prior on the assets of the Library, a Collateral Assignment of Lease and a Collateral Assignment of Appropriation. The security interest is a valid first security lien on all of the assets of the Library, including but not limited to, all books, equipment, furnishings, fixtures, contract rights, cash accounts, receivables, and the Library's right to receive the Borough's annual appropriation out of the Borough's operating budget. The loan is further secured by a collateral assignment of the Library's rights under its Lease with the Borough and a collateral assignment of the Library's right to the Borough's annual appropriation to the Library. This Agreement also serves as an assignment of all of the Library's rights in and to the plans and approvals for the expanded structure.

As of December 31, 2022 and 2021 the balances of the Loan outstanding were \$80,000 and \$155,000, respectively.

BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 20 LEASES RECEIVABLE

On November 1, 2000 the Borough began leasing cell tower space to a third party. The initial lease was for 5 years and the lease renews for four (4) additional 5-year terms unless the leasee notifies the Borough it's intention not to renew the lease at least sixty (60) days prior to expiration. The Borough will receive annual payments of \$56,459 to \$65,146. The Borough recognized \$59,139 and \$56,649 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$892 and \$1,098, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$182,930 and \$241,177, respectively, for the lease term ending October 31, 2025.

On December 1, 2000 the Borough began leasing cell tower space to a third party. The initial lease was for 5 years and the lease renews for four (4) additional 5-year terms upon the leasee notifying the Borough it's intention to renew the lease at least sixty (60) days prior to expiration. The Borough will receive annual payments of \$41,825 to \$47,684. The Borough recognized \$43,498 and \$41,825 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$669 and \$821, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$137,986 and \$180,815, respectively, for the lease term ending November 30, 2026.

On February 1, 2001 the Borough began leasing cell tower space to a third party. The initial lease was for 5 years and the lease renews for four (4) additional 5-year terms upon the leasee notifying the Borough it's intention to renew the lease at least (60) days prior to expiration. The Borough will receive annual payments of \$5,230 to \$60,348. The Borough recognized \$48,977 and \$47,360 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$19 and \$23, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$179,368 and \$228,326, respectively, for the lease term ending January 31, 2026.

On February 1, 2001 the Borough began leasing cell tower space to a third party. The initial lease was for 5 years and the lease renews for four (4) additional 5-year terms unless the leasee notifies the Borough it's intention not to renew the lease at least sixty (60) days prior to expiration. The Borough will receive annual payments of \$3,461 to \$39,934. The Borough recognized \$35,382 and \$34,021 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$13 and \$16, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$118,693 and \$154,062, respectively, for the lease term ending January 31, 2026.

The future lease revenue principal and interest payments as of December 31, 2022 were as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 199,994	\$ 1,212	\$ 201,206
2024	208,447	807	209,254
2025	201,846	354	202,200
2026	<u>8,690</u>	<u>1</u>	<u>8,691</u>
Total	<u>\$ 618,977</u>	<u>\$ 2,374</u>	<u>\$ 621,351</u>

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 21 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also declared a public health emergency on March 9, 2020 and instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor's pandemic-related executive orders on July 4, 2021. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) terminated on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. On March 4, 2022, the Governor declared, via Executive Order No. 292, an end to the reinstated public health emergency, effective March 7, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The Borough of Old Tappan's finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough of Old Tappan's primary revenue source for supporting its budget. The Borough of Old Tappan cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the Borough. However, as of the date of audit, even though the Borough finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 21 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

Generally, according to the Plan and implementing regulations, the allowable use of the funds to be provided to the Borough include the following categories:

- Replacing lost public sector revenue;
- Investing in water, sewer, broadband and other infrastructure;
- Providing premium pay for essential workers;
- Supporting public health expenditures;
- Addressing COVID-19 related negative economic impacts; and
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households.

However, such funds may not be used to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation or administrative interpretation during the covered period reducing or delaying any tax or tax increase. Additionally, such funds may not be used for deposit in any pension fund. Such funds may be used to offset the amounts required to be raised in budgets for special emergency appropriations for COVID-19 deficits authorized by Chapter 74 discussed above. The Borough will be required to provide periodic reports detailing the accounting of the use of funds.

The Borough will receive \$616,916 from the Plan in two equal payments. The Borough has received the full amount of its relief funds under the plan as of December 31, 2022. The Borough utilized \$200,000 of the funds in the 2022 budget to replace lost public sector revenue. The Borough utilized the remaining funds in the amount of \$416,916 in the 2023 budget to replace lost public sector revenue. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

**BOROUGH OF OLD TAPPAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 22 SUBSEQUENT EVENTS

Serial Bonds

On January 17, 2023 the Borough adopted a resolution for the issuance of \$4,210,000 of Bonds consisting of \$3,605,000 of General Improvement Bonds and \$605,000 of Sewer Utility Bonds for the purpose of funding various capital improvements of the Borough. On February 16, 2023 the Borough awarded the sale of said bonds to Roosevelt & Cross, Inc. and Associates at an interest rate of 3.00% to 4.00% These bonds dated March 1, 2023 will mature over 9 years with the first maturity due March 1, 2024.

Debt Authorized

On May 15, 2023, the Borough adopted bond ordinances authorizing the issuance \$2,001,000 and \$387,000 in bonds or bond anticipation notes to fund certain general and sewer utility capital projects, respectively. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

**BOROUGH OF OLD TAPPAN
STATEMENT OF CASH - COLLECTOR - TREASURER**

Balance, December 31, 2021 \$ 8,328,904

Increased by:

Taxes Receivable	\$ 36,645,916	
Revenue Accounts Receivable	4,648,184	
Non-Budget Revenue	387,939	
Grants Receivable	22,430	
Prepaid Taxes	201,098	
Tax Overpayments	19,626	
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	24,250	
Due to State of New Jersey	59,324	
Prepaid Revenues	360,746	
Reserve for Grants and Aid - Unappropriated	423,951	
Petty Cash	500	
		42,793,964

51,122,868

Decreased by:

2022 Appropriations	9,270,043	
2021 Appropriation Reserves	43,249	
Local District School Taxes Payable	15,700,496	
Regional High School Taxes Payable	10,328,755	
County Taxes Payable	4,307,915	
Encumbrances Payable	330,414	
Tax Overpayments	19,626	
Reserve for Grants-Appropriated	3,847	
Reserve for Tax Appeals	30,443	
Due to State of New Jersey	59,626	
Payments to Open Space Preservation Trust Fund	172,755	
Petty Cash	500	
Payments to Sewer Utility Assessment Trust Fund	106	
Payments to Sewer Utility Operating Fund	705	
Change Fund	250	
Third Party Liens Payable	663	
Refund of Prior Year Revenue	29,065	
		40,298,458

Balance, December 31, 2022 \$ 10,824,410

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

<u>Office</u>	Balance, December 31, <u>2021</u>	Cash <u>Advance</u>	Balance, December 31, <u>2022</u>
Collector	\$ 100		\$ 100
Borough Clerk	100		100
Golf Course Pro Shop		\$ 250	250
Court Clerk	<u>100</u>	<u>-</u>	<u>100</u>
	<u>\$ 300</u>	<u>\$ 250</u>	<u>\$ 550</u>

STATEMENT OF PETTY CASH FUND

Increased by:	
Cash Received from Treasurer	\$ 500
Decreased by:	
Cash Returned to Treasurer	<u>\$ 500</u>

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

<u>Year</u>	<u>Balance, December 31, 2021</u>	<u>2022 Levy</u>	<u>Senior Citizens' and Veterans' Deductions Disallowed</u>	<u>2021</u>	<u>Collected Cash 2022</u>	<u>Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Cancelled</u>	<u>Transferred to Tax Title Liens</u>	<u>Balance, December 31, 2022</u>
2021	\$ 255,101		\$ 1,000		\$ 256,101				
2022	-	\$ 36,889,323	500	\$ 213,164	36,389,815	\$ 25,250	\$ 15,584	\$ 4,460	\$ 241,550
	\$ 255,101	\$ 36,889,323	\$ 1,500	\$ 213,164	\$ 36,645,916	\$ 25,250	\$ 15,584	\$ 4,460	\$ 241,550

Analysis of 2022 Property Tax Levy

TAX YIELD						
General Purpose Tax	\$ 36,762,300					
Added Taxes	<u>127,023</u>				\$ 36,889,323	
TAX LEVY						
Local District School Tax	\$ 15,993,801					
Regional High School Tax	10,328,755					
County Taxes - General	\$ 4,128,556					
County Taxes - Open Space	170,742					
Due County for Added Taxes	<u>14,863</u>			4,314,161		
Municipal Open Space Tax	172,755					
Municipal Open Space Tax - Added - Due To	<u>597</u>			173,352		
Local Tax for Municipal Purposes	5,956,557					
Additional Tax Levied	<u>122,697</u>			<u>6,079,254</u>		\$ 36,889,323

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

Balance, December 31, 2021	\$ 2,097
Increased by:	
Senior Citizens' Deductions Per Tax Billings	\$ 2,000
Veterans' Deductions Per Tax Billings	22,750
Senior Citizens'/Veterans' Deductions Allowed by Tax Collector	<u>500</u>
	<u>25,250</u>
	27,347
Decreased by:	
Received in Cash - State	24,250
Senior Citizens'/Veterans' Deductions Disallowed by Tax Collector - 2022	500
Senior Citizens'/Veterans' Deductions Disallowed by Tax Collector - 2021	<u>1,000</u>
	<u>25,750</u>
Balance, December 31, 2022	<u>\$ 1,597</u>

EXHIBIT A-9

STATEMENT OF TAX TITLE LIENS

Balance, December 31, 2021	\$ 56,341
Increased by:	
Transfers from Taxes Receivable	<u>4,460</u>
Balance, December 31, 2022	<u>\$ 60,801</u>

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

Balance, December 31, 2021	\$ <u>278,485</u>
Balance, December 31, 2022	\$ <u><u>278,485</u></u>

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2021</u>	Awards Accrued in <u>2022</u>	<u>Received</u>	Balance December 31, <u>2022</u>
Body Armor - Replacement Fund	\$ 3,401	\$ 2,922	\$ 2,224	\$ 4,099
CDBG - Senior Citizens Expressive Art	6,000		1,136	4,864
Body-Worn Police Cameras		34,646	16,820	17,826
FM Global Fire Prevention Grant	<u>2,250</u>	<u>-</u>	<u>2,250</u>	<u>-</u>
	<u>\$ 11,651</u>	<u>\$ 37,568</u>	<u>\$ 22,430</u>	<u>\$ 26,789</u>

BOROUGH OF OLD TAPPAN
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2021</u>	Accrued <u>in 2022</u>	<u>Collected</u>	Balance, December 31, <u>2022</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 11,040	\$ 11,040	
Other		4,158	4,158	
Health Officer				
Licenses		564	564	
Fees and Permits		200	200	
Planning Board				
Fees and Permits		2,925	2,925	
Police				
Fees and Permits		10,158	10,158	
Tax Collector				
Fees and Permits		10	10	
Zoning Board				
Fees and Permits		9,555	9,555	
Registrar of Vital Statistics				
Fees and Permits		1,128	1,128	
Construction Code Official				
Fees and Permits		1,361,981	1,361,981	
Municipal Court				
Fines and Costs	\$ 899	37,572	35,032	\$ 3,439
Interest and Costs on Taxes	11,568	82,346	81,854	12,060
Interest on Investments and Deposits		189,900	189,900	
Golf Course Fees		767,548	767,548	
Energy Receipts Tax		1,463,986	1,463,986	
Watershed Moratorium Offset Aid		38,540	38,540	
Uniform Fire Safety - Fees		11,695	11,695	
Northvale Vehicle Maintenance	1,334	24,279	13,966	11,647
Norwood Vehicle Maintenance	2,570	20,805	22,595	780
NVRHS SLEO Interlocal Agreement	19,479	106,647	104,743	21,383
River Vale Fuel Reimbursement		206,412	203,766	2,646
River Vale BOE Vehicle Maintenance		2,088	1,259	829
Westwood Regional BOE Vehicle Maintenance		42,806	24,749	18,057
Woodcliff Lake Vehicle Maintenance		20,000	6,681	13,319
Cell Tower Leases		205,000	186,106	18,894
Police Outside Duty Admin Fee		80,000	80,000	
Library Contribution-Municipal Services		46,509	46,509	
Golf Course Concession, Rent and Utilities		8,063	6,179	1,884
Library Debt Service Reimbursement	-	81,882	81,882	-
	<u>\$ 35,850</u>	<u>\$ 4,837,797</u>	<u>\$ 4,768,709</u>	<u>\$ 104,938</u>
Cash Receipts			\$ 4,648,184	
Prepaid Revenue Applied			<u>120,525</u>	
			<u>\$ 4,768,709</u>	

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

<u>Purpose</u>	Net Amount <u>Authorized</u>	1/5 of Net Amount <u>Authorized</u>	Balance, December 31, <u>2021</u>	Added in <u>2022</u>	Raised in 2022 <u>Budget</u>	Balance, December 31, <u>2022</u>
Terminal Leave Pay	\$ 166,000	\$ 33,200	\$ <u>-</u>	\$ <u>166,000</u>	\$ <u>-</u>	\$ <u>166,000</u>

**STATEMENT OF DEFERRED CHARGES
N.J.S.A. 40A:4-46 EMERGENCY AUTHORIZATIONS**

	Balance, December 31, <u>2021</u>	Added in <u>2022</u>	Raised in 2022 <u>Budget</u>	Balance, December 31, <u>2022</u>
Emergency Appropriation - Utilities - Water		\$ 14,050		\$ 14,050
Emergency Appropriation - Utilities - Gasoline	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>17,000</u>
	<u>\$ -</u>	<u>\$ 31,050</u>	<u>\$ -</u>	<u>\$ 31,050</u>

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

	Balance, December 31, <u>2021</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Transfer to Appropriated <u>Grants</u>	Balance <u>Lapsed</u>
<u>Salaries and Wages</u>					
Administrative and Executive	\$ 179	\$ 179			\$ 179
Mayor and Council	208	208			208
Financial Administration	2,163	2,163			2,163
Assessment of Taxes	11	11			11
Collection of Taxes	63	63			63
Planning Board	19	19			19
Fire	2,400	2,400			2,400
Fire Prevention	1,000	2,551			2,551
Police Department	4,045	39,045	\$ 4,045		35,000
Prosecutor	278	278			278
Road Repairs and Maintenance	1,854	1,854	1,391		463
Environmental Commission	600	600	100		500
Parks and Playgrounds	713	713	713		-
Golf Course	11,381	11,381	71		11,310
Recreation Commission		713			713
Municipal Court	361	361			361
Construction Code Official	46,387	46,387	-	-	46,387
	<u>71,662</u>	<u>108,926</u>	<u>6,320</u>	<u>-</u>	<u>102,606</u>
<u>Other Expenses</u>					
Administrative and Executive	3,707	3,707	40		3,667
Mayor and Council	75	75			75
Financial Administration	6,718	6,718	5,116		1,602
Assessment of Taxes	6,743	6,743	1,292		5,451
Collection of Taxes	1,489	1,489	990		499
Legal Services and Costs	19,507	19,854			19,854
Engineering Services and Costs	4,500	2,230			2,230
Open Space Advisory	50	50			50
Senior Advisory	3,436	3,826			3,826
Planning Board	3,868	5,068			5,068
Insurance					
General Liability	468	468			468
Workers Compensation	2	2			2
Employee Group Health	57,161	57,194			57,194
Fire	636	636	485		151
Fire Hydrant Service	15	15			15
Fire Prevention	15	96			96
Police	6,898	1,898	412		1,486
Purchase of Police Vehicles/Equipment		5,000	4,239		761
Police Dispatch/911	2,279	2,279	135		2,144
Emergency Management Services	500	500			500
Road Repair and Maintenance	6,075	6,075	6,075		-
Shade Tree Commission	1,075	1,735			1,735
Recycling	493	493			493
Public Buildings and Grounds	969	1,371			1,371
Public Buildings and Grounds - Contractual	1,000	1,000			1,000
Vehicle Maintenance	45	1,229			1,229

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

	Balance, December 31, <u>2021</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Transfer to Appropriated <u>Grants</u>	Balance <u>Lapsed</u>
<u>Other Expenses</u> (Continued)					
Board of Health	\$ 3,552	\$ 3,552			\$ 3,552
O.S.H.A. - Hepatitis B Program	685	685			685
Social Services Department	911	911			911
Parks and Playgrounds	250	250	\$ 250		-
Golf Course	13,827	16,933			16,933
Recreation Program Fees	250	250			250
Recreation Commission		250			250
Celebration of Public Events	4	474	470		4
Municipal Court	127	127			127
Public Defender	600	600			600
Construction Code Official	3,661	3,662			3,662
Utilities					
Electricity	10,218	10,218	9,685		533
Street Lighting	1,059	1,209	1,198		11
Telephone	3,997	3,997	382		3,615
Water	486	636	626		10
Gasoline	517	597			597
Interlocal Service Agreement					
Harrington Park Service Fee	690	690	690		-
Contingent	941	941			941
Stormwater Management	2	362	360		2
Length of Service Awards (LOSAP)	24,950	24,950			24,950
Public Employees Retirement System	95	95	95		-
Police and Firemen's Retirement System	274	274	274		-
Defined Contribution Retirement Program	49	50			50
Emerson - Municipal Court Administration	1	1	1		-
Sewer Service Fees		690			690
Clean Communities Grant	5,217	5,217		\$ 5,217	-
Alcohol Education and Rehabilitation	167	167		167	-
Body Armor Replacement	3,648	3,648	1,940	1,708	-
FM Global Fire Prevention Grant	122	122		122	-
Bergen County Audubon Society Env Grant	1,500	1,500		1,500	-
Community Development - Senior Citizen	6,000	6,000	2,174	3,826	-
	<u>211,524</u>	<u>218,809</u>	<u>36,929</u>	<u>12,540</u>	<u>169,340</u>
	<u>\$ 283,186</u>	<u>\$ 327,735</u>	<u>\$ 43,249</u>	<u>\$ 12,540</u>	<u>\$ 271,946</u>
Balance, December 31, 2021	\$ 283,186				
Encumbrances Canceled	44,549				
Cash Disbursed	-		\$ 43,249		
		<u>\$ 327,735</u>	<u>\$ 86,498</u>		

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

	Balance, December 31, <u>2021</u>	<u>Received</u>	<u>Paid</u>	Balance, December 31, <u>2022</u>
Sales Tax Payable	\$ 1,598	\$ 10,508	\$ 10,314	\$ 1,792
DCA Training Fees	<u>7,052</u>	<u>48,816</u>	<u>49,312</u>	<u>6,556</u>
	<u>\$ 8,650</u>	<u>\$ 59,324</u>	<u>\$ 59,626</u>	<u>\$ 8,348</u>

STATEMENT OF PREPAID REVENUES

	Balance, December 31, <u>2021</u>	<u>Received</u>	Applied to 2022 <u>Revenue</u>	Balance, December 31, <u>2022</u>
Prepaid Golf Membership Fees	<u>\$ 120,525</u>	<u>\$ 360,746</u>	<u>\$ 120,525</u>	<u>\$ 360,746</u>
	<u>\$ 120,525</u>	<u>\$ 360,746</u>	<u>\$ 120,525</u>	<u>\$ 360,746</u>
Revenue Accounts Receivable			<u>\$ 120,525</u>	

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

Balance, December 31, 2021	\$ 213,164
Increased by:	
Collection - 2023 Taxes	<u>201,098</u>
	414,262
Decreased by:	
Application to 2022 Taxes Receivable	<u>213,164</u>
Balance, December 31, 2022	<u>\$ 201,098</u>

EXHIBIT A-19

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2021	\$ 414
Increased by:	
Overpayments Received	<u>19,626</u>
	20,040
Decreased by:	
Refunds Paid	<u>19,626</u>
Balance, December 31, 2022	<u>\$ 414</u>

EXHIBIT A-20

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2021	\$ 527,650
Increased by:	
Charges to 2022 Budget Appropriations	<u>466,040</u>
	993,690
Decreased by:	
Cash Disbursements	\$ 330,414
Transferred to Accounts Payable	152,687
Encumbrances Restored to Appropriation Reserves	<u>44,549</u>
	<u>527,650</u>
Balance, December 31, 2022	<u>\$ 466,040</u>

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

Balance, December 31, 2021	\$ 442,607
Increased by:	
Transferred from Encumbrances Payable	<u>152,687</u>
	595,294
Decreased by:	
Cancelled to Operations	<u>265,000</u>
Balance, December 31, 2022	<u>\$ 330,294</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance, December 31, 2021		
School Tax Payable	\$ 3,596,735	
School Tax Deferred	<u>4,085,860</u>	
		\$ 7,682,595
Increased by:		
Levy - School Year - July 1, 2022 to June 30, 2023		<u>15,993,801</u>
		23,676,396
Decreased by:		
Payments		<u>15,700,496</u>
Balance, December 31, 2022		
School Tax Payable	3,890,040	
School Tax Deferred	<u>4,085,860</u>	
		<u>\$ 7,975,900</u>
2022 Liability for Local School Tax		
Tax Paid		\$ 15,700,496
Tax Payable at December 31, 2022		<u>3,890,040</u>
		19,590,536
Less: Tax Payable December 31, 2021		<u>3,596,735</u>
Amount Charged to 2022 Operations		<u>\$ 15,993,801</u>

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

Increased by:		
Levy - Calendar Year 2022		\$ 10,328,755
Decreased by:		
Payments		<u>\$ 10,328,755</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2021			\$ 8,617
Increased by:			
2022 Tax Levy:			
General	\$ 4,128,556		
Open Space Tax	<u>170,742</u>		
		\$ 4,299,298	
Added Taxes (54:4-63.1)		<u>14,863</u>	
			<u>4,314,161</u>
			4,322,778
Decreased by:			
Payments			<u>4,307,915</u>
Balance, December 31, 2022			<u>\$ 14,863</u>

STATEMENT OF MUNICIPAL OPEN SPACE TAX PAYABLE

Increased by:		
2022 Levy	\$ 172,755	
2022 Added Tax Levy	<u>597</u>	
		\$ 173,352
Decreased by:		
Due to Open Space Preservation Trust Fund		<u>\$ 173,352</u>

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

Balance, December 31, 2021	\$ 50,827
Increased by:	
Transfer from Current Year Tax Collections	<u>130,000</u>
	180,827
Decreased by:	
Refund of Prior Year Tax Court Judgements	<u>30,443</u>
Balance, December 31, 2022	<u>\$ 150,384</u>

STATEMENT OF RESERVE FOR MASTER PLAN

Balance, December 31, 2021	<u>\$ 5,327</u>
Balance, December 31, 2022	<u>\$ 5,327</u>

STATEMENT OF THIRD PARTY LIENS PAYABLE

Balance, December 31, 2021	\$ 1,480
Increased by	
Receipts Due from Other Trust Fund	<u>663</u>
	2,143
Decreased by	
Cash Disbursed	<u>663</u>
Balance, December 31, 2022	<u>\$ 1,480</u>

BOROUGH OF OLD TAPPAN
STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2021</u>	Transferred from Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2022</u>
Clean Communities Grant	\$ 1,957	\$ 5,217		\$ 7,174
Drunk Driving Enforcement Fund	2,858		\$ 598	2,260
Alcohol Education and Rehabilitation Fund	3,639	167	1,000	2,806
BCUA Recycling Enhancement Grant	153			153
FM Global Fire Prevention Grant		122		122
Bergen County Audubon Society Env Grant		1,500		1,500
Community Development - Senior Citizen		3,826		3,826
Body Armor Grant	<u>1,648</u>	<u>1,708</u>	<u>2,249</u>	<u>1,107</u>
	<u>\$ 10,255</u>	<u>\$ 12,540</u>	<u>\$ 3,847</u>	<u>\$ 18,948</u>
Cash Disbursements			<u>\$ 3,847</u>	

EXHIBIT A-30

STATEMENT OF RESERVE FOR GRANTS AND AID - UNAPPROPRIATED

	Balance, December 31, <u>2021</u>	<u>Received</u>	Revenue Realized in <u>Budget</u>	Balance, December 31, <u>2022</u>
Municipal Relief Fund Aid		\$ 76,367		\$ 76,367
American Rescue Plan (ARP)	\$ 308,458	308,458	\$ 200,000	416,916
Recycling Tonnage Grant		15,658	15,658	-
Alcohol Education and Rehabilitation Fund	227		227	-
FEMA - Hurricane Ida		9,344		9,344
Bulletproof Vest Partnership		695		695
Clean Communities Program	<u>13,045</u>	<u>13,429</u>	<u>13,044</u>	<u>13,430</u>
	<u>\$ 321,730</u>	<u>\$ 423,951</u>	<u>\$ 228,929</u>	<u>\$ 516,752</u>

TRUST FUND

BOROUGH OF OLD TAPPAN
STATEMENT OF TRUST FUND CASH - TREASURER

	Animal Control Fund	Other Trust Fund	Unemployment Compensation Fund	Open Space Preservation Trust Fund
Balance, December 31, 2021	\$ 3,463	\$ 2,148,595	\$ 92,424	\$ 394,372
Increased by Receipts:				
Dog License Fees	3,845			
Late Fees	773			
Due to State of New Jersey	493	300		
Escrow Deposits		231,365		
Miscellaneous Reserves		671,917		
Interest on Deposits		630	1,267	4,359
Receipts for Current Fund		663		
Receipts from Sewer Utility Operating Fund		2		
Receipts from Current Fund				172,755
Employees' Payroll Deductions and Deposits	-	4,762,696	7,267	-
	<u>5,111</u>	<u>5,667,573</u>	<u>8,534</u>	<u>177,114</u>
	<u>8,574</u>	<u>7,816,168</u>	<u>100,958</u>	<u>571,486</u>
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.11	5,442			
Payments to State of New Jersey	556	375	7,752	
Escrow Deposits		168,974		
Miscellaneous Reserves		593,523		
Payroll Disbursements		4,762,696		
Payments to General Capital Fund				77,340
Open Space Preservation Expenditures	-	-	-	78,969
	<u>5,998</u>	<u>5,525,568</u>	<u>7,752</u>	<u>156,309</u>
Balance, December 31, 2022	\$ <u>2,576</u>	\$ <u>2,290,600</u>	\$ <u>93,206</u>	\$ <u>415,177</u>

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

Balance, December 31, 2021	\$ 74
Increased by:	
2022 State Fees Collected	<u>493</u>
	567
Decreased by:	
Payments to State of New Jersey	<u>556</u>
Balance, December 31, 2022	<u>\$ 11</u>

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

Balance, December 31, 2021	\$ 3,389
Increased by:	
Dog License Fees Collected	\$ 3,845
Late Fees	<u>773</u>
	<u>4,618</u>
	8,007
Decreased by:	
Payments Under R.S. 4:19-15.11	<u>5,442</u>
Balance, December 31, 2022	<u>\$ 2,565</u>

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

Balance, December 31, 2021	\$ 75
Increased by:	
Fees Collected	<u>300</u>
	375
Decreased by:	
Payment to State of New Jersey	<u>\$ 375</u>

EXHIBIT B-7

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND

Increased by:	
Deposits	\$ 4,762,696
Decreased by:	
Disbursements	<u>\$ 4,762,696</u>

EXHIBIT B-8

STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND

Balance, December 31, 2021	\$ 41
Increased by:	
Interest Earned on Deposits	\$ 630
Cash Receipt - Lien Redemption Overpayment	<u>663</u>
	<u>1,293</u>
Balance, December 31, 2022	<u>\$ 1,334</u>

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

Balance, December 31, 2021	\$ 607,812
Increased by:	
Deposits Received	<u>231,365</u>
	839,177
Decreased by:	
Cash Disbursements	<u>168,974</u>
Balance, December 31, 2022	<u>\$ 670,203</u>

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

	Balance, December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
Parking Offense Adjudication Act Fines	\$ 376	\$ 26	\$ 279	\$ 123
Fire Prevention Penalty Fees	1,550			1,550
Recreation Fees	189,969	320,213	273,778	236,404
Golf Concession Security Deposit	5,362	500	4,862	1,000
Affordable Housing Fees	988,737	126,583	3,026	1,112,294
Municipal Alliance Donations	39,772		2,705	37,067
Golf Course Donations	9,748			9,748
Tree Preservation Donations	3,475			3,475
Premium on Tax Title Liens	39,000	83,000	85,600	36,400
Tax Sale Redemption Deposits	5,130	12,999	13,664	4,465
Police Equipment Donations	76,991	3,163	13,730	66,424
Fire Department Donations	2,132	2,813		4,945
Outside Police Duty Service Fees	130,405	121,870	194,937	57,338
Stone Point Park Donations	1,250	750	250	1,750
Storm Recovery Reserve	30,221		692	29,529
Municipal Alliance Fundraising Donations	5,567			5,567
Bonnabel Park Request	<u>10,982</u>	<u>-</u>	<u>-</u>	<u>10,982</u>
	<u>\$ 1,540,667</u>	<u>\$ 671,917</u>	<u>\$ 593,523</u>	<u>\$ 1,619,061</u>
Cash Receipts		\$ 671,917		
Cash Disbursements		<u>-</u>	<u>\$ 593,523</u>	
		<u>\$ 671,917</u>	<u>\$ 593,523</u>	

**BOROUGH OF OLD TAPPAN
STATEMENT OF DUE FROM CURRENT FUND
UNEMPLOYMENT COMPENSATION INSURANCE FUND**

Increased by:		
Budget Appropriation for Unemployment Compensation Insurance	\$	<u>4,000</u>
Balance, December 31, 2022	\$	<u>4,000</u>

**STATEMENT OF DUE FROM CURRENT FUND
OPEN SPACE PRESERVATION TRUST FUND**

Increased by:			
2022 Tax Levy	\$	172,755	
2022 Added Tax Levy		<u>597</u>	
	\$		173,352
Decreased by:			
Cash Receipts			<u>172,755</u>
Balance, December 31, 2022	\$		<u>597</u>

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

Balance, December 31, 2021			\$	26,635
Increased by:				
Employee Contributions		\$	7,267	
Interest on Deposits			1,267	
Cancelled Payables			58,037	
Budget Appropriations				
Due From Current Fund	\$	4,000		
Due From Sewer Utility Operating Fund		<u>3,500</u>		
			<u>7,500</u>	
				<u>74,071</u>
Balance, December 31, 2022			\$	<u>100,706</u>

EXHIBIT B-14

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

Balance, December 31, 2021			\$	65,789
Decreased by:				
Payments to State of New Jersey		\$	7,752	
Cancelled Payables			<u>58,037</u>	
				<u>\$ 65,789</u>

EXHIBIT B-15

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

Balance, December 31, 2021			\$	403,437
Increased by:				
2022 Tax Levy Due from Current Fund	\$	172,755		
2022 Added Tax Levy - Due from Current Fund		<u>597</u>		
			\$	173,352
Interest on Deposits			<u>4,359</u>	
				<u>177,711</u>
				581,148
Decreased by:				
Down Payments on Improvements - Due to General Capital Fund			77,340	
Payments for Open Space Preservation Expenditures			<u>78,969</u>	
				<u>156,309</u>
Balance, December 31, 2022			\$	<u>424,839</u>

GENERAL CAPITAL FUND

BOROUGH OF OLD TAPPAN
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2021		\$ 2,868,355
Increased by:		
Budget Appropriation - Capital Improvement Fund	\$ 144,000	
Grants Receivable	401,852	
Other Receivables	23,250	
Bond Anticipation Notes Issued	936,834	
Premium on Bond Anticipation Notes Issued	9,136	
Receipts from Open Space Trust Fund	77,340	
Reserve for Sidewalk Improvements - Developer Fees	<u>41,077</u>	
		<u>1,633,489</u>
		4,501,844
Decreased by:		
Improvement Authorizations	833,531	
Encumbrances Payable	1,538,735	
Bond Anticipation Notes	<u>2,834</u>	
		<u>2,375,100</u>
Balance, December 31, 2022		<u>\$ 2,126,744</u>

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

	December 31, <u>2022</u>
Fund Balance	\$ 16,108
Grants Receivable	(1,056,534)
Other Receivables	(368,600)
Encumbrances Payable	942,119
Due to Open Space Preservation Trust Fund	9,065
Capital Improvement Fund	32,687
Reserve for Payment of Bonds	59,442
Reserve for Sidewalk Improvements	242,936

Ord. No.	<u>Improvement Description</u>	
1094	Various Improvements and Acquisition of Various Equipment and Vehicles	19,813
1123/1155	Various Improvements and Acquisition of Various Equipment and Vehicles	65,655
1137/1157	Various Park Improvements	39,539
1146	Various Public Improvements	102,417
1164	Various Public Improvements and Acquisition of Various Equipment and Vehicles	80,785
1166	Various Improvements and Acquisition of Various Equipment and Vehicles	13,989
1169	Paving Project for Northern Valley Regional High School District	366,850
1179	Various Improvements and Acquisition of Various Equipment and Vehicles	472,816
1181	Various Improvements and Acquisition of Various Equipment and Vehicles	31,379
1194	Acquisition of Fire Dept. Radios	7,319
1205	Various Improvements and Acquisition of Various Equipment and Vehicles	679,733
1207	Various Improvements and Acquisition of Various Equipment and Vehicles	75,473
1222	Various Public Improvements	292,538
1224	Various Improvements and Acquisition of Various Equipment and Vehicles	<u>1,215</u>
		<u>\$ 2,126,744</u>

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

Ord. No.	Grantor	Balance, December 31, 2021	Grant Awards	Cash Receipts	Balance, December 31, 2022	Balance, Pledged to Impvt. Authori- zations
1123-18/1155-19	Dept. of Transportation - Roadway Improvements	\$ 138,194			\$ 138,194	\$ 138,194
1179-21	Dept. of Transportation - Roadway Improvements	569,000			569,000	569,000
1179-21	Bergen County Open Space	23,000			23,000	23,000
1181-21	Bergen County Forfeiture Fund	18,000			18,000	18,000
1194-21	FEMA Assistance to Firefighters Grant	139,448		\$ 139,448	-	-
1205-22	Dept. of Transportation - Road Improvements		\$ 231,000		231,000	231,000
1205-22	Bergen County Open Space		77,340		77,340	77,340
1222-22	FEMA - Repairs to Haring Dr. and Dorotockeys Lane Footpath	-	262,404	262,404	-	-
		<u>\$ 887,642</u>	<u>\$ 570,744</u>	<u>\$ 401,852</u>	<u>\$ 1,056,534</u>	<u>\$ 1,056,534</u>

**BOROUGH OF OLD TAPPAN
STATEMENT OF OTHER RECEIVABLES**

Balance, December 31, 2021	\$ 391,850
Decreased by:	
Cash Receipts	<u>23,250</u>
Balance, December 31, 2022	<u>\$ 368,600</u>

Analysis of Balance - December 31, 2022

Ord. 1169 - Due from NVRHS (Shared Service)	\$ 366,850
Ord. 1179 - Due from River Vale BOE (Shared Service)	<u>1,750</u>
	<u>\$ 368,600</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2021	\$ 4,809,000
Decreased by:	
Budget Appropriation to Pay Bonds	<u>1,060,000</u>
Balance, December 31, 2022	<u>\$ 3,749,000</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2021	2022 Authorizations	Balance, December 31, 2022	Analysis of Balance		
					Bond Anticipation Notes	Unexpended Improvement Authorizations	
1123/1155	Various Capital Improvements and Equip.	\$ 62,855	\$	62,855	\$ 62,400	\$	455
1164	Various Capital Improvements and Equip.	972,166		972,166	972,166		
1179	Various Public Improvements and Acquisition of Various Equipment	1,809,000		1,809,000	1,809,000		
1205	Various Public Improvements and Acquisition of Various Equipment	-	\$ 937,000	937,000	936,834		166
		<u>\$ 2,844,021</u>	<u>\$ 937,000</u>	<u>\$ 3,781,021</u>	<u>\$ 3,780,400</u>	<u>\$</u>	<u>621</u>
Improvement Authorizations - Unfunded						\$	1,296,355
Less: Unexpended Proceeds:							
			Ord. 1123/1155	\$	62,400		
			Ord. 1164		80,785		
			Ord. 1179		472,816		
			Ord. 1205		679,733		
					<u>1,295,734</u>		
						\$	<u>621</u>

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

Balance, December 31, 2021		\$ 2,128,717
Increased by:		
Charges to Improvement Authorizations		<u>352,147</u>
		2,480,864
Decreased by:		
Cancelled Encumbrances Restored to Improvement Authorizations	\$ 10	
Payments	<u>1,538,735</u>	
		<u>1,538,745</u>
Balance, December 31, 2022		<u>\$ 942,119</u>

STATEMENT OF DUE TO OPEN SPACE PRESERVATION TRUST FUND

Balance, December 31, 2021		\$ 9,065
Increased by:		
Cash Receipts		<u>77,340</u>
		86,405
Decreased by:		
Open Space Funds Appropriated to Finance Improvement Authorizations		<u>77,340</u>
Balance, December 31, 2022		<u>\$ 9,065</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2021		\$ 58,617
Increased by:		
2022 Budget Appropriation		<u>144,000</u>
		202,617
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>169,930</u>
Balance, December 31, 2022		<u>\$ 32,687</u>

[illegible]

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

Balance, December 31, 2021	\$ 231,859
Increased by:	
Developer Fees Received	<u>41,077</u>
	272,936
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>30,000</u>
Balance, December 31, 2022	<u>\$ 242,936</u>

STATEMENT OF RESERVE FOR CAPITAL IMPROVEMENTS

Balance, December 31, 2021	\$ 9,116
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>\$ 9,116</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2021	<u>\$ 59,442</u>
Balance, December 31, 2022	<u>\$ 59,442</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>			<u>Interest Rate</u>	<u>Balance, December 31, 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
			<u>Date</u>	<u>Outstanding December 31, 2022</u>	<u>Amount</u>					
General Bonds of 2010	7/15/2010	\$ 2,120,000					\$ 325,000		\$ 325,000	
General Bonds of 2012	11/15/2012	1,780,000	2023	\$ 200,000		2.00 %	400,000		200,000	\$ 200,000
General Refunding Bonds of 2014 (Series B)	8/15/2014	585,000	2023	75,000		3.00	145,000		70,000	75,000
General Improvement Bonds of 2015	8/15/2015	2,074,000	2023	220,000		2.00				
			2024	225,000		2.00	889,000		215,000	674,000
			2025	229,000		2.00				
General Improvement Bonds of 2019	9/15/2019	3,550,000	2023-2026	475,000		1.50-2.00				
			2027-2028	450,000		2.00	3,050,000	-	250,000	2,800,000
							<u>\$ 4,809,000</u>	<u>\$ -</u>	<u>\$ 1,060,000</u>	<u>\$ 3,749,000</u>
							Paid by Budget Appropriation		<u>\$ 1,060,000</u>	

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

Ord. No.	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2021</u>	<u>Increased</u>	<u>Decrease</u>	<u>Balance, December 31, 2022</u>
1123/1155	Various Capital Improvements and Acquisition of Equipment	10/8/2021 10/7/2022	10/7/2022 3/1/2023	1.25 % 4.50	\$ 62,400	\$ 62,400	\$ 62,400	\$ 62,400
1164	Various Capital Improvements and Acquisition of Equipment	10/8/2021 10/7/2022	10/7/2022 3/1/2023	1.25 4.50	975,000	972,166	975,000	972,166
1179	Various Capital Improvements and Acquisition of Equipment	10/8/2021 10/7/2022	10/7/2022 3/1/2023	1.25 4.50	1,809,000	1,809,000	1,809,000	1,809,000
1205	Various Capital Improvements and Acquisition of Equipment	10/7/2022	3/1/2023	4.50	-	936,834	-	936,834
					<u>\$ 2,846,400</u>	<u>\$ 3,780,400</u>	<u>\$ 2,846,400</u>	<u>\$ 3,780,400</u>
				Renewals				
				Issued for Cash	\$ 2,843,566	\$ 2,843,566		
				Paid by Capital Cash	936,834	-	2,834	
					<u>-</u>	<u>-</u>	<u>2,834</u>	
					<u>\$ 3,780,400</u>	<u>\$ 2,846,400</u>	<u>\$ 2,846,400</u>	

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2021</u>	<u>2022 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, December 31, 2022</u>
1155	Various Capital Improvements and Acquisition of Equipment	\$ 455			\$ 455
1205	Various Public Improvements and Acquisition of Various Equipment	-	\$ 937,000	\$ 936,834	166
		<u>\$ 455</u>	<u>\$ 937,000</u>	<u>\$ 936,834</u>	<u>\$ 621</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, 2021	\$ 517,564	\$ 183,738	\$ 405,903
Increased by Receipts:			
Consumer Accounts Receivable	\$ 1,199,445		
Interest on Assessments	\$ 1,052		
Assessments Receivable	18,196		
Bond Anticipation Notes		\$ 212,000	
Premium on Bond Anticipation Notes		1,612	
Receipts from Current Fund	705	106	
Receipts from General Capital Fund	720		
Sewer Fee Overpayments	10,997	-	
Non-Budget Revenue	<u>1,211,867</u>	<u>19,354</u>	<u>213,612</u>
	1,729,431	203,092	619,515
Decreased by Disbursements:			
2022 Budget Appropriations	1,232,513		
2021 Appropriation Reserves	3,768		
Encumbrances Payable	42,037	178,808	
Interest on Bonds, Loans and Notes	14,429	45,000	
Serial Bonds			
Improvement Authorizations			30,211
Refund of Prior Year Revenue	2,586		
Payments to Other Trust Fund	<u>2</u>	<u>-</u>	<u>-</u>
	<u>1,295,335</u>	<u>45,000</u>	<u>209,019</u>
Balance, December 31, 2022	<u>\$ 434,096</u>	<u>\$ 158,092</u>	<u>\$ 410,496</u>

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

	Balance, December 31, 2022
Fund Balance	\$ 159,432
Due from Sewer Utility Capital Fund	(2,498)
Due to Current Fund	106
Due to Sewer Utility Operating Fund	<u>1,052</u>
	<u>\$ 158,092</u>

EXHIBIT D-10

**ANALYSIS OF CASH
SEWER UTILITY CAPITAL FUND**

	Balance December 31, 2022
Fund Balance	\$ 5,816
Encumbrances Payable	203,377
Due to Sewer Utility Assessment Trust Fund	2,498
Reserve for Sewer Assessment Debt	169,470

Improvement Authorizations

<u>Ord. No.</u>	<u>Improvement Description</u>	
1093	Replacement of a Channel Grinder at Pump Station No. 1	4,430
1110	Various Improvements to Pump Stations	1,402
1124/1132	Upgrade of Control Panels at Pump Stations and Acquisition of a Grinder Pump	353
1147	Upgrade of Control Panels at Pump Stations and Acquisition of a Sewer Jet	(8,655)
1165	Upgrade of Control Panels at Pump Stations, Infiltration and Inflow Study, and Pump Station Backup Generator	917
1180	Acquisition of Utility Truck with Crane, Undertake Infiltration and Inflow Reduction Study, and Acquisition of a Grinder Pump	9,699
1206	Various Sewer Improvements and Acquisition of New Geographic Information Technology Mapping Software, and Acquisition of a New Vehicle	<u>21,189</u>
		<u>\$ 410,496</u>

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

Balance, December 31, 2021		\$	28,808
Increased by:			
Sewer Rents Levied			<u>1,214,446</u>
			1,243,254
Decreased by:			
Sewer Rents Collected:			
Cash Receipts	\$	1,199,445	
Overpayments Applied		<u>1,883</u>	
			<u>1,201,328</u>
Balance, December 31, 2022		\$	<u>41,926</u>

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

Increased by:			
Cash Receipts	\$		<u>106</u>
Balance, December 31, 2022		\$	<u>106</u>

**STATEMENT OF DUE TO CURRENT FUND
SEWER UTILITY OPERATING FUND**

Increased by:			
Cash Receipts	\$		<u>705</u>
Balance, December 31, 2022		\$	<u>705</u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Confirm- ation</u>	<u>Annual Install- ments</u>	<u>Due Dates</u>	<u>Balance, December 31, 2021</u>	<u>Collected</u>	<u>Balance, December 31, 2022</u>	<u>Balance Pledged To Reserve</u>
845/870	Improvements to Sanitary Sewer System - 2004 Sewer Project Areas	10/17/2005	18	10/17/2005-10/17/2022	\$ 20,694	\$ 18,196	\$ 2,498	\$ 2,498
					<u>\$ 20,694</u>	<u>\$ 18,196</u>	<u>\$ 2,498</u>	<u>\$ 2,498</u>

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

Increased by:	
Cash Disbursements	\$ <u>2</u>
Balance, December 31, 2022	\$ <u><u>2</u></u>

**STATEMENT OF DUE FROM SEWER UTILITY CAPITAL FUND
SEWER UTILITY ASSESSMENT TRUST FUND**

Increased by:	
Reserve for Sewer Assessment Debt Realized as Sewer Assessment Trust Fund Revenue	\$ <u>2,498</u>
Balance, December 31, 2022	\$ <u><u>2,498</u></u>

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

	Balance, December 31, 2021	Additions by: Budget Capital Outlay	Balance, December 31, 2022
<u>System and System Improvements</u>			
Sanitary Sewerage Collection System	\$ 17,812,600		\$ 17,812,600
Sewer Line Repairs	35,448		35,448
Pump Station Improvements, Pump Replacements and Upgrades	669,070	\$ 10,049	679,119
<u>Vehicles and Equipment</u>			
Pump Station Generators	99,478		99,478
Sewer Jet Vacuum Truck (Interlocal WCL)	422,761		422,761
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>\$ 19,366,027</u>	<u>\$ 10,049</u>	<u>\$ 19,376,076</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2021	2022 Authorizations	Balance, December 31, 2022
			Deferred Charges to Future Revenue	
1093	Replacement of Channel Grinder Pump Station No. 1	\$ 7,930		\$ 7,930
1110	Various Improvements to Pump Stations	1,402		1,402
1124/1132	Upgrade of Control Panels at Pump Stations and Acquisition of a Grinder Pump	9,781		9,781
1165	Upgrade of Control Panels at Pump Stations, Infiltration and Inflow Study, and a Pump Station Backup Generator	1,273		1,273
1180	Acquisition of Utility Truck with Crane, Undertake Infiltration and Inflow Reduction Study, and Acquisition of a Grinder Pump	293,500		293,500
1206	Various Sewer Improvements and Acquisition of New Geographic Information Technology Mapping Software, and Acquisition of a New Vehicle	-	\$ 212,000	212,000
		<u>\$ 313,886</u>	<u>\$ 212,000</u>	<u>\$ 525,886</u>

EXHIBIT D-19

STATEMENT OF APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND

	Balance, December 31, 2021	Balance After Modifications	Paid or Charged	Balance Lapsed
Operating				
Salaries	\$ 69	\$ 939	\$ 937	\$ 2
Other Expenses	<u>22,960</u>	<u>22,090</u>	<u>2,831</u>	<u>19,259</u>
Total Operating	<u>\$ 23,029</u>	<u>\$ 23,029</u>	<u>\$ 3,768</u>	<u>\$ 19,261</u>

EXHIBIT D-20

STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY CAPITAL FUND

Balance, December 31, 2021	\$ 192,742
Increased by:	
Charges to Improvement Authorizations	<u>189,443</u>
	382,185
Decreased by:	
Cash Disbursements	<u>178,808</u>
Balance, December 31, 2022	<u>\$ 203,377</u>

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

Ord. No.	Improvement Description	Ordinance Amount	2022		Paid or Charged	Balance, December 31, 2022	
			Authorizations			Funded	Unfunded
			Deferred Charges to Future Revenues				
1093	Replacement of Channel Grinder Pump Station No. 1	\$ 52,500	\$ 4,430	\$ 3,500	\$ 4,430	\$ 3,500	
1110	Various Improvements to Pump Stations	60,000	1,402		1,402		
1124/1132	Upgrading Control Panels at Pump Stations and Acquisition of a Grinder Pump	121,000	353		353		
1165	Upgrade of Control Panels at Pump Stations, Infiltration and Inflow Study, and a Pump Station Backup Generator	174,100		1,273	\$ 356	917	
1180	Acquisition of Utility Truck with Crane, Undertake Infiltration and Inflow Reduction Study, and Acquisition of a Grinder Pump	293,500		38,186	28,487	9,699	
1206	Various Sewer Improvements and Acquisition of New Geographic Information Technology Mapping Software, and Acquisition of a New Vehicle	212,000	-	-	190,811	21,189	
			\$ 6,185	\$ 42,959	\$ 219,654	\$ 35,305	
				Cash Disbursed	\$ 219,654		
				Encumbrances Payable	-		
					\$ 219,654		

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

Balance, December 31, 2021	\$ 42,037
Increased by:	
Charges to 2022 Budget Appropriations	<u>58,655</u>
	100,692
Decreased by:	
Cash Disbursements	<u>42,037</u>
Balance, December 31, 2022	<u>\$ 58,655</u>

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

Balance, December 31, 2021	\$ 3,810
Increased by:	
Charges to Budget Appropriations for Interest on Bonds and Notes	<u>16,558</u>
	20,368
Decreased by:	
Interest Paid	<u>14,429</u>
Balance, December 31, 2022	<u>\$ 5,939</u>

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

Balance, December 31, 2021	\$ 1,883
Increased by:	
2022 Overpayments Received	<u>720</u>
	2,603
Decreased by:	
Overpayments Applied	<u>1,883</u>
Balance, December 31, 2022	<u>\$ 720</u>

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

Balance, December 31, 2021	\$ 18,770,158
Increased by:	
Bond Principal Paid by Budget Appropriation	\$ 55,000
Capital Outlay by Budget Appropriation	<u>10,049</u>
	<u>65,049</u>
Balance, December 31, 2022	<u>\$ 18,835,207</u>

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

Increased by:	
Interest on Assessments	<u>\$ 1,052</u>
Balance, December 31, 2022	<u>\$ 1,052</u>

**STATEMENT OF DUE TO UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND
SEWER UTILITY OPERATING FUND**

Increased by:	
Budget Appropriations for Unemployment Compensation Insurance	<u>\$ 3,500</u>
Balance, December 31, 2022	<u>\$ 3,500</u>

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2021</u>	Realized as Revenue Sewer Assessment <u>Trust Fund</u>	Balance, December 31, <u>2022</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>\$ 2,498</u>	<u>31,249</u>
		<u>\$ 171,968</u>	<u>\$ 2,498</u>	<u>\$ 169,470</u>
	Due to Sewer Utility Assessment Trust Fund		<u>\$ 2,498</u>	

**BOROUGH OF OLD TAPPAN
STATEMENT OF SERIAL BONDS PAYABLE
SEWER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2021</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
			<u>Bonds Outstanding December 31, 2022</u>	<u>Date</u>				
Sewer Utility Bonds of 2019	9/15/2019	\$ 510,000	9/15/2023-2025	\$ 60,000	1.50-2.00 %	\$ 430,000	\$ 55,000	\$ 375,000
			9/15/2026-2028	65,000	2.00			
Paid by Budget Appropriation						\$ 430,000	\$ 55,000	\$ 375,000

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

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2021	Increased	Decreased	Balance, December 31, 2022
1165-20	Upgrade of Control Panels at Pump Stations, Infiltration and Inflow Study, and Pump Station Backup Generator	10/9/2020	10/7/2022 10/8/2021	3/1/2023 10/7/2022	4.50 % 1.25	\$ 174,100	\$ 174,100	\$ 174,100	\$ 174,100
1180-21	Acquisition of Utility Truck with Crane, Undertake Infiltration and Inflow Reduction Study, and Acquisition of a Grinder Pump	10/8/2021	10/7/2022 10/8/2021	3/1/2023 10/7/2022	4.50 1.25	293,500	293,500	293,500	293,500
1206-22	Various Sewer Improvements and Acquisition of New Geographic Information Technology Mapping Software, and Acquisition of a New Vehicle	10/7/2022	10/7/2022	3/1/2023	4.50	-	212,000	-	212,000
						<u>\$ 467,600</u>	<u>\$ 679,600</u>	<u>\$ 467,600</u>	<u>\$ 679,600</u>
					Renewals Issued for Cash	\$ 467,600	\$ 467,600	-	
						<u>212,000</u>	<u>212,000</u>	-	
						<u>\$ 679,600</u>	<u>\$ 679,600</u>	<u>\$ 467,600</u>	<u>\$ 467,600</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2022</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2021</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
Refunding Assessment Bonds							
Ord. 778/797/845/870	7/10/2014	\$ 665,000		3.00%	\$ 45,000	\$ 45,000	-
					\$ 45,000	\$ 45,000	\$ -
						\$ 45,000	

Paid by Sewer Assessment Cash

STATEMENT OF AUTHORIZED BUT NOT ISSUED
SEWER UTILITY CAPITAL FUND

<u>Ord. No.</u>	<u>Purpose</u>	<u>Balance, December 31, 2021</u>	<u>2022 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, December 31, 2022</u>
1093	Replacement of Channel Grinder	\$ 3,500			\$ 3,500
1147	Upgrade of Control Panels at Pump Stations and Acquisition of a Grinder Pump	8,655			8,655
1206	Various Sewer Improvements and Acquisition of New Geographic Information Technology Mapping Software, and Acquisition of a New Vehicle	-	\$ 212,000	\$ 212,000	-
		\$ 12,155	\$ 212,000	\$ 212,000	\$ 12,155

PUBLIC ASSISTANCE FUND

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

	<u>Account #1</u>
Balance, December 31, 2021	\$ 67,079
Increased by:	
Receipts	<u>5,955</u>
	73,034
Decreased by:	
Disbursements	<u>3,717</u>
Balance, December 31, 2022	<u>\$ 69,317</u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>
Balance, December 31, 2021	\$ 67,079
Increased by:	
Revenues	<u>5,955</u>
	73,034
Decreased by:	
Expenditures	<u>3,717</u>
Balance, December 31, 2022	<u>\$ 69,317</u>

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

Account #1

Donations	\$ <u>5,955</u>
-----------	-----------------

Total Revenues/Receipts	\$ <u>5,955</u>
-------------------------	-----------------

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

Account #1

Current Year Assistance Paid	
Assistance Ineligible for State Aid	\$ <u>3,717</u>

Total Expenditures/Disbursements	\$ <u>3,717</u>
----------------------------------	-----------------

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

PART II

**GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2022**

L B LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Old Tappan as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated August 25, 2023. 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.

Report on 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) as a basis for designing 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.

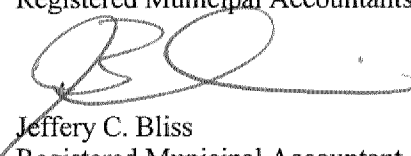
Report on Compliance and Other Matters

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 financial statements. 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 prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Lerch, Vinci & Bliss, LLP
LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants


Jeffery C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
August 25, 2023

BOROUGH OF OLD TAPPAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Federal Grant Program</u>	<u>AL</u> <u>Number</u>	<u>Account</u> <u>Number</u>	<u>Grant</u> <u>Year</u>	<u>Grant</u> <u>Award</u> <u>Amount</u>	<u>2022</u> <u>Grant</u> <u>Receipts</u>	<u>Balance,</u> <u>January 1,</u> <u>2022</u>	<u>Revenue</u> <u>Realized</u>	<u>Expenditures</u>	<u>Balance,</u> <u>December 31,</u> <u>2022</u>	<u>Cumulative</u> <u>Expended</u>
U.S. Dept. of Housing and Urban Development (Passed through County Dept. of Community Development)	14.218	CDOTSC21	2021	\$ 6,000	\$ 1,136	\$ 6,000		\$ 2,174	\$ 3,826	\$ 2,174
Community Development Block Grants Senior Citizens' Expressive Art										
U.S. Dept. of Justice (Passed through State Dept. of Law and Public Safety)	16.607	N/A	2022		695				-	
Bulletproof Vest Partnership										
U.S. Dept. of Homeland Security (Passed through State Dept. of Law and Public Safety)										
FEMA - Assistance to Firefighters Grant - Portable Radios (Ord. #1194)	97.044	N/A	2020	139,448	139,448					139,448
FEMA - Hurricane Ida - Footpath Repairs (Ord. #1222)	97.036	N/A	2022	262,404	262,404		\$ 262,404		262,404	
FEMA - Hurricane Ida - Other (Current Fund)	97.036	N/A	2022	9,344	9,344					
FEMA - Tropical Storm Isaias (Current Fund)	97.036	N/A	2022	176,217	176,217		176,217	176,217	-	176,217
U.S. Dept. of Treasury COVID American Rescue Plan - State and Local Fiscal Recovery Funding - Non-Entitlement Units (Passed through State Division of Local Government Services)	21.027	N/A	2021-2024	616,916	308,458	-	200,000	200,000	-	200,000
						\$ 6,000	\$ 638,621	\$ 378,391	\$ 266,230	

Note - The Federal Award Programs were not subject to an audit in accordance with U.S. Uniform Guidance

See Accompanying Notes to Schedule of Expenditures of Federal Awards

BOROUGH OF OLD TAPPAN
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2022 Grant Receipts</u>	<u>Balance, January 1, 2022</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2022</u>	<u>Cumulative Expended</u>
Drunk Driving Enforcement	1110-448-031020-22	2019	\$ 2,500		\$ 2,500		\$ 240	\$ 2,260	\$ 240
		2018	5,000		358		358	-	5,000
Recycling Tonnage Grant	042-4900-752-001	2023	18,410					-	
		2022	15,658	\$ 15,658		\$ 15,658	15,658	-	15,658
Clean Communities Grant	042-4900-765-004	2022	13,430	13,430	-			-	
		2021	13,044		-	13,044	7,636	5,408	7,636
		2020	12,260		5,217			5,217	7,043
		2019	13,598		1,452			1,452	12,146
		2018	12,182		505			505	11,677
Alcohol Education & Rehabilitation Pgm.	098-9735-760-01	2021	227		-	227		227	
		2020	167		167			167	
		2019	563		563			563	
		2018	879		879			879	
		2017	193		193			193	
		2016	544		544			544	
		2015	413		413			413	
		2014	768		768		721	47	721
		2013	475		279		279	-	475
Body Armor Replacement Fund	066-1020-718-001	2023						-	
		2022	2,922	645	3,648	2,922	879	2,043	1,524
		2021	3,648	2,224	1,074		2,541	1,107	2,541
		2020	3,237		574		1,074	-	3,237
		2019	3,724				574	-	3,724
Police Body-Worn Camera Grant Program	21-BWC-334	2021-2025	34,646	16,820	-	34,646		34,646	
Department of Transportation									
Local Aid Infrastructure Fund Program					125,000			125,000	
Perry Street Drainage Improvements (Ord. 1179)	078-6320-480-XXX	2020	125,000						
Local Municipal Aid - Roadway									
DeWolf/Russell/Irving/Howard/Pearl/Phyllis Road Improvements (Ord. 1179)	078-6320-480-XXX	2020	220,000		26,692		20,838	5,854	214,146
Local Municipal Aid - Roadway									
DeWolf/Russell/Irving/Howard/Pearl/Phyllis DeWolf Rd./Russell Ave. Road Improvements (Ord. 1179)	078-6320-480-XXX	2021	224,000		224,000			224,000	
Local Municipal Aid - Roadway									
Russell Ave. Road Improvements (Ord. 1205)	078-6320-480-XXX	2022	231,000		-	231,000	-	231,000	
					\$ 394,826	\$ 297,497	\$ 50,798	\$ 641,525	

Note - The State Financial Assistance programs were not subject to an audit in accordance with NJ OMB 15-08.

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

BOROUGH OF OLD TAPPAN
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022

NOTE 1 REPORTING ENTITY

The Borough of Old Tappan (the "Borough") received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Borough is the reporting entity for these programs. The Borough is defined in Note 1 (A) to the Borough's Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") present the activity of all federal and state programs of the Borough. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Borough conform to the accounting principles and practices prescribed 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 federal awards and state financial assistances through separate funds and accounts which differ from those required by accounting principles generally accepted in the United States of America. The Borough's summary of significant accounting policies are described in Note 1 to the Borough's Financial Statements.

NOTE 4 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	\$ 376,217	\$ 66,497	\$ 442,714
General Capital Fund	<u>262,404</u>	<u>231,000</u>	<u>493,404</u>
Total Financial Awards	<u>\$ 638,621</u>	<u>\$ 297,497</u>	<u>\$ 936,118</u>

BOROUGH OF OLD TAPPAN
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022

NOTE 5 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.

NOTE 6 INDIRECT COST RATE

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

**BOROUGH OF OLD TAPPAN
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Modified - Presentation of Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified _____ yes X no

2) Significant deficiency(ies) that are not
considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to the financial
statements noted? _____ yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF OLD TAPPAN
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022**

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, 2022

**BOROUGH OF OLD TAPPAN
SUPPLEMENTARY DATA**

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

	<u>Year 2022</u>		<u>Year 2021</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,241,000	2.83%	\$ 1,000,000	2.40%
Miscellaneous - From Other Than Local				
Property Tax Levies	5,423,775	12.34%	3,872,254	9.30%
Collection of Delinquent Taxes and Tax Title Liens	256,101	0.58%	336,779	0.81%
Collection of Current Tax Levy	36,497,729	83.03%	36,357,837	87.32%
Other Credits	<u>536,987</u>	<u>1.22%</u>	<u>71,276</u>	<u>0.17%</u>
Total Income	<u>43,955,592</u>	<u>100.00%</u>	<u>41,638,146</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	10,325,912	25.08%	9,379,907	23.33%
County Taxes	4,314,161	10.48%	4,378,153	10.89%
Local and Regional School Taxes	26,322,556	63.94%	26,250,534	65.29%
Municipal Open Space Tax	173,352	0.42%	172,862	0.43%
Other Expenditures	<u>32,210</u>	<u>0.08%</u>	<u>25,335</u>	<u>0.06%</u>
Total Expenditures	<u>41,168,191</u>	<u>100.00%</u>	<u>40,206,791</u>	<u>100.00%</u>
Excess in Revenue	2,787,401		1,431,355	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>197,050</u>		<u>-</u>	
Statutory Excess to Fund Balance	2,984,451		1,431,355	
Fund Balance, January 1	<u>2,751,785</u>		<u>2,320,430</u>	
	5,736,236		3,751,785	
Less Utilization as Anticipated Revenue	<u>1,241,000</u>		<u>1,000,000</u>	
Fund Balance, December 31	<u>\$ 4,495,236</u>		<u>\$ 2,751,785</u>	

**BOROUGH OF OLD TAPPAN
SUPPLEMENTARY DATA**

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

	<u>Year 2022</u>		<u>Year 2021</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 150,000	10.85%	\$ 135,000	8.93%
Collection of Sewer User Fees	1,201,328	86.89%	1,228,070	81.27%
Sewer Assessment Trust Fund Balance		0.00%	54,769	3.63%
Miscellaneous - From Other Than				
Sewer User Fees	1,052	0.08%	2,907	0.19%
Non-Budget Revenue	10,997	0.79%	57,892	3.83%
Other Credits to Income	<u>19,261</u>	<u>1.39%</u>	<u>32,440</u>	<u>2.15%</u>
Total Income	<u>1,382,638</u>	<u>100.00%</u>	<u>1,511,078</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Operating	1,197,920	89.53%	1,170,103	86.59%
Capital Improvements	17,500	1.31%	14,000	1.04%
Debt Service	71,558	5.35%	60,430	4.47%
Deferred Charges and Statutory Expenditures	48,500	3.62%	106,771	7.90%
Other Expenditures	<u>2,586</u>	<u>0.19%</u>	<u>-</u>	<u>0.00%</u>
Total Expenditures	<u>1,338,064</u>	<u>100.00%</u>	<u>1,351,304</u>	<u>100.00%</u>
Excess in Revenue	44,574		159,774	
Fund Balance, January 1	<u>446,805</u>		<u>422,031</u>	
	491,379		581,805	
Less Utilization as Anticipated Revenue	<u>150,000</u>		<u>135,000</u>	
Fund Balance, December 31	<u>\$ 341,379</u>		<u>\$ 446,805</u>	

**BOROUGH OF OLD TAPPAN
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Tax Rate</u>	<u>\$2.128</u>	<u>\$2.123</u>	<u>\$2.092</u>

Apportionment of Tax Rate

Municipal	.345	.337	.330
Municipal Open Space	.010	.010	.010
County	.239	.244	.240
County Open Space	.010	.010	.010
Local District School	.926	.894	.873
Regional High School	.598	.628	.629

Assessed Valuation

2022	<u>\$1,727,551,687</u>	
2021	<u>\$1,725,232,635</u>	
2020		<u>\$1,731,890,237</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>
2022	\$ 36,889,323	\$ 36,627,729	99.29%
2021	36,698,713	36,377,837	99.13%
2020	36,274,240	35,801,044	98.70%

**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>
2022	\$ 60,801	\$ 241,550	\$ 302,351	0.82%
2021	56,341	255,101	311,442	0.85%
2020	52,428	335,649	388,077	1.07%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2022 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>
2022	\$278,485
2021	278,485
2020	278,485

Schedule of Sewer Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash Collections (1)</u>	<u>Percentage of Collection</u>
2022	\$ 1,214,446	\$ 1,201,328	98.92%
2021	1,208,322	1,228,070	101.63%
2020	1,256,491	1,246,043	99.17%

(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	2022	\$4,495,236	\$1,500,000
	2021	2,751,785	1,241,000
	2020	2,320,430	1,000,000
	2019	2,164,218	938,000
	2018	1,892,832	800,000
Sewer Utility Fund	2022	\$341,379	\$180,000
	2021	446,805	50,000
	2020	422,031	135,000
	2019	334,402	50,000
	2018	222,284	40,000

**BOROUGH OF OLD TAPPAN
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
John M. Kramer	Mayor		
Guy Carnazza	Council President		
Ronald Binaghi, Jr.	Councilman		
William Boyce	Councilman		
Thomas Gallagher	Councilman		
Matthew Nalbandian	Councilman		
Jin Yhu	Councilman		
Anna Haverilla	Administrator/Registrar of Vital Statistics	Note A	MELJIF
Jean Donch	Borough Clerk	Note A	MELJIF
Jo-Ann Forcellati	Social Services (1/1/2022 to 8/15/2022)	Note A	MELJIF
Diane Besserer	Social Services (8/15/2022 to 12/31/2022)		
Warren Clark	Magistrate	Note A	MELJIF
Laurel Carnazza	Court Clerk		
Rebecca Overgaard	Chief Financial Officer/Tax Collector/ Treasurer/Sewer Utility Collector/ Tax Search Officer (Retired 5/31/2022)	Note A	
Jessie Coward	Chief Financial Officer/Treasurer (Effective 5/2/2022)		
Diane Holden	Tax Collector/Sewer Utility Collector (6/1/2022 to 12/31/2022)		MELJIF
Toni Flyge	Deputy Tax Collector		
Diane Frohlich	Land Use Board Secretary	Note A	MELJIF
Patrick Wilkins	Tax Assessor		
Robert Rusch	Construction Official/Building Inspector	Note A	MELJIF
Douglas Meeks	Golf Professional	Note A	MELJIF
Joseph Tracy	Chief of Police		
Brian Giblin	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.

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 utilizing the bid threshold of \$44,000, and has appointed the Chief Financial Officer as qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

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

Perry Street Drainage Improvements
Sewer Utility Infiltration and Inflow Study

2022 Road 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.

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, except as previously noted, 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.

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

GENERAL COMMENTS (Continued)

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 4, 2022 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 2022, shall be computed at the rate of eight (8%) percent per annum and,

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

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

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

Additionally, the Governing Body on January 4, 2022 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.

Also the Governing Body on January 4, 2021 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 2022 shall be computed at the rate of eight percent (8%) per annum; and

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

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

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

BOROUGH OF OLD TAPPAN
LETTER OF COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS (Continued)

Delinquent Taxes And Tax Title Liens

The Borough's last tax sale was held on October 14, 2022.

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>
2022	4
2021	3
2020	6

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.

Management Suggestions

- Grant and other receivables in the General Capital Fund be reviewed for collectable and cleared of record when deemed appropriate.
- Prior year unrecorded fixed asset additions, deletions and adjustment be reflected in the fixed assets inventory report.

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

There are none.

* * * * *

A review was performed on all prior year recommendations and corrective action was not 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 & Bliss, LLP

LERCH, VINCI & BLISS, LLP

Certified Public Accountants

Registered Municipal Accountants



Jeffrey C. Bliss

Registered Municipal Accountant

RMA Number CR00429