

BOROUGH OF TENAFLY
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2016

**BOROUGH OF TENAFLY
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
<u>Part I – Report on Audit of Financial Statements and Supplementary Schedules</u>		
	Independent Auditor’s Report	1-3
	Financial Statements	
A	Comparative Balance Sheets - Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	6
A-2	Statement of Revenues - Regulatory Basis – Current Fund	7-9
A-3	Statement of Expenditures - Regulatory Basis – Current Fund	10-15
B	Comparative Balance Sheets - Regulatory Basis - Trust Funds	16-17
B-1	Statement of Revenues – Regulatory Basis – Open Space Preservation Trust Fund	18
B-2	Statement of Appropriations – Regulatory Basis – Open Space Preservation Trust Fund	18
C	Comparative Balance Sheets - Regulatory Basis - General Capital Fund	19
C-1	Comparative Statements of Changes in Fund Balance - Regulatory Basis – General Capital Fund	20
D	Comparative Schedules of General Fixed Assets – Regulatory Basis – General Fixed Assets Account Group	21
	Notes to Financial Statements	22-57
	Supplementary Schedules	
	<u>Current Fund</u>	
A-4	Statement of Current Cash – Collector-Treasurer	58
A-5	Statement of Change Funds	59
A-6	Statement of Petty Cash Fund	59
A-7	Statement of Due from State of New Jersey Senior Citizens' and Veterans' Deductions	59
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	60
A-9	Statement of Property Acquired for Taxes (Assessed Valuation)	61
A-10	Statement of Tax Title Liens Receivable	61
A-11	Statement of Revenue Accounts Receivable	62
A-12	Statement of Grants Receivable	62
A-13	Statement of 2014 Appropriation Reserves	63-64
A-14	Statement of Encumbrances Payable	65
A-15	Statement of Prepaid Taxes	65
A-16	Statement of Local District School Tax	66
A-17	Statement of County Taxes Payable	66
A-18	Statement of Due to County for Added and Omitted Taxes	66
A-19	Statement of Due to Municipal Open Space Trust Fund	67
A-20	Statement of Due from Business Improvement District	67
A-21	Statement of Tax Overpayments	68
A-22	Statement of Accounts Payable	68

**BOROUGH OF TENAFLY
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>Current Fund (Continued)</u>		
A-23	Schedule of Appropriated Reserves for Federal and State Grants	69
A-24	Schedule of Unappropriated Reserves for Federal and State Grants	69
A-25	Statement of Miscellaneous Reserves	70
<u>Trust Funds</u>		
B-3	Statement of Cash - Treasurer	71
B-4	Statement of Reserve for Animal License Expenditures – Animal Control Trust Fund	72
B-5	Statement of Amount Due from State of New Jersey - Animal Control Trust Fund	72
B-6	Statement of Due To Current Fund – Animal Control Trust Fund	73
B-7	Statement of Reserve for Unemployment Compensation Insurance Unemployment Insurance Trust Fund	73
B-8	Statement of Due from Current Fund – Unemployment Insurance Trust Fund	74
B-9	Statement of Due from Current Fund – Other Trust Fund	74
B-10	Statement of Due to Current Fund – Other Trust Fund – Payroll Agency	75
B-11	Statement of Accrued Salary and Wages – Other Trust Fund	75
B-12	Statement of Payroll Deductions Payable – Other Trust Fund	76
B-13	Statement of Escrow Deposits – Construction Fees – Other Trust Fund	76
B-14	Statement of Miscellaneous Reserves – Other Trust Fund	77-78
B-15	Statement of Reserve for Municipal Open Space Trust – Open Space Preservation Trust Fund	78
B-16	Statement of Reserve for Affordable Housing Trust – Other Trust Fund	79
B-17	Statement of Reserve for Recreation Expenditures – Recreation Activities Trust Fund	79
B-18	Statement of Due to Other Trust – Payroll – Recreation Activities Trust Fund	80
B-19	Statement of Due to Current Fund – Recreation Activities Trust Fund	80
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash - Treasurer	81
C-3	Analysis of General Capital Cash and Investments	82
C-4	Statement of Grant/Other Receivables – General Capital Fund	83
C-5	Statement of Deferred Charges to Future Taxation - Funded	84
C-6	Statement of Deferred Charges to Future Taxation - Unfunded	85
C-7	Statement of General Serial Bonds	86
C-8	Statement of New Jersey Green Acres Loan Payable	87
C-9	Statement of Improvement Authorizations	88
C-10	Statement of Capital Improvement Fund	89

**BOROUGH OF TENAFLY
TABLE OF CONTENTS**

Exhibits

Page

Supplementary Schedules (Continued)

General Capital Fund (Continued)

C-11	Statement of Due from Current Fund	89
C-12	Statement of Reserve for Debt Service	90
C-13	Statement of Contracts Payable	91
C-14	Statement of Due from Municipal Open Space Trust Fund	91
C-15	Statement of Bond Anticipation Notes	92
C-16	Schedule of Bonds and Notes Authorized But Not Issued	93

Part II – Government Auditing Standards

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	94-95
Schedule of Expenditures of Federal Awards, Schedule A	96
Schedule of Expenditures of State Financial Assistance, Schedule B	97
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	98
Schedule of Findings and Responses	99-102

Part III – Supplementary Data and Letter of Comments and Recommendations

Comparative Statement of Operations and Change in Fund Balance - Current Fund	103
Comparative Schedule of Fund Balances	104
Comparative Schedule of Tax Rate Information	104
Comparison of Levies and Collection Currently	105
Delinquent Taxes and Tax Title Liens	105
Officials in Office and Surety Bonds	106
General Comments	107-108
Recommendations	109

BOROUGH OF TENAFLY

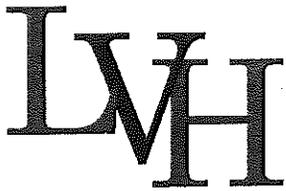
BERGEN COUNTY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2016



LERCH, VINCI & HIGGINS. LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Tenafly
Tenafly, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Tenafly, as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Tenafly on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Tenafly as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 8 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2016 and 2015.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Tenafly as of December 31, 2016 and 2015, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2016 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

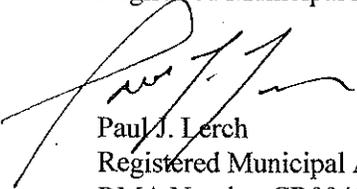
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2017 on our consideration of the Borough of Tenafly's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Tenafly's internal control over financial reporting and compliance.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
June 29, 2017

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

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Cash	A-4	\$ 9,428,274	\$ 7,784,617
Cash - Change Funds	A-5	375	375
Cash- Petty Cash	A-6	8,736	8,736
Due from State of New Jersey- Senior Citizen and Veterans Deductions	A-7	4,297	4,302
Grants Receivable	A-12	<u>53,853</u>	<u>49,915</u>
		<u>9,495,535</u>	<u>7,847,945</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	693,143	634,074
Tax Title Lien Receivable	A-10	887	887
Property Acquired for Taxes - Assessed Valuation	A-9	18,200	18,200
Due From Business Improvement District	A-20		8,719
Due From Animal Control Fund	B-6	36	13
Due From Recreation Activities Trust Fund	B-19	125	125
Due From Other Trust Fund - Payroll Agency	B-10	<u>28,455</u>	<u>28,395</u>
		<u>740,846</u>	<u>690,413</u>
Total Assets		<u>\$ 10,236,381</u>	<u>\$ 8,538,358</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 1,873,625	\$ 1,347,002
Encumbrances Payable	A-14	269,303	541,267
Accounts Payable	A-22	67,581	
Due to Unemployment Trust Fund	B-8	8	8
Due to Other Trust Fund	B-9	497,604	298,548
Due to General Capital Fund	C-11	209,764	195,588
Due to Municipal Open Space Trust Fund	A-19	394,294	65
Prepaid Taxes	A-15	1,085,385	679,637
Tax Overpayments	A-21	56,038	121,380
County Taxes Payable	A-18	59,857	66,343
Appropriated Reserve for Grants	A-23	199,437	189,594
Unappropriated Reserve for Grants	A-24	52,982	39,455
Miscellaneous Reserves	A-25	<u>668,602</u>	<u>639,682</u>
		5,434,480	4,118,569
Reserve for Receivables	A	740,846	690,413
Fund Balance	A-1	<u>4,061,055</u>	<u>3,729,376</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,236,381</u>	<u>\$ 8,538,358</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,750,000	\$ 1,668,000
Miscellaneous Revenues Anticipated	A-2	3,015,659	3,046,135
Receipts from Delinquent Taxes	A-2	558,170	602,245
Receipts from Current Taxes	A-2	96,645,590	93,525,859
Non-Budget Revenues	A-2	81,593	89,166
Other Credits to Income			
Prior Years Amount Due from BID Returned	A	8,719	91,046
Unexpended Balance of Appropriation Reserves	A-13	590,443	559,518
Cancellation of Miscellaneous Reserves	A-25	64,589	-
		<hr/>	<hr/>
Total Revenues and Other Income		102,714,763	99,581,969
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	10,413,992	10,357,293
Other Expenses	A-3	10,849,777	10,571,745
Capital Improvements	A-3	150,000	105,000
Municipal Debt Service	A-3	2,867,048	2,968,596
Deferred Charges and Statutory Expenditures	A-3	2,283,256	2,121,166
Local District School Tax	A-16	62,722,401	60,848,748
County Taxes including Added Taxes	A-17, A-18	10,950,548	10,258,101
Municipal Open Space Taxes incl/Added Taxes	A-19	394,229	390,733
Prior Year Senior Discount Disallowed	A-7	1,750	
Interfunds Advanced	A	83	-
		<hr/>	<hr/>
Total Expenditures		100,633,084	97,621,382
Excess in Revenue		2,081,679	1,960,587
Fund Balance, January 1	A	<hr/>	<hr/>
		5,811,055	5,397,376
Decreased by:			
Utilization as Anticipated Revenues	A-1	<hr/>	<hr/>
		1,750,000	1,668,000
Fund Balance, December 31,	A	<hr/>	<hr/>
		\$ 4,061,055	\$ 3,729,376

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Reference	2016 Anticipated Budget	2016 Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 1,750,000	\$ 1,750,000	-
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	A-11	25,000	29,400	\$ 4,400
Other	A-2	16,000	20,333	4,333
Fees and Permits				
Other	A-2	115,000	114,563	(437)
Fines and Costs				
Municipal Court	A-11	120,000	122,229	2,229
Interest and Costs on Taxes	A-11	200,000	197,958	(2,042)
Interest on Investments	A-2	15,000	32,625	17,625
Rental of Borough Owned Property	A-11	65,000	74,382	9,382
Use of Sewer System Agreements	A-11	25,000	31,908	6,908
Borough Operated Alarm Systems	A-11	60,000	59,130	(870)
Energy Receipts Taxes	A-11	1,119,801	1,119,801	-
Uniform Construction Code Fees	A-11	595,000	626,605	31,605
State and Federal Grants Offset with Appropriations-				
Recycling Tonnage Grant-Reserve	A-12	20,646	20,647	1
Municipal Alliance on Alcoholism and Drug Abuse	A-12	4,938	4,938	-
Body Armor Fund - Reserve	A-24	3,363	3,363	-
Clean Communities- Reserve	A-24	29,342	29,342	-
Click It or Ticket - Reserve	A-24	4,000	4,000	-
Environmental Grant- Reserve	A-24	1,000	1,000	-
DOJ- Bullet Proof Vest- Reserve	A-24	1,750	1,750	-
Uniform Fire Safety Act	A-11	12,500	14,850	2,350
Cable TV Franchise Fee	A-11	134,632	191,536	56,904
Hotel Occupancy Fee (P.L. 2003, c.114)	A-11	105,000	109,727	4,727
Reserve for Payment of Debt Service	C-12	10,800	10,800	-
Sewer Charges - Tax Exempt Properties	A-11	25,000	29,854	4,854
Payment in Lieu of Taxes - Tenafly House	A-11	16,000	17,863	1,863
Cell Tower/Monopole Lease	A-11	130,000	147,055	17,055
Total Miscellaneous Revenues	A-2	<u>2,854,772</u>	<u>3,015,659</u>	<u>160,887</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	<u>560,000</u>	<u>558,170</u>	<u>(1,830)</u>
AMOUNT TO BE RAISED BY TAXATION:				
Local Tax for Municipal Purposes	A-1	21,485,299	22,664,329	1,179,030
Minimum Library Tax	A-1	<u>1,464,083</u>	<u>1,464,083</u>	-
Total Amount to be Raised by Taxation		<u>22,949,382</u>	<u>24,128,412</u>	<u>1,179,030</u>
Total General Revenues		<u>\$ 28,114,154</u>	29,452,241	<u>\$ 1,338,087</u>
Non-Budget Revenues	A-1,A-2		<u>81,593</u>	
			<u>\$ 29,533,834</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-8,A-2	\$ 96,645,590
Less: Allocated to School, County Taxes and Open Space	A-16,A-17,A-18, A-19	<u>74,067,178</u>
Add: Reserve for Uncollected Taxes	A-3	<u>1,550,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 24,128,412</u>
Licenses		
Clerk	A-11	\$ 9,030
Board of Health	A-11	<u>11,303</u>
	A-2	<u>\$ 20,333</u>
Fees and Permits		
Clerk	A-11	\$ 34,075
Police	A-11	2,654
Board of Health	A-11	3,205
Tax Department	A-11	1,255
Fire Prevention	A-11	21,404
Construction Code- Miscellaneous	A-11	32,978
Board of Adjustment/Planning Board	A-11	<u>18,992</u>
	A-2	<u>\$ 114,563</u>
Interest on Investments and Deposits		
Cash Receipts	A-11	\$ 26,733
Due from General Capital	C-11	3,524
Due from Animal Control Fund	B-6	69
Due from Other Trust Fund	B-9	2,066
Due from Other Trust- Payroll	B-10	<u>233</u>
	A-2	<u>\$ 32,625</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	
Non-Budget Revenue		
Recycling Cardboard/Miscellaneous		\$ 33,693
Tax Title Lien Premium Forfeiture		<u>47,900</u>
	A-2, A-4	<u>\$ 81,593</u>

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

	<u>2016 Appropriated</u>		<u>2016 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
General Government					
Administrative and Executive					
Salaries and Wages					
Administrator's Office	\$ 281,454	\$ 281,454	\$ 278,253	\$ 3,201	
Borough Clerk's Office	189,485	189,485	188,928	557	
Other Expenses					
Administrator's Office	164,611	164,611	152,826	11,785	
Borough Clerk's Office	50,475	46,475	36,240	10,235	
Postage	35,000	35,000	17,742	17,258	
Photocopy Expense	8,500	8,500	7,487	1,013	
Mayor and Council					
Salaries and Wages	31,500	36,500	24,150	12,350	
Other Expenses	7,000	7,000	5,569	1,431	
Elections					
Salaries and Wages	9,000	11,825	11,825	-	
Other Expenses	18,400	18,400	15,900	2,500	
Financial Administration					
Salaries and Wages	207,749	226,241	226,241	-	
Other Expenses	50,750	50,750	43,790	6,960	
Revenue Administration					
Salaries and Wages	114,816	96,324	80,258	16,066	
Other Expenses	43,481	43,481	34,318	9,163	
Assessment of Taxes					
Salaries and Wages	185,895	185,895	184,895	1,000	
Other Expenses	30,116	25,116	12,569	12,547	
Legal Services and Costs					
Other Expenses	155,000	155,000	86,603	68,397	
Engineering Services and Costs					
Other Expenses	35,000	35,000	24,337	10,663	
Historic Preservation Commission					
Other Expenses	10,000	10,000	3,696	6,304	
Municipal Land Use Law:					
Planning Board					
Salaries and Wages	2,500	2,500	446	2,054	
Other Expenses	47,693	44,231	24,833	19,398	
Zoning Board of Adjustment					
Salaries and Wages	1,500	1,500		1,500	
Other Expenses	24,613	24,613	19,686	4,927	
Insurance					
Liability	350,592	368,222	368,222	-	
Surety Bond Premiums	2,250	2,250	779	1,471	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2016 Appropriated</u>		<u>2016 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
Insurance (Continued)					
Worker's Compensation	\$ 299,390	\$ 297,890	\$ 297,889	\$ 1	
Group Insurance Plan for Employees	2,169,960	2,200,000	1,992,205	207,795	
Unemployment	30,000	30,000	30,000	-	
Public Safety					
Police					
Salaries and Wages	5,113,315	5,113,315	5,103,459	9,856	
Other Expenses	288,278	274,778	220,626	54,152	
Other Expenses - Emergency Response	10,150	7,650	6,071	1,579	
Emergency Management Services					
Salaries and Wages	4,600	4,600	4,600	-	
Other Expenses	25,050	25,050	24,696	354	
Aid to Volunteer Fire Company					
Salaries and Wages	23,965	18,965	15,804	3,161	
Other Expenses	280,100	268,600	240,405	28,195	
Aid to Volunteer Ambulance Corps					
Salaries and Wages	17,306	17,306	16,357	949	
Other Expenses	164,100	149,500	136,187	13,313	
Fire Department					
Salaries and Wages	131,782	131,782	125,943	5,839	
Other Expenses	12,030	12,030	7,124	4,906	
Fire Hydrant Services	246,750	246,750	204,751	41,999	
Municipal Prosecutor					
Salaries and Wages	13,500	13,500	13,492	8	
Streets and Roads					
Road Repairs and Maintenance					
Salaries and Wages	2,311,058	2,301,058	2,156,356	144,702	
Other Expenses	392,825	392,825	384,594	8,231	
Solid Waste Collections					
Contract-Collections	755,000	755,000	624,167	130,833	
Recycling Center					
Salaries and Wages	558,757	563,883	563,883	-	
Other Expenses	78,725	78,725	56,599	22,126	
Public Buildings and Grounds					
Salaries and Wages	217,731	211,443	185,426	26,017	
Other Expenses	156,325	156,325	154,907	1,418	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2016 Appropriated</u>		<u>2016 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
Health and Welfare					
Board of Health					
Salaries and Wages	\$ 4,000	\$ 4,000	\$ 4,000		
Other Expenses	90,399	90,399	84,731	\$ 5,668	
Environmental Commission					
Other Expenses	4,000	4,000	3,239	761	
Animal Welfare					
Other Expenses	10,000	10,000	9,779	221	
Mental Health Center					
Other Expenses	7,000	7,000	7,000	-	
Recreation and Education:					
Recreation Commission R.S. 40:12-1					
Salaries and Wages	189,335	175,316	175,185	131	
Other Expenses	46,050	46,050	36,167	9,883	
Youth Center					
Salaries and Wages	133,005	133,005	130,953	2,052	
Other Expenses	6,450	6,450	2,233	4,217	
Senior Citizens Center					
Salaries and Wages	148,290	143,526	129,586	13,940	
Other Expenses	10,616	10,616	7,809	2,807	
Community Support					
Nature Center - Other Expenses	35,000	35,000	35,000	-	
Welcome Committee					
Other Expenses	4,000	4,187	4,187	-	
Other Common Operating Functions					
Parking Lot Rental					
Other Expenses	20,000	20,000	19,571	429	
Celebration of Public Events					
Other Expenses	47,000	48,414	48,414	-	
Reserve for Terminal Leave	50,000	50,000		50,000	
Payroll Adjustment	103,000	103,000		103,000	
PUBLIC SAFETY FUNCTION					
Municipal Court					
Salaries and Wages	108,162	108,162	100,618	7,544	
Other Expenses	9,950	9,950	6,013	3,937	
Public Defender					
Other Expenses	4,400	4,400	900	3,500	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2016 Appropriated</u>		<u>2016 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
State Uniform Construction Code					
Construction Code Officials					
Salaries and Wages	\$ 261,137	\$ 273,726	\$ 273,726		
Other Expenses	9,595	9,595	5,332	\$ 4,263	
Director of Building Department					
Salaries and Wages	98,354	98,354	95,784	2,570	
Other Expenses	6,111	6,111	3,261	2,850	
Unclassified					
Electricity	189,275	189,275	161,235	28,040	
Street Lighting	168,000	168,000	129,657	38,343	
Telephone	61,500	61,500	54,190	7,310	
Natural Gas	65,000	65,000	36,651	28,349	
Gasoline	233,000	233,000	94,174	138,826	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
BCUA Disposal Fees	<u>428,000</u>	<u>428,000</u>	<u>322,326</u>	<u>105,674</u>	<u>-</u>
Total Operations Within "CAPS"	<u>17,908,706</u>	<u>17,887,384</u>	<u>16,396,855</u>	<u>1,490,529</u>	<u>-</u>
Total Operations Including Contingent Within "CAPS"	<u>17,908,706</u>	<u>17,887,384</u>	<u>16,396,855</u>	<u>1,490,529</u>	<u>-</u>
Detail:					
Salaries and Wages	10,511,196	10,389,065	10,085,568	303,497	-
Other Expenses	<u>7,397,510</u>	<u>7,498,319</u>	<u>6,311,287</u>	<u>1,187,032</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Contribution to:					
Public Employees Retirement System	569,065	578,510	578,510	-	
Social Security System (O.A.S.I.)	545,000	545,000	515,425	29,575	
Police and Firemen's Retirement System of NJ	1,058,343	1,096,661	1,096,661	-	
Defined Contribution Retirement Program	<u>6,000</u>	<u>9,599</u>	<u>9,599</u>	<u>-</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>2,178,408</u>	<u>2,229,770</u>	<u>2,200,195</u>	<u>29,575</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>20,087,114</u>	<u>20,117,154</u>	<u>18,597,050</u>	<u>1,520,104</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2016 Appropriated</u>		<u>2016 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)	\$ 1,375,969	\$ 1,375,969	\$ 1,269,174	\$ 106,795	
Library Building Maintenance					
Salaries and Wages	24,927	24,927	16,155	8,772	
Other Expenses	63,187	63,187	46,627	16,560	
Bergen County Utilities Authority					
Operations and Maintenance	1,147,300	1,147,300	1,147,300	-	
Debt Service	468,728	468,728	468,728	-	
Emergency Services Volunteer Length of Service Award Program (P.L. 1997, C. 388)	65,000	65,000	(6,343)	71,343	
Recycling Tax	20,000	20,000	14,949	5,051	
Reserve for Tax Appeals	145,000	145,000	-	145,000	
Insurance					
Group Insurance Plan for Employees	30,040	-	-	-	-
Total Other Operations Excluded from "CAPS"	<u>3,340,151</u>	<u>3,310,111</u>	<u>2,956,590</u>	<u>353,521</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Recycling Tonnage Grant - Reserve	20,646	20,646	20,646	-	
Body Armor Fund - Reserve	3,363	3,363	3,363	-	
DOJ - Bullet Proof Vest - Reserve	1,750	1,750	1,750	-	
Click It or Ticket - Reserve	4,000	4,000	4,000	-	
Municipal Alliance on Alcoholism and Drug Abuse	4,938	4,938	4,938	-	
Matching Funds - Municipal Alliance	1,235	1,235	1,235	-	
Environmental Grant	1,000	1,000	1,000	-	
Clean Communities Program - Reserve	29,342	29,342	29,342	-	-
Total Public and Private Programs Offset by Revenues	<u>66,274</u>	<u>66,274</u>	<u>66,274</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>3,406,425</u>	<u>3,376,385</u>	<u>3,022,864</u>	<u>353,521</u>	<u>-</u>
Detail:					
Salaries and Wages	24,927	24,927	16,155	8,772	-
Other Expenses	3,381,498	3,351,458	3,006,709	344,749	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	150,000	150,000	150,000	-	-
Total Capital Improvement Fund - Excluded from "CAPS"	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Principal	2,390,000	2,390,000	2,390,000	-	
Interest on Bonds	438,226	438,226	438,226	-	
Interest on Notes	38,903	38,903	38,822	-	\$ 81
Total Municipal Debt Service - Excluded from "CAPS"	<u>2,867,129</u>	<u>2,867,129</u>	<u>2,867,048</u>	<u>-</u>	<u>81</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2016 Appropriated</u>		<u>2016 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES					
Deferred Charges - Unfunded Ordinances					
Ord. #09-21	\$ 14,877	\$ 14,877	\$ 14,877		
Ord. #13-11	36,625	36,625	36,625		
Ord. #14-12	1,984	1,984	1,984	-	-
	<u>53,486</u>	<u>53,486</u>	<u>53,486</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal - Excluded from "CAPS"					
	<u>53,486</u>	<u>53,486</u>	<u>53,486</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>6,477,040</u>	<u>6,447,000</u>	<u>6,093,398</u>	<u>\$ 353,521</u>	<u>\$ 81</u>
Subtotal General Appropriations	26,564,154	26,564,154	24,690,448	1,873,625	81
Reserve for Uncollected Taxes	<u>1,550,000</u>	<u>1,550,000</u>	<u>1,550,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 28,114,154</u>	<u>\$ 28,114,154</u>	<u>\$ 26,240,448</u>	<u>\$ 1,873,625</u>	<u>\$ 81</u>
<u>Reference</u>	A-2	A-2		A	
Budget as Adopted	A-3	<u>\$ 28,114,154</u>			
Cash Disbursed	A-4		\$ 24,360,106		
Encumbrances Payable	A-14		269,303		
Transfer to Appropriated Reserve for Grants	A-23		61,039		
Reserve for Uncollected Taxes	A-3		<u>1,550,000</u>		
			<u>\$ 26,240,448</u>		

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Animal Control Trust Fund			
Cash	B-3	\$ 25,598	\$ 20,169
Due from State of New Jersey	B-5	<u>2</u>	<u>15</u>
		<u>25,600</u>	<u>20,184</u>
Other Trust Fund			
Cash	B-3	4,912,925	5,188,816
Due from Recreation Fund- Payroll Agency	B-18	30	30
Due from Current Fund - Other Trust Fund	B-9	<u>497,604</u>	<u>298,548</u>
		<u>5,410,559</u>	<u>5,487,394</u>
Unemployment Insurance Trust Fund			
Cash	B-3	25,193	16,679
Due from Current Fund	B-8	<u>8</u>	<u>8</u>
		<u>25,201</u>	<u>16,687</u>
Recreation Activities Trust Fund			
Cash	B-3	<u>270,009</u>	<u>204,823</u>
Open Space Preservation Trust Fund			
Cash	B-3	1,707,860	1,739,024
Due from Current Fund	A-19	<u>394,294</u>	<u>65</u>
		<u>2,102,154</u>	<u>1,739,089</u>
Length of Service Award Program (Unaudited)			
Investments	B	660,579	590,223
Contributions Receivable	A	<u>48,336</u>	<u>52,710</u>
		<u>708,915</u>	<u>642,933</u>
Total Assets		<u>\$ 8,542,438</u>	<u>\$ 8,111,110</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Animal Control Trust Fund			
Reserve for Animal License Expenditures	B-4	\$ 25,564	\$ 20,171
Due to Current Fund	B-6	<u>36</u>	<u>13</u>
		<u>25,600</u>	<u>20,184</u>
Other Trust Fund			
Due to Current Fund - Payroll Agency	B-10	28,455	28,395
Reserve for:			
Miscellaneous Reserves	B-14	2,679,141	3,049,098
Escrow Deposits - Construction Fees	B-13	335,266	384,613
Affordable Housing Trust	B-16	2,350,515	2,005,021
Accrued Salary and Wages	B-11	4,393	4,393
Payroll Deductions Payable	B-12	<u>12,789</u>	<u>15,874</u>
		<u>5,410,559</u>	<u>5,487,394</u>
Unemployment Insurance Trust Fund			
Reserve for Unemployment Compensation Insurance	B-7	<u>25,201</u>	<u>16,687</u>
		<u>25,201</u>	<u>16,687</u>
Recreation Activities Trust Fund			
Due to Current Fund	B-19	125	125
Due to Other Trust Fund- Payroll Agency	B-18	30	30
Reserve for Recreation Expenditures	B-17	<u>269,854</u>	<u>204,668</u>
		<u>270,009</u>	<u>204,823</u>
Open Space Preservation Trust Fund			
Due to General Capital Fund	C-14	100,000	
Reserve for Municipal Open Space Expenditures	B-15	<u>2,002,154</u>	<u>1,739,089</u>
		<u>2,102,154</u>	<u>1,739,089</u>
Length of Service Award Program (Unaudited)			
Net Position Available for Benefits	B	<u>708,915</u>	<u>642,933</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,542,438</u>	<u>\$ 8,111,110</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2016 Budget</u>	<u>Realized in 2016</u>	<u>Excess or Deficit</u>
Amount to be Raised by Taxation	\$ 392,075	\$ 394,229	\$ 2,154
Reference	B-2	B-15	

EXHIBIT B-2

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

	<u>2016 Budget</u>	<u>2016 Expended</u>	
		<u>Paid or Charged</u>	<u>Reserved</u>
Open Space Improvements	\$ 392,075	\$ 34,629	\$ 357,446
Reference	B-1	B-15	

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

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Cash	C-2,C-3	\$ 1,133,515	\$ 1,223,832
Grants / Other Receivable	C-4	956,219	784,713
Due From Current Fund	C-11	209,764	195,588
Due From Municipal Open Space Trust Fund	C-14	100,000	
Deferred Charges to Future Taxation			
Funded	C-5	12,262,000	14,686,286
Unfunded	C-6	<u>8,516,043</u>	<u>6,071,891</u>
 Total Assets		 <u>\$ 23,177,541</u>	 <u>\$ 22,962,310</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-7	\$ 12,262,000	\$ 14,652,000
Bond Anticipation Notes Payable	C-15	6,119,000	3,739,200
New Jersey Green Acres Loan	C-8		34,286
Contracts Payable	C-13	2,297,941	3,079,614
Improvement Authorizations			
Funded	C-9	261,065	233,087
Unfunded	C-9	1,977,323	987,578
Reserve for:			
Debt Service	C-12	13,096	10,800
Grants Receivable	C-4	147,731	153,031
Capital Improvement Fund	C-10	27,516	1,065
Fund Balance	C-1	<u>71,869</u>	<u>71,649</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 23,177,541</u>	 <u>\$ 22,962,310</u>

There were bonds and notes authorized but not issued at December 31, 2016 and 2015 of \$2,407,000 and \$2,332,691, respectively (Exhibit C-16).

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

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Balance, December 31	C	\$ <u>71,649</u>	\$ <u>121,525</u>
Increased by:			
Cancellation	C-9	\$ 220	
Premium on Sale of Notes	C-1	<u>-</u>	<u>19,437</u>
		<u>71,869</u>	<u>140,962</u>
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-1	<u>-</u>	<u>69,313</u>
Balance, December 31	C	\$ <u><u>71,869</u></u>	\$ <u><u>71,649</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TENAFLY
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
General Fixed Assets		
Land	\$ 95,993,700	\$ 95,993,700
Land Improvements	296,325	192,991
Construction In Progress	1,284,098	-
Buildings	12,519,993	12,519,993
Machinery and Equipment	<u>13,188,372</u>	<u>12,663,586</u>
	<u>\$ 123,282,488</u>	<u>\$ 121,370,270</u>
Investment in General Fixed Assets	<u>\$ 123,282,488</u>	<u>\$ 121,370,270</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Tenafly (the "Borough") was incorporated in 1894 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. 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 which is 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 Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health 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 and 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 Tenafly 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 TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

Recreation Activities Trust Fund - This fund is used to account for the receipts and disbursements relating to recreation programs administered by the Recreation Commission.

Open Space Preservation Trust Fund- This fund is used to account for resources which have accumulated from a dedicated tax to be used for the preservation of open space, recreation and farm land 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.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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, 2015 balances to conform to the December 31, 2016 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 Tenafly 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 TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 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).

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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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 the Borough's terminal leave policy 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.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Tenafly has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$1,000 and an estimated useful life in excess of two years.

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

General Fixed Assets purchased after December 31, 2010 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

General Fixed Assets purchased prior to December 31, 2010 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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:

General Capital Fund
Trust Fund (Except Open Space Preservation Fund)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. There were no increases to the original budget during 2016 and 2015. In addition, the governing body approved several budget transfers during 2016 and 2015.

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2016 and 2015, the book value of the Borough's deposits were \$17,512,485 and \$16,187,071 and bank and brokerage firm balances of the Borough's deposits amounted to \$17,640,049 and \$16,267,081, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2016</u>	<u>2015</u>
Insured	\$ 17,239,723	\$ 15,868,372
Uninsured and Collateralized	<u>400,326</u>	<u>398,709</u>
	<u>\$ 17,640,049</u>	<u>\$ 16,267,081</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2016 and 2015, the Borough's bank balances of \$400,326 and \$398,709 were exposed to custodial credit risk as follows:

	<u>2016</u>	<u>2015</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 400,326</u>	<u>\$ 398,709</u>

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments

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

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

	<u>Fair Value</u>	
	<u>2016</u>	<u>2015</u>
Investment:		
Lincoln Financial-Length of Service Award Program (Unaudited)	<u>\$ 660,579</u>	<u>\$ 590,223</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2016 and 2015, \$660,579 and \$590,223 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>	
	<u>2016</u>	<u>2015</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 660,579</u>	<u>\$ 590,223</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2016 and 2015, the Borough’s investment in Lincoln Financial Group was rated Baa2 by Moody’s Investor Services.

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

The fair value of the above-listed investments were based on quoted market prices.

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

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
<u>Current</u>		
Property Taxes	\$ 693,143	\$ 634,074
Tax Title Liens	<u>887</u>	<u>887</u>
	<u>\$ 694,030</u>	<u>\$ 634,961</u>

In 2016 and 2015, the Borough collected \$558,170 and \$602,245 from delinquent taxes, which represented 82% and 93%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2016</u>		<u>2015</u>	
	<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	\$ 28,616	\$ 1,101,670	\$ 28,533	\$ 494,209
Animal Control Trust Fund		36		13
Open Space Preservation Trust Fund	394,294	100,000	65	
Other Trust Fund	497,634	28,455	298,578	28,395
Recreation Trust Fund		155		155
Unemployment Insurance Trust Fund	8		8	
General Capital Fund	<u>309,764</u>	<u>-</u>	<u>195,588</u>	<u>-</u>
Total	<u>\$ 1,230,316</u>	<u>\$ 1,230,316</u>	<u>\$ 522,772</u>	<u>\$ 522,772</u>

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

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

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

NOTE 6 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund is 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:

	Fund Balance December 31, <u>2016</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2015</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 4,002,905	\$ 1,900,000	\$ 3,675,159	\$ 1,750,000
Non-Cash Surplus	<u>58,150</u>	<u>-</u>	<u>54,217</u>	<u>-</u>
	<u>\$ 4,061,055</u>	<u>\$ 1,900,000</u>	<u>\$ 3,729,376</u>	<u>\$ 1,750,000</u>

NOTE 7 FIXED ASSETS

A. General Fixed Assets

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

	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2016</u>
<u>2016</u>					
Land	\$ 95,993,700				\$ 95,993,700
Construction in Progress		\$ 1,284,098			1,284,098
Buildings and Building Improvements	12,519,993				12,519,993
Land Improvements	192,991	103,334			296,325
Machinery and Equipment	<u>12,663,586</u>	<u>554,712</u>	<u>\$ (29,926)</u>	<u>-</u>	<u>13,188,372</u>
	<u>\$ 121,370,270</u>	<u>\$ 1,942,144</u>	<u>\$ (29,926)</u>	<u>\$ -</u>	<u>\$ 123,282,488</u>

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

NOTE 7 FIXED ASSETS (Continued)

A. General Fixed Assets (Continued)

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2015</u>
<u>2015</u>					
Land	\$ 95,993,700				\$ 95,993,700
Construction in Progress	189,461	\$ 29,135		\$ (218,596)	-
Buildings and Building Improvements	12,519,993				12,519,993
Land Improvements	192,991				192,991
Machinery and Equipment	11,692,299	836,241	\$ (83,550)	218,596	12,663,586
	<u>\$ 120,588,444</u>	<u>\$ 865,376</u>	<u>\$ (83,550)</u>	<u>\$ -</u>	<u>\$ 121,370,270</u>

NOTE 8 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2016</u>	<u>2015</u>
Issued		
General		
Bonds, Notes and Loans	\$ 18,381,000	\$ 18,425,486
Less Funds Temporarily Held to Pay Bonds and Notes	<u>(23,053)</u>	<u>(10,800)</u>
Net Debt Issued	18,357,947	18,414,686
Authorized But Not Issued		
General		
Bonds and Notes	<u>2,407,000</u>	<u>2,332,691</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 20,764,947</u>	<u>\$ 20,747,377</u>

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

NOTE 8 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .47% and .48% at December 31, 2016 and 2015, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2016</u>			
General Debt	\$ 20,788,000	\$ 23,053	\$ 20,764,947
School Debt	<u>33,700,000</u>	<u>33,700,000</u>	<u>-</u>
Total	<u>\$ 54,488,000</u>	<u>\$ 33,723,053</u>	<u>\$ 20,764,947</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2015</u>			
General Debt	\$ 20,758,177	\$ 10,800	\$ 20,747,377
School Debt	<u>35,150,000</u>	<u>35,150,000</u>	<u>-</u>
Total	<u>\$ 55,908,177</u>	<u>\$ 35,160,800</u>	<u>\$ 20,747,377</u>

Statutory Borrowing Power

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

	<u>2016</u>	<u>2015</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 153,187,316	\$ 149,323,172
Net Debt	<u>20,764,947</u>	<u>20,747,377</u>
Remaining Borrowing Power	<u>\$ 132,422,369</u>	<u>\$ 128,575,795</u>

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

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2016</u>	<u>2015</u>
\$6,562,000, 2005 General Improvement Bonds, due in annual installments of \$822,000 through November 1, 2017, interest at 3.70%	\$ 822,000	\$ 1,562,000
\$8,614,000, 2007 General Improvement Bonds, due in annual installments of \$1,050,000 to \$1,274,000 through December 1, 2017, interest at 3.875% - 4.0 %	1,050,000	2,000,000
\$6,260,000, 2012 General Improvement Bonds, due in annual installments of \$700,000 to \$750,000 through October 1, 2022, interest at 1% to 2.0%	4,435,000	5,135,000
\$5,955,000, 2015 General Improvement Refunding Bonds, due in annual installments of \$1,130,000 to \$1,240,000 through December 1, 2022, interest at 3% to 4%	<u>5,955,000</u>	<u>5,955,000</u>
	<u>\$ 12,262,000</u>	<u>\$ 14,652,000</u>

General Intergovernmental Loans Payable

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

	<u>2016</u>	<u>2015</u>
\$1,113,761, 1996 Loan due in Semi-annual installments; final installment of \$34,286 due February 3, 2016, interest at 1%	\$ -	\$ 34,286
	<u>\$ -</u>	<u>\$ 34,286</u>

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

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

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

Calendar Year	General Bonds		Total
	Principal	Interest	
2017	\$ 2,572,000	\$ 367,664	\$ 2,939,664
2018	1,865,000	289,562	2,154,562
2019	1,915,000	248,312	2,163,312
2020	1,940,000	191,400	2,131,400
2021	1,980,000	128,800	2,108,800
2022	<u>1,990,000</u>	<u>64,600</u>	<u>2,054,600</u>
Total	<u>\$ 12,262,000</u>	<u>\$ 1,290,338</u>	<u>\$ 13,552,338</u>

Prior Year Defeasance of Debt

In prior years, the Borough defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Borough's financial statements. On December 31, 2016 and 2015, \$6,114,000 and \$6,114,000, respectively, of bonds outstanding are considered defeased.

Changes in Long-Term Municipal Debt

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

	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
General Capital Fund					
Bonds Payable	\$ 14,652,000		\$ 2,390,000	\$ 12,262,000	\$ 2,572,000
Intergovernmental Loans Payable	<u>34,286</u>	<u>-</u>	<u>34,286</u>	<u>-</u>	<u>-</u>
General Capital Fund Long-Term Liabilities	<u>\$ 14,686,286</u>	<u>\$ -</u>	<u>\$ 2,424,286</u>	<u>\$ 12,262,000</u>	<u>\$ 2,572,000</u>

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

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<u>2015</u>					
General Capital Fund					
Bonds Payable	\$ 17,224,000	\$ 5,955,000	\$ 8,527,000	\$ 14,652,000	\$ 2,390,000
Intergovernmental Loans Payable	<u>101,843</u>	<u>-</u>	<u>67,557</u>	<u>34,286</u>	<u>34,286</u>
General Capital Fund Long-Term Liabilities	<u>\$ 17,325,843</u>	<u>\$ 5,955,000</u>	<u>\$ 8,594,557</u>	<u>\$ 14,686,286</u>	<u>\$ 2,424,286</u>

B. Short-Term Debt

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

Bond Anticipation Notes

<u>2016</u>	Rate (%)	Maturity Date	Balance, December 31, <u>2015</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2016</u>
General Capital Fund						
<u>Purpose</u>						
Various Capital Improvements	0.93%	5/12/2017	\$ 1,930,200	\$ 1,930,200	\$ 1,930,200	\$ 1,930,200
Various Capital Improvements	0.90%	5/12/2017	1,809,000	1,809,000	1,809,000	1,809,000
Supplemental for Public Works Bldg.	0.93%	5/12/2017	-	999,500	-	999,500
Various Capital Improvements	0.93%	5/12/2017	<u>-</u>	<u>1,380,300</u>	<u>-</u>	<u>1,380,300</u>
Total			<u>\$ 3,739,200</u>	<u>\$ 6,119,000</u>	<u>\$ 3,739,200</u>	<u>\$ 6,119,000</u>

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

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>2015</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2015</u>
General Capital Fund						
<u>Purpose</u>						
Various Capital Improvements	1.5%	5/13/2015	\$ 1,930,200	\$ 1,930,200	\$ 1,930,200	\$ 1,930,200
Various Capital Improvements	0.55%	7/15/2015	-	1,809,000	-	1,809,000
Total			<u>\$ 1,930,200</u>	<u>\$ 3,739,200</u>	<u>\$ 1,930,200</u>	<u>\$ 3,739,200</u>

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

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 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2016</u>		
DPW Building	\$ 822,857	2017
Technology Equipment - DPW Building	127,089	2017
Playground Equipment	100,000	2017
2016 Road Paving	628,123	2017
<u>2015</u>		
Tenafly Road Section 4	\$ 327,980	2016
2015 Road Resurfacing Program	134,522	2016
Generators	182,303	2016
DPW Building	2,047,390	2017

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

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

The Borough does not permit employees to accumulate unused sick and vacation pay. However, the Borough has a terminal leave policy that is based on years of service with the Borough. An employee terminating their service with the Borough may elect to take severance pay in one (1) payment or continue on the payroll for the designated period of their allowance, thereby continuing all employee benefits while they remain on the payroll.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,145,113 and \$1,002,705 at December 31, 2016 and 2015, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2016 and 2015, the Borough has reserved in the Other Trust Fund \$833,910 and \$721,879, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

B. Deferred Pension Obligation

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2016 and 2015 were as follows:

	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>
<u>2016</u>				
Compensated Absences	\$ 1,002,705	\$ 230,377	\$ 87,969	\$ 1,145,113
Net Pension Liability - PERS	17,389,412	7,247,108	717,468	23,919,052
Net Pension Liability - PFRS	<u>21,687,011</u>	<u>3,304,591</u>	<u>1,023,033</u>	<u>23,968,569</u>
 Total Other Long-Term Liabilities	 <u>\$ 40,079,128</u>	 <u>\$ 10,782,076</u>	 <u>\$ 1,828,470</u>	 <u>\$ 49,032,734</u>

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

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

B. Deferred Pension Obligation (Continued)

Changes in Other Long-Term Liabilities (Continued)

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>
<u>2015</u>				
Compensated Absences	\$ 1,003,986	\$ 119,187	\$ 120,468	\$ 1,002,705
Net Pension Liability - PERS	14,478,896	3,576,510	665,994	17,389,412
Net Pension Liability - PFRS	<u>14,811,165</u>	<u>7,934,189</u>	<u>1,058,343</u>	<u>21,687,011</u>
 Total Other Long-Term Liabilities	 <u>\$ 30,294,047</u>	 <u>\$ 11,629,886</u>	 <u>\$ 1,844,805</u>	 <u>\$ 40,079,128</u>

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

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

Basis of Accounting

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, which was rolled forward to June 30, 2016, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, local PERS and local PFRS is 45.7 percent with an unfunded actuarial accrued liability of \$50.3 billion. The CPFPPF system is 19.15 percent funded with an unfunded actuarial accrued liability of \$8.0 million. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 40.14 percent and \$29.6 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 52.01 percent and \$20.7 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2015 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.65% for investment rate of return for all the retirement systems except CPFPPF (2.85%) and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.06% for PERS and 5.50% for DCRP of employee’s annual compensation for fiscal year 2016.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2016 and 2015 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2016, 2015 and 2014, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2016	\$ 1,096,661	\$ 578,210	\$ 9,599
2015	904,696	547,407	5,835
2014	985,687	475,070	5,422

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

Public Employees Retirement System (PERS)

At December 31, 2016 and 2015, the Borough reported a liability of \$23,919,052 and \$17,389,412, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2016, the Borough’s proportionate share was .08076 percent, which was an increase of .00329 percent from its proportionate share measured as of June 30, 2015 of .07747 percent.

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2016 and 2015, the pension system has determined the Borough's pension expense to be \$2,485,781 and \$1,226,194, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$578,510 and \$547,407, respectively. At December 31, 2016 and 2015, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2016		2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 444,822		\$ 414,850	
Changes of Assumptions	4,954,750		1,867,484	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	912,055			\$ 279,588
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>829,540</u>	<u>\$ -</u>	<u>377,136</u>	<u>-</u>
Total	<u>\$ 7,141,167</u>	<u>\$ -</u>	<u>\$ 2,659,470</u>	<u>\$ 279,588</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2017	\$ 1,622,823
2018	1,622,823
2019	1,838,539
2020	1,540,264
2021	516,718
Thereafter	<u>-</u>
	<u>\$ 7,141,167</u>

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

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

Sensitivity of Net Pension Liability

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

	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
<u>2016</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 29,310,006</u>	<u>\$ 23,919,052</u>	<u>\$ 19,468,352</u>
	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
<u>2015</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 21,612,911</u>	<u>\$ 17,389,412</u>	<u>\$ 13,848,461</u>

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2016 and 2015, the Borough reported a liability of \$23,968,569 and \$21,687,011, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2016, the Borough's proportionate share was .12547 percent, which was a decrease of .00473 percent from its proportionate share measured as of June 30, 2015 of .13020 percent.

For the years ended December 31, 2016 and 2015, the pension system has determined the Borough pension expense to be \$2,373,407 and \$1,799,268, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$1,096,601 and \$904,696, respectively. At December 31, 2016 and 2015, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2016		2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 157,118		\$ 187,057
Changes of Assumptions	\$ 3,319,844		\$ 4,003,961	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,679,429			377,443
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,064,767</u>	<u>1,729,579</u>	<u>1,366,401</u>	<u>1,559,701</u>
Total	<u>\$ 6,064,040</u>	<u>\$ 1,886,697</u>	<u>\$ 5,370,362</u>	<u>\$ 2,124,201</u>

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

Year Ending <u>December 31,</u>	<u>Total</u>
2017	\$ 981,169
2018	981,169
2019	1,359,026
2020	899,918
2021	(43,939)
Thereafter	<u>-</u>
	<u>\$ 4,177,343</u>

Actuarial Assumptions

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

PFRS

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

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

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

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

Municipal Bond Rate * From July 1, 2050
and Thereafter

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

Sensitivity of Net Pension Liability

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

	1% Decrease <u>(4.55%)</u>	Current Discount Rate <u>(5.55%)</u>	1% Increase <u>(6.55%)</u>
<u>2016</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 30,905,712</u>	<u>\$ 23,968,569</u>	<u>\$ 18,311,746</u>
	1% Decrease <u>(4.79%)</u>	Current Discount Rate <u>(5.79%)</u>	1% Increase <u>(6.79%)</u>
<u>2015</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 28,590,366</u>	<u>\$ 21,687,011</u>	<u>\$ 16,057,942</u>

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

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

At December 31, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,012,765 and \$1,058,343, respectively. For the years ended December 31, 2016 and 2015, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$257,078 and \$237,232, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$77,123 and \$99,003, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

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

Basis of Accounting

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.9 billion for state active and retired members, \$16.8 billion for local active and retired members and \$41.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2015 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$181.9 million for 10,725 eligible retired members for Fiscal Year 2016. This benefit covers the Police and Firemen's Retirement System.

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

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2016, 2015 and 2014 were \$416,779, \$427,211 and \$394,045, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2016, 2015 and 2014 were \$36,343, \$32,603 and \$32,352, respectively.

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

NOTE 13 RISK MANAGEMENT

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

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

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

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

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

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ 30,000	\$ 14,418	\$ 35,953	\$ 25,201
2015	30,000	14,483	34,595	16,687
2014	30,000	13,420	36,730	6,754

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

NOTE 14 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2016 and 2015. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2016 and 2015, the Borough reserved \$662,299 and \$560,338, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2016 and 2015, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2016 and 2015, the Borough had no estimated arbitrage earnings due to the IRS.

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Tenafly Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on June 26, 2001 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 Tenafly 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 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

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

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

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

The Borough of Tenafly has contributed \$1,272 and \$1,255 for 2016 and 2015, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The Borough also contributed \$1,272 and \$1,255 for 2016 and 2015, respectively for each eligible volunteer first aid squad members into the Plan. The total Borough contributions were \$48,336 and \$52,710 for 2016 and 2015, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group 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 17 TAX ABATEMENTS

For the years ended December 31, 2016 and 2015, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the New Jersey Housing and Mortgage Financing Act (NJHMFA) and the senior citizens nonprofit rental housing tax law.

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

NOTE 17 TAX ABATEMENTS (Continued)

- The Senior Citizens Nonprofit Rental Housing Tax Law (NJSA 55:14I-1) allows for the clearance, re-planning, development or redevelopment of blighted areas by means of non-profit rental housing project for the elderly, developed, erected and owned by the non-profit corporations under the Federal Senior Citizens Housing Loan Program, and pursuant to section 202 of the Federal Housing Act of 1959, as amended; authorizing and providing for the exemption in part of such non-profit rental housing projects from taxation. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to make a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2016 and 2015 the Borough abated property taxes totaling \$72,249 and \$70,642, respectively, under this law. The Borough received \$17,863 and \$17,863 in PILOT payments under this program for the years ended December 31, 2016 and 2015, respectively.

NOTE 18 SUBSEQUENT EVENTS

Serial Bonds

On March 15, 2017 the Borough adopted a resolution for the issuance of \$8,526,000 Improvement Bonds for the purpose of funding various capital improvements of the Borough. On April 26, 2017 the Borough awarded the sale of said bonds to Baird at an interest rate of 2.00-3.00%. These bonds dated May 18, 2017 will mature over 10 years with the first maturity due May 1, 2018.

Debt Authorized

On April 20, 2017 the Borough adopted a bond ordinance authorizing the issuance \$2,496,013 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

BOROUGH OF TENAFLY
STATEMENT OF CURRENT CASH - COLLECTOR-TREASURER

	<u>Current Fund</u>	
Balance, December 31, 2015	\$	7,784,617
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	81,593	
Taxes Receivable	96,459,123	
Revenue Accounts Receivable	2,933,927	
Grants Receivable	21,647	
Prepaid Taxes	1,085,385	
Due from State - Senior Citizen and Veteran Deductions	63,255	
Due From Business Improvement District	8,719	
Unappropriated Reserve- State and Federal Grants	52,982	
Miscellaneous Reserves	6,303	
General Capital Receipts Deposited in Current Fund	46,000	
Due from Animal Control Fund	46	
Due from Other Trust Fund	1,122	
Due from Other Trust Fund- Payroll	173	
		100,760,275
		108,544,892
Decreased by Disbursements:		
2016 Budget Appropriations	24,360,106	
Appropriation Reserves	885,245	
Local District School Taxes	62,722,401	
County Taxes Payable	10,890,691	
County Added and Omitted Taxes	66,343	
Appropriated Reserve for State and Federal Grants	51,196	
Miscellaneous Reserves	57,794	
Payments Made on Behalf of General Capital Fund	17,500	
		99,051,276
Balance, December 31, 2016	\$	9,493,616

**BOROUGH OF TENAFLY
STATEMENT OF CHANGE FUNDS**

	Balance, December 31, <u>2015</u>	Balance, December 31, <u>2016</u>
<u>Office</u>		
Tax Collector	\$ 200	\$ 200
Court Clerk	50	50
Librarian	75	75
Secretary to Board of Health	25	25
Dog/Registrar	<u>25</u>	<u>25</u>
	<u>\$ 375</u>	<u>\$ 375</u>

EXHIBIT A-6

STATEMENT OF PETTY CASH FUND

Balance, December 31, 2015	\$ <u>8,736</u>
Balance, December 31, 2016	\$ <u>8,736</u>

EXHIBIT A-7

**STATEMENT OF DUE FROM STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2015		\$ 4,302
Increased by:		
Senior Citizen Deductions per Tax Billing	\$ 9,000	
Veterans Deductions per Tax Billing	54,250	
Senior Citizens' Deductions Allowed by Collector- 2016	<u>1,750</u>	
		<u>65,000</u>
		69,302
Decreased by:		
Senior Citizen Deductions Dis-Allowed by Collector - 2015	1,750	
State Share of Senior Citizens and Veteran Deductions Received in Cash	<u>63,255</u>	
		<u>65,005</u>
Balance, December 31, 2016		\$ <u>4,297</u>

**BOROUGH OF TENAFLY
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

<u>Year</u>	<u>Balance December 31, 2015</u>	<u>2016 Levy</u>	<u>Added Taxes</u>	<u>Senior Citizens' and Veterans' Deductions Disallowed</u>	<u>Collected in</u>		<u>Homestead Benefit Credit</u>	<u>Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Cancelled</u>	<u>Balance, December 31, 2016</u>
					<u>2015</u>	<u>2016</u>				
2015	\$ 634,074			\$ 1,750		\$ 558,170				\$ 77,654
2016	-	\$ 96,960,026	\$ 532,520	-	\$ 679,637	\$ 95,461,214	\$ 439,739	\$ 65,000	\$ 153,813	\$ 693,143
	<u>\$ 634,074</u>	<u>\$ 96,960,026</u>	<u>\$ 532,520</u>	<u>\$ 1,750</u>	<u>\$ 679,637</u>	<u>\$ 96,019,384</u>	<u>\$ 439,739</u>	<u>\$ 65,000</u>	<u>\$ 231,467</u>	<u>\$ 693,143</u>

Analysis of 2016 Property Tax Levy

Tax Yield	
General Property Tax	\$ 96,960,026
Added Tax (R.S. 54:4-63.1 et seq.)	<u>532,520</u>
	<u>\$ 97,492,546</u>
Tax Levy	
Local District School Tax	\$ 62,722,401
County Tax - General	10,779,630
County Tax - Open Space	111,061
Added County Taxes	59,857
Municipal Open Space	<u>394,229</u>
	74,067,178
Local Tax for Municipal Purposes	22,949,382
Additional Taxes	<u>475,986</u>
	<u>23,425,368</u>
	<u>\$ 97,492,546</u>

BOROUGH OF TENAFLY
STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2015	\$ <u>18,200</u>
Balance, December 31, 2016	\$ <u><u>18,200</u></u>

EXHIBIT A-10

STATEMENT OF TAX TITLE LIENS RECEIVABLE

Balance, December 31, 2015	\$ <u>887</u>
Balance, December 31, 2016	\$ <u><u>887</u></u>

BOROUGH OF TENAFLY
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2015</u>	Accrued in <u>2016</u>	<u>Realized</u>	Balance, December 31, <u>2016</u>
Borough Clerk				
Liquor Licenses		\$ 29,400	\$ 29,400	
Licenses - Other		9,030	9,030	
Fees and Permits - Other		34,075	34,075	
Board of Health				
Fees and Permits		3,205	3,205	
Licenses - Other		11,303	11,303	
Police Department				
Fees and Permits		2,654	2,654	
Alarm System Fees		59,130	59,130	
Planning Board/Board of Adjustment				
Fees and Permits		18,992	18,992	
Tax Collector				
Fees and Permits		1,255	1,255	
Fire Prevention				
Fees and Permits		21,404	21,404	
Municipal Court				
Fines and Costs		122,229	122,229	
Uniform Construction Code				
Fees and Permits		626,605	626,605	
Fees and Permits- Other		32,978	32,978	
Interest and Costs on Taxes		197,958	197,958	
Energy Receipts Taxes		1,119,801	1,119,801	
Rental of Borough Owned Property		74,382	74,382	
Uniform Fire Safety Act (Life Hazard Use)		14,850	14,850	
Interest on Investments and Deposits		26,733	26,733	
Tax Exempt Sewer Fees		29,854	29,854	
Cable TV Franchise Fee		191,536	191,536	
Cell Tower/Monopole Lease		147,055	147,055	
Hotel Occupancy Fee (P.L. 2003, c. 114)		109,727	109,727	
Payment in Lieu of Taxes - Tenafly House		17,863	17,863	
Use of Sewer System Agreements	-	31,908	31,908	-
	<u>\$ -</u>	<u>\$ 2,933,927</u>	<u>\$ 2,933,927</u>	<u>\$ -</u>

EXHIBIT A-12

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2015</u>	Accrued	Cash Receipts	Balance, December 31, <u>2016</u>
Recycling Tonnage Grant		\$ 20,647	\$ 20,647	
Green Communities	\$ 1,000		1,000	-
Municipal Alliance on Alcoholism & Drug Abuse	48,915	4,938	-	\$ 53,853
	<u>\$ 49,915</u>	<u>\$ 25,585</u>	<u>\$ 21,647</u>	<u>\$ 53,853</u>

BOROUGH OF TENAFLY
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance, January 1, <u>2016</u>	Budget After <u>Modification</u>	<u>Expended</u>	<u>Transfer to Reserves</u>	Balance <u>Lapsed</u>
Salaries and Wages					
General Administration	\$ 4,865	\$ 4,865			\$ 4,865
Municipal Clerk	711	711			711
Elections	4,402	4,402			4,402
Financial Administration	39	3,539	\$ 3,457		82
Revenue Administration	544	1,344	1,331		13
Tax Assessment Administration	578	578			578
Director Building Department	16,440	11,440	1,920		9,520
Planning Board	1,099	1,099	-		1,099
Zoning Board	1,500	1,500			1,500
Municipal Court	7,105	7,105	2,560		4,545
Police	86,318	86,318	42,331	\$ 43,987	-
Emergency Management Services	200	200			200
Volunteer Ambulance	450	700	683		17
Fire Department	2,922	2,922	2,922		-
Aid to Volunteer Fire Company	1	1			1
Streets & Roads	75,793	75,793	12,353		63,440
Recycling	14,364	14,364	328		14,036
Buildings & Grounds	17,011	17,011	1,476		15,535
Board of Health	2	2			2
Recreation	1,180	1,180	670		510
Youth Center	1,852	1,852	586		1,266
Senior Citizens	2,480	2,480	-		2,480
Construction Code Official	5	5			5
Payroll Adjustment/Terminal Leave	200,000	200,000		200,000	-
Municipal Library	803	10,826	10,826		-
					-
Other Expenses					
General Administration	9,261	11,484	2,080		9,404
Municipal Clerk	15,640	15,759	1,422		14,337
Postage	9,696	9,696			9,696
Photocopy Expense	1,446	1,445	921		524
Mayor & Council	1	1			1
Elections	3,564	3,564	1,030		2,534
Financial Administration	12,586	9,000	9,000		-
Audit	-	3,586	2,500		1,086
Revenue Administration	5,341	8,604	8,574		30
Tax Assessment Administration	13,219	17,008	3,804		13,204
Legal Services & Costs	28,600	36,800	11,724		25,076
Engineering	8,346	12,146	7,861		4,285
Historic Preservation	2,845	5,645	2,870		2,775
Director of Buildings Department	2,195	2,807	841		1,966
Planning Board	31,941	23,662	5,329		18,333
Zoning Board of Adjustment	4,779	4,821	93		4,728
Insurance- Liability	266	2,366	2,360		6
Insurance- Surety Bond Premiums	2,250	2,250	1,558		692
Insurance- Deductible		2,475	2,385		90
Insurance- Workers Comp	1	1			1
Municipal Court	2,298	3,123	475		2,648
Public Defender	-	1,000	1,000		-

BOROUGH OF TENAFLY
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance, January 1, <u>2016</u>	Total Modified <u>Budget</u>	<u>Expended</u>	Transfer to <u>Reserves</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Emergency Management Services	\$ 321	\$ 1,182	\$ 1,169		\$ 13
Aid to Volunteer Ambulance Corp	5,891	24,355	24,279		76
Aid to Volunteer Fire Company	39,660	50,876	36,044		14,832
Police	11,462	29,096	29,096		-
Fire Department	19	1,649	1,647		2
Fire Hydrant Service	22,134	22,134	20,319		1,815
Streets & Roads	42,208	111,557	85,221		26,336
Recycling	8,434	28,384	22,722		5,662
Solid Waste Contract Collections		62,917	62,917		-
BCUA Disposal Fees- Waste	57,958	118,474	62,332		56,142
BCUA Sewerage Disposal		1			1
Building & Grounds	12,067	44,963	31,238		13,725
Public Health	4,196	5,046	850		4,196
Environmental Commission	3,613	3,873	1,855		2,018
Animal Control	800	800			800
Recreation	145	1,066	1,062		4
Youth Center	3,281	7,991	5,319		2,672
Senior Citizens	2,174	3,088	724		2,364
Celebration of Public Events	3,802	3,802			3,802
Parking Lot Rental	605	605			605
Construction Code Official	1,650	2,398	780		1,618
Electricity	32,085	37,045	26,722		10,323
Street Lighting	23,468	37,526	29,209		8,317
Telephone	9,232	12,714	4,346		8,368
Natural Gas	25,231	26,616	6,094		20,522
Gasoline	130,038	139,544	14,457		125,087
Social Security System (O.A.S.I.)	29,723	29,723			29,723
PERS	10	10			10
PFRS	13	13			13
DCRP	165	365	349		16
Library Building Maintenance	13,443	5,499	5,499		-
Maintenance of Free Public Library	55,296	63,912	39,986	\$ 23,594	332
Group Health Insurance	7,939	175,965	171,029		4,936
Reserve for Tax Appeals	145,000	145,000		145,000	-
LOSAP	60,000	62,600	52,710	-	9,890
	<u>\$ 1,347,002</u>	<u>\$ 1,888,269</u>	<u>\$ 885,245</u>	<u>\$ 412,581</u>	<u>\$ 590,443</u>

Appropriation Reserves	\$ 1,347,002
Prior Year Encumbrances	<u>541,267</u>
	<u>1,888,269</u>

Cash Disbursed \$ 885,245

Analysis

Transfer to Accounts Payable	\$ 67,581
Transfer to Terminal Leave	200,000
Transfer o Reserve for Tax Appeals	<u>145,000</u>
	<u>\$ 412,581</u>

**BOROUGH OF TENAFLY
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2015	\$ 541,267
Increased by:	
Charged to 2016 Budget Appropriations	<u>269,303</u>
	810,570
Decreased by:	
Transferred to Appropriation Reserves	<u>541,267</u>
Balance, December 31, 2016	<u>\$ 269,303</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2015	\$ 679,637
Increased by:	
Collection of 2017 Taxes	<u>1,085,385</u>
	1,765,022
Decreased by:	
Applied to 2016 Taxes	<u>679,637</u>
Balance, December 31, 2016	<u>\$ 1,085,385</u>

**BOROUGH OF TENAFLY
STATEMENT OF LOCAL DISTRICT SCHOOL TAX**

Increased by:		
Levy - Calendar Year 2016		\$ <u>62,722,401</u>
Decreased by:		
Payments		\$ <u>62,722,401</u>

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
Levy- General County - 2016	\$ 10,779,630	
Levy- Open Space Preservation - 2016	<u>111,061</u>	
		\$ <u>10,890,691</u>
Decreased by:		
Payments		\$ <u>10,890,691</u>

STATEMENT OF DUE TO COUNTY FOR ADDED AND OMITTED TAXES

Balance, December 31, 2015		\$ 66,343
Increased by:		
County Share of Added and Omitted Taxes		<u>59,857</u>
		126,200
Decreased by:		
Payments		<u>66,343</u>
Balance, December 31, 2016		\$ <u>59,857</u>

**BOROUGH OF TENAFLY
STATEMENT OF DUE TO MUNICIPAL OPEN SPACE TRUST FUND**

Balance, December 31, 2015		\$ 65
Increased by:		
Tax Levy- 2016	\$ 392,075	
Added and Omitted Taxes	<u>2,154</u>	
		<u>394,229</u>
Balance, December 31, 2016		<u>\$ 394,294</u>

STATEMENT OF DUE FROM BUSINESS IMPROVEMENT DISTRICT

Balance, December 31, 2015		\$ 8,719
Decreased by:		
Cash Receipts		<u>8,719</u>
Balance, December 31, 2016		<u>\$ -</u>

**BOROUGH OF TENAFLY
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2015		\$ 121,380
Increased by:		
Cash Receipts		<u>77,421</u>
		198,801
Decreased by:		
Cash Disbursements		<u>142,763</u>
Balance, December 31, 2016		<u>\$ 56,038</u>

STATEMENT OF ACCOUNTS PAYABLE

Increased by:		
Transfer from Appropriation Reserves-		
Police Salary & Wages- Retro-Payment	\$ 43,987	
Library- Furniture	<u>23,594</u>	
		<u>\$ 67,581</u>
Balance, December 31, 2016		<u>\$ 67,581</u>

BOROUGH OF TENAFLY
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance, December 31, <u>2015</u>	Transfer From Budget <u>Appropriations</u>	Cash <u>Disbursed</u>	Balance, December 31, <u>2016</u>
Body Armor Replacement Grant	\$ 7,263	\$ 3,363	\$ 9,258	\$ 1,368
Environmental Grant		1,000	1,000	-
Recycling Tonnage Grant	64,830	20,646	15,062	70,414
Drunk Driving Enforcement Fund	3,518		3,518	-
Clean Communities Grant	3,287	29,342	20,608	12,021
Click It or Ticket	48			48
U.S. Department of Justice - COPS Universal - Local Share	55,856			55,856
Green Communities	3,000			3,000
U.S. Department of Justice - COPS More - Local Share	9			9
Bulletproof Vest Program		1,750	1,750	-
Municipal Alliance on Alcoholism and County Share	37,734	4,938		42,672
Local Share	9,047			9,047
Bergen County Department of Parks - Arts Grant				
County Share	2			2
NJLM Sustainable Jersey Small Cities Grant	5,000	-	-	5,000
	<u>\$ 189,594</u>	<u>\$ 61,039</u>	<u>\$ 51,196</u>	<u>\$ 199,437</u>

EXHIBIT A-24

SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance, December 31, <u>2015</u>	Realized as Budgeted <u>Revenue</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2016</u>
Green Communities			\$ 2,000	\$ 2,000
Clean Communities	\$ 29,342	\$ 29,342	33,551	33,551
Environmental Grant	1,000	1,000	500	500
Police- County DWI Grant			6,079	6,079
DOJ- Bullet Proof Vest Grant	1,750	1,750	2,625	2,625
Body Armor Replacement Grant	3,363	3,363	3,227	3,227
Click It or Ticket	4,000	4,000	5,000	5,000
	<u>\$ 39,455</u>	<u>\$ 39,455</u>	<u>\$ 52,982</u>	<u>\$ 52,982</u>

**BOROUGH OF TENAFLY
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2015</u>	Transfer From Appropriation <u>Reserves</u>	Cash <u>Receipts</u>	<u>Cancellation</u>	Cash <u>Disbursed</u>	Balance, December 31, <u>2016</u>
Reserve for:						
State Library Aid	\$ 6,334		\$ 6,303		\$ 6,334	\$ 6,303
Revaluation of Real Property	47,917			\$ 47,917		-
Codification of Ordinances	9,351			9,351		-
Settlement Police Vests	8,463			42	8,421	-
Master Plan Update	7,279			7,279		-
Tax Appeals	<u>560,338</u>	\$ <u>145,000</u>	<u>-</u>	<u>-</u>	<u>43,039</u>	<u>662,299</u>
	<u>\$ 639,682</u>	\$ <u>145,000</u>	\$ <u>6,303</u>	\$ <u>64,589</u>	\$ <u>57,794</u>	\$ <u>668,602</u>

TRUST FUNDS

BOROUGH OF TENAFLY
STATEMENT OF CASH - TREASURER

	Animal Control <u>Fund</u>	Other Trust <u>Fund</u>	Unemployment <u>Compensation Trust Fund</u>	Recreation Activities <u>Trust Fund</u>	Municipal Open Space Preservation <u>Trust Fund</u>
Balance, December 31, 2015	\$ 20,169	\$ 5,188,816	\$ 16,679	\$ 204,823	\$ 1,739,024
Increased by Receipts:					
Animal License Fees - Borough Share	\$ 17,296				
Dog License Fees - State Share	1,222				
Miscellaneous Reserves		\$ 1,244,394			
Employee Contributions			\$ 14,418		
Budget Appropriation			30,000		
Affordable Housing Trust		2,497,422			
Escrow Deposits- Construction Fees		152,735			
Payroll Deductions Payable		5,248,606			
Net Payroll		7,284,573			
Recreation Activities				\$ 605,334	
Interest on Deposits	<u>69</u>	<u>2,299</u>	<u>49</u>	<u>-</u>	<u>\$ 3,465</u>
	<u>38,756</u>	<u>21,618,845</u>	<u>61,146</u>	<u>810,157</u>	<u>1,742,489</u>
	38,756	21,618,845	61,146	810,157	1,742,489
Decreased by:					
Reserve for Animal Expenditures	11,903				
State Share - Dog Licenses	1,209				
Miscellaneous Reserves		1,814,351			
Payroll Deductions Payable		5,251,691			
Net Payroll		7,284,573			
Affordable Housing Trust		2,151,928			
Reserve for Unemployment			35,953		
Recreation Activities				540,148	
Reserve for Open Space					34,629
Escrow Deposits- Construction Fees		202,082			
Payments to Current Fund	<u>46</u>	<u>1,295</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>13,158</u>	<u>16,705,920</u>	<u>35,953</u>	<u>540,148</u>	<u>34,629</u>
	13,158	16,705,920	35,953	540,148	34,629
Balance, December 31, 2016	<u>\$ 25,598</u>	<u>\$ 4,912,925</u>	<u>\$ 25,193</u>	<u>\$ 270,009</u>	<u>\$ 1,707,860</u>

**BOROUGH OF TENAFLY
STATEMENT OF RESERVE FOR ANIMAL LICENSE EXPENDITURES
ANIMAL CONTROL TRUST FUND**

Balance, December 31, 2015		\$	20,171
Increased by:			
Animal License Fees		\$	14,162
Cat License Fees			1,570
Miscellaneous Fees			<u>1,564</u>
			<u>17,296</u>
			37,467
Decreased by:			
Expenditures Under R.S. 4:19-15.11			
Cash Disbursements			<u>11,903</u>
Balance, December 31, 2016		\$	<u>25,564</u>

Animal License Fees Collected

<u>Year</u>			
2014	\$	17,301	
2015		<u>20,171</u>	
	\$	<u>37,472</u>	

**STATEMENT OF AMOUNT DUE FROM STATE OF NEW JERSEY -
ANIMAL CONTROL TRUST FUND**

Balance, December 31, 2015		\$	15
Increased by:			
Payments			<u>1,209</u>
			1,224
Decreased by:			
State Fees Collected			<u>1,222</u>
Balance, December 31, 2016		\$	<u>2</u>

**BOROUGH OF TENAFLY
STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL TRUST FUND**

Balance, December 31, 2015	\$	13
Increased by:		
Interest on Deposits		69
		82
Decreased by:		
Payments to Current Fund		46
Balance, December 31, 2016	\$	36

**STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, December 31, 2015	\$	16,687
Increased by:		
Employee Deductions	\$ 14,418	
Interest on Deposits	49	
Budget Appropriation	30,000	
		44,467
		61,154
Decreased by:		
Unemployment Claims		35,953
Balance, December 31, 2016	\$	25,201

**BOROUGH OF TENAFLY
STATEMENT OF DUE FROM CURRENT FUND
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, December 31, 2015		\$ <u>8</u>
Balance, December 31, 2016		\$ <u><u>8</u></u>

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

Balance, December 31, 2015		\$ 298,548
Increased by:		
Transfer from Appropriation Reserves- Terminal Leave	\$ 200,000	
Payments to Current Fund	<u>1,122</u>	
		<u>201,122</u>
		499,670
Decreased by:		
Interest on Deposits		<u>2,066</u>
Balance, December 31, 2016		\$ <u><u>497,604</u></u>

**BOROUGH OF TENAFLY
STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND - PAYROLL AGENCY**

Balance, December 31, 2015	\$	28,395
Increased by:		
Interest on Deposits		233
		28,628
Decreased by:		
Payments to Current Fund		173
		28,455
Balance, December 31, 2016	\$	28,455

EXHIBIT B-11

**STATEMENT OF ACCRUED SALARY AND WAGES
OTHER TRUST FUND**

Balance, December 31, 2015	\$	4,393
Increased by:		
Cash Receipts		7,284,573
		7,288,966
Decreased by:		
Cash Disbursements		7,284,573
		4,393
Balance, December 31, 2016	\$	4,393

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

Balance, December 31, 2015	\$ 15,874
Increased by:	
Cash Receipts	<u>5,248,606</u>
	5,264,480
Decreased by:	
Cash Disbursements	<u>5,251,691</u>
Balance, December 31, 2016	<u>\$ 12,789</u>

EXHIBIT B-13

**STATEMENT OF ESCROW DEPOSITS - CONSTRUCTION FEES
OTHER TRUST FUND**

Balance, December 31, 2015	\$ 384,613
Increased by:	
Cash Receipts	<u>152,735</u>
	537,348
Decreased by:	
Cash Disbursements	<u>202,082</u>
Balance, December 31, 2016	<u>\$ 335,266</u>

**BOROUGH OF TENAFLY
STATEMENT OF MISCELLANOUS RESERVES
OTHER TRUST FUND**

	Balance, <u>December 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance, <u>December 31, 2016</u>
Shade Tree Trust Fund	\$ 86,382	\$ 3,375	\$ 7,349	\$ 82,408
Hazmat Recovery	422			422
Safety Committee	6,676	1,500	2,608	5,568
Tree Bond	303,017	114,347	111,859	305,505
Street Opening	10,000	4,500	8,500	6,000
Tenafly Presents	25			25
Security Deposits/Refundable Deposits	11,330			11,330
Davis Johnson Park	15,070	106,638	6,902	114,806
Marriage License/Domestic Partners Trust	1,050	900	800	1,150
Burial Permits	1,825	90		1,915
Tax Title Lien Redemptions	6,696	454,675	454,675	6,696
Police Donations	4,582	28,085	18,337	14,330
State Training Fees	10,496	35,263	35,263	10,496
Home Rehabilitation Inspection Fee	50			50
Teen Center/Teen Camp	24,936	72,422	80,897	16,461
Public Defender Fees	2,300	200		2,500
Alcohol Education and Rehabilitation	18,107	1,632	1,300	18,439
Lost Money - Found	523	645	83	1,085
Tenafly Welcome	746		552	194
HPC	1,092	570	410	1,252
Donations Huyler Park Gazebo	17,918		14,900	3,018
Fire Penalty Fund	3,134	875		4,009
Uniform Construction Code Penalties	12,270	5,775		18,045
Donations All Abilities Playground	342			342
Snow Removal Trust	213,085		24,306	188,779
Parking Permit Trust	4,400	100		4,500
POAA	4,860	278	642	4,496
Premium on Tax Sale	1,121,508	122,200	506,800	736,908

**BOROUGH OF TENAFLY
STATEMENT OF MISCELLANOUS RESERVES (CONTINUED)
OTHER TRUST FUND**

	Balance, <u>December 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance, <u>December 31, 2016</u>
Planning Board / Board of Adjustment Fees	\$ 318,047	\$ 167,471	\$ 243,723	\$ 241,795
Reserve for Terminal Leave	721,879	200,000	87,969	833,910
Confiscated Funds	2,912			2,912
Municipal Alliance CCAP	12,494	10,985	8,764	14,715
Mayor's Wellness Campaign	490			490
Tenaflly Community Night	3,298	2,800	695	5,403
Police Outside Duty	4,349	82,005	71,285	15,069
Police Video Cameras	275	525		800
Business Improvement District	100,000	1,567	101,567	-
Environmental Trust		150	77	73
Borough "Events"	2,512	24,821	24,088	3,245
	<u>\$ 3,049,098</u>	<u>\$ 1,444,394</u>	<u>\$ 1,814,351</u>	<u>\$ 2,679,141</u>
Cash Receipts		\$ 1,244,394		
Due from Current Fund		200,000		
Cash Disbursements		-	\$ 1,814,351	
		<u>\$ 1,444,394</u>	<u>\$ 1,814,351</u>	

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

Balance, December 31, 2015	\$ 1,739,089
Increased by:	
Tax Levy - 2016	\$ 392,075
Added and Omitted Taxes	2,154
Interest Earned on Deposits	<u>3,465</u>
	<u>397,694</u>
	2,136,783
Decreased by:	
Cash Disbursements	<u>34,629</u>
Balance, December 31, 2016	<u>\$ 2,102,154</u>

**BOROUGH OF TENAFLY
STATEMENT OF RESERVE FOR AFFORDABLE HOUSING TRUST
OTHER TRUST FUND**

Balance, December 31, 2015	\$	2,005,021
Increased by:		
Cash Receipts		2,497,422
		4,502,443
Decreased by:		
Cash Disbursement		2,151,928
Balance, December 31, 2016	\$	2,350,515

**STATEMENT OF RESERVE FOR RECREATION EXPENDITURES
RECREATION ACTIVITIES TRUST FUND**

Balance, December 31, 2015	\$	204,668
Increased by:		
Cash Receipts		605,334
		810,002
Decreased by:		
Cash Disbursements		540,148
Balance, December 31, 2016	\$	269,854

**BOROUGH OF TENAFLY
STATEMENT OF DUE TO OTHER TRUST-PAYROLL
RECREATION ACTIVITIES TRUST FUND**

Balance, December 31, 2015	\$ <u>30</u>
Balance, December 31, 2016	\$ <u><u>30</u></u>

**STATEMENT OF DUE TO CURRENT FUND
RECREATION ACTIVITIES TRUST FUND**

Balance, December 31, 2015	\$ <u>125</u>
Balance, December 31, 2016	\$ <u><u>125</u></u>

GENERAL CAPITAL FUND

BOROUGH OF TENAFLY
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2015		\$ 1,223,832
Increased by Receipts:		
Interest Earnings	\$ 3,524	
Capital Improvement Fund	150,000	
Unfunded Grants Raised in the Current Fund Budget	53,486	
Bond Anticipation Note Proceeds	6,119,000	
Grant Receipts	<u>19,448</u>	
		<u>6,345,458</u>
		7,569,290
Decreased by Disbursements:		
Improvement Authorizations	548,570	
Contracts Payable	2,148,005	
Bond Anticipation Notes	<u>3,739,200</u>	
		<u>6,435,775</u>
Balance, December 31, 2016		<u>\$ 1,133,515</u>

BOROUGH OF TENAFLY
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

		Balance, December 31, <u>2016</u>
Fund Balance		\$ 71,869
Grant / Other Receivables		(808,488)
Contracts Payable		2,297,941
Due from Current Fund		(209,764)
Due from Municipal Open Space Trust Fund		(100,000)
Capital Improvement Fund		27,516
Excess Note Proceeds		9,957
Reserve for Debt Service		13,096
Improvement Authorizations:		
<u>Ord. No.</u>	<u>Description</u>	
96-08	Railroad Station Renovation	9,309
04-28	Restoration of the Tenafly Railroad Station	1,502
06-08	Road Resurfacing and Sidewalk Replacement Prog.	1,124
06-20	Supp. To Restoration of the Tenafly Railroad Station	1,709
08-15	Improvement to Engle Street Phase IV	711
08-23	Various Capital Improvements	5,044
11-07	Various Capital Improvements	3,676
12-05	Various Capital Improvements	92,993
12-08	Various Capital Improvements	1
12-09	Improvements to Columbus Drive	7,781
13-22	Basketball court improvements	1,449
13-27	Improvements to Froggy Park	4,547
13-11/13-14	Various Capital Improvements	70,598
14-08/14-12/15/13	Various Capital Improvements	347,645
15-06	Cooperative Ramp Program	31,219
15-08	Various Capital Improvements	401,051
16-07	Various Capital Improvements	(1,248,971)
16-11	Development of Sgt. Nicholas Oresko Memorial Park	100,000
		<u>\$ 1,133,515</u>

**BOROUGH OF TENAFLY
SCHEDULE OF GRANT / OTHER RECEIVABLES
GENERAL CAPITAL FUND**

	<u>Pledged</u>	<u>Balance, December 31, 2015</u>	<u>Grants Awards</u>	<u>Collected</u>	<u>Cancellation</u>	<u>Funded by Budget Appropriation</u>	<u>Balance, December 31, 2016</u>
<u>New Jersey Transportation Trust Fund:</u>							
Ord. 09-17 - Improvement to Engle Street Ph. 5	Ord.	\$ 14,877				\$ 14,877	
Ord. 13-11 Road Improvements	Ord.	36,625				36,625	
Ord. 14-12 Road Resurfacing	Ord.	1,984				1,984	
Ord. 15-08 Road Improvements	Ord.	149,000		-			\$ 149,000
Ord. 16-07 Road Resurfacing	Ord.	-	\$ 149,000	-	-	-	149,000
		<u>202,486</u>	<u>149,000</u>	<u>-</u>	<u>-</u>	<u>53,486</u>	<u>298,000</u>
<u>Bergen County/County Open Space Trust</u>							
Ord. 07-24 - Phase I Improvements to Huyler Park	Reserve	9,941					9,941
Ord. 09-21 - Drainage Improvements	Reserve	119,000					119,000
Ord. 10-08 - Improvements to Davis-Johnson Park	Ord.	84,313			\$ 483		83,830
Ord. 13-22 Basketball Court Improvements	Ord.	11,886					11,886
Ord. 13-27 Improvements to Froggy Park	Ord.	47,750					47,750
Ord. 15-06 Cooperative Curb Ramp Program	Ord.	139,247		\$ 3,800			135,447
Ord. 15-09 Improvements to Griffin Park	Ord.	46,000		46,000			-
Ord. 16-07 Upper Portion of Griffin Park	Ord.		49,000				49,000
Ord. 16-07 Roosevelt Common Tennis Court Lighting	Ord.		63,075				63,075
Ord. 16-07 Johnson Park Handicapped Access Ramp	Ord.	-	19,500	-	-	-	19,500
		<u>458,137</u>	<u>131,575</u>	<u>49,800</u>	<u>483</u>	<u>-</u>	<u>539,429</u>
<u>Due from Tenafly Chamber of Commerce</u>							
Ord. 07-24 - Phase I Improvements Huyler Park	Reserve	15,900	-	-	-	-	15,900
<u>State of New Jersey Office of Emergency Management</u>							
Ord. #15-13 Purchase of Generators	Ord.	100,000	-	-	-	-	100,000
<u>Bergen County Community Development</u>							
Ord. 07-23 - Construct Barrier Free Doors	Reserve	2,890					2,890
Ord. 08-23(e) - Construction Barrier Free Doors	Reserve	5,300		5,300			-
		<u>8,190</u>	<u>-</u>	<u>5,300</u>	<u>-</u>	<u>-</u>	<u>2,890</u>
		<u>\$ 784,713</u>	<u>\$ 280,575</u>	<u>\$ 55,100</u>	<u>\$ 483</u>	<u>\$ 53,486</u>	<u>\$ 956,219</u>
				Cash Receipts		\$ 9,100	
				Due from Current Fund		46,000	
						<u>\$ 55,100</u>	
					<u>Analysis of Balance</u>		
				Offset by Reserve:			
				Ord. 07-23	\$	2,890	
				Ord. 07-24		25,841	
				Ord. 09-21		<u>119,000</u>	
					\$		147,731
				Unfunded			<u>808,488</u>
							<u>\$ 956,219</u>

BOROUGH OF TENAFLY
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2015		\$ 14,686,286
Decreased by:		
Budget Appropriations to Pay Bonds	2,390,000	
Open Space Trust Fund to Pay Green Acres Loan	<u>34,286</u>	
		<u>2,424,286</u>
Balance, December 31, 2016		<u>\$ 12,262,000</u>

**BOROUGH OF TENAFLY
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION- UNFUNDED**

Analysis of Balance
December 31, 2016

Ord. No.	<u>Improvement Description</u>	Balance, December 31, 2015	2016 Authorizations	Grant Proceeds	Cancellation	Balance, December 31, 2016	Bond Anticipation Note	Expended	Unexpended Improvement Authorizations
13-11/13-14	Various Capital Improvements	\$ 1,812,292				\$ 1,812,292	\$ 1,812,292		
14-08/14-12	Various Capital Improvements	1,809,391		\$ 10,348		1,799,043	1,799,043		
15-02	Supplemental to #14-08 New Public Works Bldg	1,069,908				1,069,908	1,069,908		
15-08	Various Capital Improvements	1,380,300				1,380,300	1,380,300		
16-02	Supplemental to #14-08 New Public Works Bldg		\$ 47,500			47,500	47,500		
16-07	Various Capital Improvements	-	2,407,000	-	-	2,407,000	-	\$ 1,248,971	\$ 1,158,029
		<u>\$ 6,071,891</u>	<u>\$ 2,454,500</u>	<u>\$ 10,348</u>	<u>\$ -</u>	<u>\$ 8,516,043</u>	<u>\$ 6,109,043</u>	<u>1,248,971</u>	<u>\$ 1,158,029</u>
							Bond Anticipation Notes		
							Less: Excess Note Proceeds		
							Ord.# 14-08/14-12	9,957	
							<u>\$ 6,109,043</u>		
							Improvement Authorizations- Unfunded		\$ 1,977,323
							Less- Unexpended Bond Anticipation Note Proceeds		
							Ord. # 13-11/13-14		70,598
							Ord. #14-08/14-12		347,645
							Ord. #15-08		<u>401,051</u>
									<u>\$ 1,158,029</u>

**BOROUGH OF TENAFLY
STATEMENT OF GENERAL SERIAL BONDS**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2016</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2015</u>	<u>Decreased</u>	<u>Balance, December 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
2005 General Improvement Bonds	11-01-05	\$ 6,562,000	11-01-2017	\$ 822,000	3.700%	\$ 1,562,000	\$ 740,000	\$ 822,000
2007 General Improvement Bonds	12-01-07	8,614,000	12/1/2017	1,050,000	3.875%	2,000,000	950,000	1,050,000
			12/1/2018	1,150,000	3.875%			
			12/1/2019	1,200,000	3.875%			
			12/1/2020	1,225,000	3.875%			
			12/1/2021	1,265,000	4.000%			
			12/1/2022	1,274,000	4.000%			
2012 General Improvement Bonds	10/1/2012	6,260,000	10-01-2017	700,000	1.000%	5,135,000	700,000	4,435,000
			10-01-2018	735,000	1.000%			
			10-01-2019-2022	750,000	375%-2.00%			
2015 General Improvement Refunding Bonds	12/2/2015	5,955,000	12/1/2018	1,130,000	3.000%	5,955,000	-	5,955,000
			12/1/2019	1,165,000	4.000%			
			12/1/2020	1,190,000	4.000%			
			12/1/2021	1,230,000	4.000%			
			12/1/2022	1,240,000	4.000%			
						<u>\$14,652,000</u>	<u>\$ 2,390,000</u>	<u>\$ 12,262,000</u>
						Budget Appropriation	<u>\$ 2,390,000</u>	

**BOROUGH OF TENAFLY
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2015		2016 Authorizations	Payable Cancelled	Canceled	Paid or Charged	Balance, December 31, 2016	
				Funded	Unfunded					Funded	Unfunded
92-06/96-08	Railroad Station Renovation	04-23-96	\$ 55,000	\$ 10,219					\$ 910	\$ 9,309	
01-08	Rehabilitation of Athletic Fields	05-08-01	190,000	1,926					1,926		
04-08	Construction of Tenakill Bikeway/Walkway	04-27-04	120,000	670			\$ 670				
04-18	Various Capital Improvements	07-13-04	590,000	981				296	685		
04-28	Restoration of the Tenafly Railroad Station	10-26-04	188,000	1,502							1,502
06-08	Road Resurfacing and Sidewalk Replacement Prog.	04-11-06	320,000	1,998					874		1,124
06-20	Supp. To Restoration of the Tenafly Railroad Station	08-08-06	217,500	1,709							1,709
06-27	Improvement to Municipal Center Athletic Fields	09-26-06	215,600	2,017				2,017			
08-15	Improvement to Engle Street Phase IV	05-27-08	110,000	711							711
08-23	Various Capital Improvements	10-14-08	343,400	5,044							5,044
09-09	Annual Road Resurfacing Program	11-27-08	353,500	1,493					1,493		
09-22	Various Capital Improvements	09-08-09	367,000	21				21			
10-08	Improvements to Davis-Johnson Park	03-09-10	171,300	7			\$ 9,006	7	9,006		
10-09	Improvements to Davis-Johnson Park	03-09-10	24,757	476				476			
10-10	Improvements to Walnut Park	03-09-10	177,654	1,041			3,500	4,541			
10-22	Various Capital Improvements	07-13-10	1,251,000	251				251			
11-07	Various Capital Improvements	06-21-11	794,500	3,676							3,676
12-05	Various Capital Improvements	4/10/12	1,057,154	92,799			194				92,993
12-08	Various Capital Improvements- Re-Appropriate	6/19/12	188,861	1			10,365		10,365		1
12-09	Improvements to Columbus Drive	6/19/12	150,000	7,781							7,781
13-11/13-14/15-07	Various Capital Improvements	4/30/13-4/28/15	2,437,100	56,836	\$ 63,905		54,398		104,541		\$ 70,598
13-22	Basketball Court Improvements	9/24/13	85,550	1,449							1,449
13-27	Improvements to Froggy Park	11/26/13	106,902	4,547							4,547
14-08/14-12/15/13	Various Capital Improvements	4/29/14-5/27/14	2,068,122			446,109	494,894		593,358		347,645
15-01/15-02	Construction of DPW Building	2/24/15	1,665,573				351,586		351,586		
15-06	Cooperative Curb Ramp Program	4/28/15	139,247	35,712					4,493		31,219
15-08	Various Capital Improvements	4/28/15	1,601,113			477,564			76,513		401,051
15-09	Improvements to Griffin Park	7/13/15	100,500	220			7,666	220	7,666		
16-02	Supplemental to #14-08 New Public Works Bldg	1/26/16	50,000				\$ 50,000		50,000		
16-07	Various Capital Improvements	4/12/16	2,808,624			2,808,624			1,650,595		1,158,029
16-11	Development of Sgt. Nicholas Oresko Memorial Park	7/11/16	100,000			100,000					
				\$ 233,087	\$ 987,578	\$ 2,958,624	\$ 931,609	\$ 8,499	\$ 2,864,011	\$ 261,065	\$ 1,977,323
				Capital Improvement Fund		\$ 123,549					
				Deferred Charges Unfunded		2,454,500					
				Municipal Open Space Trust		100,000					
				Bergen County Grant		112,075					
				Bergen County- CDBG		19,500					
				NJ Dept. of Transportation		149,000					
						\$ 2,958,624					
								Cash Disbursements	\$ 548,570		
								Due to Current fund	17,500		
								Contracts Payable	2,297,941		
									\$ 2,864,011		

**BOROUGH OF TENAFLY
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2015	\$ 1,065
Increased by:	
Budget Appropriation	<u>150,000</u>
	151,065
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>123,549</u>
Balance, December 31, 2016	<u>\$ 27,516</u>

STATEMENT OF DUE FROM CURRENT FUND

Balance, December 31, 2015	\$ 195,588
Increased by:	
Grant Proceeds Deposited in Current Fund	<u>46,000</u>
	241,588
Decreased by:	
Interest Earnings	\$ 3,524
Payments made by Current Fund on Behalf of General Capital Fund	17,500
Reserve for Payment of Debt Service- Realized as	
Current Fund Budgeted Revenue	<u>10,800</u>
	<u>31,824</u>
Balance, December 31, 2016	<u>\$ 209,764</u>

**BOROUGH OF TENAFLY
STATEMENT OF RESERVE FOR DEBT SERVICE**

Balance, December 31, 2015		\$	10,800
Increased by:			
Cancellation of Improvement Authorizations		\$	7,796
Grant Proceeds			<u>5,300</u>
			<u>13,096</u>
Decreased by:			
Realized as Current Fund Budgeted Revenue			<u>10,800</u>
			23,896
Balance, December 31, 2016		\$	<u><u>13,096</u></u>

Analysis of Balance

Ordinance #04-08		\$	670
Ordinance #04-18			296
Ordinance #06-27			2,017
Ordinance #08-23			5,300
Ordinance #09-22			21
Ordinance #10-10			4,541
Ordinance #10-22			<u>251</u>
		\$	<u><u>13,096</u></u>

**BOROUGH OF TENAFLY
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2015		\$ 3,079,614
Increased by:		
Contract Awards		<u>2,297,941</u>
		5,377,555
Decreased by:		
Payments	\$ 2,148,005	
Contract Payable Cancelled	<u>931,609</u>	
		<u>3,079,614</u>
Balance, December 31, 2016		<u>\$ 2,297,941</u>

STATEMENT OF DUE FROM MUNICIPAL OPEN SPACE TRUST FUND

Increased by:		
Appropriated to Finance Improvement Authorization #16-11		<u>\$ 100,000</u>
Balance, December 31, 2016		<u>\$ 100,000</u>

**BOROUGH OF TENAFLY
STATEMENT OF BOND ANTICIPATION NOTES**

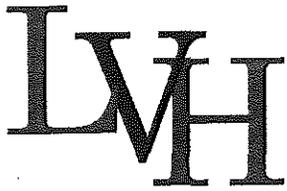
<u>Ord. #</u>	<u>Improvement Description</u>	<u>Date of Original Date</u>	<u>Amount of Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2016</u>
13-11/13-14/15-02	Various Capital Improvements	5/15/2014	\$ 1,930,200	5/14/2015 5/12/2016	5/13/2016 5/12/2017	1.50 % 0.93	\$ 1,930,200	\$ 1,930,200	\$ 1,930,200	\$ 1,930,200
14-08	Various Capital Improvements	7/15/2015	1,809,000	7/15/2015 7/15/2016	7/15/2016 5/12/2017	0.55 0.90	1,809,000	- 1,809,000	1,809,000	1,809,000
15/02/16/02	Supplemental for Public Works Bldg.	5/12/2016	999,500	5/12/2016	5/12/2017	0.93		999,500		999,500
15-08	Various Capital Improvements	5/12/2016	1,380,300	5/12/2016	5/12/2017	0.93	-	1,380,300	-	1,380,300
							<u>\$ 3,739,200</u>	<u>\$ 6,119,000</u>	<u>\$ 3,739,200</u>	<u>\$ 6,119,000</u>
						Renewals Issued for Cash		\$ 3,739,200 2,379,800	\$ 3,739,200 -	
							<u>\$ 6,119,000</u>	<u>3,739,200</u>		

BOROUGH OF TENAFLY
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2015</u>	2016 <u>Authorizations</u>	Bond Anticipation Notes <u>Issued</u>	Grant <u>Proceeds</u>	Balance, December 31, <u>2016</u>
<u>General Improvements</u>						
14-08/14-12	Various Capital Improvements	\$ 391			\$ 391	
15-02	Supplemental to #14-08 New Public Works Bldg	952,000		\$ 952,000		
15-08	Various Capital Improvements	1,380,300		1,380,300		
16-02	Supplemental to #14-08 New Public Works Bldg		\$ 47,500	47,500		
16-07	Various Capital Improvements	-	2,407,000	-	-	\$ 2,407,000
		<u>\$ 2,332,691</u>	<u>\$ 2,454,500</u>	<u>\$ 2,379,800</u>	<u>\$ 391</u>	<u>\$ 2,407,000</u>

BOROUGH OF TENAFLY
COUNTY OF BERGEN, NEW JERSEY

PART II
GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS. LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Tenafly
Tenafly, 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 Tenafly as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2017. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

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

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

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

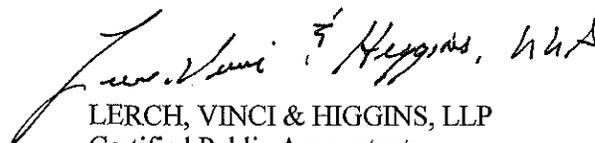
Compliance and Other Matters

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

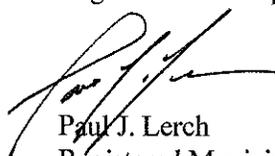
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Tenafly in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Tenafly'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 Tenafly's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
June 29, 2017

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

<u>Federal Grant Program</u>	<u>Grant Year</u>	<u>CFDA Number</u>	<u>Award Amount</u>	<u>2016 Grant Receipts</u>	<u>Balance December 31, 2015</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance December 31, 2016</u>	*	<u>(Memo) Cumulative Expenditures</u>
<u>Department of Housing and Urban Development</u>										
Pass Through the County of Bergen- Community Development										
Block Grants										
Construction of Barrier Free Doors	2011	14.218	\$ 14,000	\$ 5,300	\$ 3,976		\$ 3,976		*	\$ 14,000
<u>Division of Highway Safety- Occupant Protection Incentive</u>										
Click-it or Ticket										
	2014		3,955		48			\$ 48	*	3,907
	2016		4,000	5,000		\$ 4,000	4,000		*	4,000
<u>U.S. Department of Justice</u>										
Bulletproof Vest Partnership Program										
	2016	16.607	1,750	2,625	-	1,750	\$ 1,750	-	*	1,750
					<u>\$ 4,024</u>	<u>\$ 5,750</u>	<u>\$ 9,726</u>	<u>\$ 48</u>	*	

Note: This schedule was not subject to an audit in accordance with Federal Uniform Guidance.

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

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2016 Grant Receipts</u>	<u>Balance, December 31, 2015</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2016</u>	*	<u>(Memo) Cumulative Expended</u>
<u>Division of Criminal Justice</u>											
Body Armor Grant	120-718-066-1020-001	2014	\$ 4,382		\$ 3,895		\$ 3,895			*	\$ 4,382
		2015	3,368		3,368		3,368		-	*	3,368
		2016	3,363	\$ 3,227		\$ 3,363	1,995		\$ 1,368	*	1,995
<u>Division of Motor Vehicles</u>											
Drunk Driving Enforcement Fund	1110-448-031020-220040	2014	2,569		1,889		1,889		-	*	2,569
		2015	1,630		1,630		1,630		-	*	1,630
		2016		6,079					-	*	
<u>Department of Environmental Protection</u>											
Clean Communities Program	4900-765-004-2011	2015	24,145	29,342	3,287		3,287		-	*	29,342
		2016	29,342	33,551		29,342	17,321		12,021	*	17,321
Recycling Tonnage Grant	4900-752-001-2012	2014	35,387		23,603		15,062		8,541	*	26,846
		2015	41,227		41,227				41,227	*	
		2016	20,647	20,647		20,647	-		20,647	*	
Green Communities	N/A	2012	3,000	3,000	3,000				3,000	*	
<u>Pass Thru - Bergen County</u>											
Municipal Alliance on Alcoholism and Drug Abuse	Not Available	2011	10,000		7,982				7,982	*	2,018
		2012	10,000		10,000				10,000	*	
		2013	9,876		9,876				9,876	*	
		2014	4,938		4,938				4,938	*	
		2015	4,938		4,938				4,938	*	
		2016	4,938		4,938				4,938	*	
<u>State and Highway Projects- Highway Planning and Construction</u>											
NJ Department of Transportation Ord. #16-07	20-205-60	2016	149,000		-	149,000	149,000		-	*	149,000
					<u>\$ 124,571</u>	<u>\$ 202,352</u>	<u>\$ 197,447</u>	<u>\$ -</u>	<u>\$ 129,476</u>	*	

Note: This schedule was not subject to an audit in accordance with NJ OMB Circular 15.08.

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

**BOROUGH OF TENAFLY
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2016**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Tenafly. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 5,750	\$ 53,352	\$ 59,102
General Capital Fund	-	149,000	149,000
	<u>\$ 5,750</u>	<u>\$ 202,352</u>	<u>\$ 208,102</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

NOTE 5 DE MINIMIS INDIRECT COST RATE

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

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

Part 2 – Schedule of Financial Statement Findings

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 TENAFLY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Part 3 – Schedule of Federal and State Award Findings and Responses

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

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

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

There were none.

**BOROUGH OF TENAFLY
BERGEN COUNTY, NEW JERSEY**

PART III

**SUPPLEMENTARY DATA
LETTER OF COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

**BOROUGH OF TENAFLY
SUPPLEMENTARY DATA**

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

	<u>Year 2016</u>		<u>Year 2015</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,750,000	1.70 %	\$ 1,668,000	1.68 %
Miscellaneous - From Other Than Local				
Property Tax Levies	3,097,252	3.02	3,135,301	3.15
Collection of Delinquent Taxes and Tax Title Liens	558,170	0.54	602,245	0.60
Collection of Current Tax Levy	96,645,590	94.09	93,525,859	93.92
Other Credits	663,751	0.65	650,564	0.65
	<u>102,714,763</u>	<u>100.00 %</u>	<u>99,581,969</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	26,564,073	26.40 %	26,123,800	26.76 %
County Taxes	10,950,548	10.88	10,258,101	10.51
Local District School Taxes	62,722,401	62.33	60,848,748	62.33
Municipal Open Space Taxes	394,229	0.39	390,733	0.40
Other Expenditures	1,833	0.00	-	-
	<u>100,633,084</u>	<u>100.00 %</u>	<u>97,621,382</u>	<u>100.00 %</u>
Excess to Fund Balance	2,081,679		1,960,587	
Fund Balance, January 1	<u>3,729,376</u>		<u>3,436,789</u>	
	5,811,055		5,397,376	
Less Utilization as Anticipated Revenue	<u>1,750,000</u>		<u>1,668,000</u>	
Fund Balance, December 31	<u>\$ 4,061,055</u>		<u>\$ 3,729,376</u>	

**BOROUGH OF TENAFLY
SUPPLEMENTARY DATA**

Comparative Schedule Of Fund Balances

	<u>Year</u>	<u>Balance, December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>	2016	\$ 4,061,055	\$ 1,900,000
	2015	3,729,376	1,750,000
	2014	3,436,789	1,668,000

Comparative Schedule Of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	<u>\$ 2.473</u>	<u>\$ 2.418</u>	<u>\$ 2.373</u>

Apportionment of Tax Rate

Municipal (Including Municipal Library)	\$ 0.585	\$ 0.578	\$ 0.575
Municipal Open Space	0.010	0.010	0.005
County (Including Open Space)	0.278	0.263	0.254
Local School	1.600	1.567	1.539

Assessed Valuation

2016	<u>\$3,920,745,000</u>
2015	<u>\$3,882,419,347</u>
2014	<u>\$3,863,592,020</u>

**BOROUGH OF TENAFLY
SUPPLEMENTARY DATA**

Comparison Of Levies And Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2016	\$ 97,492,546	\$ 96,645,590	99.13%
2015	94,470,750	93,725,859	99.21%
2014	92,123,724	91,297,120	99.10%

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</u>	<u>Percentage of Tax Levy</u>
2016	\$ 887	\$ 693,143	\$ 694,030	0.71%
2015	887	634,074	634,961	0.67%
2014	887	680,166	681,053	0.74%

**BOROUGH OF TENAFLY
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Peter S. Rustin	Mayor	None
Shama Haider	Council member	None
Anthony Barzelatto	Council member	None
Daniel Park	Council member	None
Maxim Basch	Council member	None
Mark Zinna	Council member	None
Paul Stefanowicz	Council member	None
Lisette Aportela	Borough Clerk	None
Jewel Thompson-Chin	Borough Administrator	None
Susan Corrado	Chief Financial Officer/Treasurer	\$ 1,000,000
C. Anne Doyle 1/1/16-9/30/16	Tax Collector/Tax Search Officer	1,000,000
Colleen Ennis- 10/1/16-12/31/16	Tax Collector/Tax Search Officer	1,000,000
William R. McClure	Attorney	None
Allen M. Bell	Municipal Court Judge	1,000,000
Dawn Curatola	Municipal Court Administrator	1,000,000
Robert Byrnes	Construction Code Official	None
Carol C. Byrne	Assessor	None
Kathy Soule	Deputy Treasurer	None

**BOROUGH OF TENAFLY
LETTER OF COMMENTS AND RECOMMENDATION**

GENERAL COMMENTS

Prior Year Comments Unresolved

Our audit of the General Capital Fund Improvement Authorization Ledger revealed that there are numerous ordinance balances that are more than five years old; efforts have been made during 2016 to cancel improvement authorizations with completed projects. It is recommended that continued efforts be maintained to cancel completed General Capital Fund ordinance balances by resolution.

Our audit of the payroll salaries revealed that the salary ordinance lists a range of salaries and the Administrative Employees Bargaining Unit contract does not contain a salary schedule. We were unable to determine correct base salaries for the various employees selected in our sample. It is recommended that the Borough prepare a supplemental resolution identifying all individual's exact salary governed by the salary ordinance. In addition, a supplemental salary schedule should be included in the Administrative Employees Bargaining Unit contract.

Our audit of the cash disbursement/purchasing cycle revealed that purchase orders are issued after the goods and/or services have been received and/or rendered. It is recommended that purchase orders be issued prior to the order being placed for the goods and/or services.

Current Year Comments

There was a capital ordinance that was adopted for a Borough Park Project that was not recorded on the Borough's Improvement Authorization Ledger. The financial statements have been adjusted to reflect this ordinance. It is recommended that the Improvement Authorization Ledger is updated for all adopted capital ordinances.

Our audit of the Other Trust Fund Reserves revealed that there are several reserves that don't have approved dedication by riders. It is recommended that dedication by riders be established for all Trust Fund reserves.

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 therefore, 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 \$40,000, except by contract or agreement".

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

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

Mack Dump Truck	Maintenance and Repair of Traffic Signals
Repair and Maintenance of Police Vehicles	Roosevelt Commons Tennis Court Lighting
2016 Road Resurfacing Project	Project
Davis Johnson Park ADA Ramp	Senior Mini bus

**BOROUGH OF TENAFLY
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS (Continued)

Contracts and Agreements Required To Be Advertised For NJS 40a:11-4 (Continued)

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 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 did reveal an exception (see general comment) for any individual payments, contracts or agreements in excess of \$40,000 effective July 1, 2015 other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body adopted the following resolution authorizing interest to be charged on delinquent taxes:

“BE IT RESOLVED, by the Mayor and Council of the Borough of Tenafly that the rate of interest to be charged for the non-payment of taxes or assessments shall be 8% per annum on the first \$1,500 of any delinquency and eighteen (18%) percent on any amount in excess of \$1,500. There should be a grace period of ten days as permitted by the State Statutes.”

It appears from an examination of the collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The date of the last tax sale was October 28, 2016.

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2016	1
2015	1
2014	1

**BOROUGH OF TENAFLY
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. Continued efforts be maintained to cancel completed General Capital Fund ordinance balances.
- * 2. The Borough prepare a supplemental resolution identifying all individual's exact salary governed by the salary ordinance. In addition, a supplemental salary schedule should be included in the Administrative Employees Bargaining Unit contract.
- * 3. Purchase orders be issued prior to the order being placed for the goods and/or services.
- 4. The Improvement Authorization Ledger is updated for all adopted capital ordinances.
- 5. Dedication by riders be established for all Trust Fund reserves.

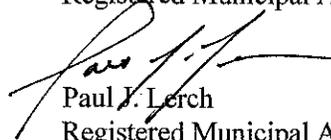
A review was performed on all prior year's recommendations and corrective action has been taken on all, except those marked with an asterisk (*).

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 or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457