

**BOROUGH OF TENAFLY**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**BOROUGH OF TENAFLY**

**BERGEN COUNTY**

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**

**FOR THE YEAR ENDED DECEMBER 31, 2018**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Borough Council  
Borough of 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, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of 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, 2018 and 2017, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

The notes to the Borough of Tenafly’s financial statements do not disclose the other post employment benefit obligations related to post-retirement medical benefits provided to its eligible retirees and their dependents as required by Government Accounting Standards Board Statement No.75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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, 2018 and 2017. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 9 percent and 10 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2018 and 2017.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the omission of the 2018 note disclosures regarding the other post-employment benefit obligations and 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, 2018 and 2017, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2018 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

**Other Matters**

**Other Information**

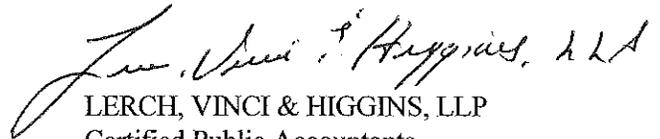
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Tenafly as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary 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 17, 2019 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 the effectiveness of the Borough of Tenafly's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of 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 17, 2019

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

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Cash	A-4	\$ 9,514,903	\$ 26,343,418
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	642	1,083
Grants Receivable	A-12	13,898	16,119
		<u>9,538,554</u>	<u>26,369,731</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	584,740	724,525
Tax Title Lien Receivable	A-10	887	887
Property Acquired for Taxes - Assessed Valuation	A-9	18,200	18,200
Due From Other Trust Fund	B-20	130	130
Due From Animal Control Fund	B-6		36
Due From Recreation Activities Trust Fund	B-19		818
Due From Other Trust Fund - Payroll Agency	B-10	-	28,455
		<u>603,957</u>	<u>773,051</u>
Total Assets		<u>\$ 10,142,511</u>	<u>\$ 27,142,782</u>

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

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 1,060,055	\$ 1,440,780
Encumbrances Payable	A-14	654,203	696,339
Accounts Payable	A-21	3,777	6,500
Due to Unemployment Trust Fund	B-8		8
Due to Other Trust Fund	B-9	56,069	601,763
Due to General Capital Fund	C-10		184,629
Prepaid Taxes	A-15	829,484	17,345,219
Tax Overpayments	A-20	156,831	130,108
County Taxes Payable	A-18	57,686	114,231
Appropriated Reserve for Grants	A-22	169,511	137,182
Unappropriated Reserve for Grants	A-23	35,713	58,650
Miscellaneous Reserves	A-24	<u>1,210,586</u>	<u>983,283</u>
		4,233,915	21,698,692
Reserve for Receivables	A	603,957	773,051
Fund Balance	A-1	<u>5,304,639</u>	<u>4,671,039</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,142,511</u>	<u>\$ 27,142,782</u>

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

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 2,100,000	\$ 1,900,000
Miscellaneous Revenues Anticipated	A-2	3,392,201	3,210,712
Receipts from Delinquent Taxes	A-2	690,428	743,785
Receipts from Current Taxes	A-2	100,640,558	99,287,115
Non-Budget Revenues	A-2	214,459	103,450
Other Credits to Income			
Interfunds Returned- Net	A	29,309	
Cancel Prior Year Accounts Payable	A-21	310	
Unexpended Balance of Appropriation Reserves	A-13	<u>774,060</u>	<u>774,994</u>
			-
Total Revenues and Other Income		<u>107,841,325</u>	<u>106,020,056</u>
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	10,761,940	10,545,578
Other Expenses	A-3	11,212,648	11,182,669
Capital Improvements	A-3	175,000	150,000
Municipal Debt Service	A-3	2,917,093	3,084,987
Deferred Charges and Statutory Expenditures	A-3	2,700,590	2,288,224
Local District School Tax	A-16	65,721,196	64,304,678
County Taxes including Added Taxes	A-17, A-18	11,214,513	11,550,736
Municipal Open Space Taxes incl/Added Taxes	A-19	401,245	398,944
Prior Year Senior Discount Disallowed	A-7	3,500	3,433
Interfunds Advanced - Net	A	<u>-</u>	<u>823</u>
			-
Total Expenditures		<u>105,107,725</u>	<u>103,510,072</u>
			-
Excess in Revenue		2,733,600	2,509,984
			-
Fund Balance, January 1	A	<u>4,671,039</u>	<u>4,061,055</u>
			-
		7,404,639	6,571,039
Decreased by:			-
Utilization as Anticipated Revenues	A-1	<u>2,100,000</u>	<u>1,900,000</u>
			-
Fund Balance, December 31,	A	<u>\$ 5,304,639</u>	<u>\$ 4,671,039</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, 2018**

	Reference	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 2,100,000	-	\$ 2,100,000	-
<b>MISCELLANEOUS REVENUES</b>					
Licenses					
Alcoholic Beverages	A-11	25,000		27,300	\$ 2,300
Other	A-2	16,000		18,250	2,250
Fees and Permits					
Other	A-2	110,000		127,183	17,183
Fines and Costs					
Municipal Court	A-11	115,000		209,464	94,464
Interest and Costs on Taxes	A-11	190,000		158,479	(31,521)
Interest on Investments	A-2	70,000		440,616	370,616
Rental of Borough Owned Property	A-11	70,000		72,080	2,080
Use of Sewer System Agreements	A-11	25,000		30,553	5,553
Borough Operated Alarm Systems	A-11	55,000		58,580	3,580
Energy Receipts Taxes	A-11	1,119,801		1,119,801	-
Uniform Construction Code Fees	A-11	590,000		486,069	(103,931)
State and Federal Grants Offset with Appropriations-					
Recycling Tonnage Grant-Reserve	A-23	23,115		23,115	-
Municipal Alliance on Alcoholism and Drug Abuse	A-12	4,938		4,938	-
Body Armor Fund - Reserve	A-23	3,232		3,232	-
Clean Communities- Reserve	A-23	28,504		28,504	-
DOJ- Bullet Proof Vest	A-12		\$ 2,740	2,740	-
DDEF- Reserve	A-23	3,799		3,799	-
Uniform Fire Safety Act	A-11	12,000		18,288	6,288
Cable TV Franchise Fee	A-11	200,000		200,169	169
Hotel Occupancy Fee (P.L. 2003, c.114)	A-11	95,000		95,787	787
Reserve for Payment of Debt Service	C-11	65,527		65,527	-
Sewer Charges - Tax Exempt Properties	A-11	25,000		23,947	(1,053)
Payment in Lieu of Taxes - Tenafly House	A-11	16,000		20,882	4,882
Cell Tower/Monopole Lease	A-11	130,000		152,898	22,898
Total Miscellaneous Revenues	A-1	2,992,916	2,740	3,392,201	396,545
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	590,000	-	690,428	100,428
<b>AMOUNT TO BE RAISED BY TAXATION:</b>					
Local Tax for Municipal Purposes		22,251,179		23,473,168	1,221,989
Minimum Library Tax		1,505,436		1,505,436	-
Total Amount to be Raised by Taxation	A-2	23,756,615	-	24,978,604	1,221,989
Total General Revenues		\$ 29,439,531	\$ 2,740	31,161,233	\$ 1,718,962
Non-Budget Revenues	A-1,A-2			214,459	
				\$ 31,375,692	

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, 2018**

	<u>Reference</u>	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-8	\$ 100,785,558
Less: Transfer to Reserve for Tax Appeals	A-24	<u>145,000</u>
		100,640,558
Less: Allocated to School, County Taxes and Open Space	A-1 A-16,A-17,A-18, A-19	<u>77,336,954</u>
		1,675,000
Add: Reserve for Uncollected Taxes	A-3	<u>1,675,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 24,978,604</u>
Licenses		
Clerk	A-11	\$ 11,555
Board of Health	A-11	<u>6,695</u>
	A-2	<u>\$ 18,250</u>
Fees and Permits		
Clerk	A-11	\$ 17,433
Police	A-11	2,978
Board of Health	A-11	2,377
Tax Department	A-11	311
Finance-Admin	A-11	33,142
Fire Prevention	A-11	27,868
Construction Code- Miscellaneous	A-11	30,158
Board of Adjustment/Planning Board	A-11	<u>12,916</u>
	A-2	<u>\$ 127,183</u>
Interest on Investments and Deposits		
Cash Receipts	A-11	\$ 348,961
Due from General Capital	C-10	51,604
Due from Animal Control Fund	B-6	761
Due from Other Trust Fund	B-9	25,130
Due from Recreation Trust Fund	B-19	9,932
Due from Other Trust Fund- Escrow	B-20	1,673
Due from Other Trust- Payroll	B-10	<u>2,555</u>
	A-2	<u>\$ 440,616</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, 2018**

	<u>Reference</u>	
Non-Budget Revenue		
Recycling Cardboard/Miscellaneous		\$ 21,223
Returned Check Fee		760
Tax Title Lien Premium- Forfeiture		176,633
Other		<u>15,843</u>
	A-2,A-4	<u>\$ 214,459</u>

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

	<u>2018 Appropriated</u>		<u>2018 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS"					
General Government					
Administrative and Executive					
Salaries and Wages					
Administrator's Office	\$ 294,989	\$ 281,489	\$ 266,377	\$ 15,112	
Borough Clerk's Office	214,901	219,305	219,305	-	
Other Expenses					
Administrator's Office	165,297	165,303	165,303	-	
Borough Clerk's Office	51,850	51,850	42,041	9,809	
Postage	27,500	27,500	18,766	8,734	
Photocopy Expense	9,000	9,000	6,968	2,032	
Mayor and Council					
Salaries and Wages	26,000	26,000	23,750	2,250	
Other Expenses	7,000	7,000	6,505	495	
Elections					
Salaries and Wages	9,000	8,000	7,707	293	
Other Expenses	18,500	19,000	18,998	2	
Financial Administration					
Salaries and Wages	218,450	221,123	221,123	-	
Audit/Other Expenses	72,100	72,100	57,208	14,892	
Revenue Administration					
Salaries and Wages	134,240	134,240	125,142	9,098	
Other Expenses	42,133	39,383	32,099	7,284	
Assessment of Taxes					
Salaries and Wages	157,251	157,251	155,840	1,411	
Other Expenses	21,490	19,490	15,641	3,849	
Legal Services and Costs					
Other Expenses	161,500	132,584	54,852	77,732	
Engineering Services and Costs					
Other Expenses	35,000	64,798	64,798	-	
Historic Preservation Commission					
Other Expenses	11,040	11,040	10,801	239	
Municipal Land Use Law:					
Planning Board					
Salaries and Wages	3,500	3,656	3,656	-	
Other Expenses	40,625	40,469	22,521	17,948	
Zoning Board of Adjustment					
Salaries and Wages	1,500	1,500		1,500	
Other Expenses	36,540	36,540	32,742	3,798	
Insurance					
Liability	396,586	404,560	404,560	-	
Surety Bond Premiums	2,250	-	-	-	

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, 2018**

	<u>2018 Appropriated</u>		<u>2018 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	\$ 307,865	\$ 313,175	\$ 313,175	-	
Group Insurance Plan for Employees	2,220,488	2,221,988	2,067,142	\$ 154,846	
Unemployment	30,000	30,000	30,000	-	
Public Safety					
Police					
Salaries and Wages	5,529,966	5,510,584	5,468,209	42,375	
Other Expenses	294,304	269,461	248,791	20,670	
Other Expenses - Emergency Response	3,000	3,000		3,000	
Emergency Management Services					
Salaries and Wages	4,600	4,600	4,600	-	
Other Expenses	20,700	20,700	12,687	8,013	
Aid to Volunteer Fire Company					
Salaries and Wages	23,870	23,870	18,870	5,000	
Other Expenses	324,364	324,364	304,462	19,902	
Aid to Volunteer Ambulance Corps					
Salaries and Wages	18,005	18,005	17,249	756	
Other Expenses	187,700	185,279	155,795	29,484	
Fire Department					
Salaries and Wages	138,689	138,689	123,545	15,144	
Other Expenses	15,730	15,730	14,723	1,007	
Fire Hydrant Services	253,000	253,000	236,050	16,950	
Municipal Prosecutor					
Salaries and Wages	13,500	14,186	14,186	-	
Streets and Roads					
Road Repairs and Maintenance					
Salaries and Wages	2,249,832	2,144,229	2,085,642	58,587	
Other Expenses	468,925	509,925	479,498	30,427	
Solid Waste Collections					
Contract-Collections	755,000	755,000	750,000	5,000	
Recycling Center					
Salaries and Wages	612,982	624,781	624,781	-	
Other Expenses	75,025	93,013	93,013	-	
Public Buildings and Grounds					
Salaries and Wages	195,298	195,299	186,099	9,200	
Other Expenses	156,325	172,700	172,700	-	

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, 2018**

	<u>2018 Appropriated</u>		<u>2018 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS" (Cont'd)					
Health and Welfare					
Board of Health					
Salaries and Wages	\$ 5,000	\$ 5,000	\$ 5,000		
Other Expenses	99,270	99,270	88,474	\$ 10,796	
Environmental Commission					
Other Expenses	2,000	2,000	1,961	39	
Animal Welfare					
Other Expenses	11,250	11,250	11,186	64	
Mental Health Center					
Other Expenses	7,000	7,000	7,000	-	
Recreation and Education:					
Recreation Commission R.S. 40:12-1					
Salaries and Wages	201,982	201,982	193,632	8,350	
Other Expenses	37,700	37,700	28,230	9,470	
Youth Center					
Salaries and Wages	132,249	132,249	121,718	10,531	
Other Expenses	6,450	6,450	5,977	473	
Senior Citizens Center					
Salaries and Wages	129,591	129,771	129,771	-	
Other Expenses	12,025	12,025	12,015	10	
Community Support					
Nature Center - Other Expenses	35,000	35,000	35,000	-	
Welcome Committee					
Other Expenses	5,000	5,000	3,694	1,306	
Senior Services Committee					
Salaries and Wages	99,450	99,450	69,466	29,984	
Other Expenses	11,250	11,250	3,034	8,216	
Parking Lot Rental					
Other Expenses	20,000	20,000	15,212	4,788	
Celebration of Public Events					
Other Expenses	41,000	41,000	40,961	39	
Payroll Adjustment	51,000	28,775	1,915	26,860	
PUBLIC SAFETY FUNCTION					
Municipal Court					
Salaries and Wages	122,268	122,268	117,492	4,776	
Other Expenses	11,350	11,350	11,095	255	
Public Defender					
Other Expenses	3,900	3,900	2,100	1,800	

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, 2018**

	<u>2018 Appropriated</u>		<u>2018 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	\$ 284,859	\$ 284,859	\$ 284,197	\$ 662	
Other Expenses	11,240	11,240	5,930	5,310	
Director of Building Department					
Salaries and Wages	103,980	104,271	104,271	-	
Other Expenses	7,980	7,689	5,792	1,897	
Unclassified					
Electricity	189,275	209,920	209,920	-	
Street Lighting	168,000	162,500	158,568	3,932	
Telephone	64,000	64,000	62,841	1,159	
Natural Gas	62,000	62,000	48,267	13,733	
Gasoline	183,000	183,000	150,682	32,318	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
BCUA Disposal Fees	<u>428,000</u>	<u>448,000</u>	<u>427,726</u>	<u>20,274</u>	<u>-</u>
Total Operations Within "CAPS"	<u>18,604,479</u>	<u>18,554,928</u>	<u>17,761,047</u>	<u>793,881</u>	<u>-</u>
Total Operations Including Contingent Within "CAPS"	<u>18,604,479</u>	<u>18,554,928</u>	<u>17,761,047</u>	<u>793,881</u>	<u>-</u>
Detail:					
Salaries and Wages	10,877,502	10,735,982	10,524,077	211,905	-
Other Expenses	<u>7,726,977</u>	<u>7,818,946</u>	<u>7,236,970</u>	<u>581,976</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL WITHIN					
"CAPS"					
Statutory Expenditures					
Contribution to:					
Public Employees Retirement System	675,548	678,697	678,697	-	
Social Security System (O.A.S.I.)	555,000	555,000	545,061	9,939	
Police and Firemen's Retirement System of NJ	1,152,727	1,214,669	1,214,669	-	
Defined Contribution Retirement Program	<u>13,000</u>	<u>17,588</u>	<u>17,588</u>	<u>-</u>	<u>-</u>
Total Deferred Charges and Statutory					
Expenditures - Municipal					
Within "CAPS"	<u>2,396,275</u>	<u>2,465,954</u>	<u>2,456,015</u>	<u>9,939</u>	<u>-</u>
Total General Appropriations for					
Municipal Purposes Within "CAPS"	<u>21,000,754</u>	<u>21,020,882</u>	<u>20,217,062</u>	<u>803,820</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, 2018**

	<u>2018 Appropriated</u>		<u>2018 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>					
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)	\$ 1,408,568	\$ 1,411,775	\$ 1,402,562	\$ 9,213	
Library Building Maintenance					
Salaries and Wages	25,958	25,958	15,853	10,105	
Other Expenses	70,910	67,575	57,901	9,674	
Bergen County Utilities Authority					
Operations and Maintenance	1,191,552	1,191,552	1,191,552	-	
Debt Service	444,237	444,237	444,237	-	
Emergency Services Volunteer Length of Service					
Award Program (P.L. 1997, C. 388)	66,000	66,000		66,000	
Recycling Tax	20,000			-	
Reserve for Tax Appeals	145,000	145,000	-	145,000	-
<b>Total Other Operations Excluded from "CAPS"</b>	<b>3,372,225</b>	<b>3,352,097</b>	<b>3,112,105</b>	<b>239,992</b>	<b>-</b>
<b>PUBLIC AND PRIVATE PROGRAMS</b>					
<b>OFFSET BY REVENUES</b>					
Recycling Tonnage Grant - Reserve	23,115	23,115	17,872	5,243	
Body Armor Fund - Reserve	3,232	3,232	3,143	89	
DOJ - Bullet Proof Vest - Reserve		2,740		2,740	
Municipal Alliance on Alcoholism and Drug Abuse	4,938	4,938	4,938	-	
Matching Funds - Municipal Alliance	1,235	1,235	1,235	-	
Drunk Driving Enforcement Grant - Reserve	3,799	3,799	3,556	243	
Clean Communities Program - Reserve	28,504	28,504	20,576	7,928	-
<b>Total Public and Private Programs</b>					
Offset by Revenues	64,823	67,563	51,320	16,243	-
<b>Total Operations Excluded from "CAPS"</b>	<b>3,437,048</b>	<b>3,419,660</b>	<b>3,163,425</b>	<b>256,235</b>	<b>-</b>
<b>Detail:</b>					
Salaries and Wages	25,958	25,958	15,853	10,105	-
Other Expenses	3,411,090	3,393,702	3,147,572	246,130	-
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	175,000	175,000	175,000	-	-
<b>Total Capital Improvement Fund - Excluded from "CAPS"</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>-</b>	<b>-</b>
<b>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</b>					
Payment of Bond Principal	2,440,000	2,440,000	2,440,000	-	-
Interest on Bonds	477,093	477,093	477,093	-	-
<b>Total Municipal Debt Service - Excluded from "CAPS"</b>	<b>2,917,093</b>	<b>2,917,093</b>	<b>2,917,093</b>	<b>-</b>	<b>-</b>

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, 2018**

	<u>2018 Appropriated</u>		<u>2018 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 Grants					
Ord. #13-22	\$ 11,886	\$ 11,886	\$ 11,886		
Ord. #13-27	47,750	47,750	47,750		
Ord. #17-09	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>234,636</u>	<u>234,636</u>	<u>234,636</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>6,763,777</u>	<u>6,746,389</u>	<u>6,490,154</u>	\$ 256,235	\$ -
Subtotal General Appropriations	27,764,531	27,767,271	26,707,216	1,060,055	-
Reserve for Uncollected Taxes	<u>1,675,000</u>	<u>1,675,000</u>	<u>1,675,000</u>	-	-
Total General Appropriations	<u>\$ 29,439,531</u>	<u>\$ 29,442,271</u>	<u>\$ 28,382,216</u>	<u>\$ 1,060,055</u>	<u>\$ -</u>
<u>Reference</u>	A-2	A-3		A	
Budget as Adopted	A-3	\$ 29,439,531			
Added by N.J.S.A. 40A:4-87	A-3	<u>2,740</u>			
		<u>\$ 29,442,271</u>			
Cash Disbursed	A-4		\$ 26,053,013		
Encumbrances Payable	A-14		654,203		
Reserve for Uncollected Taxes	A-3		<u>1,675,000</u>		
			<u>\$ 28,382,216</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, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Animal Control Trust Fund			
Cash	B-3	\$ 31,397	\$ 29,887
Due from State of New Jersey	B-5	<u>2</u>	<u>2</u>
		<u>31,399</u>	<u>29,889</u>
Other Trust Fund			
Cash	B-3	5,618,177	4,929,151
Due from Recreation Fund- Payroll Agency	B-18	30	30
Due from Current Fund - Other Trust Fund	B-9	<u>56,069</u>	<u>601,763</u>
		<u>5,674,276</u>	<u>5,530,944</u>
Unemployment Insurance Trust Fund			
Cash	B-3	30,778	19,615
Due from Current Fund	B-8	<u>-</u>	<u>8</u>
		<u>30,778</u>	<u>19,623</u>
Recreation Activities Trust Fund			
Cash	B-3	<u>378,076</u>	<u>326,808</u>
Open Space Preservation Trust Fund			
Cash	B-3	<u>1,972,270</u>	<u>1,754,302</u>
		<u>1,972,270</u>	<u>1,754,302</u>
Length of Service Award Program (Unaudited)			
Investments	B	796,525	811,116
Contributions Receivable	B	<u>46,908</u>	<u>51,280</u>
		<u>843,433</u>	<u>862,396</u>
 Total Assets		 <u>\$ 8,930,232</u>	 <u>\$ 8,523,962</u>

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

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Trust Fund			
Reserve for Animal License Expenditures	B-4	\$ 31,399	\$ 29,853
Due to Current Fund	B-6	<u>-</u>	<u>36</u>
		31,399	29,889
Other Trust Fund			
Due to Current Fund - Payroll Agency	B-10	-	28,455
Due to Current Fund - Escrow Deposits	B-20	130	130
Reserve for:			
Miscellaneous Reserves	B-14	2,679,209	2,987,996
Escrow Deposits - Construction Fees	B-13	397,899	390,843
Affordable Housing Trust	B-16	2,581,032	2,107,396
Accrued Salary and Wages	B-11	4,358	4,393
Payroll Deductions Payable	B-12	<u>11,648</u>	<u>11,731</u>
		5,674,276	5,530,944
Unemployment Insurance Trust Fund			
Reserve for Unemployment Compensation Insurance	B-7	<u>30,778</u>	<u>19,623</u>
		30,778	19,623
Recreation Activities Trust Fund			
Due to Current Fund	B-19	-	818
Due to Other Trust Fund- Payroll Agency	B-18	30	30
Reserve for Recreation Expenditures	B-17	<u>378,046</u>	<u>325,960</u>
		378,076	326,808
Open Space Preservation Trust Fund			
Reserve for Municipal Open Space Expenditures	B-15	<u>1,972,270</u>	<u>1,754,302</u>
		1,972,270	1,754,302
Length of Service Award Program (Unaudited)			
Net Position Available for Benefits	B	<u>843,433</u>	<u>862,396</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,930,232</u>	<u>\$ 8,523,962</u>

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

	2018 Budget (Memo)	Realized in 2018	Excess or Deficit
Amount to be Raised by Taxation	\$ 399,137	\$ 401,245	\$ 2,108
Reference	B-2	B-15	

EXHIBIT B-2

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

	2018 Budget (Memo)	2018 Expended Paid or Charged	Reserved
Open Space Improvements	\$ 399,137	\$ 214,000	\$ 185,137
Reference	B-1	B-15	

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

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 2,654,391	\$ 1,985,854
Grants / Other Receivable	C-4	260,413	380,962
Due From Current Fund	C-10		184,629
Deferred Charges to Future Taxation			
Funded	C-5	15,776,000	18,216,000
Unfunded	C-6	<u>5,754,817</u>	<u>2,876,013</u>
 Total Assets		 <u>\$ 24,445,621</u>	 <u>\$ 23,643,458</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-7	\$ 15,776,000	\$ 18,216,000
Bond Anticipation Notes Payable	C-15	2,876,013	
Contracts Payable	C-12	2,821,606	1,539,779
Improvement Authorizations			
Funded	C-8	1,032,071	1,734,937
Unfunded	C-8	1,360,020	1,517,124
Reserve for:			
Debt Service	C-11	39,736	65,527
Grants Receivable	C-4	214,143	275,056
Capital Improvement Fund	C-9	47,694	32,712
Fund Balance	C-1	<u>278,338</u>	<u>262,323</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 24,445,621</u>	 <u>\$ 23,643,458</u>

There were bonds and notes authorized but not issued at December 31, 2018 and 2017 of \$3,152,543 and \$2,876,013, 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, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, December 31	C	\$ 262,323	\$ 71,869
Increased by:			
Cancellation	C-1		11,370
Community Development Block Grant - Ord. #18-10	C-2	8,125	
Premium on Sale of Notes	C-2	19,012	
Premium on Sale of Bonds	C-1	<u>-</u>	<u>179,084</u>
		289,460	262,323
Decreased by:			
Appropriate to Finance Improvement Authorizations	C-8	<u>11,122</u>	<u>-</u>
Balance, December 31	C	<u>\$ 278,338</u>	<u>\$ 262,323</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, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
General Fixed Assets		
Land	\$ 96,720,279	\$ 96,720,279
Land Improvements	1,445,573	457,779
Construction In Progress		2,084,170
Buildings	15,159,221	12,519,993
Machinery and Equipment	<u>15,013,742</u>	<u>14,295,007</u>
	<u>\$ 128,338,815</u>	<u>\$ 126,077,228</u>
Investment in General Fixed Assets	<u>\$ 128,338,815</u>	<u>\$ 126,077,228</u>

**NOTES TO FINANCIAL STATEMENTS**

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

**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, volunteer ambulance squad, or redevelopment agency, 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, 2018 AND 2017**

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

**C. Basis of Presentation – Financial Statements**

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

The Borough has the following funds and account group:

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

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

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

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

Unemployment 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 the 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, 2018 AND 2017**

**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, 2017 balances to conform to the December 31, 2018 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 cost 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.

**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

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

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

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

**Property Tax Revenues/Receivables (Continued)**

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

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

**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.

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

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

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

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

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

**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 acquisition 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

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.

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

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

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

**General Fixed Assets (Continued)**

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 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. During 2018 and 2017 the Borough Council increased the original budget by \$2,740 and \$0. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2018 and 2017.

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

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

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

**A. Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2018 and 2017, the book value of the Borough's deposits were \$20,209,103 and \$35,398,146 and bank and brokerage firm balances of the Borough's deposits amounted to \$20,754,013 and \$33,192,907, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2018</u>	<u>2017</u>
Insured	\$ 20,342,868	\$ 32,789,180
Uninsured and Collateralized	<u>411,145</u>	<u>403,727</u>
	<u>\$ 20,754,013</u>	<u>\$ 33,192,907</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2018 and 2017, the Borough's bank balances of \$411,145 and \$403,727 were exposed to custodial credit risk as follows:

	<u>2018</u>	<u>2017</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 411,145</u>	<u>\$ 403,727</u>

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

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

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

	2018	Fair Value 2017
Investment:		
Lincoln Financial-Length of Service Award Program (Unaudited)	\$ 796,525	\$ 811,116

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2018 and 2017, \$796,525 and \$811,116 of the Borough’s investments was exposed to custodial credit risk as follows:

	2018	Fair Value 2017
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 796,525	\$ 811,116

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

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2018 and 2017, the Borough’s investment in Lincoln Financial 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 investment was 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.

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
<u>Current</u>		
Property Taxes	\$ 584,740	\$ 724,525
Tax Title Liens	<u>887</u>	<u>887</u>
	<u>\$ 585,627</u>	<u>\$ 725,412</u>

In 2018 and 2017, the Borough collected \$690,428 and \$743,785 from delinquent taxes, which represented 95% and 88%, respectively of the prior year delinquent taxes receivable balance.

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

**NOTE 5 DUE TO/FROM OTHER FUNDS**

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

	<u>2018</u>		<u>2017</u>	
	<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	\$ 130	\$ 56,069	\$ 29,439	\$ 786,400
Animal Control Trust Fund				36
Other Trust Fund	56,099	130	601,793	28,585
Recreation Trust Fund		30		848
Unemployment Insurance Trust Fund			8	
General Capital Fund	-	-	<u>184,629</u>	-
 Total	 <u>\$ 56,229</u>	 <u>\$ 56,229</u>	 <u>\$ 815,869</u>	 <u>\$ 815,869</u>

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

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

**NOTE 6 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balance 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 balance at December 31, which was appropriated and included as anticipated revenue in the budget for the succeeding year was as follows:

	Fund Balance December 31, <u>2018</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2017</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 5,290,099	\$ 2,653,761	\$ 4,653,837	\$ 2,100,000
Non-Cash Surplus	<u>14,540</u>	<u>-</u>	<u>17,202</u>	<u>-</u>
	 <u>\$ 5,304,639</u>	 <u>\$ 2,653,761</u>	 <u>\$ 4,671,039</u>	 <u>\$ 2,100,000</u>

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

**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, 2018 and 2017.

	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2018</u>
<u>2018</u>					
Land	\$ 96,720,279				\$ 96,720,279
Construction in Progress	2,084,170	\$ 115,944		\$ (2,200,114)	-
Buildings and Building Improvements	12,519,993	49,653		2,589,575	15,159,221
Land Improvements	457,779	987,794			1,445,573
Machinery and Equipment	14,295,007	1,357,832	\$ (249,636)	(389,461)	15,013,742
	<u>\$ 126,077,228</u>	<u>\$ 2,511,223</u>	<u>\$ (249,636)</u>	<u>\$ -</u>	<u>\$ 128,338,815</u>
	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2017</u>
<u>2017</u>					
Land	\$ 95,993,700	\$ 726,579			\$ 96,720,279
Construction in Progress	1,284,098	800,072			2,084,170
Buildings and Building Improvements	12,519,993				12,519,993
Land Improvements	296,325	161,454			457,779
Machinery and Equipment	13,188,372	1,134,060	\$ (27,425)	-	14,295,007
	<u>\$ 123,282,488</u>	<u>\$ 2,822,165</u>	<u>\$ (27,425)</u>	<u>\$ -</u>	<u>\$ 126,077,228</u>

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

**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 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>2018</u>	<u>2017</u>
Issued		
General		
Bonds, Notes and Loans	\$ 18,652,013	\$ 18,216,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>(313,475)</u>	<u>(65,527)</u>
Net Debt Issued	18,338,538	18,150,473
Authorized But Not Issued		
General		
Bonds and Notes	<u>3,152,543</u>	<u>2,876,013</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 21,491,081</u>	<u>\$ 21,026,486</u>

**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 .47% at December 31, 2018 and 2017, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	\$ 21,804,556	\$ 313,475	\$ 21,491,081
School Debt	<u>30,790,000</u>	<u>30,790,000</u>	<u>-</u>
Total	<u>\$ 52,594,556</u>	<u>\$ 31,103,475</u>	<u>\$ 21,491,081</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 21,092,013	\$ 65,527	\$ 21,026,486
School Debt	<u>31,975,000</u>	<u>31,975,000</u>	<u>-</u>
Total	<u>\$ 53,067,013</u>	<u>\$ 32,040,527</u>	<u>\$ 21,026,486</u>

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

**NOTE 8 MUNICIPAL DEBT (Continued)**

**Statutory Borrowing Power**

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

	<u>2018</u>	<u>2017</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 158,753,514	\$ 156,578,259
Net Debt	<u>21,491,081</u>	<u>21,026,486</u>
Remaining Borrowing Power	<u>\$ 137,262,433</u>	<u>\$ 135,551,773</u>

**A. Long-Term Debt**

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

**General Obligation Bonds**

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

	<u>2018</u>	<u>2017</u>
\$6,260,000, 2012 General Improvement Bonds, due in annual installments of \$750,000 through October 1, 2022, interest at 2% to 3.75%	\$ 3,000,000	\$ 3,735,000
\$5,955,000, 2015 General Improvement Refunding Bonds, due in annual installments of \$1,165,000 to \$1,240,000 through December 1, 2022, interest at 4.00%	4,825,000	5,955,000
\$8,526,000, 2017 General Improvement Refunding Bonds, due in annual installments of \$575,000 to \$1,146,000 through May 1, 2027, interest at 2% to 3%	<u>7,951,000</u>	<u>8,526,000</u>
	<u>\$ 15,776,000</u>	<u>\$ 18,216,000</u>

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

**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, 2018 is as follows:

Calendar Year	General Bonds		Total
	Principal	Interest	
2019	\$ 2,490,000	\$ 424,343	\$ 2,914,343
2020	2,515,000	355,930	2,870,930
2021	2,555,000	281,830	2,836,830
2022	2,565,000	206,130	2,771,130
2023	1,125,000	124,530	1,249,530
2024-2027	4,526,000	250,080	4,776,080
Total	<u>\$ 15,776,000</u>	<u>\$ 1,642,843</u>	<u>\$ 17,418,843</u>

**Changes in Long-Term Municipal Debt**

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

	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
General Capital Fund					
Bonds Payable	<u>\$ 18,216,000</u>	<u>\$ -</u>	<u>\$ 2,440,000</u>	<u>\$ 15,776,000</u>	<u>\$ 2,490,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 18,216,000</u>	<u>\$ -</u>	<u>\$ 2,440,000</u>	<u>\$ 15,776,000</u>	<u>\$ 2,490,000</u>
	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
General Capital Fund					
Bonds Payable	<u>\$ 12,262,000</u>	<u>\$ 8,526,000</u>	<u>\$ 2,572,000</u>	<u>\$ 18,216,000</u>	<u>\$ 2,440,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 12,262,000</u>	<u>\$ 8,526,000</u>	<u>\$ 2,572,000</u>	<u>\$ 18,216,000</u>	<u>\$ 2,440,000</u>

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

**NOTE 8 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

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

**Bond Anticipation Notes**

<u>2018</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2017</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2018</u>
<u>General Capital Fund</u>							
	Various Capital Improvements	2.75%	5/31/2019		\$ 2,496,013		\$ 2,496,013
	Teakill/Tenafly Swim Club Parking Lot Paving Project	2.75%	5/31/2019	-	380,000	-	380,000
	<b>Total</b>			<b>\$ -</b>	<b>\$ 2,876,013</b>	<b>\$ -</b>	<b>\$ 2,876,013</b>
<u>2017</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2016</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2017</u>
<u>General Capital Fund</u>							
	Various Capital Improvements	0.93%	5/12/2017	\$ 1,930,200		\$ 1,930,200	
	Various Capital Improvements	0.90%	5/12/2017	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	1,380,300	-	1,380,300	-
	<b>Total</b>			<b>\$ 6,119,000</b>	<b>\$ -</b>	<b>\$ 6,119,000</b>	<b>\$ -</b>

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.

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

**NOTE 8 MUNICIPAL DEBT (Continued)**

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

**Bond Anticipation Notes (Continued)**

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

**NOTE 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>2018</u>	Riverside Cooperative Road Program	\$ 127,332	2019
	DPW Building	284,835	2019
	Piermond Road Section 2 & 3	587,250	2019
	2020 Mack Top Kick Truck	223,000	2019
	(2) 2019 Roll Off Truck	269,750	2019
	Fire Engine Pumper	663,254	2019
<u>2017</u>	DPW Building	\$ 284,835	2018
	Fiber Communication System	100,000	2018
	Police Communication Equipment	407,484	2018
	Mack Truck	211,000	2018

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

**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 allowances, thereby continuing all employee benefits while they remain on payroll.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,270,545 and \$1,158,679 at December 31, 2018 and 2017, 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, 2018 and 2017, the Borough has reserved in the Other Trust Fund \$822,927 and \$834,076, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**Changes in Other Long-Term Liabilities**

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board. The Borough's changes in other long-term liabilities for the years ended December 31, 2018 and 2017 were as follows:

	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<b><u>2018</u></b>					
Compensated Absences	\$ 1,158,679	\$ 180,397	\$ 68,531	\$ 1,270,545	
Net Pension Liability - PERS	19,259,375		3,771,452	15,487,923	
Net Pension Liability - PFRS	20,107,915		2,364,071	17,743,844	
Net OPEB Liability (1)	<u>23,156,200</u>	<u>-</u>	<u>-</u>	<u>23,156,200</u>	<u>-</u>
<b>Total Other Long-Term Liabilities</b>	<b><u>\$ 63,682,169</u></b>	<b><u>\$ 180,397</u></b>	<b><u>\$ 6,204,054</u></b>	<b><u>\$ 57,658,512</u></b>	<b><u>\$ -</u></b>

(1) Information for 2018 was not made available from the Stte of New Jersey.

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<b><u>2017</u></b>					
Compensated Absences	\$ 1,070,540	\$ 137,974	\$ 49,835	\$ 1,158,679	
Net Pension Liability - PERS	23,919,052		4,659,677	19,259,375	
Net Pension Liability - PFRS	23,968,569		3,860,654	20,107,915	
Net OPEB Liability	<u>27,678,908</u>	<u>-</u>	<u>4,522,708</u>	<u>23,156,200</u>	<u>-</u>
<b>Total Other Long-Term Liabilities</b>	<b><u>\$ 76,637,069</u></b>	<b><u>\$ 137,974</u></b>	<b><u>\$ 13,092,874</u></b>	<b><u>\$ 63,682,169</u></b>	<b><u>\$ -</u></b>

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

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

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

The following represents the membership tiers for PFRS:

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

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

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

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

The following represents the membership tiers for PERS:

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

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

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

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

**Other Pension Funds**

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

The cost of living increase for 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](http://www.state.nj.us/treasury/pensions).

**Measurement Focus and Basis of Accounting**

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

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

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

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Investment Valuation**

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

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

**Collective Net Pension Liability**

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

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2018 and 2017 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

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

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

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

During the years ended December 31, 2018, 2017 and 2016, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2018	\$ 1,214,669	\$ 770,833	\$ 17,588
2017	1,023,033	623,641	12,720
2016	1,096,661	578,210	9,599

In addition for the years ended December 31, 2018, 2017 and 2016 the Borough contributed for long-term disability insurance premiums (LTDI) \$4,382, \$1,430 and \$-0-, respectively for PERS and \$-0-, \$-0- and \$-0-, respectively for PFRS.

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

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

**Public Employees Retirement System (PERS)**

At December 31, 2018 and 2017, the Borough reported a liability of \$15,487,923 and \$19,259,375, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Borough's proportionate share was .07866 percent, which was decrease of .00407 percent from its proportionate share measured as of June 30, 2017 of .08273 percent.

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

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough's pension expense to be \$979,225 and \$1,681,007, respectively, for PERS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$770,833 and \$623,461, respectively. At December 31, 2018 and 2017, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2018		2017	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 295,357	\$ 79,861	\$ 453,492	
Changes of Assumptions	2,552,153	4,952,214	3,880,100	\$ 3,665,875
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		145,277	131,143	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>698,496</u>	<u>755,688</u>	<u>979,213</u>	<u>-</u>
Total	<u>\$ 3,546,006</u>	<u>\$ 5,933,040</u>	<u>\$ 5,443,948</u>	<u>\$ 3,665,875</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2019	\$ 243,518
2020	(54,761)
2021	(1,078,304)
2022	(1,075,465)
2023	(422,022)
Thereafter	<u>-</u>
	<u>\$ (2,387,034)</u>

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

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

<u>PERS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65-4.15%	1.65-4.15%
	Based on Age	Based on Age
Thereafter	2.65%-5.15%	2.65-5.15%
	Based on Age	Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

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

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

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

*Discount Rate*

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

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

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
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**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:

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

\* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

*Sensitivity of Net Pension Liability*

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

<u>2018</u>	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>19,474,279</u>	\$ <u>15,487,923</u>	\$ <u>12,143,626</u>
<u>2017</u>	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>23,892,562</u>	\$ <u>19,259,375</u>	\$ <u>15,399,356</u>

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

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

**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](http://www.state.nj.us/treasury/pensions).

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

At December 31, 2018 and 2017, the Borough reported a liability of \$17,743,844 and \$20,107,915, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Borough’s proportionate share was .13113 percent, which was an increase of .00088 percent from its proportionate share measured as of June 30, 2017 of .13025 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough pension expense to be \$1,401,427 and \$1,801,047, respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the Borough’s financial statements of \$1,214,669 and \$1,023,033, respectively. At December 31, 2018 and 2017, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

	2018		2017	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 180,520	\$ 73,428	\$ 130,448	\$ 118,017
Changes of Assumptions	1,523,070	4,547,441	2,479,530	3,293,089
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		97,075	383,706	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,043,450</u>	<u>744,007</u>	<u>1,360,902</u>	<u>1,236,793</u>
Total	<u>\$ 2,747,040</u>	<u>\$ 5,461,951</u>	<u>\$ 4,354,586</u>	<u>\$ 4,647,899</u>

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

**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, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	<u>Total</u>
2019	\$ 76,290
2020	(382,817)
2021	(1,326,672)
2022	(807,548)
2023	(274,164)
Thereafter	<u>-</u>
	<u>\$ (2,714,911)</u>

***Actuarial Assumptions***

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

<u>PFRS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	2.10%-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10%-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2017 and July 1, 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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

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

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

*Discount Rate*

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

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

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

**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:

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

\* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

*Sensitivity of Net Pension Liability*

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, respectively, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

	<b>1% Decrease (5.51%)</b>	<b>Current Discount Rate (6.51%)</b>	<b>1% Increase (7.51%)</b>
<b><u>2018</u></b>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 23,747,933</u>	<u>\$ 17,743,844</u>	<u>\$ 12,791,564</u>
	<b>1% Decrease (5.14%)</b>	<b>Current Discount Rate (6.14%)</b>	<b>1% Increase (7.14%)</b>
<b><u>2017</u></b>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 26,493,834</u>	<u>\$ 20,107,915</u>	<u>\$ 14,861,156</u>

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

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

**NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

***Special Funding Situation – PFRS***

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

At December 31, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,410,208 and \$2,252,256, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$285,485 and \$275,502, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$142,743 and \$112,622, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Borough was .13113 percent, which was an increase of .00088 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .13025 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

***Pension Plan Fiduciary Net Position***

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

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

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS**

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

**Plan Description and Benefits Provided**

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

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

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

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

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

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

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

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

**Collective Net OPEB Liability**

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2017 and 2016 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contribution**

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

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

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Post-Retirement Medical Benefits Contribution (Continued)**

The employers participating in the OPEB plan made contributions of \$381.8 million and the State of New Jersey, as the non-employer contributing entity, contributed \$531.1 million for fiscal years 2017.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2018, 2017 and 2016 were \$433,504, \$453,706 and \$416,779, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2018, 2017 and 2016 were \$48,234, \$42,228 and \$32,603, respectively.

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

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

The information pertaining to GASB 75 for the State fiscal year ending June 30, 2018 was not made available from the State of New Jersey.

At December 31, 2018 and 2017, the Borough reported a liability of \$23,156,200 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to June 30, 2017. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2017 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2017. As of the measurement date of June 30, 2017 the Borough's proportionate share was .11342 percent.

**BOROUGH OF TENAFLY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

For the year ended December 31, 2017, the Plan has determined the Borough's OPEB expense to be \$1,204,131, based on the actuarial valuations which is more than the actual contributions reported in the Borough's financial statements of \$453,706. At December 31, 2017, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	<u>2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		
Changes of Assumptions		\$ 2,570,141
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 3,968	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	2,667,415
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 3,968</u>	<u>\$ 5,237,556</u>

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2018	\$ (742,979)
2019	(742,979)
2020	(742,979)
2021	(742,979)
2022	(743,971)
2023	(743,971)
Thereafter	<u>(773,730)</u>
	<u>\$ (5,233,588)</u>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

*Actuarial Assumptions*

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

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

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

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

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

**BOROUGH OF TENAFLY  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

*Long-Term Expected Rate of Return*

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

**Discount Rate**

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

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

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

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

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

	<b>1% Decrease (2.58%)</b>	<b>Current Discount Rate (3.58%)</b>	<b>1% Increase (4.58%)</b>
<b><u>2017</u></b>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 27,313,428</u>	<u>\$ 23,156,200</u>	<u>\$ 19,857,509</u>

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

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

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

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

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

<u>2017</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 19,243,479</u>	<u>\$ 23,156,200</u>	<u>\$ 28,251,017</u>

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

*Special Funding Situation*

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

At December 31, 2017, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$11,558,465. For the year ended December 31, 2017 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$827,194. At December 31, 2017, (measurement date June 30, 2017), the State's share of the OPEB liability attributable to the Borough was .13293 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

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

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

*OPEB Plan Fiduciary Net Position*

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

**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</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 30,000	\$ 14,574	\$ 33,914	\$ 30,778
2017	30,000	14,859	50,624	19,623
2016	30,000	14,418	35,953	25,201

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

**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, 2018 and 2017. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2018 and 2017, the Borough reserved \$1,204,245 and \$977,002, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**Federal and State Awards** - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2018 and 2017, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

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

**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.

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

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

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

The Borough of Tenafly has contributed \$1,303 and \$1,282 for 2018 and 2017, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$46,908 and \$51,280 for 2018 and 2017, respectively.

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

Lincoln Financial Annuity Life Insurance Company is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**Vesting and Benefits**

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

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

**Reporting Requirements**

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

**NOTE 17 TAX ABATEMENTS**

For the years ended December 31, 2018 and 2017, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law"), the Five-Year Exemption and Abatement Law (the "FYEA") and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. 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 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, 2018 and 2017 the Borough abated property taxes totaling \$43,745 and \$43,590, respectively, under the NJHMFA program. The Borough received \$2,000 and \$2,000 in PILOT payments under this program for the years ended December 31, 2018 and 2017, respectively.

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

**NOTE 17 TAX ABATEMENTS (Continued)**

- Prior to the enactment of the Long Term Tax Exempt Law (NJSA 40A:20 et.seq.) and under the provisions of the Senior Citizens Nonprofit Rental Housing Tax Law (NJSA 55:141-1), which has since been repealed, allows for the clearance, re-planning, development or redevelopment of blighted areas by means of a non-profit rental housing project for the elderly, developed, erected and owed by a 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 under the law. A qualified municipality could abate for up to 50 years the property taxes on newly construction senior housing. The process beings when the municipality passes by ordinance or resolution, as appropriate, that such residential rental senior housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor to make a PILOT payment to the municipality in an amount equal to a percentage of the annual gross revenue from each senior housing project. For the years ended December 31, 2018 and 2017 the Borough abated property taxes totaling \$73,972 and \$73,709, respectively, under this law. The Borough received \$20,882 and \$27,804 in PILOT payments under this program for the years ended December 31, 2018 and 2017, respectively.

**NOTE 18 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

On May 21, 2019 the Borough issued bond anticipation notes in the amount of \$5,604,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to TD Securities at an interest rate of 2.50%. These notes dated May 29, 2019 will mature on May 29, 2020.

**Debt Authorized**

On March 12, 2019 the Borough adopted a bond ordinance authorizing the issuance of \$712,500 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.

On May 7, 2019 the Borough adopted a bond ordinance authorizing the issuance of \$2,598,000 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, 2017	\$	26,343,418
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	214,459	
Taxes Receivable	83,793,605	
Revenue Accounts Receivable	3,168,691	
Grants Receivable	9,899	
Prepaid Taxes	829,484	
Due from State - Senior Citizen and Veteran Deductions	53,191	
Homestead Rebate	363,025	
Tax Overpayments	246,583	
Unappropriated Reserve- State and Federal Grants	35,713	
Miscellaneous Reserves	6,341	
Due from Other Trust Fund- Municipal Alliance	14,775	
Due from General Capital Fund- Reserve for Payment of Debt Service	65,527	
Due from General Capital Fund	51,604	
Due from Recreation Trust	10,750	
Due from Animal Control Fund	797	
Due from Other Trust Fund-Escrow	1,673	
Due from Other Trust Fund	28,439	
Due from Other Trust Fund- Payroll	31,010	
	<hr/>	88,925,566
		115,268,984
Decreased by Disbursements:		
2018 Budget Appropriations	26,053,013	
Appropriation Reserves	1,140,071	
Accounts Payable	6,190	
Local District School Taxes	65,721,196	
County Taxes Payable	11,155,436	
County Added and Omitted Taxes	115,622	
Tax Overpayments	219,860	
Prepaid Taxes Refunded	82,113	
Appropriated Reserve for State and Federal Grants	657	
Miscellaneous Reserves	69,038	
Payments to Unemployment Trust Fund	8	
Payments to General Capital Fund	184,629	
Payments Made Other Trust Fund	605,003	
Payments Made Municipal Open Space Trust Fund	401,245	
	<hr/>	105,754,081
Balance, December 31, 2018	\$	<u>9,514,903</u>

**BOROUGH OF TENAFLY  
STATEMENT OF CHANGE FUNDS**

	Balance, December 31, <u>2017</u>	Balance, December 31, <u>2018</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, 2017	<u>\$ 8,736</u>
Balance, December 31, 2018	<u>\$ 8,736</u>

EXHIBIT A-7

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

Balance, December 31, 2017	\$ 1,083
Increased by:	
Senior Citizen Deductions per Tax Billing	\$ 8,250
Veterans Deductions per Tax Billing	<u>48,000</u>
	<u>56,250</u>
	57,333
Decreased by:	
Senior Citizen Deductions Dis-Allowed by Collector- 2017	3,250
Veterans Deductions Dis-Allowed by Collector- 2017	250
State Share of Senior Citizens and Veteran Deductions Received in Cash	<u>53,191</u>
	<u>56,691</u>
Balance, December 31, 2018	<u>\$ 642</u>

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

<u>Year</u>	<u>Balance December 31, 2017</u>	<u>2018 Levy</u>	<u>Added Taxes</u>	<u>Senior Citizens' and Veterans' Deductions Disallowed</u>	<u>Collected in 2017</u>	<u>2018</u>	<u>Homestead Benefit Credit</u>	<u>Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Cancelled</u>	<u>Balance, December 31, 2018</u>
2017	\$ 724,525			\$ 3,500		\$ 690,428			\$ 37,597	
2018	<u>-</u>	\$ 101,061,460	\$ 533,698	<u>-</u>	\$ 17,263,106	83,103,177	\$ 363,025	\$ 56,250	224,860	\$ 584,740
	<u>\$ 724,525</u>	<u>\$ 101,061,460</u>	<u>\$ 533,698</u>	<u>\$ 3,500</u>	<u>\$ 17,263,106</u>	<u>\$ 83,793,605</u>	<u>\$ 363,025</u>	<u>\$ 56,250</u>	<u>\$ 262,457</u>	<u>\$ 584,740</u>

Analysis of 2018 Property Tax Levy

Tax Yield	
General Property Tax	\$ 101,061,460
Added Tax (R.S. 54:4-63.1 et seq.)	<u>533,698</u>
	<u>\$ 101,595,158</u>
Tax Levy	
Local District School Tax	\$ 65,721,196
County Tax - General	10,698,403
County Tax - Open Space	457,033
Added County Taxes	59,077
Municipal Open Space	<u>401,245</u>
	77,336,954
Local Tax for Municipal and Library	23,756,615
Additional Taxes	<u>501,589</u>
	<u>24,258,204</u>
	<u>\$ 101,595,158</u>

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

Balance, December 31, 2017	\$ <u>18,200</u>
Balance, December 31, 2018	\$ <u><u>18,200</u></u>

EXHIBIT A-10

**STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2017	\$ <u>887</u>
Balance, December 31, 2018	\$ <u><u>887</u></u>

**BOROUGH OF TENAFLY  
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2017</u>	Accrued in <u>2018</u>	<u>Realized</u>	Balance, December 31, <u>2018</u>
Borough Clerk				
Liquor Licenses		\$ 27,300	\$ 27,300	
Licenses - Other		6,695	6,695	
Fees and Permits - Other		17,433	17,433	
Board of Health				
Fees and Permits		2,377	2,377	
Licenses - Other		11,555	11,555	
Police Department				
Fees and Permits		2,978	2,978	
Alarm System Fees		58,580	58,580	
Planning Board/Board of Adjustment				
Fees and Permits		12,916	12,916	
Tax Collector				
Fees and Permits		311	311	
Finance/Admin				
Fees and Permits		33,142	33,142	
Fire Prevention				
Fees and Permits		27,868	27,868	
Municipal Court				
Fines and Costs		209,464	209,464	
Uniform Construction Code				
Fees and Permits		486,069	486,069	
Fees and Permits- Other		30,158	30,158	
Interest and Costs on Taxes		158,479	158,479	
Energy Receipts Taxes		1,119,801	1,119,801	
Rental of Borough Owned Property		72,080	72,080	
Uniform Fire Safety Act (Life Hazard Use)		18,288	18,288	
Interest on Investments and Deposits		348,961	348,961	
Tax Exempt Sewer Fees		23,947	23,947	
Cable TV Franchise Fee		200,169	200,169	
Cell Tower/Monopole Lease		152,898	152,898	
Hotel Occupancy Fee (P.L. 2003, c. 114)		95,787	95,787	
Payment in Lieu of Taxes - Tenafly House		20,882	20,882	
Use of Sewer System Agreements	-	30,553	30,553	-
	<u>\$ -</u>	<u>\$ 3,168,691</u>	<u>\$ 3,168,691</u>	<u>\$ -</u>

**STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2017</u>	Accrued	Cash <u>Receipts</u>	Balance, December 31, <u>2018</u>
DOJ- Bulletproof Vest		\$ 2,740	\$ 2,740	
Municipal Alliance	\$ 16,119	4,938	7,159	\$ 13,898
	<u>\$ 16,119</u>	<u>\$ 7,678</u>	<u>\$ 9,899</u>	<u>\$ 13,898</u>

**BOROUGH OF TENAFLY  
STATEMENT OF 2017 APPROPRIATION RESERVES**

	Balance, December 31, <u>2017</u>	Budget After <u>Modification</u>	<u>Expended</u>	Transfer to <u>Reserves</u>	Balance <u>Lapsed</u>
<b>Salaries and Wages</b>					
General Administration	\$ 2,500	\$ 2,500			\$ 2,500
Mayor and Council	3,950	3,950			3,950
Municipal Clerk		1,408	\$ 1,408		-
Financial Administration		2,091	2,091		-
Revenue Administration	16,477	3,977	1,243		2,734
Tax Assessment Administration	23,343	6,343	897		5,446
Building Department		3,116	1,765		1,351
Planning Board	2,162	2,162			2,162
Zoning Board	1,500				-
Police Department		40,977	40,977		-
Volunteer Fire Company	6,095				-
Volunteer Ambulance	894	894	764		130
Fire Department	1,513	1,095			1,095
Fire Prevention		2,391	2,391		-
Prosecutor					-
Streets & Roads	245,177	215,450	21,462		193,988
Recycling		1,292	1,292		-
Buildings & Grounds	13,062	6,062	1,364		4,698
Recreation	16,927	16,927	1,263		15,664
Youth Center	5,895	5,895			5,895
Senior Citizens	35,430	13,430	1,119		12,311
Construction Code Official	3,682	682	267		415
Director of Building Department	3,115				-
Municipal Court		688	688		-
Municipal Library		18,869	18,869		-
Municipal Library-Building Maintenance	9,027	9,027	9,027		-
Payroll Adjustment/Terminal Leave	56,000	56,000		\$ 56,000	-
<b>Other Expenses</b>					
General Administration	10,503	65,765	54,202		11,563
Municipal Clerk	1,282	9,822	9,507		315
Postage	4,754	4,754			4,754
Photocopy Expense	2,522	2,522	405		2,117
Mayor & Council	473	473	161		312
Elections	117	197	80		117
Audit	9,378	23,502	17,320		6,182
Revenue Administration	13,246	12,229	4,800		7,429
Tax Assessment Administration	4,212	7,693	3,980		3,713
Legal Services & Costs	15,306	37,993	37,993		-
Engineering		29,364	26,132	2,897	335
Historic Preservation	5,723	6,633	910		5,723
Director of Buildings Department	2,241	2,565	147		2,418
Planning Board	7,004	7,130	323		6,807
Zoning Board of Adjustment	653	1,491	1,425		66
Insurance- Liability	1,500				-
Insurance- Surety Bond Premiums	2,108	2,108			2,108
Insurance - Group Insurance for Employees	79,857	249,943	170,613		79,330
Insurance - Deductible		1,500	1,000		500
Municipal Court	1,305	2,265	1,435		830
Public Defender	3,200	3,200	1,100		2,100
Emergency Management Services	4,336	6,335	928		5,407
Aid to Volunteer Fire Company	46,299				-
Aid to Volunteer Ambulance Corp	15,303	16,215	2,831		13,384
Police	35,671	157,818	134,897		22,921
Emergency Response Team	2,182	2,182			2,182

**BOROUGH OF TENAFLY**  
**STATEMENT OF 2017 APPROPRIATION RESERVES**

	Balance, December 31, 2017	Total Modified Budget	Expended	Transfer to Reserves	Balance Lapsed
Other Expenses (Continued)					
Fire Department	\$ 1,162	\$ 92,993	\$ 58,518		\$ 34,475
Fire Prevention		9,480	7,915		1,565
Fire Hydrant Service	4,135	4,135	109		4,026
Streets & Roads	83,435	111,966	68,751		43,215
Recycling	3,434	26,877	25,541		1,336
Solid Waste Contract Collections	5,000	67,917	62,917		5,000
Building & Grounds	10,783	32,201	25,825		6,376
Public Health	4,733	5,320	587		4,733
Environmental Commission	1,462	1,462			1,462
Recreation	4,831	7,946	5,066		2,880
Youth Center	10	4,103	3,475		628
Senior Citizens Center	1,342	1,662	320		1,342
Welcome Committee	8	8			8
Senior Citizens Committee	21,079	21,079			21,079
Parking Lot Rental	27				-
Celebration of Public Events	795	795	795		-
Construction Code Official	3,531	3,679			3,679
Electricity	14,682	26,671	14,049		12,622
Street Lighting	33,921	46,878	27,176		19,702
Telephone	11,520	15,307	2,901		12,406
Natural Gas	13,322	23,313	7,886		15,427
Gasoline	81,725	88,031	8,781		79,250
BCUA Disposal Fees	27,846	73,706	28,837		44,869
BCUA Operations & Maintenance	1	1	1		-
Leases		27			27
Social Security System (O.A.S.I.)	9,781	9,781			9,781
DCRP		772	772		-
Library Building Maintenance	7,896	4,281	4,281		-
Maintenance of Free Public Library	144,179	146,583	146,583		-
LOSAP	66,000	66,000	51,280		14,720
Recycling Tonnage Grant	5,847	9,939	9,059	\$ 880	-
Police DWI		1,507	165	1,342	-
Body Armor Fund	487	1,247	760	487	-
DOJ Bulletproof Vest		645	645		-
Click It or Ticket	5,000	5,000	-	5,000	-
Municipal Alliance on Alcoholism and Drug	4,938	4,938		4,938	-
Municipal Alliance- Local Match	1,235	1,235		1,235	-
Environmental Grant	500	500	-		500
Green Communities	2,000	2,000		2,000	-
Clean Communities	3,209	3,209	-	3,209	-
Reserve for Tax Appeals	145,000	145,000	-	145,000	-
	<u>\$ 1,440,780</u>	<u>\$ 2,137,119</u>	<u>\$ 1,140,071</u>	<u>\$ 222,988</u>	<u>\$ 774,060</u>

Appropriation Reserves  
Prior Year Encumbrances

\$ 1,440,780  
696,339  
2,137,119

Cash Disbursed \$ 1,140,071

Analysis

Transfer to Accounts Payable	\$ 3,777
Transfer to Appropriated Reserve-Grants	18,211
Transfer to Terminal Leave- Other Trust Fund	56,000
Transfer to Reserve for Tax Appeals	<u>145,000</u>
	<u>\$ 222,988</u>

**BOROUGH OF TENAFLY  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2017		\$ 696,339
Increased by:		
Charged to 2018 Budget Appropriations		<u>654,203</u>
		1,350,542
Decreased by:		
Transferred to Appropriation Reserves		<u>696,339</u>
Balance, December 31, 2018		<u><u>\$ 654,203</u></u>

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2017		\$ 17,345,219
Increased by:		
Collection of 2019 Taxes		<u>829,484</u>
		18,174,703
Decreased by:		
Applied to 2018 Taxes	\$ 17,263,106	
Cash Refunded	<u>82,113</u>	
		<u>17,345,219</u>
Balance, December 31, 2018		<u><u>\$ 829,484</u></u>

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

Increased by:		
Levy - Calendar Year 2018		\$ <u>65,721,196</u>
Decreased by:		
Payments		\$ <u>65,721,196</u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Increased by:		
Levy- General County - 2018	\$ 10,698,403	
Levy- Open Space Preservation - 2018	<u>457,033</u>	
		\$ <u>11,155,436</u>
Decreased by:		
Payments		\$ <u>11,155,436</u>

**STATEMENT OF DUE TO COUNTY FOR ADDED AND OMITTED TAXES**

Balance, December 31, 2017		\$ 114,231
Increased by:		
County Share of Added and Omitted Taxes		<u>59,077</u>
		173,308
Decreased by:		
Payments		<u>115,622</u>
Balance, December 31, 2018		\$ <u>57,686</u>

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

Increased by:	
Tax Levy- 2018	\$ 399,137
Added and Omitted Taxes	<u>2,108</u>
	\$ 401,245
Decreased by:	
Cash Disbursed	<u>401,245</u>
Balance, December 31, 2018	<u><u>\$ -</u></u>

EXHIBIT A-20

**STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2017	\$ 130,108
Increased by:	
Cash Receipts	<u>246,583</u>
	376,691
Decreased by:	
Cash Disbursements	<u>219,860</u>
Balance, December 31, 2018	<u><u>\$ 156,831</u></u>

EXHIBIT A-21

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2017	\$ 6,500
Increased by:	
Transfer from Appropriation Reserves- Engineering Fees and Recycling	<u>3,777</u>
	10,277
Decreased by:	
Cash Disbursed	\$ 6,190
Cancellation	<u>310</u>
	<u>6,500</u>
Balance, December 31, 2018	<u><u>\$ 3,777</u></u>

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

	Balance, December 31, <u>2017</u>	Transfer From Appropriation <u>Reserves</u>	Transfer From Other Trust <u>Fund</u>	Cash <u>Disbursed</u>	Balance, December 31, <u>2018</u>
Body Armor Replacement Grant	\$ 1,368	\$ 487			\$ 1,855
Recycling Tonnage Grant	62,852				62,852
Clean Communities Grant	-	3,209			3,209
Green Communities		2,000			2,000
Click It or Ticket	48	5,000			5,048
Police DWI		1,342			1,342
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
Municipal Alliance on Alcoholism and County Share	-	4,938			4,938
Local Share	9,047	1,235	\$ 14,775	\$ 657	24,400
Bergen County Department of Parks - Arts Grant					-
County Share	2				2
NJLM Sustainable Jersey Small Cities Grant	5,000	-	-	-	5,000
	<u>\$ 137,182</u>	<u>\$ 18,211</u>	<u>\$ 14,775</u>	<u>\$ 657</u>	<u>\$ 169,511</u>

EXHIBIT A-23

**SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance, December 31, <u>2017</u>	Realized as Budgeted <u>Revenue</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2018</u>
Clean Communities	\$ 28,504	\$ 28,504	\$ 27,264	\$ 27,264
JIF Safety Grant	-		2,949	2,949
Recycling Tonnage Grant	23,115	23,115		
Drunk Driving Enforcement Fund	3,799	3,799		-
Body Armor Replacement Grant	3,232	3,232		-
Click It or Ticket	-	-	5,500	5,500
	<u>\$ 58,650</u>	<u>\$ 58,650</u>	<u>\$ 35,713</u>	<u>\$ 35,713</u>

**BOROUGH OF TENAFLY  
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2017</u>	Transfer From Current <u>Collections</u>	Transfer From Appropriation <u>Reserves</u>	Cash <u>Receipts</u>	Cash <u>Disbursed</u>	Balance, December 31, <u>2018</u>
Reserve for:						
State Library Aid	\$ 6,281			\$ 6,341	\$ 6,281	\$ 6,341
Tax Appeals	<u>977,002</u>	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>-</u>	<u>62,757</u>	<u>1,204,245</u>
	<u>\$ 983,283</u>	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>\$ 6,341</u>	<u>\$ 69,038</u>	<u>\$ 1,210,586</u>

**TRUST FUNDS**

**BOROUGH OF TENAFLY  
STATEMENT OF CASH - TREASURER**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Recreation Activities Trust Fund</u>	<u>Municipal Open Space Preservation Trust Fund</u>
Balance, December 31, 2017	\$ 29,887	\$ 4,929,151	\$ 19,615	\$ 326,808	\$ 1,754,302
Increased by Receipts:					
Animal License Fees - Borough Share	\$ 15,247				
Dog License Fees - State Share	1,022				
Miscellaneous Reserves		\$ 709,773			
Employee Contributions			\$ 14,574		
Budget Appropriation			30,000		
Municipal Open Space Tax Levy					\$ 401,245
Affordable Housing Trust		559,532			
Escrow Deposits- Construction Fees		261,606			
Payroll Deductions Payable		5,280,270			
Net Payroll		8,149,003			
Recreation Activities				\$ 527,646	
Receipts from Current Fund		605,003	8		
Interest on Deposits	<u>761</u>	<u>29,358</u>	<u>495</u>	<u>9,932</u>	<u>30,723</u>
	<u>46,917</u>	<u>20,523,696</u>	<u>64,692</u>	<u>864,386</u>	<u>2,186,270</u>
	46,917	20,523,696	64,692	864,386	2,186,270
Decreased by:					
Reserve for Animal Expenditures	13,701				
State Share - Dog Licenses	1,022				
Miscellaneous Reserves		1,074,560			
Payroll Deductions Payable		5,280,353			
Net Payroll		8,149,038			
Affordable Housing Trust		85,896			
Reserve for Unemployment			33,914		
Recreation Activities				475,560	
Reserve for Municipal Open Space					214,000
Escrow Deposits- Construction Fees		254,550			
Payments to Current Fund	<u>797</u>	<u>61,122</u>	<u>-</u>	<u>10,750</u>	<u>-</u>
	<u>15,520</u>	<u>14,905,519</u>	<u>33,914</u>	<u>486,310</u>	<u>214,000</u>
	15,520	14,905,519	33,914	486,310	214,000
Balance, December 31, 2018	<u>\$ 31,397</u>	<u>\$ 5,618,177</u>	<u>\$ 30,778</u>	<u>\$ 378,076</u>	<u>\$ 1,972,270</u>

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

Balance, December 31, 2017		\$ 29,853
Increased by:		
Animal License Fees	\$ 13,068	
Cat License Fees	1,140	
Miscellaneous Fees	<u>1,039</u>	
		<u>15,247</u>
		45,100
Decreased by:		
Expenditures Under R.S. 4:19-15.11		
Cash Disbursements		<u>13,701</u>
Balance, December 31, 2018		<u>\$ 31,399</u>

Animal License Fees Collected

<u>Year</u>		
2016	\$	17,296
2017		<u>16,882</u>
	<u>\$</u>	<u>34,178</u>

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

Balance, December 31, 2017		\$ 2
Increased by:		
Payments		<u>1,022</u>
		1,024
Decreased by:		
State Fees Collected		<u>1,022</u>
Balance, December 31, 2018		<u>\$ 2</u>

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

Balance, December 31, 2017		\$ 36
Increased by:		
Interest on Deposits		761
		797
Decreased by:		
Payments to Current Fund		797
Balance, December 31, 2018		\$ -

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

Balance, December 31, 2017		\$ 19,623
Increased by:		
Employee Deductions	\$ 14,574	
Interest on Deposits	495	
Budget Appropriation	30,000	
		45,069
		64,692
Decreased by:		
Unemployment Claims		33,914
Balance, December 31, 2018		\$ 30,778

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

Balance, December 31, 2017		\$	8
Decreased by:			
Cash Receipts from Current Fund			8
Balance, December 31, 2018		\$	-

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

Balance, December 31, 2017		\$	601,763
Increased by:			
Transfer from Appropriation Reserves- Terminal Leave	\$	56,000	
Payments to Current Fund		28,439	
			84,439
			686,202
Decreased by:			
Interest Earned on Deposits		25,130	
Receipts from Current Fund		605,003	
			630,133
Balance, December 31, 2018		\$	56,069

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

Balance, December 31, 2017	\$	28,455
Increased by:		
Interest on Deposits		2,555
		31,010
Decreased by:		
Payments to Current Fund		31,010
Balance, December 31, 2018	\$	-

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

Balance, December 31, 2017	\$	4,393
Increased by:		
Cash Receipts		8,149,003
		8,153,396
Decreased by:		
Cash Disbursements		8,149,038
Balance, December 31, 2018	\$	4,358

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

Balance, December 31, 2017	\$	11,731
Increased by:		
Cash Receipts		5,280,270
		5,292,001
Decreased by:		
Cash Disbursements		5,280,353
Balance, December 31, 2018	\$	11,648

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

Balance, December 31, 2017	\$	390,843
Increased by:		
Cash Receipts		261,606
		652,449
Decreased by:		
Cash Disbursements		254,550
Balance, December 31, 2018	\$	397,899

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

	<u>Balance,</u> <u>December 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance,</u> <u>December 31, 2018</u>
Shade Tree Trust Fund	\$ 66,376	\$ 28,125	\$ 18,670	\$ 75,831
Hazmat Recovery	422			422
Safety Committee	4,055		2,708	1,347
Tree Bond	330,232	126,772	128,218	328,786
Street Opening	11,250	1,527	3,777	9,000
Tenafly Presents	25			25
Security Deposits/Refundable Deposits	11,330			11,330
Davis Johnson Park	97,120	8,323	5,222	100,221
Marriage License/Domestic Partners Trust	1,025	625	450	1,200
Burial Permits	4,015	210	1,360	2,865
Tax Title Lien Redemptions	6,696	17,967	17,967	6,696
Police Donations	14,579	2,215	2,193	14,601
State Training Fees	10,496	10,376	20,752	120
Home Rehabilitation Inspection Fee	50			50
Teen Center/Teen Camp	10,546	87,477	72,853	25,170
Public Defender Fees	2,500			2,500
Alcohol Education and Rehabilitation	19,468	586	160	19,894
Lost Money - Found	2,511	164	700	1,975
Tenafly Welcome	44			44
HPC	1,086			1,086
Donations Huyler Park Gazebo	3,018			3,018
Fire Penalty Fund	5,259	322		5,581
Uniform Construction Code Penalties	19,295	800		20,095
Donations All Abilities Playground	342			342
Snow Removal Trust	184,387		73,540	110,847
Parking Permit Trust	4,425			4,425
POAA	4,756	380		5,136
Premium on Tax Sale	890,008	201,000	407,800	683,208

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

	Balance, December 31, 2017	Increased	Decreased	Balance, December 31, 2018
Planning Board / Board of Adjustment Fees	\$ 392,165	\$ 149,937	\$ 150,772	\$ 391,330
Reserve for Terminal Leave	834,076	57,382	68,531	822,927
Confiscated Funds	2,960	1,065		4,025
Municipal Alliance CCAP	14,775		14,775	-
Mayor's Wellness Campaign	490			490
Tenaflly Community Night	2,295	2,350	2,417	2,228
Police Outside Duty	18,841	43,245	56,260	5,826
Police Video Cameras	1,150	150		1,300
Environmental Trust	448	150	89	509
Borough "Events"	15,480	24,625	25,346	14,759
	<u>\$ 2,987,996</u>	<u>\$ 765,773</u>	<u>\$ 1,074,560</u>	<u>\$ 2,679,209</u>
Cash Receipts		\$ 709,773		
Due from Current Fund		56,000		
Cash Disbursements		<u>-</u>	<u>\$ 1,074,560</u>	
		<u>\$ 765,773</u>	<u>\$ 1,074,560</u>	

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

Balance, December 31, 2017	\$ 1,754,302
Increased by:	
Tax Levy - 2018	\$ 399,137
Added and Omitted Taxes	2,108
Interest Earned on Deposits	<u>30,723</u>
	<u>431,968</u>
	2,186,270
Decreased by:	
Appropriated to Finance Improvement Authorization #18-02	<u>214,000</u>
Balance, December 31, 2018	<u>\$ 1,972,270</u>

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

Balance, December 31, 2017	\$	2,107,396
Increased by:		
Cash Receipts		559,532
		2,666,928
Decreased by:		
Cash Disbursement		85,896
Balance, December 31, 2018	\$	2,581,032

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

Balance, December 31, 2017	\$	325,960
Increased by:		
Cash Receipts		527,646
		853,606
Decreased by:		
Cash Disbursements		475,560
Balance, December 31, 2018	\$	378,046

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

Balance, December 31, 2017	\$ <u>30</u>
Balance, December 31, 2018	\$ <u><u>30</u></u>

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

Balance, December 31, 2017	\$ 818
Increased by:	
Interest Earnings	<u>9,932</u>
	10,750
Decreased by:	
Payments to Current Fund	<u>10,750</u>
Balance, December 31, 2018	\$ <u><u>-</u></u>

**STATEMENT OF DUE TO CURRENT FUND  
OTHER TRUST FUND- ESCROW DEPOSITS**

Balance, December 31, 2017	\$ <u>130</u>
Increased by:	
Interest Earnings	<u>1,673</u>
	1,673
Decreased by:	
Payments to Current Fund	<u>1,673</u>
Balance, December 31, 2018	\$ <u><u>130</u></u>

**GENERAL CAPITAL FUND**

**BOROUGH OF TENAFLY**  
**STATEMENT OF GENERAL CAPITAL CASH - TREASURER**

Balance, December 31, 2017		\$	1,985,854
Increased by Receipts:			
Interest Earnings	\$	51,604	
Capital Improvement Fund		175,000	
Unfunded Grants Raised in the Current Fund Budget		59,636	
Deferred Charges Unfunded Raised in the Current Fund Budget		175,000	
Bond Anticipation Notes		2,876,013	
Premium on the Sale of Notes		19,012	
Receipts from Municipal Open Space Trust Fund		214,000	
Receipts from Current Fund		184,629	
Community Development Block Grant Reimbursement Ord. 18-10		8,125	
Insurance Proceeds		140,054	
Reimbursement- Board of Education- Ord. #17-23		17,338	
Grant Receipts- Ord#17-09		81,401	
Grant Receipts- Ord. #16-07- Reserve for Payment of Bonds		39,736	
		4,041,548	4,041,548
			6,027,402
Decreased by Disbursements:			
Improvement Authorizations		2,176,009	
Contracts Payable		1,079,871	
Reserve for Payment of Debt Service- Realized as Current Fund Revenue		65,527	
Payments to Current Fund		51,604	
		3,373,011	3,373,011
Balance, December 31, 2018		\$	2,654,391

**BOROUGH OF TENAFLY**  
**ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS**

		Balance, December 31, <u>2018</u>
Fund Balance		\$ 278,338
Grant / Other Receivables		(46,270)
Contracts Payable		2,821,606
Capital Improvement Fund		47,694
Reserve for Debt Service		39,736
Excess Note Proceeds		273,739
Improvement Authorizations:		
<u>Ord. No.</u>	<u>Description</u>	
10-08	Improvements to Davis Johnson Park	9,006
12-08	Various Capital Improvements	2,127
13-22	Basketball court improvements	1,449
13-27	Improvements to Froggy Park	2,280
14-08/14-12/15/13	Various Capital Improvements	64
15-06	Cooperative Ramp Program	31,219
15-08	Various Capital Improvements	215,587
15-09	Improvements to Griffin Park	7,141
16-07	Various Capital Improvements	186,812
17-09	Various Capital Improvements	420,596
17-19	Pfister's Pond Restoration	571,530
17-23	Tenakill/Tenafly Swim Club Parking Lot Paving Project	53,240
18-06	Various Capital Improvements	(1,906,738)
18-07	Re-Appropriate DPW Utility Truck & TVAC Ambulance	3,256
18-09	Supplemental Ord. #18-06 Various Capital Improvements	(236,928)
18-21	Acquisition of Roll-Off Truck	(122,693)
18-30	Senior Center Parking Lot Improvements	1,600
		<u>\$ 2,654,391</u>

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

	<u>Pledged</u>	Balance, December 31, <u>2017</u>	Grants <u>Awards</u>	<u>Collected</u>	Funded by Budget <u>Appropriation</u>	Balance, December 31, <u>2018</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. 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.	33,112				33,112
Ord. 16-07 Roosevelt Common Tennis Court Lighting	Ord.	13,158				13,158
Ord. 17-09 Park and Field Improvements	Reserve	46,325				46,325
Ord. 18-30 Senior Center Parking Lot Improvements	Reserve	-	\$ 20,087	-	-	20,087
		<u>281,172</u>	<u>20,087</u>	<u>-</u>	<u>59,636</u>	<u>241,623</u>
<u>Due from Tenafly Chamber of Commerce</u>						
Ord. 07-24 - Phase I Improvements Huyler Park	Reserve	<u>15,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,900</u>
<u>Bergen County Community Development</u>						
Ord. 07-23 - Construct Barrier Free Doors	Reserve	2,890				2,890
Ord. 17-09 Road Resurfacing- Jefferson Ave	Reserve	<u>81,000</u>	<u>-</u>	<u>\$ 81,000</u>	<u>-</u>	<u>-</u>
		<u>83,890</u>	<u>-</u>	<u>81,000</u>	<u>-</u>	<u>2,890</u>
		<u>\$ 380,962</u>	<u>\$ 20,087</u>	<u>\$ 81,000</u>	<u>\$ 59,636</u>	<u>\$ 260,413</u>

Cash Receipts \$ 81,000

Analysis of Balance

Offset by Reserve:

Ord. 07-23	\$ 2,890
Ord. 07-24	25,841
Ord. 09-21	119,000
Ord. 17-09	46,325
Ord. 18-30	<u>20,087</u>

\$ 214,143

Unfunded

46,270

\$ 260,413

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

Balance, December 31, 2017	\$ 18,216,000
Decreased by:	
Budget Appropriations to Pay Bonds	<u>2,440,000</u>
Balance, December 31, 2018	<u>\$ 15,776,000</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2017	2018 Authorizations	Grant Proceeds	Insurance Proceeds	Board of Education Reimbursement	Funded by Budget Appropriation	Balance, December 31, 2018	Analysis of Balance December 31, 2018		Unexpended Improvement Authorizations
									Funded by Bond Anticipation Notes	Expended	
17-09	Various Capital Improvements	\$ 2,496,013		\$ 81,401			\$ 175,000	\$ 2,239,612	\$ 2,239,612		
17-23	Tenakill/Tenafly Swim Club Parking Lot Paving Project	380,000				\$ 17,338	-	362,662	362,662		
18-06	Various Capital Improvements		\$ 2,547,000					2,547,000		\$ 1,906,738	\$ 640,262
18-09	Supplemental Ord. #18-06 Various Capital Improvements		452,000					452,000		236,928	215,072
18-21	Acquisition Roll-Off Truck		143,000		\$ 15,457			127,543		122,693	4,850
18-30	Senior Center Parking Lot Improvements	-	26,000	-	-	-	-	26,000	-	-	26,000
		<u>\$ 2,876,013</u>	<u>\$ 3,168,000</u>	<u>\$ 81,401</u>	<u>\$ 15,457</u>	<u>\$ 17,338</u>	<u>\$ 175,000</u>	<u>\$ 5,754,817</u>	<u>\$ 2,602,274</u>	<u>\$ 2,266,359</u>	<u>\$ 886,184</u>
									\$ 2,876,013		
									Ord. #17-09	256,401	
									Ord. #17-23	17,338	
										<u>2,602,274</u>	
									Improvement Authorizations- Unfunded		\$ 1,360,020
									Less: Unexpended Bond Anticipation Note Proceeds		
									Ord. #17-09	\$ 420,596	
									Ord. #17-23	53,240	
											<u>473,836</u>
											<u>\$ 886,184</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, 2018</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2017</u>	<u>Issued</u>	<u>Decreased</u>	<u>Balance, December 31, 2018</u>
			<u>Date</u>	<u>Amount</u>					
2012 General Improvement Bonds	10/1/2012	\$ 6,260,000	10-01-2019-2022	\$ 750,000	3.75%-2.00%	\$ 3,735,000		\$ 735,000	\$ 3,000,000
2015 General Improvement Refunding Bonds	12/2/2015	5,955,000	12/1/2019	1,165,000	4.000%	5,955,000		1,130,000	4,825,000
			12/1/2020	1,190,000	4.000%				
			12/1/2021	1,230,000	4.000%				
			12/1/2022	1,240,000	4.000%				
2017 General Improvement Bonds	5/1/2017	8,526,000	5/1/2019-2022	575,000	2.000%	<u>8,526,000</u>	<u>-</u>	<u>575,000</u>	<u>7,951,000</u>
			5/1/2023-2025	1,125,000	2.000%				
			5/1/2026	1,130,000	2.000%				
			5/1/2027	1,146,000	3.000%				
						<u>\$ 18,216,000</u>	<u>\$ -</u>	<u>\$ 2,440,000</u>	<u>\$ 15,776,000</u>
								Budget Appropriation	<u>\$ 2,440,000</u>

**BOROUGH OF TENAFLY  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2017		2018 Authorization	Contracts Cancelled	Paid or Charged	Balance, December 31, 2018	
				Funded	Unfunded				Funded	Unfunded
10-08	Improvements to Davis Johnson Park	3/9/2010	\$ 171,300					9,006	\$	9,006
12-08	Various Capital Improvements- Re-Appropriate	6/19/12	188,861	\$	1			2,126		2,127
13-11/13-14/15-07	Various Capital Improvements	4/30/13-4/28/15	2,437,100	56,598		\$ (56,598)	54,399	\$ 54,399		-
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		-		2,267		2,280
14-08/14-12/15-13	Various Capital Improvements	4/29/14-5/27/14	2,068,122	22,110		(22,046)	212,961	212,961		64
15-06	Cooperative Curb Ramp Program	4/28/15	139,247	31,219						31,219
15-08	Various Capital Improvements	4/28/15	1,601,113	380,721		(165,961)	35,661	34,834		215,587
15-09	Improvements to Griffin Park	7/13/15	100,500				7,141			7,141
16-02	Supplemental to #14-08 New Public Works Bldg	1/26/16	50,000				30,024	30,024		
16-07	Various Capital Improvements	4/12/16	2,808,624	471,897		(225,000)	17,977	78,062		186,812
16-11	Development of Sgt. Nicholas Oresko Memorial Park	7/11/16	100,000	100,000				100,000		-
17-09	Various Capital Improvements	4/20/17	2,620,817		\$	1,147,899	-	90,613	817,916	\$ 420,596
17-14	Police Communication Equipment- Reappropriation	8/14/17	412,879	5,395		(5,395)		-		-
17-19	Pfister's Pond Restoration	10/24/17	661,000	661,000		-		89,470		571,530
17-23	Tenakill/Tenafly Swim Club Parking Lot Paving Project	10/24/17	400,000	-	369,225	-	-	315,985		53,240
18-02	Supplemental #17-09 Various Park Improvements		214,000			214,000		214,000		
18-06	Various Capital Improvements		2,674,615			2,674,615		2,034,353		640,262
18-07	Re-Appropriate- DPW Utility Truck & TVAC Ambulance		475,000			475,000		471,744	3,256	
18-09	Supplemental #18-06 Various Capital Improvements	6/12/18	475,000			475,000		259,928		215,072
18-10	Senior Center Handicap Access Walkway	6/12/18	8,125			8,125		8,125		-
18-15	Roof Repairs and Railroad Station		2,997			2,997		2,997		-
18-21	Acquisition of Roll-Off Truck	10/9/18	275,000			275,000		270,150		4,850
18-30	Senior Center Parking Lot Improvements		28,000			28,000		400	1,600	26,000
				<u>\$ 1,734,937</u>	<u>\$ 1,517,124</u>	<u>\$ 3,677,737</u>	<u>\$ 459,908</u>	<u>\$ 4,997,615</u>	<u>\$ 1,032,071</u>	<u>\$ 1,360,020</u>
				Capital Improvement Fund		\$ 160,018				
				Deferred Charges Unfunded		3,168,000				
				Municipal Open Space Trust		214,000				
				Fund Balance		11,122				
				Insurance Proceeds		124,597				
						<u>\$ 3,677,737</u>				
						Cash Disbursements		\$ 2,176,009		
						Contracts Payable		<u>2,821,606</u>		
								<u>\$ 4,997,615</u>		

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

Balance, December 31, 2017	\$	32,712
Increased by:		
Budget Appropriation		<u>175,000</u>
		207,712
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>160,018</u>
Balance, December 31, 2018	\$	<u><u>47,694</u></u>

EXHIBIT C-10

**STATEMENT OF DUE FROM CURRENT FUND**

Balance, December 31, 2017	\$	184,629
Increased by:		
Payments Made to Current Fund		<u>51,604</u>
		236,233
Decreased by:		
Interest Earnings	\$	51,604
Payments Received from Current Fund		<u>184,629</u>
		<u>236,233</u>
Balance, December 31, 2018	\$	<u><u>-</u></u>

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

Balance, December 31, 2017		\$ 65,527
Increased by:		
Grant Proceeds Received on Ord. #16-07		<u>39,736</u>
		105,263
Decreased by:		
Realized as Current Fund Budgeted Revenue		<u>65,527</u>
Balance, December 31, 2018		<u>\$ 39,736</u>
	<u>Analysis of Balance</u>	
	Ordinance #16-07	<u>\$ 39,736</u>

**STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2017		\$ 1,539,779
Increased by:		
Contract Awards		<u>2,821,606</u>
		4,361,385
Decreased by:		
Payments	\$ 1,079,871	
Contract Payable Cancelled	<u>459,908</u>	
		<u>1,539,779</u>
Balance, December 31, 2018		<u>\$ 2,821,606</u>

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

Increased by:	
Appropriated to Finance Improvement Authorization #18-02	<u>\$ 214,000</u>
Decreased by:	
Cash Received	<u><u>\$ 214,000</u></u>

**STATEMENT OF DUE FROM INSURANCE REIMBURSEMENT**

Increased by:	
Cash Received	<u>\$ 124,597</u>
Decreased by:	
Appropriated to Finance Improvement Authorization #18-21	<u><u>\$ 124,597</u></u>

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

<u>Ord. #</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</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, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2018</u>
17-09	Various Capital Improvements	5/31/2018	\$ 2,496,013	5/31/2018	5/31/2019	2.75 %		\$ 2,496,013		\$2,496,013
17-23	Teakill/Tenafly Swim Club Parking Lot Paving Project	5/31/2018	380,000	5/31/2018	5/31/2019	2.75 %	-	380,000	-	380,000
							<u>\$ -</u>	<u>\$ 2,876,013</u>	<u>\$ -</u>	<u>\$2,876,013</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2017</u>	2018 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Insurance <u>Proceeds</u>	Balance, December 31, <u>2018</u>
	<u>General Improvements</u>					
17-09	Various Capital Improvements	\$ 2,496,013		\$ 2,496,013		
17-23	Tenakill/Tenafly Swim Club Parking Lot Paving Project	380,000		380,000		
18-06	Various Capital Improvements		\$ 2,547,000			\$ 2,547,000
18-09	Supplemental Ord. #18-06- Various Capital Improvements		452,000			452,000
18-21	Acquisition Roll-Off Truck		143,000		\$ 15,457	127,543
18-30	Senior Center Parking Lot Improvements	-	26,000	-	-	26,000
		<u>\$ 2,876,013</u>	<u>\$ 3,168,000</u>	<u>\$ 2,876,013</u>	<u>\$ 15,457</u>	<u>\$ 3,152,543</u>

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



**PART II**  
**GOVERNMENT AUDITING STANDARDS**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of 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, 2018, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2019. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the omission of the 2018 note disclosures regarding the other post-employment medical benefit obligation and information related to post-retirement medical benefits and 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.

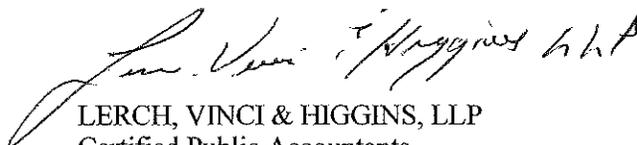
### Compliance and Other Matters

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.

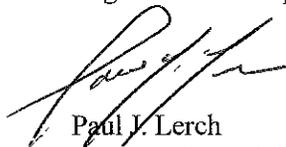
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Tenafly in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

### 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 17, 2019

**BOROUGH OF TENAFLY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Federal Grant Program</u>	<u>Grant Year</u>	<u>CFDA Number</u>	<u>Award Amount</u>	<u>2018 Grant Receipts</u>	<u>Balance December 31, 2017</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance December 31, 2018</u>	*	<u>(Memo) Cumulative Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>										
(Passed through County Dept. of Community Development)										
Community Development Block Grants										
Ord. #18-10 Senior Center Handicapped Access Walkway	2018	14.218	\$ 8,125	\$ 8,215		\$ 8,125	\$ 8,125		*	\$ 8,125
Ord. #17-09 Road Resurfacing Jefferson Ave			81,401	81,401		81,401	81,401		*	81,401
<b><u>US Department of Justice</u></b>										
Bulletproof Vest Partnership Program	2018	16.607	2,740	2,740		2,740	-	\$ 2,740	*	
<b><u>Division of Highway Safety- Occupant Protection Incentive</u></b>										
Click-it or Ticket		20.616							*	
	2014		3,955		\$ 48			48	*	3,907
	2016		5,000	-	5,000			5,000	*	
	2018			5,500	-	-	-	-	*	
					<u>\$ 5,048</u>	<u>\$ 92,266</u>	<u>\$ 89,526</u>	<u>\$ 7,788</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, 2018**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2018 Grant Receipts</u>	<u>Balance, December 31, 2017</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2018</u>	*	*	(Memo) Cumulative Expended
<b><u>Division of Criminal Justice</u></b>											
Body Armor Grant	120-718-066-1020-001	2016	\$ 3,363		\$ 1,368			\$ 1,368	*	\$	1,995
		2017	3,227		487			487	*		2,740
		2018	3,232			\$ 3,232	\$ 3,143	89	*		3,143
<b><u>Department of Environmental Protection</u></b>											
Clean Communities Program	4900-765-004-2011	2017	33,551		3,209			3,209	*		30,342
		2018	28,504	\$ 27,264		28,504	20,576	7,928	*		20,576
Recycling Tonnage Grant	4900-752-001-2012	2014	35,387		979			979	*		34,408
		2015	41,227		41,227			41,227	*		
		2016	20,647		20,647			20,647	*		
		2017	22,573	-	5,847		4,967	880	*		4,967
		2018	23,115			23,115	17,872	5,243	*		17,872
Environmental Grant	Not Available	2017	500		500			500	*		
Green Communities	Not Available	2012	3,000		3,000			3,000	*		
		2017	2,000		2,000			2,000	*		
<b><u>Pass Thru - Bergen County</u></b>											
Municipal Alliance on Alcoholism and Drug Abuse	Not Available	2017	4,938		4,938	-	-	4,938	*		
		2018	4,938	7,159		4,938	4,938	-	*		4,938
<b><u>Division of Highway-Traffic Safety</u></b>											
Drunk Driving Enforcement Fund	1110-448-031020-22	2018	3,799			3,799	3,556	243	*		3,556
<b><u>Department of Transportation</u></b>											
Ord. #16-07	20.205	2018	39,736	39,736	-	39,736	39,736	-	*		39,736
					<u>\$ 84,202</u>	<u>\$ 54,851</u>	<u>\$ 46,558</u>	<u>\$ 92,495</u>			

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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, 2018**

**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	\$ 2,740	\$ 15,115	\$ 17,855
General Capital Fund	<u>89,526</u>	<u>39,736</u>	<u>129,262</u>
	<u>\$ 92,266</u>	<u>\$ 54,851</u>	<u>\$ 147,117</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

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

*Part I – Summary of Auditor's Results*

**Financial Statements**

Type of auditors' report issued on financial statements	<u>Modified- Unaudited LOSAP and Omission of</u>	
	<u>Certain Footnote Disclosures</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified	_____ yes	<u>  X  </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ yes	<u>  X  </u> none reported
Noncompliance material to the financial statements noted?	_____ yes	<u>  X  </u> no

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE

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

*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, 2018**

*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, 2018**

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**

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**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**BOROUGH OF TENAFLY  
SUPPLEMENTARY DATA**

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

	<u>Year 2018</u>		<u>Year 2017</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 2,100,000	1.95 %	\$ 1,900,000	1.79 %
Miscellaneous - From Other Than Local				
Property Tax Levies	3,606,660	3.34	3,314,162	3.13
Collection of Delinquent Taxes and Tax Title Liens	690,428	0.64	743,785	0.70
Collection of Current Tax Levy	100,640,558	93.32	99,287,115	93.65
Other Credits	<u>803,679</u>	<u>0.75</u>	<u>774,994</u>	<u>0.73</u>
 Total Income	 <u>107,841,325</u>	 <u>100.00 %</u>	 <u>106,020,056</u>	 <u>100.00 %</u>
 <b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	27,767,271	26.42 %	27,251,458	26.33 %
County Taxes	11,214,513	10.67	11,550,736	11.16
Local District School Taxes	65,721,196	62.53	64,304,678	62.12
Municipal Open Space Taxes	401,245	0.38	398,944	0.39
Other Expenditures	<u>3,500</u>	<u>0.00</u>	<u>4,256</u>	<u>0.00</u>
 Total Expenditures	 <u>105,107,725</u>	 <u>100.00 %</u>	 <u>103,510,072</u>	 <u>100.00 %</u>
 Excess to Fund Balance	 2,733,600		 2,509,984	
 Fund Balance, January 1	 <u>4,671,039</u>		 <u>4,061,055</u>	
	7,404,639		6,571,039	
 Less Utilization as Anticipated Revenue	 <u>2,100,000</u>		 <u>1,900,000</u>	
 Fund Balance, December 31	 <u>\$ 5,304,639</u>		 <u>\$ 4,671,039</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>	2018	\$ 5,304,639	\$ 2,653,761
	2017	4,671,039	2,100,000
	2016	4,061,055	1,900,000

**Comparative Schedule Of Tax Rate Information**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate</u>	\$ <u>2.532</u>	\$ <u>2.523</u>	\$ <u>2.473</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Including Municipal Library)	\$ 0.595	\$ 0.595	\$ 0.585
Municipal Open Space	0.010	0.010	0.010
County (Including Open Space)	0.280	0.290	0.278
Local School	1.647	1.628	1.600
<u>Assessed Valuation</u>			
2018	\$ <u>3,991,368,900</u>		
2017		\$ <u>3,949,967,900</u>	
2016			\$ <u>3,920,745,000</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>
2018	\$ 101,595,158	\$ 100,785,558	99.20%
2017	100,605,339	99,587,115	98.99%
2016	97,492,546	96,645,590	99.13%

**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>
2018	\$ 887	\$ 584,740	\$ 585,627	0.58%
2017	887	724,525	725,412	0.72%
2016	887	693,143	694,030	0.71%

**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
Mark Zinna	Council member	None
Venugopal Menon	Council member	None
Daniel Park	Council member	None
Maxim Basch	Council member	None
Lauren Dayton	Council member	None
Jeffrey Grossman	Council member	None
Lisette Aportela	Borough Clerk	None
Lisette Aportela (10/1/18-12/31/18)	Borough Administrator	
Jewel Thompson-Chin (1/1/18-9/30/18)	Borough Administrator	None
Susan Corrado	Chief Financial Officer/Tax Collector	\$ 1,000,000
William R. McClure, Esq.	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
Janet Ridenhour	Assessor	None
Kathy Soule	Deputy Treasurer	None

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

**GENERAL COMMENTS**

**Prior Year Comment Unresolved**

Our audit of the cash disbursement/purchasing cycle revealed that the purchase orders are being issued after the goods and/or services have been received and/or rendered. It was noted that efforts have been made to reduce the instances of purchase orders being issued after the goods and/or services have been received or rendered. It is recommended that continued efforts are maintained to reduce the amount of purchase orders being issued after the goods and/or services have been received or rendered.

**Current Year Comment**

Our audit of the bidding revealed that the Borough awarded a contract for field turf replacement in excess of the Borough's bid threshold of \$40,000 using a National Cooperative Contract. The Borough did obtain all the required documents in accordance with the guidance as outlined in the Local Finance Notice 2012-10 "Using National Cooperative Contracts" however the cost savings analysis was not available for our review and we were unable to verify the pricing to the bid award pricing sheet. It is recommended that the Borough maintain a cost savings analysis and the price verification to the bid pricing award sheets with the purchase order for all purchases made through a National Cooperative.

**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:

- Tenakil/Tenaflly Swim Club Parking Lot improvements
- Tenaflly Culvert Repairs Project
- Roosevelt Commons Tennis Court Project
- 2018 Riverside Cooperative Road Improvement Program
- Oresko Memorial Park Renovations
- Piermont Road Improvements Section 2&3
- Maintenance of Traffic Signals and Related Equipment
- Repair and Maintenance of Police Vehicles

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.

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

**GENERAL COMMENTS (Continued)**

**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 November 30, 2018.

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

<u>Year</u>	<u>Number of Liens</u>
2018	1
2017	1
2016	1

**BOROUGH OF TENAFLY  
SUPPLEMENTARY DATA**

**RECOMMENDATIONS**

It is recommended that:

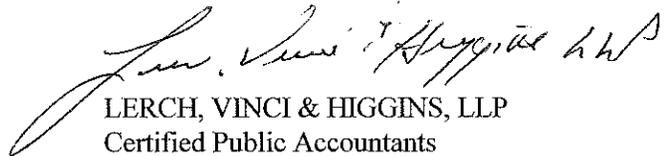
- \* 1. Continued efforts be maintained to reduce the amount of purchase orders being issued after the goods and/or services have been received or rendered.
  
- 2. The Borough maintain a cost saving analysis and the price verification to the bid pricing award sheets with the purchase order for all purchases made through a National Cooperative.

\*\*\*\*\*

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