

BOROUGH OF TENAFLY
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020

**BOROUGH OF TENAFLY
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
<u>Part I – Report on Audit of Financial Statements and Supplementary Schedules</u>		
	Independent Auditor’s Report	1-3
	Financial Statements	
A	Comparative Balance Sheets - Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	6
A-2	Statement of Revenues - Regulatory Basis – Current Fund	7-9
A-3	Statement of Expenditures - Regulatory Basis – Current Fund	10-15
B	Comparative Balance Sheets - Regulatory Basis - Trust Funds	16-17
B-1	Statement of Revenues – Regulatory Basis – Open Space Preservation Trust Fund	18
B-2	Statement of Appropriations – Regulatory Basis – Open Space Preservation Trust Fund	18
C	Comparative Balance Sheets - Regulatory Basis - General Capital Fund	19
C-1	Comparative Statements of Changes in Fund Balance - Regulatory Basis – General Capital Fund	20
D	Comparative Schedules of General Fixed Assets – Regulatory Basis – General Fixed Assets Account Group	21
	Notes to Financial Statements	22-63
	Supplementary Schedules	
	<u>Current Fund</u>	
A-4	Statement of Current Cash – Collector-Treasurer	64
A-5	Statement of Change Funds	65
A-6	Statement of Petty Cash Fund	65
A-7	Statement of Due from State of New Jersey Senior Citizens' and Veterans' Deductions	65
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	66
A-9	Statement of Property Acquired for Taxes (Assessed Valuation)	67
A-10	Statement of Tax Title Liens Receivable	67
A-11	Statement of Revenue Accounts Receivable	68
A-12	Statement of Grants Receivable	68
A-13	Statement of 2019 Appropriation Reserves	69-70
A-14	Statement of Encumbrances Payable	71
A-15	Statement of Prepaid Taxes	71
A-16	Statement of Local District School Tax	72
A-17	Statement of County Taxes Payable	72
A-18	Statement of Due to County for Added and Omitted Taxes	72
A-19	Statement of Due to Municipal Open Space Trust Fund	73
A-20	Statement of Tax Overpayments	73
A-21	Statement of Accounts Payable	73

**BOROUGH OF TENAFLY
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>Current Fund (Continued)</u>		
A-22	Schedule of Appropriated Reserves for Federal and State Grants	74
A-23	Schedule of Unappropriated Reserves for Federal and State Grants	74
A-24	Statement of Miscellaneous Reserves	75
A-26	Statement of Miscellaneous Reserves	75
<u>Trust Funds</u>		
B-3	Statement of Cash - Treasurer	76
B-4	Statement of Reserve for Animal License Expenditures – Animal Control Trust Fund	77
B-5	Statement of Amount Due from State of New Jersey - Animal Control Trust Fund	77
B-6	Statement of Due To Current Fund – Animal Control Trust Fund	78
B-7	Statement of Reserve for Unemployment Compensation Insurance Unemployment Insurance Trust Fund	78
B-8	Statement of Due from Current Fund – Other Trust Fund	79
B-9	Statement of Accrued Salary and Wages – Other Trust Fund	79
B-10	Statement of Payroll Deductions Payable – Other Trust Fund	80
B-11	Statement of Escrow Deposits – Construction Fees – Other Trust Fund	80
B-12	Statement of Miscellaneous Reserves – Other Trust Fund	81-82
B-13	Statement of Reserve for Municipal Open Space Trust – Open Space Preservation Trust Fund	82
B-14	Statement of Reserve for Affordable Housing Trust – Other Trust Fund	83
B-15	Statement of Reserve for Recreation Expenditures – Recreation Activities Trust Fund	83
B-16	Statement of Due to Other Trust – Payroll – Recreation Activities Trust Fund	83
B-17	Statement of Due to Current Fund – Other Trust Fund-Police Outside Duty	84
B-18	Statement of Due To/From Current Fund – Other Trust Fund – Escrow Deposits	84
B-19	Statement of Due to Current Fund – Recreation Activities Trust Fund	84
B-20	Statement of Due to Current Fund – Other Trust Fund – Payroll	84
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash - Treasurer	85
C-3	Analysis of General Capital Cash and Investments	86
C-4	Statement of Grant/Other Receivables – General Capital Fund	87
C-5	Statement of Deferred Charges to Future Taxation - Funded	88
C-6	Statement of Deferred Charges to Future Taxation - Unfunded	89
C-7	Statement of General Serial Bonds	90
C-8	Statement of Improvement Authorizations	91
C-9	Statement of Capital Improvement Fund	92
C-10	Statement of Due from Current Fund	92

**BOROUGH OF TENAFLY
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>	
Supplementary Schedules (Continued)			
<u>General Capital Fund (Continued)</u>			
C-11	Statement of Contracts Payable	93	
C-12	Statement of Due from Municipal Open Space Trust Fund	93	
C-13	Statement of Bond Anticipation Notes	94	
C-14	Statement of Bonds and Notes Authorized But Not Issued	95	
<u>Part II – Government Auditing Standards</u>			
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			96-97
Schedule of Expenditures of Federal Awards, Schedule A			98
Schedule of Expenditures of State Financial Assistance, Schedule B			99
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance			100
Schedule of Findings and Responses			101-104
<u>Part III – Supplementary Data and Letter of Comments and Recommendations</u>			
Comparative Statement of Operations and Change in Fund Balance - Current Fund			105
Comparative Schedule of Fund Balances			106
Comparative Schedule of Tax Rate Information			106
Comparison of Levies and Collection Currently			107
Delinquent Taxes and Tax Title Liens			107
Officials in Office and Surety Bonds			108
General Comments			109-110
Recommendations			111

BOROUGH OF TENAFLY

BERGEN COUNTY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2020



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Award 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, 2020 and 2019. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 14 percent and 13 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2020 and 2019.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Tenafly as of December 31, 2020 and 2019, 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, 2020 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

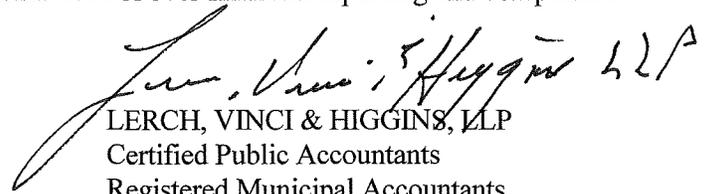
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Tenafly as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary 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.

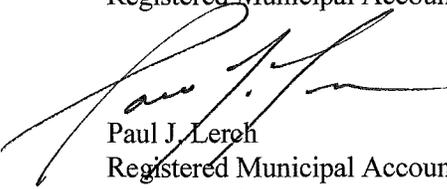
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 27, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of 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
July 27, 2021

BOROUGH OF TENAFLY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	A-4	\$ 10,055,409	\$ 9,862,858
Cash - Change Funds	A-5	375	375
Cash- Petty Cash	A-6	8,736	8,736
Grants Receivable	A-12	<u>12,655</u>	<u>12,655</u>
		<u>10,077,175</u>	<u>9,884,624</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	650,962	689,396
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-18	2,413	-
Due From Animal Control Trust Fund	B-6	2,583	1,607
Due From Police Outside Duty- Other Trust Fund	B-17	<u>-</u>	<u>5</u>
Sub Total		<u>675,045</u>	<u>710,095</u>
Deferred Charges			
Covid Emergency	A-25	<u>200,000</u>	<u>-</u>
Total Assets		<u>\$ 10,952,220</u>	<u>\$ 10,594,719</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF TENAFLY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 1,534,534	\$ 1,460,302
Encumbrances Payable	A-14	932,429	1,090,774
Accounts Payable	A-21	17,453	28,044
Due to Other Trust Fund- Other	B-8	65,000	65,069
Due to Other Trust Fund- Escrow	B-18	-	329
Senior Citizen and Veterans Deductions	A-7	2,734	809
Prepaid Taxes	A-15	1,299,734	735,147
Tax Overpayments	A-20	259,959	40,404
County Taxes Payable	A-18	96,319	41,677
Appropriated Reserve for Grants	A-22	114,061	115,910
Unappropriated Reserve for Grants	A-23	32,919	57,569
Miscellaneous Reserves	A-24	<u>949,876</u>	<u>1,139,406</u>
		5,305,018	4,775,440
Reserve for Receivables	A	675,045	710,095
Fund Balance	A-1	<u>4,972,157</u>	<u>5,109,184</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,952,220</u>	<u>\$ 10,594,719</u>

BOROUGH OF TENAFLY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 2,690,000	\$ 2,653,761
Miscellaneous Revenues Anticipated	A-2	2,805,544	3,537,629
Receipts from Delinquent Taxes	A-2	676,858	580,853
Receipts from Current Taxes	A-2	104,537,153	102,469,991
Non-Budget Revenues	A-2	155,449	197,088
Other Credits to Income			
Interfunds Returned- Net	A	1,612	-
Statutory Excess	B-4	2,583	1,558
Unexpended Balance of Appropriation Reserves	A-13	958,756	661,958
Deferred Charge - Covid Emergency	A-25	200,000	-
		<u>112,027,955</u>	<u>110,102,838</u>
Total Revenues and Other Income			
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	11,394,691	10,888,945
Other Expenses	A-3	11,636,548	11,677,755
Capital Improvements	A-3	255,000	190,000
Municipal Debt Service	A-3	3,011,030	2,993,433
Deferred Charges and Statutory Expenditures	A-3	2,638,080	2,810,765
Local District School Tax	A-16	68,298,178	67,215,067
County Taxes including Added Taxes	A-17, A-18	11,832,057	11,462,008
Municipal Open Space Taxes incl/Added Taxes	A-19	404,402	402,294
Prior Year Senior Discount Disallowed	A-1	-	2,783
Interfunds Advanced - Net	A	4,996	1,482
		<u>109,474,982</u>	<u>107,644,532</u>
Total Expenditures			
Excess in Revenue		2,552,973	2,458,306
Fund Balance, January 1	A	<u>5,109,184</u>	<u>5,304,639</u>
		7,662,157	7,762,945
Decreased by:			
Utilization as Anticipated Revenues	A-1	<u>2,690,000</u>	<u>2,653,761</u>
Fund Balance, December 31,	A	<u>\$ 4,972,157</u>	<u>\$ 5,109,184</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, 2020

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 2,690,000	\$ 2,690,000	-
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	A-11	25,000	16,900	\$ (8,100)
Other	A-2	15,000	14,940	(60)
Fees and Permits				
Other	A-2	150,000	159,327	9,327
Fines and Costs				
Municipal Court	A-11	150,000	78,030	(71,970)
Interest and Costs on Taxes	A-11	150,000	213,754	63,754
Interest on Investments	A-2	113,000	117,806	4,806
Rental of Borough Owned Property	A-11	100,000	25,571	(74,429)
Use of Sewer System Agreements	A-11	40,000	35,045	(4,955)
Borough Operated Alarm Systems	A-11	40,000	42,955	2,955
Energy Receipts Taxes	A-11	1,119,801	1,119,801	-
Uniform Construction Code Fees	A-11	425,000	481,251	56,251
State and Federal Grants Offset with Appropriations-				
Municipal Alliance on Alcoholism and Drug Abuse	A-12	4,938	3,330	(1,608)
Body Armor Fund	A-12	3,354	3,354	-
Clean Communities- Reserve	A-23	30,431	30,431	-
JIF Safety Grant- Reserve	A-23	1,750	1,750	-
Drunk Driving Enforcement Fund	A-23	4,946	4,946	-
Recycling Tonnage Grant	A-23	20,442	20,442	-
Uniform Fire Safety Act	A-11	15,000	17,618	2,618
Cable TV Franchise Fee	A-11	184,411	184,411	-
Hotel Occupancy Fee (P.L. 2003, c.114)	A-11	80,000	32,167	(47,833)
Sewer Charges - Tax Exempt Properties	A-11	22,000	23,109	1,109
Payment in Lieu of Taxes - Tenafly House	A-11	16,000	21,432	5,432
Cell Tower/Monopole Lease	A-11	150,000	157,174	7,174
Total Miscellaneous Revenues	A-1	<u>2,861,073</u>	<u>2,805,544</u>	<u>(55,529)</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	<u>625,000</u>	<u>676,858</u>	<u>51,858</u>
AMOUNT TO BE RAISED BY TAXATION:				
Local Tax for Municipal Purposes		22,929,592	24,172,832	1,243,240
Minimum Library Tax		<u>1,579,684</u>	<u>1,579,684</u>	-
Total Amount to be Raised by Taxation	A-2	<u>24,509,276</u>	<u>25,752,516</u>	<u>1,243,240</u>
Total General Revenues		<u>\$ 30,685,349</u>	31,924,918	<u>\$ 1,239,569</u>
Non-Budget Revenues	A-1,A-2		<u>155,449</u>	
			<u>\$ 32,080,367</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, 2020

	<u>Reference</u>	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 104,537,153
Less: Allocated to School, County Taxes and Open Space	A-16,A-17,A-18, A-19	<u>80,534,637</u>
Add: Reserve for Uncollected Taxes	A-3	<u>1,750,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 25,752,516</u>
Licenses		
Clerk	A-11	\$ 4,900
Board of Health	A-11	<u>10,040</u>
	A-2	<u>\$ 14,940</u>
Fees and Permits		
Clerk	A-11	\$ 1,424
Police	A-11	3,714
Board of Health	A-11	2,050
Tax Department	A-11	111
Finance-Admin	A-11	49,731
Fire Prevention	A-11	32,113
Construction Code- Miscellaneous	A-11	53,674
Board of Adjustment/Planning Board	A-11	<u>16,510</u>
	A-2	<u>\$ 159,327</u>
Interest on Investments and Deposits		
Cash Receipts	A-11	\$ 84,185
Due from General Capital	C-10	20,616
Due from Animal Control Fund	B-6	262
Due from Other Trust Fund - Miscellaneous Reserves	B-8	5,922
Due from Recreation Trust Fund	B-19	3,061
Due from Other Trust Fund- Escrow	B-18	2,742
Due from Other Trust Fund- Police Outside Duty	B-17	74
Due from Other Trust- Payroll	B-20	<u>944</u>
	A-2	<u>\$ 117,806</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, 2020**

	<u>Reference</u>	
Non-Budget Revenue		
Recycling Cardboard/Miscellaneous	\$	12,566
Returned Check Fee		900
Prior Year Police Outside Duty		89,471
Sale of Fire Truck		5,000
LOSAP Forfeiture		5,740
Other		<u>41,772</u>
	A-2,A-4	<u>\$ 155,449</u>

**BOROUGH OF TENAFLY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020 Appropriated</u>		<u>2020 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
General Government					
Administrative and Executive					
Salaries and Wages					
Administrator's Office	\$ 210,458	\$ 200,458	\$ 196,045	\$ 4,413	
Borough Clerk's Office	263,736	263,736	252,914	10,822	
Other Expenses					
Administrator's Office	242,718	229,687	176,012	53,675	
Borough Clerk's Office	58,850	51,950	37,989	13,961	
Postage	30,000	30,000	27,070	2,930	
Photocopy Expense	9,000	9,000	(4,312)	13,312	
Human Resources					
Salaries and Wages	50,000	50,000	45,513	4,487	
Other Expenses	3,000	3,000	1,499	1,501	
Mayor and Council					
Salaries and Wages	23,000	23,000	22,250	750	
Other Expenses	12,000	12,000	11,489	511	
Elections					
Salaries and Wages	10,000	10,000	9,705	295	
Other Expenses	19,850	19,850	10,396	9,454	
Financial Administration					
Salaries and Wages	249,873	253,628	253,628	-	
Audit/Other Expenses	68,475	68,475	66,705	1,770	
Revenue Administration					
Salaries and Wages	109,114	109,114	103,111	6,003	
Other Expenses	40,769	40,769	31,383	9,386	
Assessment of Taxes					
Salaries and Wages	135,712	135,712	126,049	9,663	
Other Expenses	29,035	23,535	3,240	20,295	
Legal Services and Costs					
Other Expenses	180,000	180,000	165,848	14,152	
Engineering Services and Costs					
Other Expenses	87,000	117,975	117,975	-	
Historic Preservation Commission					
Salaries and Wages	4,000	4,000	4,000	-	
Other Expenses	15,050	15,050	7,390	7,660	
Municipal Land Use Law:					
Planning Board					
Salaries and Wages	3,500	3,500	3,500	-	
Other Expenses	41,993	35,818	29,931	5,887	
Zoning Board of Adjustment					
Salaries and Wages	500	500	-	500	
Other Expenses	35,930	28,680	20,612	8,068	
Insurance					
Liability	403,208	419,629	418,129	1,500	

BOROUGH OF TENAFLY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020 Appropriated</u>		<u>2020 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	\$ 325,896	\$ 325,896	\$ 325,896	-	
Group Insurance Plan for Employees	2,089,075	2,009,292	1,816,386	\$ 192,906	
Unemployment	55,000	55,000	55,000	-	
Public Safety					
Police					
Salaries and Wages	5,683,704	5,823,096	5,771,510	51,586	
Other Expenses	284,676	273,176	202,669	70,507	
Other Expenses - Emergency Response				-	
Emergency Management Services					
Salaries and Wages	4,600	4,600	4,600	-	
Other Expenses	20,100	20,100	10,865	9,235	
Aid to Volunteer Fire Company					
Salaries and Wages	155,827	155,827	153,460	2,367	
Other Expenses	14,450	14,450	4,232	10,218	
Aid to Volunteer Ambulance Corps					
Salaries and Wages	20,800	22,385	22,385	-	
Other Expenses	202,250	200,665	180,000	20,665	
Fire Department					
Salaries and Wages	24,247	24,247	19,408	4,839	
Other Expenses	332,900	332,900	297,721	35,179	
Fire Hydrant Services	253,000	236,803	232,888	3,915	
Municipal Prosecutor					
Salaries and Wages	3,416	3,416	3,416	-	
Other Expenses	11,584	11,584	10,348	1,236	
Streets and Roads					
Road Repairs and Maintenance					
Salaries and Wages	2,254,242	2,202,019	2,139,084	62,935	
Other Expenses	575,500	627,724	625,058	2,666	
Solid Waste Collections					
Contract-Collections	895,000	895,000	890,000	5,000	
Recycling Center					
Salaries and Wages	593,152	629,830	629,830	-	
Other Expenses	118,975	118,975	118,545	430	
Public Buildings and Grounds					
Salaries and Wages	236,780	236,780	191,810	44,970	
Other Expenses	241,675	241,675	201,296	40,379	

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, 2020

	<u>2020 Appropriated</u>		<u>2020 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
Health and Welfare					
Board of Health					
Salaries and Wages	\$ 5,000	\$ 5,000	\$ 5,000		
Other Expenses	102,434	100,520	96,284	\$ 4,236	
Environmental Commission					
Other Expenses	1,800	1,800		1,800	
Animal Welfare					
Other Expenses	14,500	14,500	12,121	2,379	
Mental Health Center					
Other Expenses	7,000	7,000	7,000		-
Recreation and Education:					
Recreation Commission R.S. 40:12-1					
Salaries and Wages	347,156	347,156	281,039	66,117	
Other Expenses	38,775	38,775	19,092	19,683	
Senior Citizens Center					
Salaries and Wages	98,212	98,212	97,562	650	
Other Expenses	12,700	12,700	5,875	6,825	
Community Support					
Nature Center - Other Expenses					
	40,000	40,000	40,000		-
Stigma Free Events					
Other Expenses	2,000	3,914	3,900	14	
Welcome Committee					
Other Expenses	6,500	6,500	1,952	4,548	
Senior Services Committee					
Salaries and Wages	31,200	31,200	29,986	1,214	
Other Expenses	1,750	1,750	383	1,367	
Senior Services Transportation					
Salaries and Wages	85,232	85,232	69,081	16,151	
Other Expenses	7,000	7,000	2,098	4,902	
Parking Lot Rental					
Other Expenses	28,000	28,000	15,828	12,172	
Celebration of Public Events					
Other Expenses	42,500	42,500	23,360	19,140	
Payroll Adjustment	175,000	134,567	44,838	89,729	
PUBLIC SAFETY FUNCTION					
Municipal Court					
Salaries and Wages	126,732	126,732	106,291	20,441	
Other Expenses	14,750	14,750	4,765	9,985	
Public Defender					
Other Expenses	3,600	3,600	800	2,800	

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, 2020**

	<u>2020 Appropriated</u>		<u>2020 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	\$ 275,342	\$ 277,148	\$ 277,148		
Other Expenses	9,840	8,034	2,575	\$ 5,459	
Director of Building Department					
Salaries and Wages	106,642	106,642	99,861	6,781	
Other Expenses	6,330	6,330	4,827	1,503	
Unclassified					
Electricity	214,422	214,422	208,991	5,431	
Street Lighting	168,000	169,198	169,198	-	
Telephone	65,000	76,675	75,722	953	
Natural Gas	62,500	62,500	41,150	21,350	
Gasoline	165,500	96,800	82,895	13,905	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
BCUA Disposal Fees	448,000	459,761	459,761	-	-
Total Operations Within "CAPS"	<u>19,447,037</u>	<u>19,433,424</u>	<u>18,333,861</u>	<u>1,099,563</u>	<u>-</u>
Total Operations Including Contingent Within "CAPS"	<u>19,447,037</u>	<u>19,433,424</u>	<u>18,333,861</u>	<u>1,099,563</u>	<u>-</u>
Detail:					
Salaries and Wages	11,287,177	11,367,737	10,963,024	404,713	-
Other Expenses	8,159,860	8,065,687	7,370,837	694,850	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL WITHIN					
"CAPS"					
Statutory Expenditures					
Contribution to:					
Public Employees Retirement System	676,801	690,414	690,414	-	
Social Security System (O.A.S.I.)	561,000	561,000	553,733	7,267	
Police and Firemen's Retirement System of NJ	1,368,166	1,368,166	1,368,166	-	
Defined Contribution Retirement Program	18,500	18,500	11,101	7,399	-
Total Deferred Charges and Statutory					
Expenditures - Municipal					
Within "CAPS"	<u>2,624,467</u>	<u>2,638,080</u>	<u>2,623,414</u>	<u>14,666</u>	<u>-</u>
Total General Appropriations for					
Municipal Purposes Within "CAPS"	<u>22,071,504</u>	<u>22,071,504</u>	<u>20,957,275</u>	<u>1,114,229</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, 2020

	<u>2020 Appropriated</u>		<u>2020 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)	\$ 1,481,880	\$ 1,481,880	\$ 1,206,632	\$ 275,248	
Library Building Maintenance					
Salaries and Wages	26,954	26,954	15,000	11,954	
Other Expenses	70,850	70,850	47,599	23,251	
Bergen County Utilities Authority					
Operations and Maintenance	1,351,474	1,351,474	1,351,474	-	
Debt Service	523,561	523,561	523,561	-	
Emergency Services Volunteer Length of Service Award Program (P.L. 1997, C. 388)	76,000	76,000	-	76,000	-
Total Other Operations Excluded from "CAPS"	3,530,719	3,530,719	3,144,266	386,453	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Recycling Tonnage Grant - Reserve	20,442	20,442	1,081	19,361	
Police DWI	4,946	4,946	1,185	3,761	
Body Armor Fund - Reserve	3,354	3,354		3,354	
Municipal Alliance on Alcoholism and Drug Abuse	4,938	4,938	1,896	3,042	
Matching Funds - Municipal Alliance	1,235	1,235		1,235	
JIF Grant	1,750	1,750	150	1,600	
Clean Communities Program - Reserve	30,431	30,431	28,932	1,499	-
Total Public and Private Programs Offset by Revenues	67,096	67,096	33,244	33,852	-
Total Operations Excluded from "CAPS"	3,597,815	3,597,815	3,177,510	420,305	-
Detail:					
Salaries and Wages	26,954	26,954	15,000	11,954	-
Other Expenses	3,570,861	3,570,861	3,162,510	408,351	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	255,000	255,000	255,000	-	-
Total Capital Improvement Fund - Excluded from "CAPS"	255,000	255,000	255,000	-	-
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Principal	2,515,000	2,515,000	2,515,000	-	
Interest on Bonds	355,930	355,930	355,930		
Interest on Notes	140,100	140,100	140,100	-	\$ -
Total Municipal Debt Service - Excluded from "CAPS"	3,011,030	3,011,030	3,011,030	-	-

BOROUGH OF TENAFLY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020 Appropriated</u>		<u>2020 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 6,863,845	\$ 6,863,845	\$ 6,443,540	\$ 420,305	-
Subtotal General Appropriations	28,935,349	28,935,349	27,400,815	1,534,534	-
Reserve for Uncollected Taxes	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,750,000</u>	-	-
Total General Appropriations	<u>\$ 30,685,349</u>	<u>\$ 30,685,349</u>	<u>\$ 29,150,815</u>	<u>\$ 1,534,534</u>	<u>\$ -</u>
<u>Reference</u>	A-2	A-2		A	
Cash Disbursed			\$ 26,468,386		
Encumbrances Payable			932,429		
Reserve for Uncollected Taxes			<u>1,750,000</u>		
			<u>\$ 29,150,815</u>		

BOROUGH OF TENAFLY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2020 AND 2019

ASSETS	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Animal Control Trust Fund			
Cash	B-3	\$ 32,459	\$ 33,735
Due from State of New Jersey	B-5	<u>1</u>	<u>1</u>
		<u>32,460</u>	<u>33,736</u>
Other Trust Fund			
Cash	B-3	5,496,386	4,773,926
Due from Recreation Fund- Payroll Agency	B-16	30	30
Due from Current Fund - Escrow Deposits	B-18	-	329
Due from Current Fund - Other Trust Fund	B-8	<u>65,000</u>	<u>65,069</u>
		<u>5,561,416</u>	<u>4,839,354</u>
Unemployment Insurance Trust Fund			
Cash	B-3	<u>74,296</u>	<u>7,667</u>
Recreation Activities Trust Fund			
Cash	B-3	<u>266,210</u>	<u>374,273</u>
Municipal Open Space Preservation Trust Fund			
Cash	B-3	<u>2,386,540</u>	<u>2,224,803</u>
Length of Service Award Program (Unaudited)			
Investments	B	1,273,858	1,027,367
Contributions Receivable	B	<u>67,002</u>	<u>64,790</u>
		<u>1,340,860</u>	<u>1,092,157</u>
Total Assets		<u>\$ 9,661,782</u>	<u>\$ 8,571,990</u>

BOROUGH OF TENAFLY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Trust Fund			
Reserve for Animal License Expenditures	B-4	\$ 29,877	\$ 32,129
Due to Current Fund	B-6	<u>2,583</u>	<u>1,607</u>
		<u>32,460</u>	<u>33,736</u>
Other Trust Fund			
Due to Current Fund - Police Outside Duty	B-17	-	5
Due to Current Fund - Escrow Deposits	B-18	2,413	-
Reserve for:			
Miscellaneous Reserves	B-12	2,122,481	1,969,062
Escrow Deposits - Construction Fees	B-11	337,245	378,888
Affordable Housing Trust	B-14	3,083,028	2,475,868
Accrued Salary and Wages	B-9	3,728	3,728
Payroll Deductions Payable	B-10	<u>12,521</u>	<u>11,803</u>
		<u>5,561,416</u>	<u>4,839,354</u>
Unemployment Insurance Trust Fund			
Reserve for Unemployment Compensation Insurance	B-7	<u>74,296</u>	<u>7,667</u>
Recreation Activities Trust Fund			
Due to Other Trust Fund- Payroll Agency	B-16	30	30
Reserve for Recreation Expenditures	B-15	<u>266,180</u>	<u>374,243</u>
		<u>266,210</u>	<u>374,273</u>
Municipal Open Space Preservation Trust Fund			
Reserve for Municipal Open Space Expenditures	B-13	<u>2,386,540</u>	<u>2,224,803</u>
Length of Service Award Program (Unaudited)			
Net Position Available for Benefits	B	<u>1,340,860</u>	<u>1,092,157</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,661,782</u>	<u>\$ 8,571,990</u>

**BOROUGH OF TENAFLY
STATEMENT OF REVENUES-REGULATORY BASIS
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget (Memo)	Realized	Variance
Amount to be Raised by Taxation	\$ 400,955	\$ 404,402	\$ 3,447
Reference	B-2	B-13	

EXHIBIT B-2

**STATEMENT OF EXPENDITURES-REGULATORY BASIS
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget (Memo)	Paid or Charged	Variance
Reserve for Future Use	\$ 400,955	\$ 256,218	\$ 144,737
Reference	B-1	B-13	

BOROUGH OF TENAFLY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	C-2,C-3	\$ 2,688,954	\$ 3,105,731
Grants / Other Receivable	C-4	353,710	513,369
Deferred Charges to Future Taxation			
Funded	C-5	10,771,000	13,286,000
Unfunded	C-6	<u>13,521,221</u>	<u>8,910,583</u>
Total Assets		<u>\$ 27,334,885</u>	<u>\$ 25,815,683</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-7	\$ 10,771,000	\$ 13,286,000
Bond Anticipation Notes Payable	C-13	8,910,000	5,604,000
Contracts Payable	C-11	1,835,379	2,531,728
Improvement Authorizations			
Funded	C-8	1,290,167	1,169,128
Unfunded	C-8	3,893,663	2,366,854
Reserve for:			
Grants Receivable	C-4	306,659	466,318
Capital Improvement Fund	C-9	79,888	65,694
Fund Balance	C-1	<u>248,129</u>	<u>325,961</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 27,334,885</u>	<u>\$ 25,815,683</u>

There were bonds and notes authorized but not issued at December 31, 2020 and 2019 of \$4,794,000 and \$3,429,000, respectively (Exhibit C-14).

BOROUGH OF TENAFLY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, December 31	C	\$ 325,961	\$ 278,338
Increased by:			
Cancellations	C-8	3,256	3,576
Premium on Sale of Notes	C-2	<u>46,244</u>	<u>44,047</u>
		375,461	325,961
Decreased by:			
Appropriate to Finance Improvement Authorizations	C-8	<u>127,332</u>	<u>-</u>
Balance, December 31	C	<u>\$ 248,129</u>	<u>\$ 325,961</u>

BOROUGH OF TENAFLY
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
General Fixed Assets		
Land	\$ 98,634,741	\$ 98,634,741
Land Improvements	2,219,502	1,618,756
Buildings and Building Improvements	15,611,740	15,159,221
Machinery and Equipment	<u>18,414,327</u>	<u>15,950,985</u>
	<u>\$ 134,880,310</u>	<u>\$ 131,363,703</u>
Investment in General Fixed Assets	<u>\$ 134,880,310</u>	<u>\$ 131,363,703</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 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, 2020 AND 2019**

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 Trust 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 Trust 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.

Municipal 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 Award 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, 2020 AND 2019**

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, 2019 balances to conform to the December 31, 2020 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.

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

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

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

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of 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.

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 Municipal Open Space Preservation Trust Fund)

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2020 and 2019 the Borough Council did not increase the original budget. In addition, the governing body approved several budget transfers during 2020 and 2019.

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, 2020 and 2019, the book value of the Borough's deposits were \$21,009,365 and \$20,392,104 and bank and brokerage firm balances of the Borough's deposits amounted to \$21,461,810 and \$20,973,624, 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>2020</u>	<u>2019</u>
Insured	\$ 21,039,203	\$ 20,553,261
Uninsured and Collateralized	422,607	420,363
	<u>\$ 21,461,810</u>	<u>\$ 20,973,624</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2020 and 2019, the Borough’s bank balances of \$422,607 and \$420,363 were exposed to custodial credit risk as follows:

	<u>2020</u>	<u>2019</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust		
department not in the Borough's name	<u>\$ 422,607</u>	<u>\$ 420,363</u>

B. Investments

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

As of December 31, 2020 and 2019, the Borough had the following investments:

	<u>2020</u>	<u>Fair Value</u>	<u>2019</u>
Investment:			
Lincoln Financial-Length of Service Award Program (Unaudited)	<u>\$ 1,273,858</u>		<u>\$ 1,027,367</u>

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2020 and 2019, \$1,273,858 and \$1,027,367 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>	
	<u>2020</u>	<u>2019</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 1,273,858</u>	<u>\$ 1,027,367</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 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, 2020 and 2019, the Borough’s investment in Lincoln Financial Group was rated Baa1 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, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Property Taxes	\$ 650,962	\$ 689,396
Tax Title Liens	887	887
	<u>\$ 651,849</u>	<u>\$ 690,283</u>

In 2020 and 2019, the Borough collected \$676,585 and \$580,853 from delinquent taxes, which represented 98% and 94%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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>2020</u>		<u>2019</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	\$ 4,996	\$ 65,000	\$ 1,612	\$ 65,398
Animal Control Trust Fund		2,583		1,607
Other Trust Fund - Escrow		2,413	329	
Other Trust Fund - Misc. Reserves	65,000		65,069	5
Other Trust Fund - Payroll Agency	30		30	
Recreation Activities Trust Fund	-	30	-	30
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 70,026</u>	<u>\$ 70,026</u>	<u>\$ 67,040</u>	<u>\$ 67,040</u>

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

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2020</u>			
Current Fund			
COVID Emergency	<u>\$200,000</u>	<u>\$ -</u>	<u>\$200,000</u>

2019

There were none.

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 7 FUND BALANCES APPROPRIATED

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

	Fund Balance December 31, <u>2020</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2019</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 4,959,502	\$ 2,565,000	\$ 5,096,529	\$ 2,690,000
Non-Cash Surplus	<u>12,655</u>	<u>-</u>	<u>12,655</u>	<u>-</u>
	<u>\$ 4,972,157</u>	<u>\$ 2,565,000</u>	<u>\$ 5,109,184</u>	<u>\$ 2,690,000</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2020 and 2019.

	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2020</u>
<u>2020</u>				
Land	\$ 98,634,741			\$ 98,634,741
Land Improvements	1,618,756	\$ 600,746		2,219,502
Buildings and Building Improvements	15,159,221	452,519		15,611,740
Machinery and Equipment	<u>15,950,985</u>	<u>2,463,342</u>	<u>-</u>	<u>18,414,327</u>
	<u>\$ 131,363,703</u>	<u>\$ 3,516,607</u>	<u>\$ -</u>	<u>\$ 134,880,310</u>
	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2019</u>
<u>2019</u>				
Land	\$ 96,720,279	\$ 1,914,462		\$ 98,634,741
Land Improvements	1,445,573	173,183		1,618,756
Buildings and Building Improvements	15,159,221	-		15,159,221
Machinery and Equipment	<u>15,013,742</u>	<u>989,569</u>	<u>\$ (52,326)</u>	<u>15,950,985</u>
	<u>\$ 128,338,815</u>	<u>\$ 3,077,214</u>	<u>\$ (52,326)</u>	<u>\$ 131,363,703</u>

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects and acquisitions or other purposes permitted by the Local Bond Law, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2020</u>	<u>2019</u>
Issued		
General		
Bonds, Notes and Loans	\$ 19,681,000	\$ 18,890,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>182,779</u>	<u>122,417</u>
Net Debt Issued	19,498,221	18,767,583
Authorized But Not Issued		
General		
Bonds and Notes	<u>4,794,000</u>	<u>3,429,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 24,292,221</u>	<u>\$ 22,196,583</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 0.525% and 0.481% at December 31, 2020 and 2019, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2020</u>			
General Debt	\$ 24,475,000	\$ 182,779	\$ 24,292,221
School Debt	<u>26,435,000</u>	<u>26,435,000</u>	<u>-</u>
Total	<u>\$ 50,910,000</u>	<u>\$ 26,617,779</u>	<u>\$ 24,292,221</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2019</u>			
General Debt	\$ 22,319,000	\$ 122,417	\$ 22,196,583
School Debt	<u>28,355,000</u>	<u>28,355,000</u>	<u>-</u>
Total	<u>\$ 50,674,000</u>	<u>\$ 28,477,417</u>	<u>\$ 22,196,583</u>

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 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>2020</u>	<u>2019</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 163,020,127	\$ 161,386,816
Net Debt	<u>24,292,221</u>	<u>22,196,583</u>
Remaining Borrowing Power	<u>\$ 138,727,906</u>	<u>\$ 139,190,233</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>2020</u>	<u>2019</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%	\$ 1,500,000	\$ 2,250,000
\$5,955,000, 2015 General Improvement Refunding Bonds, due in annual installments of \$1,230,000 to \$1,240,000 through December 1, 2022, interest at 4.00%	2,470,000	3,660,000
\$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>6,801,000</u>	<u>7,376,000</u>
	<u>\$ 10,771,000</u>	<u>\$ 13,286,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2020 is as follows:

Calendar Year	<u>General Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	1,125,000	102,030	1,227,030
2025	1,125,000	79,530	1,204,530
2026-2028	<u>2,276,000</u>	<u>68,520</u>	<u>2,344,520</u>
Total	<u>\$ 10,771,000</u>	<u>\$ 862,570</u>	<u>\$ 11,633,570</u>

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2020 and 2019 were as follows:

	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
General Capital Fund					
Bonds Payable	\$ 13,286,000	\$ -	\$ 2,515,000	\$ 10,771,000	\$ 2,555,000
General Capital Fund Long-Term Liabilities	<u>\$ 13,286,000</u>	<u>\$ -</u>	<u>\$ 2,515,000</u>	<u>\$ 10,771,000</u>	<u>\$ 2,555,000</u>
	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
General Capital Fund					
Bonds Payable	\$ 15,776,000	\$ -	\$ 2,490,000	\$ 13,286,000	\$ 2,515,000
General Capital Fund Long-Term Liabilities	<u>\$ 15,776,000</u>	<u>\$ -</u>	<u>\$ 2,490,000</u>	<u>\$ 13,286,000</u>	<u>\$ 2,515,000</u>

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2020 and 2019 was as follows:

Bond Anticipation Notes

<u>2020</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2019</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2020</u>
<u>General Capital Fund</u>							
	Various Capital Improvements	1.25%	5/28/2021	\$ 2,089,612	\$ 2,050,815	\$ 2,089,612	\$ 2,050,815
	Teakill/Tenafly Swim Club Parking						
	Lot Paving Project	1.25%	5/28/2021	362,662	362,662	362,662	362,662
	Various Capital Improvements	1.25%	5/28/2021	2,547,000	2,481,991	2,547,000	2,481,991
	Supplemental Ord. #18-06 - Various						-
	Capital Improvements	1.25%	5/28/2021	452,000	452,000	452,000	452,000
	Acquisition of Roll-Off Truck	1.25%	5/28/2021	127,543	127,543	127,543	127,543
	Senior Center Parking Lot Imprvts	1.25%	5/28/2021	25,183	6,572	25,183	6,572
	Various Road Improvements	1.25%	5/28/2021		714,000		714,000
	Various Capital Improvements	1.25%	5/28/2021		2,597,417		2,597,417
	Borough Hall ADA Improvements	1.25%	5/28/2021	-	117,000	-	117,000
	Total			\$ 5,604,000	\$ 8,910,000	\$ 5,604,000	\$ 8,910,000
<u>2019</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2018</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2019</u>
<u>General Capital Fund</u>							
	Various Capital Improvements	2.50%	5/29/2020	\$ 2,496,013	\$ 2,089,612	\$ 2,496,013	\$ 2,089,612
	Teakill/Tenafly Swim Club Parking						
	Lot Paving Project	2.50%	5/29/2020	380,000	362,662	380,000	362,662
	Various Capital Improvements	2.50%	5/29/2020		2,547,000		2,547,000
	Supplemental Ord. #18-06 - Various						-
	Capital Improvements	2.50%	5/29/2020		452,000		452,000
	Acquisition of Roll-Off Truck	2.50%	5/29/2020		127,543		127,543
	Senior Center Parking Lot Imprvts	2.50%	5/29/2020	-	25,183	-	25,183
	Total			\$ 2,876,013	\$ 5,604,000	\$ 2,876,013	\$ 5,604,000

**BOROUGH OF TENAFLY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

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 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2020</u>		
Acquisition of Sleeper Trailer	\$ 185,113	2021
Acquisition of Elgin Sweeper	235,220	2021
Acquisition of (3) Ford Utility Interceptors	113,140	2021
<u>2019</u>		
Acquisition of a Fire Engine	\$ 373,731	2020
Acquisition of (3) Automated Garbage Trucks	951,120	2020
Acquisition of two Dump Trucks	409,979	2020

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 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 \$1,373,206 and \$1,318,864 at December 31, 2020 and 2019, 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, 2020 and 2019, the Borough has reserved in the Other Trust Fund \$675,669 and \$753,800 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, 2020 and 2019 were as follows:

	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
Compensated Absences	\$ 1,318,864	\$ 54,342		\$ 1,373,206	
Net Pension Liability - PERS	14,222,092		\$ 2,080,326	12,141,766	
Net Pension Liability - PFRS	16,575,777	376,818		16,952,595	
Net OPEB Liaibility (1)	<u>15,383,460</u>	<u>-</u>	<u>-</u>	<u>15,383,460</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 47,500,193</u>	<u>\$ 431,160</u>	<u>\$ 2,080,326</u>	<u>\$ 45,851,027</u>	<u>\$ -</u>
	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
Compensated Absences	\$ 1,270,545	\$ 48,319		\$ 1,318,864	
Net Pension Liability - PERS	15,487,923		\$ 1,265,831	14,222,092	
Net Pension Liability - PFRS	17,743,844		1,168,067	16,575,777	
Net OPEB Liaibility	<u>17,548,022</u>	<u>-</u>	<u>2,164,562</u>	<u>15,383,460</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 52,050,334</u>	<u>\$ 48,319</u>	<u>\$ 4,598,460</u>	<u>\$ 47,500,193</u>	<u>\$ -</u>

(1) GASB Statement number 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit. (Delete if municipality has private OPEB plan).

**BOROUGH OF TENAFLY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen’s Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. 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.

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.

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, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the 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.

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, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 and 2019 is \$16.4 billion and \$18.1 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 58.32% and 56.27%, respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2020 and 2019 is \$14.9 billion and \$14.2 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 63.52% and 65.00%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 and 2018 which were rolled forward to June 30, 2020 and 2019, respectively.

Actuarial Methods and Assumptions

In the July 1, 2019 and 2018 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 2020 and 2019 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2020 and 2019 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 2020, 2019 and 2018 were equal to the required contributions.

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2020, 2019 and 2018, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended December 31</u>	<u>PFRS</u>	<u>PERS (1)</u>	<u>DCRP</u>
2020	\$ 1,368,166	\$ 767,776	\$ 11,101
2019	1,296,208	745,234	17,926
2018	1,214,669	770,833	17,588

(1)Includes Library portion of contribution for the year.

In addition for the years ended December 31, 2020, 2019 and 2018 the Borough contributed for long-term disability insurance premiums (LTDI) \$2,123, \$1,610 and \$4,382, respectively for PERS and \$0 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, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020 and 2019, the Borough reported a liability of \$12,141,766 and \$14,222,092, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough's proportionate share was .07446 percent, which was a decrease of .00447 percent from its proportionate share measured as of June 30, 2019 of .07893 percent.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough's pension expense to be \$177,933 and \$792,149, respectively, for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of 767,776 for 2020 and more than the actual contribution reported for 2019 of \$745,234. At December 31, 2020 and 2019, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2020</u>		<u>2019</u>	
	<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	\$ 221,082	\$ 42,939	\$ 255,268	\$ 62,827
Changes of Assumptions	393,893	5,083,872	1,420,128	4,946,443
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	415,015			224,501
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>220,874</u>	<u>1,241,498</u>	<u>467,155</u>	<u>592,472</u>
Total	<u>\$ 1,250,864</u>	<u>\$ 6,368,309</u>	<u>\$ 2,142,551</u>	<u>\$ 5,826,243</u>

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ (1,557,084)
2021	(2,250,038)
2022	(1,479,325)
2023	(631,147)
2024	800,149
Thereafter	<u>-</u>
	<u>\$ (5,117,445)</u>

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 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, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</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	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

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>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

	<u>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2057
Municipal Bond Rate *	Not Applicable	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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, 2020 and 2019 calculated using the discount rate of 7.00% and 6.28%, 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 6.00% and 5.28%, respectively or 1-percentage-point higher 8.00% and 7.28%, respectively than the current rate:

<u>2020</u>	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>15,284,458</u>	\$ <u>12,141,766</u>	\$ <u>9,475,106</u>
<u>2019</u>	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>17,964,813</u>	\$ <u>14,222,092</u>	\$ <u>11,068,319</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020 and 2019. 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, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2020 and 2019, the Borough reported a liability of \$16,952,595 and \$16,575,777, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough’s proportionate share was .13120 percent, which was a decrease of .00425 percent from its proportionate share measured as of June 30, 2019 of .13545 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough pension expense to be \$1,070,826 and \$1,559,617, respectively, for PFRS based on the actuarial valuations which are less than the actual contribution reported in the Borough’s financial statements of \$1,368,166 for 2020 and more than the actual contribution reported for 2019 of \$1,296,208. At December 31, 2020 and 2019, 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:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 170,911	\$ 60,841	\$ 139,921	\$ 104,944
Changes of Assumptions	42,661	4,544,889	567,976	5,387,139
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	994,010			224,596
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>725,804</u>	<u>630,378</u>	<u>1,155,575</u>	<u>251,221</u>
Total	<u>\$ 1,933,386</u>	<u>\$ 5,236,108</u>	<u>\$ 1,863,472</u>	<u>\$ 5,967,900</u>

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2020	\$ (1,820,937)
2021	(1,615,830)
2022	(1,100,669)
2023	(270,703)
2024	1,505,417
Thereafter	<u>-</u>
	<u>\$ (3,302,722)</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</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	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

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

Calendar		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

	<u>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2076
Municipal Bond Rate *	Not Applicable	From July 1, 2076 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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, 2020 and 2019 calculated using the discount rate of 7.00% and 6.85%, 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 6.00% and 5.85%, respectively or 1-percentage-point higher 8.00% and 7.85%, respectively than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
<u>2020</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>22,543,462</u>	\$ <u>16,952,595</u>	\$ <u>12,308,953</u>
<u>2019</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>22,404,410</u>	\$ <u>16,575,777</u>	\$ <u>11,751,743</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2020 and 2019. 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, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

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, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,630,966 and \$2,617,347, respectively. For the years ended December 31, 2020 and 2019, 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 \$298,167 and \$304,114, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$202,451 and \$176,335, respectively. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Borough was .13120 percent, which was a decrease of .00425 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .13545 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 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.

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 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, 2020 was not available and for 2019 is \$13.5 billion and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% at June 30, 2019.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which was rolled forward to June 30, 2019.

- Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

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

The employers participating in the OPEB plan made contributions of \$346.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million for fiscal year 2019.

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, 2020, 2019 and 2018 were \$301,120, \$275,495 and \$433,504, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2020, 2019 and 2018 were \$62,867, \$56,869 and \$48,234, respectively.

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST RETIREMENT MEDICAL BENEFITS (Continued)

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

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

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB 75 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2020 for the measurement date of June 30, 2020 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2021-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB 75 financial information for the year ended December 31, 2020 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019, the Borough reported a liability of \$15,383,460 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019. As of the measurement date of June 30, 2019 the Borough’s proportionate share was .11356 percent, which was an increase of .00155 percent from its proportionate share measured as of June 30, 2018 of .11201 percent.

For the year ended December 31, 2019, the Plan has determined the Borough’s OPEB expense to be \$517,602 based on the actuarial valuation which is more than the actual contributions reported in the Borough’s financial statements of \$275,495. At December 31, 2019, 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:

	2019	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 2,231,654
Changes of Assumptions		2,704,320
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 12,672	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	1,607,935	1,592,172
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 1,620,607</u>	<u>\$ 6,528,146</u>

**BOROUGH OF TENAFLY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST RETIREMENT MEDICAL BENEFITS (Continued)

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

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ (885,905)
2021	(885,905)
2022	(885,905)
2023	(885,905)
2024	(889,073)
Thereafter	<u>(474,846)</u>
	<u>\$ (4,907,539)</u>

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 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, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%
Rate Thereafter	Not Applicable
Mortality	
PERS	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.
PFRS	Pub-2010 Safety Classification Headcount- Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and for 2019 the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST RETIREMENT MEDICAL BENEFITS (Continued)

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

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

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

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 2.00% as of June 30, 2019.

Discount Rate

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

Calendar

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	3.50%

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, 2019 calculated using the discount rate of 3.50% 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 2.50% or 1-percentage-point higher 4.50% than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
<u>2019</u>			
Borough's Proportionate Share of the Net OPEB Liability	\$ 17,787,193	\$ 15,383,460	\$ 13,430,109

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019. 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, 2020 AND 2019**

NOTE 13 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, 2019 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>2019</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>\$ 12,981,744</u>	<u>\$ 15,383,460</u>	<u>\$ 18,447,253</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019. 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, 2019, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$6,672,692. For the year ended December 31, 2019 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$88,448. At December 31, 2019, (measurement date June 30, 2019), the State's share of the OPEB liability attributable to the Borough was .11210 percent, which was a decrease of .01811 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .13021 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.

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.

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 14 RISK MANAGEMENT

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

The Borough of 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, SBJIF and MEL coverage amounts are on file with the Borough.

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

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

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

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

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 55,000	\$ 31,099	\$ 19,543	\$ 74,296
2019	30,000	14,035	67,838	7,667
2018	30,000	14,574	33,914	30,778

NOTE 15 CONTINGENT LIABILITIES

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

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 15 CONTINGENT LIABILITIES (Continued)

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2020 and 2019. 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, 2020 and 2019, the Borough reserved \$949,876 and \$1,133,058, 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, 2020 and 2019, 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 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2020 and 2019, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

The Borough of 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.

The Borough of Tenafly has contributed \$1,718 and \$1,705 for 2020 and 2019, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$67,002 and \$64,790 for 2020 and 2019, respectively.

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2020 and 2019, 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, 2020 and 2019 the Borough abated property taxes totaling \$45,231 and \$44,436, 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, 2020 and 2019, respectively.

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 18 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 owned 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 begins 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, 2020 and 2019 the Borough abated property taxes totaling \$76,485 and \$75,141, respectively, under this law. The Borough received \$21,432 and \$21,844 in PILOT payments under this program for the years ended December 31, 2020 and 2019, respectively.

NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the “COVID-19 Pandemic”). On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place. Recently, the United States Congress has passed relief and stimulus legislation including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Borough cannot predict how the outbreak will impact the financial condition or operations of the Borough, or if there will be any impact on the assessed values of property within the Borough or deferral of tax payments to municipalities. The Borough cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. At this time, it is not possible to predict any future financial impacts as a result of this pandemic on the Borough’s operations; however, such amounts, if any, could be material.

**BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 20 SUBSEQUENT EVENTS

Debt Authorized

On February 23, 2021 the Borough adopted a bond ordinance authorizing the issuance \$2,307,000 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.

On May 11, 2021 the Borough adopted a bond ordinance authorizing the issuance \$2,814,000 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, 2019	\$	9,862,858
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	\$	155,449
Taxes Receivable		104,433,614
Revenue Accounts Receivable		2,707,670
Grants Receivable		6,684
Prepaid Taxes		1,299,734
Due from State - Senior Citizen and Veteran Deductions		47,175
Tax Overpayments		529,471
Unappropriated Reserve- State and Federal Grants		32,919
Due from General Capital Fund		20,616
Due from Animal Control Fund		1,869
Due from Other Trust Fund		5,853
Due from Other Trust Fund - Payroll		944
Due from Other Trust Fund- Police Outside Duty		79
Due from Other Trust Fund- Recreation		3,061
		109,245,138
		119,107,996
Decreased by Disbursements:		
2020 Budget Appropriations	26,468,386	
Appropriation Reserves	1,503,078	
Accounts Payable	26,954	
Local District School Taxes	68,298,178	
County Taxes Payable	11,731,139	
County Added and Omitted Taxes	46,276	
Tax Overpayments	309,916	
Appropriated Reserve for State and Federal Grants	9,728	
Miscellaneous Reserves	189,530	
Payments to Other Trust Fund	65,000	
Payments to Municipal Open Space Trust Fund	404,402	
		109,052,587
Balance, December 31, 2020	\$	10,055,409

**BOROUGH OF TENAFLY
STATEMENT OF CHANGE FUNDS**

	Balance, December 31, <u>2019</u>	Balance, December 31, <u>2020</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, 2019	<u>\$ 8,736</u>
Balance, December 31, 2020	<u>\$ 8,736</u>

EXHIBIT A-7

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

Balance, December 31, 2019	\$ 809
Increased by:	
Received in Cash	<u>47,175</u>
	47,984
Decreased by:	
Senior Citizen Deductions per Tax Billing	\$ 4,250
Veterans Deductions per Tax Billing	<u>41,000</u>
	<u>45,250</u>
Balance, December 31, 2020	<u>\$ 2,734</u>

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

Year	Balance	2020 Levy	Added Taxes	Collected in		Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Balance, December 31, 2020
	December 31, 2019			2019	2020			
2018	\$ 6,670				\$ 6,670			
2019	<u>682,726</u>	-	-	-	<u>670,188</u>	-	\$ 12,538	-
	<u>689,396</u>	-	-	-	<u>676,858</u>	-	<u>12,538</u>	-
2020	<u>-</u>	\$ <u>104,970,019</u>	\$ <u>901,949</u>	\$ <u>735,147</u>	<u>103,756,756</u>	\$ <u>45,250</u>	<u>683,853</u>	\$ <u>650,962</u>
	<u>\$ 689,396</u>	<u>\$ 104,970,019</u>	<u>\$ 901,949</u>	<u>\$ 735,147</u>	<u>\$ 104,433,614</u>	<u>\$ 45,250</u>	<u>\$ 696,391</u>	<u>\$ 650,962</u>

Analysis of 2020 Property Tax Levy

Tax Yield	
General Property Tax	\$ 104,970,019
Added Tax (R.S. 54:4-63.1 et seq.)	<u>901,949</u>
	<u>\$ 105,871,968</u>
Tax Levy	
Local District School Tax	\$ 68,298,178
County Tax - General	11,256,302
County Tax - Open Space	474,837
Added County Taxes	100,918
Municipal Open Space	<u>404,402</u>
	80,534,637
Local Tax for Municipal and Library	24,509,276
Additional Taxes	<u>828,055</u>
	<u>25,337,331</u>
	<u>\$ 105,871,968</u>

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

Balance, December 31, 2019	\$ <u>18,200</u>
Balance, December 31, 2020	\$ <u><u>18,200</u></u>

STATEMENT OF TAX TITLE LIENS RECEIVABLE

Balance, December 31, 2019	\$ <u>887</u>
Balance, December 31, 2020	\$ <u><u>887</u></u>

BOROUGH OF TENAFLY
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2019</u>	Accrued in 2020	<u>Realized</u>	Balance, December 31, <u>2020</u>
Borough Clerk				
Liquor Licenses		\$ 16,900	\$ 16,900	
Licenses - Other		4,900	4,900	
Fees and Permits - Other		1,424	1,424	
Board of Health				
Fees and Permits		2,050	2,050	
Licenses - Other		10,040	10,040	
Police Department				
Fees and Permits		3,714	3,714	
Alarm System Fees		42,955	42,955	
Planning Board/Board of Adjustment				
Fees and Permits		16,510	16,510	
Tax Collector				
Fees and Permits		111	111	
Finance/Admin				
Fees and Permits		49,731	49,731	
Fire Prevention				
Fees and Permits		32,113	32,113	
Municipal Court				
Fines and Costs		78,030	78,030	
Uniform Construction Code				
Fees and Permits		481,251	481,251	
Fees and Permits- Other		53,674	53,674	
Interest and Costs on Taxes		213,754	213,754	
Energy Receipts Taxes		1,119,801	1,119,801	
Rental of Borough Owned Property		25,571	25,571	
Uniform Fire Safety Act (Life Hazard Use)		17,618	17,618	
Interest on Investments and Deposits		84,185	84,185	
Tax Exempt Sewer Fees		23,109	23,109	
Cable TV Franchise Fee		184,411	184,411	
Cell Tower/Monopole Lease		157,174	157,174	
Hotel Occupancy Fee (P.L. 2003, c. 114)		32,167	32,167	
Payment in Lieu of Taxes - Tenafly House		21,432	21,432	
Use of Sewer System Agreements	-	35,045	35,045	-
	<u>\$ -</u>	<u>\$ 2,707,670</u>	<u>\$ 2,707,670</u>	<u>\$ -</u>

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2020</u>	Accrued	Cash <u>Receipts</u>	Balance, December 31, <u>2020</u>
Body Armor		\$ 3,354	\$ 3,354	
Municipal Alliance	\$ 12,655	3,330	3,330	\$ 12,655
	<u>\$ 12,655</u>	<u>\$ 6,684</u>	<u>\$ 6,684</u>	<u>\$ 12,655</u>

**BOROUGH OF TENAFLY
STATEMENT OF 2019 APPROPRIATION RESERVES**

	Balance, December 31, <u>2019</u>	Budget After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Salaries and Wages					
General Administration	\$ 1,491	\$ 1,491			\$ 1,491
Municipal Clerk	15,121	15,121			15,121
Elections	3,543	3,543			3,543
Financial Administration		456	\$ 456		-
Revenue Administration	8,511	8,055	30		8,025
Tax Assessment Administration	2,899	2,899	832		2,067
Zoning Board	500	500			500
Police Department	65,265	65,265	64,135		1,130
Volunteer Ambulance	740	740	724		16
Fire Department	5,000	5,000			5,000
Fire Prevention	3,707	4,026	4,026		-
Streets & Roads	134,828	117,629	11,475	\$ 65,000	41,154
Recycling	3,419	3,419	781		2,638
Buildings & Grounds	14,001	10,000	210		9,790
Building Department		2,876	1,871		1,005
Recreation	422	866	866		-
Youth Center	13,283	13,283	680		12,603
Senior Citizens	21,168	21,168			21,168
Senior Services Coordinator	855	1,545	1,545		-
Senior Services Transportation	13,820	13,820	2,598		11,222
Municipal Court	4,181	4,181	1,927		2,254
Municipal Library	8,937	91,275	91,275		-
Municipal Library-Building Maintenance	2,876	8,937	8,937		-
Payroll Adjustment/Terminal Leave	39,872	107,730	107,730		-
Other Expenses					
General Administration	18,210	88,265	75,197		13,068
Municipal Clerk	17,658	18,238	8,308		9,930
Postage	168	228	67		161
Photocopy Expense	2,413	2,413			2,413
Mayor & Council	1,758	1,758	100		1,658
Elections	16,810	16,810	12,726		4,084
Financial Administration/Audit	12,742	12,743	2,175		10,568
Revenue Administration	5,296	5,746	1,547		4,199
Tax Assessment Administration	9,070	22,771	14,717		8,054
Legal Services & Costs	104,766	109,211	13,854		95,357
Engineering	9,399	25,325	11,089		14,236
Historic Preservation	6,698	9,933	25		9,908
Planning Board	11,912	11,912	240		11,672
Zoning Board of Adjustment	125	1,601	1,489		112
Insurance - Group Insurance for Employees		490,325	168,487		321,838
Liability Insurance	1,500	99,425	98,291		1,134
Worker Compensation Insurance	319,685	84,209	84,209		-
Municipal Court	378	378			378
Public Defender	1,836	1,836			1,836
Emergency Management Services	9,202	9,202			9,202
Aid to Volunteer Ambulance Corp	34,926	28,521	2,196		26,325
Police	43,154	122,409	119,962		2,447
Emergency Response Team	3,000	3,000			3,000

**BOROUGH OF TENAFLY
STATEMENT OF 2019 APPROPRIATION RESERVES**

	Balance, December 31, <u>2019</u>	Total Modified <u>Budget</u>	<u>Expended</u>	Transfer to <u>Reserves</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Fire Department	\$ 22,846	\$ 63,794	\$ 41,169		\$ 22,625
Volunteer Firemen Life		848			848
Fire Prevention		8,171	968		7,203
Fire Hydrant Service	2,830	22,105	129		21,976
Streets & Roads	8,945	68,335	64,792		3,543
Recycling	20,374	27,432	26,755		677
Solid Waste Contract Collections	51,666	126,250	74,583		51,667
Solid Waste Disposal - Tipping Fees	5,965	64,471	30,739		33,732
Building & Grounds		61,086	60,214		872
Building Department	305	305	120		185
Public Health	1,380	1,380			1,380
Environmental Commission	1,278	1,278			1,278
Animal Control	2,596	2,596			2,596
Recreation	15,608	15,204	316		14,888
Youth Center	597	1,624	1,027		597
Senior Citizens Center	4,183	4,238	396		3,842
Senior Services Coordinator	136	136			136
Senior Citizens Transportation	4,759	4,538	469		4,069
Parking Lot Rental	6,405				-
Celebration of Public Events	2,863	2,863			2,863
Construction Code Official	2,910	2,910	150		2,760
Electricity		36,118	25,618		10,500
Street Lighting	3,673	31,596	29,327		2,269
Telephone	3,699	4,081	1,256		2,825
Natural Gas	4,996	17,174	13,302		3,872
Gasoline	49,787	77,770	32,931		44,839
Leases		11,405			11,405
Social Security System (O.A.S.I.)		814	814		-
Defined Contribution Retirement Program	74				-
Police & Firemen's Retirement System		15,844	15,844		-
DCRP		930	930		-
Deductible		1,500			1,500
Municipal Library	149,536	74,470	74,470		-
Library Building Maintenance	11,080	10,609	10,609		-
LOSAP	76,000	76,000	64,790		11,210
Surety Bonds	2,250	2,250			2,250
Judgments		30,494	30,452		42
Recycling Tonnage Grant		76	76		-
Click It or Ticket	5,500	5,500		\$ 5,500	-
Body Armor Fund	1,323	3,204	2,418	786	-
JIF Grant	1,593	1,593	-	1,593	-
	<u>\$ 1,460,302</u>	<u>\$ 2,551,076</u>	<u>\$ 1,519,441</u>	<u>\$ 72,879</u>	<u>\$ 958,756</u>
Appropriation Reserves		\$ 1,460,302			
Prior Year Encumbrances		<u>1,090,774</u>			
		<u>2,551,076</u>			
Cash Disbursed			\$ 1,503,078		
Accounts Payable			<u>16,363</u>		
			<u>\$ 1,519,441</u>		

Analysis

Transfer to Appropriated Reserve-Grants	\$ 7,879
Transfer to Terminal Leave- Other Trust Fund	<u>65,000</u>
	<u>\$ 72,879</u>

**BOROUGH OF TENAFLY
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2019	\$	1,090,774
Increased by:		
Charged to 2020 Budget Appropriations		932,429
		2,023,203
Decreased by:		
Transferred to Appropriation Reserves		1,090,774
Balance, December 31, 2020	\$	932,429

EXHIBIT A-15

STATEMENT OF PREPAID TAXES

Balance, December 31, 2019	\$	735,147
Increased by:		
Collection of 2021 Taxes		1,299,734
		2,034,881
Decreased by:		
Applied to 2020 Taxes		735,147
Balance, December 31, 2020	\$	1,299,734

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

Increased by:		
Levy - Calendar Year 2020	\$	<u>68,298,178</u>
Decreased by:		
Payments	\$	<u>68,298,178</u>

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
Levy- General County - 2020	\$	11,256,302
Levy- Open Space Preservation - 2020		<u>474,837</u>
	\$	<u>11,731,139</u>
Decreased by:		
Payments	\$	<u>11,731,139</u>

STATEMENT OF DUE TO COUNTY FOR ADDED AND OMITTED TAXES

Balance, December 31, 2019		\$ 41,677
Increased by:		
County Share of Added and Omitted Taxes		<u>100,918</u>
		142,595
Decreased by:		
Payments		<u>46,276</u>
Balance, December 31, 2020	\$	<u>96,319</u>

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

Increased by:			
Tax Levy- 2020		\$ 400,955	
Added and Omitted Taxes		<u>3,447</u>	
			\$ 404,402
Decreased by:			
Cash Disbursed			<u>404,402</u>
Balance, December 31, 2020			<u><u>\$ -</u></u>

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2019		\$ 40,404	
Increased by:			
Cash Receipts			<u>529,471</u>
			569,875
Decreased by:			
Cash Disbursements			<u>309,916</u>
Balance, December 31, 2020			<u><u>\$ 259,959</u></u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2019		\$ 28,044	
Increased by:			
Transfer from Appropriation Reserves			<u>16,363</u>
			44,407
Decreased by:			
Cash Disbursed			<u>26,954</u>
Balance, December 31, 2020			<u><u>\$ 17,453</u></u>

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

	Balance, December 31, <u>2019</u>	Transfer From Appropriation Reserves	Cash <u>Disbursed</u>	Balance, December 31, <u>2020</u>
Body Armor Replacement Grant	\$ 487	\$ 786		\$ 1,273
DOJ- Bullet Proof Vest	381			381
Recycling Tonnage Grant	8,222		8,037	185
Clean Communities Grant	8,246		941	7,305
Green Communities	5,000			5,000
Click It or Ticket	5,048	5,500		10,548
JIF Grant		1,593		1,593
Police DWI	1,342			1,342
U.S. Department of Justice - COPS Universal - Local Share	55,856			55,856
U.S. Department of Justice - COPS More - Local Share	9			9
Municipal Alliance on Alcoholism and County Share	4,938		750	4,188
Local Share	21,379			21,379
Bergen County Department of Parks - Arts Grant				-
County Share	2			2
NJLM Sustainable Jersey Small Cities Grant	5,000	-	-	5,000
	<u>\$ 115,910</u>	<u>\$ 7,879</u>	<u>\$ 9,728</u>	<u>\$ 114,061</u>

EXHIBIT A-23

SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance, December 31, <u>2019</u>	Realized as Budgeted <u>Revenue</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2020</u>
Clean Communities	\$ 30,431	\$ 30,431	\$ 27,438	\$ 27,438
JIF Safety Grant	1,750	1,750	2,500	2,500
Drunk Driving Enforcement Fund	4,946	4,946	-	-
Recycling Tonnage Grant	20,442	20,442	-	-
BOJ Bulletproof Vest	-	-	2,981	2,981
	<u>\$ 57,569</u>	<u>\$ 57,569</u>	<u>\$ 32,919</u>	<u>\$ 32,919</u>

**BOROUGH OF TENAFLY
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2019</u>	Cash <u>Disbursed</u>	Balance, December 31, <u>2020</u>
Reserve for:			
State Library Aid	\$ 6,348	\$ 6,348	-
Tax Appeals	<u>1,133,058</u>	<u>183,182</u>	<u>\$ 949,876</u>
	<u>\$ 1,139,406</u>	<u>\$ 189,530</u>	<u>\$ 949,876</u>

STATEMENT OF MISCELLANEOUS RESERVES

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of Net</u> <u>Amount</u> <u>Authorized</u>	<u>Balance</u> <u>December 31,</u> <u>2019</u>	<u>Balance</u> <u>December 31,</u> <u>2020</u>
	Covid 19 Related Revenue Deficit	<u>\$ 200,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>
		<u>\$ 200,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>

TRUST FUNDS

BOROUGH OF TENAFLY
STATEMENT OF CASH - TREASURER

	Animal Control Fund	Other Trust Fund	Unemployment Compensation Trust Fund	Recreation Activities Trust Fund	Municipal Open Space Preservation Trust Fund
Balance, December 31, 2019	\$ 33,735	\$ 4,773,926	\$ 7,667	\$ 374,273	\$ 2,224,803
Increased by Receipts:					
Animal License Fees - Borough Share	\$ 12,443				
Dog License Fees - State Share	998				
Miscellaneous Reserves		\$ 1,848,706			
Employee Contributions			\$ 31,099		
Budget Appropriation			55,000		
Municipal Open Space Tax Levy					\$ 404,402
Affordable Housing Trust		689,435			
Escrow Deposits- Construction Fees		191,953			
Payroll Deductions Payable		5,343,613			
Net Payroll		8,377,263			
Recreation Activities				\$ 361,660	
Receipts from Current Fund		65,000			
Interest on Deposits	262	9,682	73	3,061	13,553
	<u>47,438</u>	<u>21,299,578</u>	<u>93,839</u>	<u>738,994</u>	<u>2,642,758</u>
	47,438	21,299,578	93,839	738,994	2,642,758
Decreased by:					
Reserve for Animal Expenditures	12,112				
State Share - Dog Licenses	998				
Miscellaneous Reserves		1,760,287			
Payroll Deductions Payable		5,342,895			
Net Payroll		8,377,263			
Affordable Housing Trust		82,275			
Reserve for Unemployment			19,543		
Recreation Activities				469,723	
Reserve for Municipal Open Space					256,218
Escrow Deposits- Construction Fees		233,596			
Payments to Current Fund	1,869	6,876		3,061	
	<u>14,979</u>	<u>15,803,192</u>	<u>19,543</u>	<u>472,784</u>	<u>256,218</u>
	14,979	15,803,192	19,543	472,784	256,218
Balance, December 31, 2020	<u>\$ 32,459</u>	<u>\$ 5,496,386</u>	<u>\$ 74,296</u>	<u>\$ 266,210</u>	<u>\$ 2,386,540</u>

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

Balance, December 31, 2019		\$	32,129
Increased by:			
Animal License Fees	\$	11,206	
Cat License Fees		836	
Miscellaneous Fees		<u>401</u>	
			<u>12,443</u>
			44,572
Decreased by:			
Statutory Excess Due to Current Fund		2,583	
Expenditures Under R.S. 4:19-15.11			
Cash Disbursements		<u>12,112</u>	
			<u>14,695</u>
Balance, December 31, 2020		\$	<u><u>29,877</u></u>

Animal License Fees Collected

<u>Year</u>	
2018	\$ 15,248
2019	<u>14,629</u>
	<u>\$ 29,877</u>

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

Balance, December 31, 2019		\$	1
Increased by:			
Payments			<u>998</u>
			999
Decreased by:			
State Fees Collected			<u>998</u>
Balance, December 31, 2020		\$	<u><u>1</u></u>

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

Balance, December 31, 2019		\$	1,607
Increased by:			
Statutory Excess		\$	2,583
Interest on Deposits			<u>262</u>
		\$	<u>2,845</u>
Decreased by:			
Payments to Current Fund			<u>1,869</u>
Balance, December 31, 2020		\$	<u><u>2,583</u></u>

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

Balance, December 31, 2019		\$	7,667
Increased by:			
Employee Deductions		\$	31,099
Interest on Deposits			73
Budget Appropriation			<u>55,000</u>
			<u>86,172</u>
			93,839
Decreased by:			
Unemployment Claims			<u>19,543</u>
Balance, December 31, 2020		\$	<u><u>74,296</u></u>

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

Balance, December 31, 2019		\$	65,069
Increased by:			
Transfer from Appropriation Reserves- Terminal Leave		\$	65,000
Payments to Current Fund			<u>5,853</u>
			<u>70,853</u>
			135,922
Decreased by:			
Interest Earned on Deposits			5,922
Receipts from Current Fund			<u>65,000</u>
			<u>70,922</u>
Balance, December 31, 2020		\$	<u><u>65,000</u></u>

EXHIBIT B-9

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

Balance, December 31, 2019		\$	3,728
Increased by:			
Cash Receipts			<u>8,377,263</u>
			8,380,991
Decreased by:			
Cash Disbursements			<u>8,377,263</u>
Balance, December 31, 2020		\$	<u><u>3,728</u></u>

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

Balance, December 31, 2019	\$	11,803
Increased by:		
Cash Receipts		5,343,613
		5,355,416
Decreased by:		
Cash Disbursements		5,342,895
Balance, December 31, 2020	\$	12,521

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

Balance, December 31, 2019	\$	378,888
Increased by:		
Cash Receipts		191,953
		570,841
Decreased by:		
Cash Disbursements		233,596
Balance, December 31, 2020	\$	337,245

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

	Balance, <u>December 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	Balance, <u>December 31, 2020</u>
Shade Tree Trust Fund	\$ 30,576	\$ 6,250	\$ 30,048	\$ 6,778
Hazmat Recovery	422			422
Tree Escrow Bonds	400,421	170,314	118,312	452,423
Street Opening Escrow Bonds	9,000	750	3,750	6,000
Tenafly Presents	25			25
Security Deposits/Refundable Deposits	27,080			27,080
Davis Johnson Park	42,315	5,989	33,392	14,912
Marriage License/Domestic Partners Trust	1,175	750	750	1,175
Burial Permits	3,075	140	5	3,210
Police Donations	15,429	1,900		17,329
State Training Fees	120			120
Home Rehabilitation Inspection Fee	50			50
Teen Center/Teen Camp	23,058	55,007	67,160	10,905
Public Defender Fees	2,500			2,500
Alcohol Education and Rehabilitation	20,539	1,000	500	21,039
Lost Money - Found	2,042	644		2,686
Tenafly Welcome	44			44
HPC	941			941
Donations Huyler Park Gazebo	3,018			3,018
Fire Penalty Fund	5,831	427		6,258
Uniform Construction Code Penalties	21,195			21,195
Donations All Abilities Playground	342			342
Griffin Park Donations		4,340	4,340	-
Snow Removal Trust	151,086	15,437	99,678	66,845
Parking Permit Trust	4,325			4,325
POAA	5,494	98	972	4,620
Premium on Tax Sale	168,708	250,000	60,000	358,708
Tax Title Lien Redemptions	6,696	1,072,835	872,248	207,283

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

	Balance, <u>December 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	Balance, <u>December 31, 2020</u>
Planning Board / Board of Adjustment- Escrow	\$ 234,033	\$ 165,540	\$ 247,602	\$ 151,971
Reserve for Terminal Leave	753,800	65,000	143,131	675,669
Confiscated Funds	4,025			4,025
Covid-19 Donations Trust		62,495	58,549	3,946
Mayor's Wellness Campaign	490			490
Tenafly Community Night	3,632			3,632
Police Outside Duty	9,121	20,070	15,950	13,241
Police Video Cameras	1,700	200		1,900
Environmental Trust	395	125		520
Dog Park Trust	160	400		560
L.E.A.D. Donations Trust		1,645		1,645
Stigma Free Donations Trust		500	500	-
Borough "Events"	<u>16,199</u>	<u>11,850</u>	<u>3,400</u>	<u>24,649</u>
	<u>\$ 1,969,062</u>	<u>\$ 1,913,706</u>	<u>\$ 1,760,287</u>	<u>\$ 2,122,481</u>
Cash Receipts		\$ 1,848,706		
Due from Current Fund		65,000		
Cash Disbursements		<u>-</u>	\$ 1,760,287	
		<u>\$ 1,913,706</u>	<u>\$ 1,760,287</u>	

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

Balance, December 31, 2019	\$ 2,224,803
Increased by:	
Tax Levy - 2020	\$ 400,955
Added and Omitted Taxes	3,447
Interest Earned on Deposits	<u>13,553</u>
	<u>417,955</u>
	2,642,758
Decreased by:	
Appropriated to Finance Improvement Authorization #20-06	<u>256,218</u>
Balance, December 31, 2020	<u>\$ 2,386,540</u>

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

Balance, December 31, 2019	\$	2,475,868
Increased by:		
Cash Receipts		689,435
		3,165,303
Decreased by:		
Cash Disbursement		82,275
Balance, December 31, 2020	\$	3,083,028

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

Balance, December 31, 2019	\$	374,243
Increased by:		
Cash Receipts		361,660
		735,903
Decreased by:		
Cash Disbursements		469,723
Balance, December 31, 2020	\$	266,180

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

Balance, December 31, 2019	\$	30
Balance, December 31, 2020	\$	30

**BOROUGH OF TENAFLY
STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND- POLICE OUTSIDE DUTY**

Balance, December 31, 2019	\$	5
Increased by:		
Interest Earnings		<u>74</u>
Decreased by:		
Payments to Current Fund		<u>79</u>
Balance, December 31, 2020	\$	<u><u>-</u></u>

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

Balance, December 31, 2019, Due From	\$	329
Decreased by:		
Interest Earnings		<u>2,742</u>
Balance, December 31, 2020, (Due To)	\$	<u><u>(2,413)</u></u>

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

Increased by:		
Interest Earnings	\$	<u>3,061</u>
Decreased by:		
Payments to Current Fund	\$	<u><u>3,061</u></u>

**STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND- PAYROLL**

Increased by:		
Interest Earnings	\$	<u>944</u>
Decreased by:		
Payments to Current Fund	\$	<u><u>944</u></u>

GENERAL CAPITAL FUND

BOROUGH OF TENAFLY
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2019		\$	3,105,731
Increased by Receipts:			
Interest Earnings	\$	20,616	
Capital Improvement Fund		255,000	
Grant Receipts		159,000	
Bond Anticipation Notes		8,910,000	
Premium on the Sale of Notes		46,244	
Receipts from Municipal Open Space Trust Fund		256,218	
Board of Education Reimbursement		<u>17,338</u>	
			<u>9,664,416</u>
			12,770,147
Decreased by Disbursements:			
Improvement Authorizations		4,456,577	
Bond Anticipation Notes- Payments		5,604,000	
Payments to Current Fund		<u>20,616</u>	
			<u>10,081,193</u>
Balance, December 31, 2020		\$	<u>2,688,954</u>

BOROUGH OF TENAFLY
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

		Balance, December 31, <u>2020</u>
Fund Balance		\$ 248,129
Grant / Other Receivables		(47,051)
Contracts Payable		1,835,379
Capital Improvement Fund		79,888
Excess Note Proceeds		182,779
Improvement Authorizations:		
<u>Ord. No.</u>	<u>Description</u>	
10-08	Improvements to Davis Johnson Park	963
13-27	Improvements to Froggy Park	855
14-08/14-12/15/13	Various Capital Improvements	64
15-08	Various Capital Improvements	162,247
15-09	Improvements to Griffin Park	505
16-07	Various Capital Improvements	113,870
17-09	Various Capital Improvements	400,328
17-19	Pfister's Pond Restoration	569,473
17-23	Tenakill/Tenafly Swim Club Parking Lot Paving Project	53,240
18-06	Various Capital Improvements	443,936
18-09	Supplemental Ord. #18-06 Various Capital Improvements	309,365
19-04	Various Road Improvements	116,623
19-11	Various Capital Improvements	380,970
19-16	Repair to Monument at Roosevelt Commons and Rebuild the Aviary Nature Center	149,180
19-20	Borough Hall ADA Restroom Improvements	50,000
20-01	Various Capital Improvements	(1,356,617)
20-06	Upgrade of the Aviary Center	215,700
20-07	Various Capital Improvements	(1,298,182)
20-08	Security System at the Borough Hall	835
20-20	Sleeper Trailer for the Tenafly Ambulance Corps	76,475
		<u>\$ 2,688,954</u>

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

	<u>Pledged</u>	Balance, December 31, <u>2019</u>	Grants <u>Awards</u>	<u>Collected</u>	<u>Cancellation</u>	Balance, December 31, <u>2020</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. 15-06 Cooperative Curb Ramp Program	Ord.	1,893				1,893
Ord. 16-07 Roosevelt Common Tennis Court Lighting	Ord.	13,158				13,158
Ord. 17-09 Park and Field Improvements	Reserve	7,528				7,528
Ord. 19-20 Borough Hall ADA Restroom Impvts.	Reserve	98,400				98,400
Ord. 19-21 ADA Walkway at Roosevelt Commons	Ord.	32,000	-	-	-	32,000
		<u>281,920</u>	-	-	-	<u>281,920</u>
 <u>New Jersey Department of Transportation</u>						
Ord. 19-11 2019 Road Resurfacing Project	Reserve	<u>212,000</u>	-	\$ 159,000	-	<u>53,000</u>
 <u>Due from Tenafly Chamber of Commerce</u>						
Ord. 07-24 - Phase I Improvements Huyler Park	Reserve	<u>15,900</u>	-	-	-	<u>15,900</u>
 <u>Bergen County Community Development</u>						
Ord. 07-23 - Construct Barrier Free Doors	Reserve	2,890				2,890
Ord. 18-30 Senior Center Parking Lot Improvements	Reserve	<u>659</u>	-	-	\$ 659	-
		<u>3,549</u>	-	-	659	<u>2,890</u>
		<u>\$ 513,369</u>	<u>\$ -</u>	<u>\$ 159,000</u>	<u>\$ 659</u>	<u>\$ 353,710</u>
				<u>\$ 159,000</u>		
					<u>Analysis of Balance</u>	
						\$ 306,659
						<u>47,051</u>
						<u>\$ 353,710</u>

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

Balance, December 31, 2019	\$ 13,286,000
Decreased by:	
Budget Appropriations to Pay Bonds	<u>2,515,000</u>
Balance, December 31, 2020	<u>\$ 10,771,000</u>

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

06

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2020</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2019</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
			<u>Date</u>	<u>Amount</u>				
2012 General Improvement Bonds	10/1/2012	\$ 6,260,000	10-01-2021-2022	\$ 750,000	3.75%-2.00%	\$ 2,250,000	\$ 750,000	\$ 1,500,000
2015 General Improvement Refunding Bonds	12/2/2015	5,955,000	12/1/2021	1,230,000	4.000%	3,660,000	1,190,000	2,470,000
			12/1/2022	1,240,000	4.000%			
2017 General Improvement Bonds	5/1/2017	8,526,000	5/1/2021-2022	575,000	2.000%	<u>7,376,000</u>	<u>575,000</u>	<u>6,801,000</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>\$ 13,286,000</u>	<u>\$ 2,515,000</u>	<u>\$ 10,771,000</u>
Budget Appropriation							<u>\$ 2,515,000</u>	

**BOROUGH OF TENAFLY
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2019		2020 Authorization	Contracts Cancelled	Cancellation	Paid or Charged	Balance, December 31, 2020	
				Funded	Unfunded					Funded	Unfunded
10-08	Improvements to Davis Johnson Park	3/9/2010	\$ 171,300	\$ 3,339			\$ 3,967		\$ 6,343	\$ 963	
13-11/13-14/15-07	Various Capital Improvements	4/30/13-4/28/15	2,437,100				54,399		54,399		
13-27	Improvements to Froggy Park	11/26/13	106,902	2,280					1,425	855	
14-08/14-12/15-13	Various Capital Improvements	4/29/14-5/27/14	2,068,122	64			212,961		212,961	64	
15-08	Various Capital Improvements	4/28/15	1,601,113	198,622			10,334		46,709	162,247	
15-09	Improvements to Griffin Park	7/13/15	100,500	1,127			6,014		6,636	505	
16-02	Supplemental to #14-08 New Public Works Bldg	1/26/16	50,000				519		519		
16-07	Various Capital Improvements	4/12/16	2,808,624	154,675			3,155		43,960	113,870	
17-09	Various Capital Improvements	4/20/17	2,620,817		\$ 400,404		90,556		90,632		\$ 400,328
17-19	Pfister's Pond Restoration	10/24/17	661,000	569,765			25,865		26,157	569,473	
17-23	Tenakill/Tenafly Swim Club Parking Lot Paving Project	10/24/17	400,000						-		53,240
18-02	Supplemental #17-09 Various Park Improvements		214,000				11,496		11,496		
18-06	Various Capital Improvements		2,674,615				444,924		452,551		443,936
18-07	Re-Appropriate- DPW Utility Truck & TVAC Ambulance		475,000	3,256				\$ 3,256	-		
18-09	Supplemental #18-06 Various Capital Improvements	6/12/18	475,000				96,708		(19,665)		309,365
18-21	Acquisition of Roll-Off Truck	10/9/18	275,000						2,742		
18-30	Senior Center Parking Lot Improvements		28,000						4,282		
19-04	Various Road Improvements	3/12/19	750,000				73,013		73,013		116,623
19-11	Various Capital Improvements	5/7/19	2,728,000				1,497,817		2,144,855		380,970
19-16	Repair to Monument at Roosevelt Commons and Rebuild the Aviary Nature Center	6/25/19	155,000	155,000					5,820	149,180	
19-20	Borough Hall ADA Restroom Improvements	12/10/19	123,000	6,000					73,000		50,000
19-21	ADA Walkway at Roosevelt Commons	12/10/19	75,000	75,000					75,000		
20-01	Various Capital Improvements	2/25/20	1,628,500			\$ 1,628,500			1,435,117		193,383
20-06	Upgrade of the Aviary Center	5/5/20	256,218			256,218			40,518	215,700	
20-07	Various Capital Improvements	5/5/20	3,406,307			3,406,307			1,460,489		1,945,818
20-08	Security System at the Borough Hall	5/19/20	16,000			16,000			15,165	835	
20-19	Municipal Boiler Replacement	9/29/20	34,856			34,856			34,856		
20-20	Sleeper Trailer for the Tenafly Ambulance Corps	11/9/20	76,475	-	-	76,475			-	76,475	
				<u>\$ 1,169,128</u>	<u>\$ 2,366,854</u>	<u>\$ 5,418,356</u>	<u>\$ 2,531,728</u>	<u>\$ 10,280</u>	<u>\$ 6,291,956</u>	<u>\$ 1,290,167</u>	<u>\$ 3,893,663</u>
						Capital Improvement Fund	\$ 240,806				
						Capital Improvement Surplus	127,332				
						Deferred Charges Unfunded	4,794,000				
						Municipal Open Space Trust	256,218				
						<u>\$ 5,418,356</u>					
						Cash Disbursements			\$ 4,456,577		
						Contracts Payable			1,835,379		
									<u>\$ 6,291,956</u>		

16

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

Balance, December 31, 2019	\$ 65,694
Increased by:	
Budget Appropriation	<u>255,000</u>
	320,694
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>240,806</u>
Balance, December 31, 2020	<u><u>\$ 79,888</u></u>

STATEMENT OF DUE TO CURRENT FUND

Increased by:	
Interest Earnings	<u>\$ 20,616</u>
Decreased by:	
Payments made to Current Fund	<u><u>\$ 20,616</u></u>

**BOROUGH OF TENAFLY
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2019	\$ 2,531,728
Increased by:	
Contract Awards	<u>1,835,379</u>
	4,367,107
Decreased by:	
Contract Payable Cancelled	<u>2,531,728</u>
Balance, December 31, 2020	<u>\$ 1,835,379</u>

STATEMENT OF DUE FROM MUNICIPAL OPEN SPACE TRUST FUND

Increased by:	
Appropriated to Finance Improvement Authorizations	<u>\$ 256,218</u>
Decreased by:	
Cash Received	<u>\$ 256,218</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, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
17-09	Various Capital Improvements	5/31/2018	\$ 2,496,013	5/28/2019 5/28/2020	5/29/2020 5/28/2021	2.50 % 1.25	\$ 2,089,612	\$ 2,050,815	\$ 2,089,612	\$ - 2,050,815
17-23	Teakill/Tenafly Swim Club Parking Lot Paving Project	5/31/2018	380,000	5/28/2019 5/28/2020	5/29/2020 5/28/2021	2.50 % 1.25	362,662	- 362,662	362,662	- 362,662
18-06	Various Capital Improvements	5/29/2019	2,547,000	5/28/2019 5/28/2020	5/29/2020 5/28/2021	2.50 % 1.25	2,547,000	2,481,991	2,547,000	- 2,481,991
18-09	Supplemental Ord. #18-06- Various Capital Improvements	5/29/2019	452,000	5/28/2019 5/28/2020	5/29/2020 5/28/2021	2.50 % 1.25	452,000	452,000	452,000	- 452,000
18-21	Acquisition of Roll-Off Truck	5/29/2019	127,543	5/28/2019 5/28/2020	5/29/2020 5/28/2021	2.50 % 1.25	127,543	127,543	127,543	- 127,543
18-30	Senior Center Parking Lot Improvements	5/29/2019	25,183	5/28/2019 5/28/2020	5/29/2020 5/28/2021	2.50 % 1.25	25,183	- 6,572	25,183	- 6,572
19-04	Various Road Improvements	5/28/2020	714,000	5/28/2020	5/28/2021	1.25 %		714,000		714,000
19-11	Various Capital Improvements	5/28/2020	2,597,417	5/28/2020	5/28/2021	1.25 %		2,597,417		2,597,417
19-20	Borough Hall ADA Improvements	5/28/2020	117,000	5/28/2020	5/28/2021	1.25 %	-	117,000	-	117,000
							<u>\$ 5,604,000</u>	<u>\$ 8,910,000</u>	<u>\$ 5,604,000</u>	<u>\$ 8,910,000</u>
								\$ 5,481,583	\$ 5,481,583	
								3,428,417		
								-	122,417	
								<u>\$ 8,910,000</u>	<u>\$ 5,604,000</u>	

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2019</u>	2020 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Grant <u>Proceeds</u>	Balance, December 31, <u>2020</u>
	<u>General Improvements</u>					
19-04	Various Road Improvements	\$ 714,000		\$ 714,000		-
19-11	Various Capital Improvements	2,598,000		2,439,000	\$ 159,000	-
19-20	Borough Hall ADA Restroom Improvements	117,000		117,000		-
20-01	Various Capital Improvements		\$ 1,550,000			\$ 1,550,000
20-07	Various Capital Improvements	-	<u>3,244,000</u>	-	-	<u>3,244,000</u>
		<u>\$ 3,429,000</u>	<u>\$ 4,794,000</u>	<u>\$ 3,270,000</u>	<u>\$ 159,000</u>	<u>\$ 4,794,000</u>

BOROUGH OF TENAFLY
COUNTY OF BERGEN, NEW JERSEY

PART II

GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of 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, 2020, and the related notes to the financial statements, and have issued our report thereon dated July 27, 2021. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of 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.

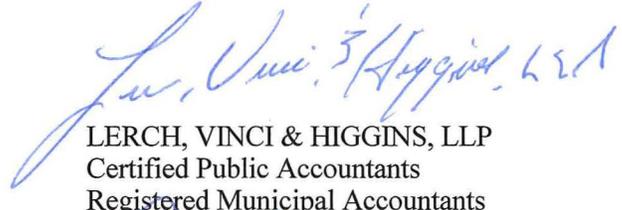
Compliance and Other Matters

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
July 27, 2021

**BOROUGH OF TENAFLY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Federal Grant Program</u>	<u>Grant Year</u>	<u>CFDA Number</u>	<u>Award Amount</u>	<u>2020 Grant Receipts</u>	<u>Balance December 31, 2019</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance December 31, 2020</u>	<u>(Memo) Cumulative Expenditures</u>
<u>U.S. Department of Homeland Security</u>									
(Passed through County of Bergen)									
COVID-19 Coronavirus Aid Relief & Economic Security Act	2020	21.019	\$ 49,930	\$ 49,930		\$ 49,930	\$ 49,930		\$ 49,930
<u>US Department of Justice</u>									
Bulletproof Vest Partnership Program									
	2018	16.607	2,740		\$ 381			\$ 381	2,359
	2020		2,981	2,981					
<u>Division of Highway Safety- Occupant Protection Incentive</u>									
Click-it or Ticket									
		20.616							
	2014		3,955		48			48	3,907
	2016		5,000		5,000			5,000	
	2019		5,500		5,500	-	-	5,500	
					<u>\$ 10,929</u>	<u>\$ 49,930</u>	<u>\$ 49,930</u>	<u>\$ 10,929</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, 2020**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2020 Grant Receipts</u>	<u>Balance, December 31, 2019</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment/ Cancellations</u>	<u>Balance, December 31, 2020</u>	<u>(Memo) Cumulative Expended</u>
<u>Division of Criminal Justice</u>										
Body Armor Grant	120-718-066-1020-001	2017	\$ 3,227		\$ 487				\$ 487	\$ 2,740
		2019	3,594		1,323		\$ 2,418	\$ 1,881	786	2,808
		2020	3,354	\$ 3,354		\$ 3,354			3,354	
<u>Department of Environmental Protection</u>										
Clean Communities Program	4900-765-004-2011	2017	33,551		2,396		941		1,455	32,096
		2018	28,504		5,850				5,850	22,654
		2020	30,431	27,438		30,431	28,932		1,499	28,932
Recycling Tonnage Grant	4900-752-001-2012	2016	20,647		7,342		7,342		-	20,647
		2017	22,573		880		695		185	22,388
		2019	18,402				76	76	-	18,402
		2020	20,442			20,442	1,081		19,361	1,081
Green Communities	Not Available	2012	3,000		3,000				3,000	
		2017	2,000		2,000				2,000	
<u>Pass Thru - Bergen County</u>										
Municipal Alliance on Alcoholism and Drug Abuse	Not Available	2017	4,938		4,938		750	-	4,188	750
		2020	4,938	3,330		3,330	1,896	1,608	3,042	1,896
<u>Division of Highway-Traffic Safety</u>										
Drunk Driving Enforcement Fund	1110-448-031020-22	2018	3,799					1,342	1,342	2,457
		2020	4,946			4,946	1,185		3,761	1,185
<u>Department of Transportation</u>										
Ordinance #19-11	20.205	2019	212,000	159,000	-	-	-	53,000	53,000	159,000
					<u>\$ 28,216</u>	<u>\$ 62,503</u>	<u>\$ 45,316</u>	<u>\$ 57,907</u>	<u>\$ 103,310</u>	

Adjustment represents cancellation of unexpended balance.
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, 2020**

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	\$ 49,930	\$ 62,503	\$ 112,433
	<u>\$ 49,930</u>	<u>\$ 62,503</u>	<u>\$ 112,433</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, 2020**

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, 2020**

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, 2020**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.

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

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

**BOROUGH OF TENAFLY
SUPPLEMENTARY DATA**

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

	<u>Year 2020</u>		<u>Year 2019</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 2,690,000	2.40	\$ 2,653,761	2.41
Miscellaneous - From Other Than Local				
Property Tax Levies	2,805,544	2.50	3,734,717	3.39
Collection of Delinquent Taxes and Tax Title Liens	676,858	0.60	580,853	0.53
Collection of Current Tax Levy	104,537,153	93.31	102,469,991	93.07
Other Credits	<u>1,318,400</u>	<u>1.19</u>	<u>663,516</u>	<u>0.60</u>
 Total Income	 <u>112,027,955</u>	 <u>100.00</u> %	 <u>110,102,838</u>	 <u>100.00</u> %
 EXPENDITURES				
Budget Expenditures				
Municipal Purposes	28,935,349	26.42 %	28,560,898	26.53 %
County Taxes	11,832,057	10.81	11,462,008	10.65
Local District School Taxes	68,298,178	62.39	67,215,067	62.44
Municipal Open Space Taxes	404,402	0.37	402,294	0.37
Other Expenditures	<u>4,996</u>	<u>0.01</u>	<u>4,265</u>	<u>0.01</u>
 Total Expenditures	 <u>109,474,982</u>	 <u>100.00</u> %	 <u>107,644,532</u>	 <u>100.00</u> %
 Excess to Fund Balance	 2,552,973		 2,458,306	
 Fund Balance, January 1	 <u>5,109,184</u>		 <u>5,304,639</u>	
	7,662,157		7,762,945	
 Less Utilization as Anticipated Revenue	 <u>2,690,000</u>		 <u>2,653,761</u>	
 Fund Balance, December 31	 <u>\$ 4,972,157</u>		 <u>\$ 5,109,184</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>	2020	\$ 4,972,157	\$ 2,565,000
	2019	5,109,184	2,690,000
	2018	5,304,639	2,653,761

Comparative Schedule Of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	\$ <u>2.618</u>	\$ <u>2.572</u>	\$ <u>2.532</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Including Municipal Library)	\$ 0.611	\$ 0.599	\$ 0.595
Municipal Open Space	0.010	0.010	0.010
County (Including Open Space)	0.293	0.285	0.280
Local School	1.704	1.678	1.647

Assessed Valuation

2020	\$ <u>4,009,550,000</u>	
2019		\$ <u>4,007,822,300</u>
2018		\$ <u>3,991,368,900</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>
2020	\$ 105,871,968	\$ 104,537,153	98.73%
2019	103,469,873	102,469,991	99.03%
2018	101,595,158	100,785,558	99.20%

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 Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2020	\$ 650,962	\$ 887	\$ 651,849	0.62%
2019	689,396	887	690,283	0.67%
2018	584,740	887	585,627	0.58%

**BOROUGH OF TENAFLY
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Mark Zinna	Mayor	None
Venugopal Menon	Council member	None
Daniel Park	Council member	None
Lauren Dayton	Council member	None
Jeffrey Grossman	Council member	None
Adam Michael	Council member	None
Julie O'Connor	Council member	None
Lissette Aportela	Borough Clerk	None
Omar Stovall	Deputy Clerk	None
Lissette Aportela	Borough Administrator	None
Susan Corrado	Interim Borough Administrator (September 1, 2020- December 31, 2020)	
Susan Corrado	Acting Borough Administrator (January 4, 2020 Reorganization Meeting - March 1, 2020)	
Susan Corrado	Chief Financial Officer/Tax Collector	\$ 1,000,000
Allen M. Bell	Municipal Court Judge (January 1, 2020 - May 31, 2020)	1,000,000
Benjamin Choi	Municipal Court Judge (June 1, 2020- December 31, 2020)	1,000,000
Dawn Curatola	Municipal Court Administrator	1,000,000
Robert Byrnes	Construction Code Official	None
Jeffrey Statham	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 Borough Clerk and Police Department revenues collected revealed that the Borough Clerk’s cash receipt ledger didn’t include all receipts that were collected and the Police Department cash receipt ledger didn’t include the receipts for checks received only for cash received. Additionally, the cash receipts ledgers did not include monthly subtotals and year-to-date totals. It is recommended that the Borough Clerk and Police Department’s cash receipt ledger include all receipts collected, contain monthly sub-totals and a year-to-date total.

Our audit of the Local Public Contract Law revealed that the Borough awarded a contract for the purchase of Garbage Trucks for the Department of Public Works in excess of the Borough’s bid threshold of \$44,000 using a National Cooperative Contract. The Borough did not obtain all the required documents in accordance with the guidance as outlined in the Local Finance Notice 2012-10- “Using National Cooperatives Contracts”. In addition, the Borough contracted for road improvements in excess of the Borough’s bid threshold of \$44,000 using a state contract, however the state contract award and pricing information wasn’t available for our review. It is recommended that purchases made through the use of a National Cooperative by the Borough adhere to the guidelines that are outlined in the Local Finance Notice 2012-10- “Using National Cooperatives Contracts” and furthermore that all purchases made through state contracts contain the state contract award and pricing information.

Current Year Comments

Our examination of payroll revealed that stipend payment amounts to members of the Tenafly Volunteer Ambulance Corporation (“TVAC”) were not memorized by a governing body resolution as required by Borough code. It is recommended that the TVAC stipend payments be approved by governing body resolution.

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 \$44,000, 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:

- Collection of Solid Waste
- Street Improvements
- Boiler Replacement
- Planting Program
- ADA Restrooms

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 comments) for any individual payments, contracts or agreements in excess of \$44,000 effective July 1, 2020 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 December 3, 2020.

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>
2020	1
2019	1
2018	1

**BOROUGH OF TENAFLY
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. The Borough Clerk and Police Department's cash receipt ledger include all receipts collected, contain monthly sub-totals and a year-to-date total.
- * 2. Purchases made through the use of a National Cooperative by the Borough adhere to the guidelines that are outlined in the Local Finance Notice 2012-10- "Using National Cooperatives Contracts" and furthermore that all purchases made through state contracts contain the state contract award and pricing information.
- 3. The TVAC stipend payments be approved by governing body resolution.

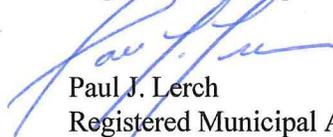
* * * * *

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