

**BOROUGH OF TENAFLY**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Borough of Tenafly

SEP 23 2020

Office of Borough Clerk



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**BOROUGH OF TENAFLY**

**BERGEN COUNTY**

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**

**FOR THE YEAR ENDED DECEMBER 31, 2019**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Tenafly, as of December 31, 2019 and 2018, 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, 2019, 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, 2019 and 2018, 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, 2019 and 2018. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 13 percent and 9 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2019 and 2018.

***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, 2019 and 2018, 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, 2019 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**

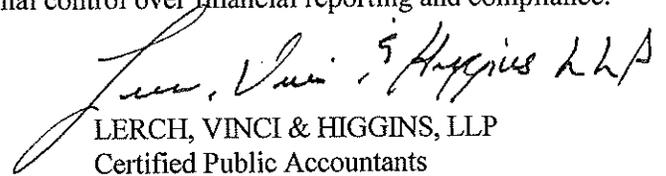
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Tenafly as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary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

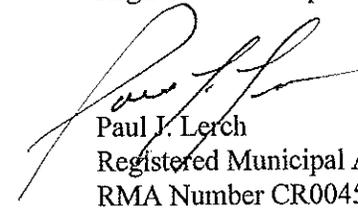
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated August 28, 2020 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  
August 28, 2020

**BOROUGH OF TENAFLY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
Cash	A-4	\$ 9,862,858	\$ 9,514,903
Cash - Change Funds	A-5	375	375
Cash- Petty Cash	A-6	8,736	8,736
Due from State of New Jersey- Senior Citizen and Veterans Deductions	A-7	-	642
Grants Receivable	A-12	<u>12,655</u>	<u>13,898</u>
		<u>9,884,624</u>	<u>9,538,554</u>
<b>Receivables and Other Assets With Full Reserves</b>			
Delinquent Property Taxes Receivable	A-8	689,396	584,740
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	-	130
Due From Animal Control Fund	B-6	1,607	
Due From Police Outside Duty- Other Trust Fund	B-17	<u>5</u>	<u>-</u>
		<u>710,095</u>	<u>603,957</u>
<b>Total Assets</b>		<u>\$ 10,594,719</u>	<u>\$ 10,142,511</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, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>		<u>2018</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Appropriation Reserves	A-3,A-13	\$ 1,460,302	\$	1,060,055
Encumbrances Payable	A-14	1,090,774		654,203
Accounts Payable	A-21	28,044		3,777
Due to Other Trust Fund- Other	B-8	65,069		56,069
Due to Other Trust Fund- Escrow	B-18	329		-
Senior Citizen and Veterans Deductions	A-7	809		
Prepaid Taxes	A-15	735,147		829,484
Tax Overpayments	A-20	40,404		156,831
County Taxes Payable	A-18	41,677		57,686
Appropriated Reserve for Grants	A-22	115,910		169,511
Unappropriated Reserve for Grants	A-23	57,569		35,713
Miscellaneous Reserves	A-24	<u>1,139,406</u>		<u>1,210,586</u>
		4,775,440		4,233,915
Reserve for Receivables	A	710,095		603,957
Fund Balance	A-1	<u>5,109,184</u>		<u>5,304,639</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 10,594,719</u>	<u>\$</u>	<u>10,142,511</u>

**BOROUGH OF TENAFLY**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 2,653,761	\$ 2,100,000
Miscellaneous Revenues Anticipated	A-2	3,537,629	3,392,201
Receipts from Delinquent Taxes	A-2	580,853	690,428
Receipts from Current Taxes	A-2	102,469,991	100,640,558
Non-Budget Revenues	A-2	197,088	214,459
Other Credits to Income			
Interfunds Returned- Net	A	-	29,309
Cancel Prior Year Accounts Payable	A-1	-	310
Statutory Excess	B-4	1,558	
Unexpended Balance of Appropriation Reserves	A-13	661,958	774,060
		<u>110,102,838</u>	<u>107,841,325</u>
<b>Total Revenues and Other Income</b>		<u>110,102,838</u>	<u>107,841,325</u>
<b>EXPENDITURES</b>			
<b>Budget and Emergency Appropriations</b>			
<b>Operations</b>			
Salaries and Wages	A-3	10,888,945	10,761,940
Other Expenses	A-3	11,677,755	11,212,648
Capital Improvements	A-3	190,000	175,000
Municipal Debt Service	A-3	2,993,433	2,917,093
Deferred Charges and Statutory Expenditures	A-3	2,810,765	2,700,590
Local District School Tax	A-16	67,215,067	65,721,196
County Taxes including Added Taxes	A-17, A-18	11,462,008	11,214,513
Municipal Open Space Taxes incl/Added Taxes	A-19	402,294	401,245
Prior Year Senior Discount Disallowed	A-7	2,783	3,500
Interfunds Advanced - Net	A	1,482	-
		<u>107,644,532</u>	<u>105,107,725</u>
<b>Total Expenditures</b>		<u>107,644,532</u>	<u>105,107,725</u>
<b>Excess in Revenue</b>		2,458,306	2,733,600
<b>Fund Balance, January 1</b>	A	<u>5,304,639</u>	<u>4,671,039</u>
		7,762,945	7,404,639
<b>Decreased by:</b>			
Utilization as Anticipated Revenues	A-1	<u>2,653,761</u>	<u>2,100,000</u>
<b>Fund Balance, December 31,</b>	A	<u>\$ 5,109,184</u>	<u>\$ 5,304,639</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, 2019**

	Reference	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 2,653,761	-	\$ 2,653,761	-
<b>MISCELLANEOUS REVENUES</b>					
Licenses					
Alcoholic Beverages	A-11	25,000		27,805	\$ 2,805
Other	A-2	16,000		15,990	(10)
Fees and Permits					
Other	A-2	110,000		210,449	100,449
Fines and Costs					
Municipal Court	A-11	135,000		182,417	47,417
Interest and Costs on Taxes	A-11	150,000		220,910	70,910
Interest on Investments	A-2	275,000		467,160	192,160
Rental of Borough Owned Property	A-11	70,000		122,380	52,380
Use of Sewer System Agreements	A-11	25,000		46,407	21,407
Borough Operated Alarm Systems	A-11	55,000		46,415	(8,585)
Energy Receipts Taxes	A-11	1,119,801		1,119,801	-
Uniform Construction Code Fees	A-11	475,000		470,241	(4,759)
State and Federal Grants Offset with Appropriations-					
Recycling Tonnage Grant	A-12	18,402		18,402	-
Municipal Alliance on Alcoholism and Drug Abuse	A-12	4,938		4,938	-
Body Armor Fund	A-12	3,594		3,594	-
Clean Communities- Reserve	A-23	27,264		27,264	-
Click It or Ticket- Reserve	A-23	5,500		5,500	-
JIF Safety Grant- Reserve	A-23	2,949		2,949	-
Uniform Fire Safety Act	A-11	15,000		18,231	3,231
Cable TV Franchise Fee	A-11	193,727		193,727	-
Hotel Occupancy Fee (P.L. 2003, c.114)	A-11	90,000		87,450	(2,550)
Reserve for Payment of Debt Service	C-11	39,736		39,736	-
Sewer Charges - Tax Exempt Properties	A-11	22,000		25,441	3,441
Payment in Lieu of Taxes - Tenafly House	A-11	16,000		21,844	5,844
Cell Tower/Monopole Lease	A-11	140,000	-	158,578	18,578
<b>Total Miscellaneous Revenues</b>	<b>A-1</b>	<b>3,034,911</b>	<b>-</b>	<b>3,537,629</b>	<b>502,718</b>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	550,000	-	580,853	30,853
<b>AMOUNT TO BE RAISED BY TAXATION:</b>					
Local Tax for Municipal Purposes		22,496,301		23,564,696	1,068,395
Minimum Library Tax		1,525,926	-	1,525,926	-
<b>Total Amount to be Raised by Taxation</b>	<b>A-2</b>	<b>24,022,227</b>	<b>-</b>	<b>25,090,622</b>	<b>1,068,395</b>
<b>Total General Revenues</b>		<b>\$ 30,260,899</b>	<b>\$ -</b>	<b>31,862,865</b>	<b>\$ 1,601,966</b>
Non-Budget Revenues	A-1,A-2			197,088	
				<b>\$ 32,059,953</b>	

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, 2019**

	<u>Reference</u>	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-8	\$ 102,469,991
Less: Allocated to School, County Taxes and Open Space	A-16,A-17,A-18, A-19	<u>79,079,369</u>
Add: Reserve for Uncollected Taxes	A-3	<u>1,700,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 25,090,622</u>
Licenses		
Clerk	A-11	\$ 4,410
Board of Health	A-11	<u>11,580</u>
	A-2	<u>\$ 15,990</u>
Fees and Permits		
Clerk	A-11	\$ 15,018
Police	A-11	8,263
Board of Health	A-11	2,760
Tax Department	A-11	197
Finance-Admin	A-11	50,690
Fire Prevention	A-11	69,729
Construction Code- Miscellaneous	A-11	49,762
Board of Adjustment/Planning Board	A-11	<u>14,030</u>
	A-2	<u>\$ 210,449</u>
Interest on Investments and Deposits		
Cash Receipts	A-11	\$ 339,313
Due from General Capital	C-10	82,949
Due from Animal Control Fund	B-6	1,025
Due from Other Trust Fund	B-9	24,759
Due from Recreation Trust Fund	B-19	12,463
Due from Other Trust Fund- Escrow	B-18	2,205
Due from Other Trust Fund- Police Outside Duty	B-17	815
Due from Other Trust- Payroll	B-20	<u>3,631</u>
	A-2	<u>\$ 467,160</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, 2019**

	<u>Reference</u>	
Non-Budget Revenue		
Recycling Cardboard/Miscellaneous	\$	15,460
Returned Check Fee		720
Tax Title Lien Premium- Forfeiture		87,110
Prior Year Police Outside Duty		50,270
Sale of Abmulance		13,000
LOSAP Forfeiture		10,060
Other		<u>20,468</u>
	A-2,A-4	<u>\$ 197,088</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, 2019**

	<u>2019 Appropriated</u>		<u>2019 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS WITHIN "CAPS"</b>					
General Government					
Administrative and Executive					
Salaries and Wages					
Administrator's Office	\$ 189,488	\$ 189,488	\$ 187,997	\$ 1,491	
Borough Clerk's Office	265,621	265,621	250,500	15,121	
Other Expenses					
Administrator's Office	207,456	207,456	189,246	18,210	
Borough Clerk's Office	56,000	56,000	38,342	17,658	
Postage	29,000	29,000	28,832	168	
Photocopy Expense	9,000	9,000	6,587	2,413	
Mayor and Council					
Salaries and Wages	23,000	23,000	23,000	-	
Other Expenses	10,000	10,000	8,242	1,758	
Elections					
Salaries and Wages	10,000	10,000	6,457	3,543	
Other Expenses	17,650	17,650	840	16,810	
Financial Administration					
Salaries and Wages	265,676	275,266	275,266	-	
Audit/Other Expenses	67,500	67,500	54,758	12,742	
Revenue Administration					
Salaries and Wages	101,148	90,855	82,344	8,511	
Other Expenses	42,610	42,610	37,314	5,296	
Assessment of Taxes					
Salaries and Wages	160,429	160,429	157,530	2,899	
Other Expenses	31,160	31,160	22,090	9,070	
Legal Services and Costs					
Other Expenses	203,000	173,573	68,807	104,766	
Engineering Services and Costs					
Other Expenses	62,600	62,600	53,201	9,399	
Historic Preservation Commission					
Salaries and Wages	2,500	2,500	2,500		
Other Expenses	12,540	12,540	5,842	6,698	
Municipal Land Use Law:					
Planning Board					
Salaries and Wages	3,500	3,500	3,500	-	
Other Expenses	40,393	40,393	28,481	11,912	
Zoning Board of Adjustment					
Salaries and Wages	500	500	-	500	
Other Expenses	36,540	37,201	37,076	125	
Insurance					
Liability	401,415	403,586	402,086	1,500	
Surety Bond Premiums	2,250	2,250		2,250	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF TENAFLY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>2019 Appropriated</u>		<u>2019 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>OPERATIONS WITHIN "CAPS" (Cont'd)</b>					
<b>Insurance (Continued)</b>					
Worker's Compensation	\$ 330,245	\$ 330,245	\$ 330,245	-	
Group Insurance Plan for Employees	2,228,010	2,224,581	1,904,896	\$ 319,685	
Unemployment	30,000	30,000	30,000	-	
<b>Public Safety</b>					
<b>Police</b>					
Salaries and Wages	5,507,686	5,594,112	5,528,847	65,265	
Other Expenses	265,113	265,113	221,959	43,154	
Other Expenses - Emergency Response	3,000	3,000		3,000	
<b>Emergency Management Services</b>					
Salaries and Wages	4,600	4,600	4,600	-	
Other Expenses	22,700	22,700	13,498	9,202	
<b>Aid to Volunteer Fire Company</b>					
Salaries and Wages	155,496	155,496	151,789	3,707	
Other Expenses	15,735	15,735	8,212	7,523	
<b>Aid to Volunteer Ambulance Corps</b>					
Salaries and Wages	18,365	18,365	17,625	740	
Other Expenses	208,000	208,000	180,597	27,403	
<b>Fire Department</b>					
Salaries and Wages	24,247	24,247	19,247	5,000	
Other Expenses	335,500	335,500	312,654	22,846	
Fire Hydrant Services	253,000	253,000	250,170	2,830	
<b>Municipal Prosecutor</b>					
Salaries and Wages	13,500	14,165	14,165	-	
<b>Streets and Roads</b>					
<b>Road Repairs and Maintenance</b>					
Salaries and Wages	2,299,379	2,179,804	2,044,976	134,828	
Other Expenses	543,475	636,115	627,170	8,945	
<b>Solid Waste Collections</b>					
Contract-Collections	895,000	895,000	843,334	51,666	
<b>Recycling Center</b>					
Salaries and Wages	591,189	591,189	587,770	3,419	
Other Expenses	75,525	75,525	75,151	374	
<b>Public Buildings and Grounds</b>					
Salaries and Wages	205,402	205,402	191,401	14,001	
Other Expenses	167,375	194,310	194,310	-	

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, 2019**

	<u>2019 Appropriated</u>		<u>2019 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	100,719	100,719	99,339	\$ 1,380	
Environmental Commission					
Other Expenses	2,000	2,000	722	1,278	
Animal Welfare					
Other Expenses	14,500	14,500	11,904	2,596	
Mental Health Center					
Other Expenses	7,000	7,000	7,000	-	
Recreation and Education:					
Recreation Commission R.S. 40:12-1					
Salaries and Wages	209,923	209,923	209,501	422	
Other Expenses	37,700	37,700	22,092	15,608	
Youth Center					
Salaries and Wages	135,166	135,166	121,883	13,283	
Other Expenses	6,650	6,650	6,053	597	
Senior Citizens Center					
Salaries and Wages	111,424	111,424	90,256	21,168	
Other Expenses	13,800	13,800	9,617	4,183	
Community Support					
Nature Center - Other Expenses	35,000	35,000	35,000	-	
Welcome Committee					
Other Expenses	6,500	6,638	6,638	-	
Senior Services Committee					
Salaries and Wages	31,200	31,200	30,345	855	
Other Expenses	1,250	1,250	1,114	136	
Senior Services Transportation					
Salaries and Wages	80,453	80,453	66,633	13,820	
Other Expenses	10,000	10,000	5,241	4,759	
Parking Lot Rental					
Other Expenses	22,000	22,000	15,595	6,405	
Celebration of Public Events					
Other Expenses	45,000	45,000	42,137	2,863	
Payroll Adjustment	175,000	72,730	32,858	39,872	
PUBLIC SAFETY FUNCTION					
Municipal Court					
Salaries and Wages	125,025	125,025	120,844	4,181	
Other Expenses	13,925	13,925	13,547	378	
Public Defender					
Other Expenses	3,600	2,936	1,100	1,836	

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, 2019**

	<u>2019 Appropriated</u>		<u>2019 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	\$ 291,087	\$ 290,630	\$ 290,630		
Other Expenses	10,240	10,036	7,126	\$ 2,910	
Director of Building Department					
Salaries and Wages	106,340	106,340	103,464	2,876	
Other Expenses	7,980	7,980	7,675	305	
Unclassified					
Electricity	210,000	220,578	220,578	-	
Street Lighting	168,000	168,000	164,327	3,673	
Telephone	65,000	65,000	61,301	3,699	
Natural Gas	62,000	52,541	47,545	4,996	
Gasoline	186,000	186,000	136,213	49,787	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
BCUA Disposal Fees	<u>428,000</u>	<u>428,000</u>	<u>422,035</u>	<u>5,965</u>	<u>-</u>
Total Operations Within "CAPS"	<u>19,171,000</u>	<u>19,125,026</u>	<u>17,938,767</u>	<u>1,186,259</u>	<u>-</u>
Total Operations Including Contingent Within "CAPS"	<u>19,171,000</u>	<u>19,125,026</u>	<u>17,938,767</u>	<u>1,186,259</u>	<u>-</u>
Detail:					
Salaries and Wages	10,998,191	10,862,277	10,521,450	340,827	-
Other Expenses	<u>8,172,809</u>	<u>8,262,749</u>	<u>7,417,317</u>	<u>845,432</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Contribution to:					
Public Employees Retirement System	686,025	686,025	686,025	-	-
Social Security System (O.A.S.I.)	555,000	555,703	555,703	-	-
Police and Firemen's Retirement System of NJ	1,281,974	1,297,818	1,297,818	-	-
Defined Contribution Retirement Program	<u>18,000</u>	<u>18,000</u>	<u>17,926</u>	<u>74</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>2,540,999</u>	<u>2,557,546</u>	<u>2,557,472</u>	<u>74</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>21,711,999</u>	<u>21,682,572</u>	<u>20,496,239</u>	<u>1,186,333</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, 2019**

	<u>2019 Appropriated</u>		<u>2019 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)	\$ 1,429,378	\$ 1,429,378	\$ 1,279,842	\$ 149,536	
Library Building Maintenance					
Salaries and Wages	26,668	26,668	17,731	8,937	
Other Expenses	69,881	69,881	58,801	11,080	
Bergen County Utilities Authority					
Operations and Maintenance	1,317,654	1,317,654	1,317,654	-	
Debt Service	438,211	438,211	438,211	-	
Emergency Services Volunteer Length of Service Award Program (P.L. 1997, C. 388)	76,000	76,000		76,000	
Recycling Tax	20,000	20,000	-	20,000	-
<b>Total Other Operations Excluded from "CAPS"</b>	<u>3,377,792</u>	<u>3,377,792</u>	<u>3,112,239</u>	<u>265,553</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Recycling Tonnage Grant - Reserve	18,402	18,402	18,402	-	
Body Armor Fund - Reserve	3,594	3,594	2,271	1,323	
Click It or Ticket	5,500	5,500		5,500	
Municipal Alliance on Alcoholism and Drug Abuse	4,938	4,938	4,938	-	
Matching Funds - Municipal Alliance	1,235	1,235	1,235	-	
JIF Grant	2,949	2,949	1,356	1,593	
Clean Communities Program - Reserve	27,264	27,264	27,264	-	-
<b>Total Public and Private Programs Offset by Revenues</b>	<u>63,882</u>	<u>63,882</u>	<u>55,466</u>	<u>8,416</u>	<u>-</u>
<b>Total Operations Excluded from "CAPS"</b>	<u>3,441,674</u>	<u>3,441,674</u>	<u>3,167,705</u>	<u>273,969</u>	<u>-</u>
Detail:					
Salaries and Wages	26,668	26,668	17,731	8,937	-
Other Expenses	3,415,006	3,415,006	3,149,974	265,032	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	190,000	190,000	190,000	-	-
<b>Total Capital Improvement Fund - Excluded from "CAPS"</b>	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Principal	2,490,000	2,490,000	2,490,000	-	
Interest on Bonds	424,343	424,343	424,343		
Interest on Notes	79,091	79,091	79,090	-	\$ 1
<b>Total Municipal Debt Service - Excluded from "CAPS"</b>	<u>2,993,434</u>	<u>2,993,434</u>	<u>2,993,433</u>	<u>-</u>	<u>1</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, 2019**

	<u>2019 Appropriated</u>		<u>2019 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>DEFERRED CHARGES</b>					
Deferred Charges - Unfunded Ordinances Ord. #17-09	\$ 150,000	\$ 150,000	\$ 150,000	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	-	-
Judgements	<u>73,792</u>	<u>103,219</u>	<u>103,219</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>6,848,900</u>	<u>6,878,327</u>	<u>6,501,138</u>	\$ 273,969	\$ 1
Subtotal General Appropriations	28,560,899	28,560,899	27,100,596	1,460,302	1
Reserve for Uncollected Taxes	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,700,000</u>	-	-
Total General Appropriations	<u>\$ 30,260,899</u>	<u>\$ 30,260,899</u>	<u>\$ 28,800,596</u>	<u>\$ 1,460,302</u>	<u>\$ 1</u>
<u>Reference</u>	A-2			A	
Budget as Adopted	A-3	<u>\$ 30,260,899</u>			
Cash Disbursed	A-4		\$ 26,009,822		
Encumbrances Payable	A-14		1,090,774		
Reserve for Uncollected Taxes	A-3		<u>1,700,000</u>		
			<u>\$ 28,800,596</u>		

**BOROUGH OF TENAFLY  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2019 AND 2018**

ASSETS	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>Animal Control Trust Fund</b>			
Cash	B-3	\$ 33,735	\$ 31,397
Due from State of New Jersey	B-5	<u>1</u>	<u>2</u>
		<u>33,736</u>	<u>31,399</u>
<b>Other Trust Fund</b>			
Cash	B-3	4,773,926	5,618,177
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>65,069</u>	<u>56,069</u>
		<u>4,839,354</u>	<u>5,674,276</u>
<b>Unemployment Insurance Trust Fund</b>			
Cash	B-3	<u>7,667</u>	<u>30,778</u>
<b>Recreation Activities Trust Fund</b>			
Cash	B-3	<u>374,273</u>	<u>378,076</u>
<b>Open Space Preservation Trust Fund</b>			
Cash	B-3	<u>2,224,803</u>	<u>1,972,270</u>
<b>Length of Service Award Program (Unaudited)</b>			
Investments	B	1,027,367	796,525
Contributions Receivable	B	<u>64,790</u>	<u>46,908</u>
		<u>1,092,157</u>	<u>843,433</u>
<b>Total Assets</b>		<u>\$ 8,571,990</u>	<u>\$ 8,930,232</u>

**BOROUGH OF TENAFLY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2019 AND 2018**

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>Animal Control Trust Fund</b>			
Reserve for Animal License Expenditures	B-4	\$ 32,129	\$ 31,399
Due to Current Fund	B-6	<u>1,607</u>	<u>-</u>
		<u>33,736</u>	<u>31,399</u>
<b>Other Trust Fund</b>			
Due to Current Fund - Police Outside Duty	B-17	5	-
Due to Current Fund - Escrow Deposits	B-18	-	130
Reserve for:			
Miscellaneous Reserves	B-12	1,969,062	2,679,209
Escrow Deposits - Construction Fees	B-11	378,888	397,899
Affordable Housing Trust	B-14	2,475,868	2,581,032
Accrued Salary and Wages	B-9	3,728	4,358
Payroll Deductions Payable	B-10	<u>11,803</u>	<u>11,648</u>
		<u>4,839,354</u>	<u>5,674,276</u>
<b>Unemployment Insurance Trust Fund</b>			
Reserve for Unemployment Compensation Insurance	B-7	<u>7,667</u>	<u>30,778</u>
Due to Other Trust Fund- Payroll Agency	B-16	30	30
Reserve for Recreation Expenditures	B-15	<u>374,243</u>	<u>378,046</u>
<b>Open Space Preservation Trust Fund</b>			
Reserve for Municipal Open Space Expenditures	B-13	<u>2,224,803</u>	<u>1,972,270</u>
		<u>2,224,803</u>	<u>1,972,270</u>
<b>Length of Service Award Program (Unaudited)</b>			
Net Position Available for Benefits	B	<u>1,092,157</u>	<u>843,433</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 8,571,990</u>	<u>\$ 8,930,232</u>

**BOROUGH OF TENAFLY**  
**STATEMENT OF REVENUES-REGULATORY BASIS**  
**OPEN SPACE PRESERVATION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019 Budget (Memo)	Realized in <u>2019</u>	Excess or <u>Deficit</u>
Amount to be Raised by Taxation	\$ 400,782	\$ 402,294	\$ 1,512
Reference	B-2	B-13	

**STATEMENT OF EXPENDITURES-REGULATORY BASIS**  
**OPEN SPACE PRESERVATION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019 Budget (Memo)	2019 Expended Paid or <u>Charged</u>	<u>Reserved</u>
Open Space Improvements	\$ 400,782	\$ 198,000	\$ 202,782
Reference	B-1	B-13	

**BOROUGH OF TENAFLY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 3,105,731	\$ 2,654,391
Grants / Other Receivable	C-4	513,369	260,413
Deferred Charges to Future Taxation			
Funded	C-5	13,286,000	15,776,000
Unfunded	C-6	<u>8,910,583</u>	<u>5,754,817</u>
Total Assets		<u>\$ 25,815,683</u>	<u>\$ 24,445,621</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-7	\$ 13,286,000	\$ 15,776,000
Bond Anticipation Notes Payable	C-14	5,604,000	2,876,013
Contracts Payable	C-12	2,531,728	2,821,606
Improvement Authorizations			
Funded	C-8	1,169,128	1,032,071
Unfunded	C-8	2,366,854	1,360,020
Reserve for:			
Debt Service	C-11	-	39,736
Grants Receivable	C-4	466,318	214,143
Capital Improvement Fund	C-9	65,694	47,694
Fund Balance	C-1	<u>325,961</u>	<u>278,338</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 25,815,683</u>	<u>\$ 24,445,621</u>

There were bonds and notes authorized but not issued at December 31, 2019 and 2018 of \$3,429,000 and \$3,152,543, respectively (Exhibit C-15).

**BOROUGH OF TENAFLY**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Balance, December 31	C	\$ 278,338	\$ 262,323
Increased by:			
Cancellations	C-8	3,576	
Community Development Block Grant - Ord. #18-10	C-1		8,125
Premium on Sale of Notes	C-1,2	<u>44,047</u>	<u>19,012</u>
		325,961	289,460
Decreased by:			
Appropriate to Finance Improvement Authorizations	C-1	<u>-</u>	<u>11,122</u>
Balance, December 31	C	<u>\$ 325,961</u>	<u>\$ 278,338</u>

**BOROUGH OF TENAFLY  
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
General Fixed Assets		
Land	\$ 98,634,741	\$ 96,720,279
Land Improvements	1,618,756	1,445,573
Buildings and Building Improvements	15,159,221	15,159,221
Machinery and Equipment	<u>15,950,985</u>	<u>15,013,742</u>
	<u>\$ 131,363,703</u>	<u>\$ 128,338,815</u>
 Investment in General Fixed Assets	 <u>\$ 131,363,703</u>	 <u>\$ 128,338,815</u>

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## NOTES TO FINANCIAL STATEMENTS



**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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 or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**B. Description of Regulatory Basis of Accounting**

The financial statements of the Borough of 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, 2019 AND 2018**

**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.

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, 2019 AND 2018**

**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, 2018 balances to conform to the December 31, 2019 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, 2019 AND 2018**

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

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

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

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

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

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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 Open Space Preservation Trust Fund)

**BOROUGH OF TENAFLY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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 2019 and 2018 the Borough Council increased the original budget by \$0 and \$2,740. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2019 and 2018.

**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, 2019 and 2018, the book value of the Borough's deposits were \$20,392,104 and \$20,209,103 and bank and brokerage firm balances of the Borough's deposits amounted to \$20,973,624 and \$20,754,013, 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>2019</u>	<u>2018</u>
Insured	\$ 20,553,261	\$ 20,342,868
Uninsured and Collateralized	420,363	411,145
	<u>\$ 20,973,624</u>	<u>\$ 20,754,013</u>

**BOROUGH OF TENAFLY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

**A. Cash Deposits (Continued)**

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2019 and 2018, the Borough’s bank balances of \$420,363 and \$411,145 were exposed to custodial credit risk as follows:

	<u>2019</u>	<u>2018</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 420,363</u>	<u>\$ 411,145</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, 2019 and 2018, the Borough had the following investments:

	<u>Fair Value</u>	
	<u>2019</u>	<u>2018</u>
Investment:		
Lincoln Financial-Length of Service Award Program (Unaudited)	<u>\$ 1,027,367</u>	<u>\$ 796,525</u>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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, 2019 and 2018, \$1,027,367 and \$796,525 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>	
	<u>2019</u>	<u>2018</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 1,027,367</u>	<u>\$ 796,525</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, 2019 and 2018, 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 Trust 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, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
<u>Current</u>		
Property Taxes	\$ 689,396	\$ 584,740
Tax Title Liens	887	887
	<u>\$ 690,283</u>	<u>\$ 585,627</u>

In 2019 and 2018, the Borough collected \$580,853 and \$690,428 from delinquent taxes, which represented 99% and 95%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF TENAFLY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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>2019</u>		<u>2018</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	\$ 1,612	\$ 65,398	\$ 130	\$ 56,069
Animal Control Trust Fund		1,607		
Other Trust Fund - Escrow	329			130
Other Trust Fund - Misc. Reserves	65,069	5	56,099	
Payroll Agency	30			
Recreation Activities Trust Fund	<u>-</u>	<u>30</u>	<u>-</u>	<u>30</u>
 Total	 <u>\$ 67,040</u>	 <u>\$ 67,040</u>	 <u>\$ 56,229</u>	 <u>\$ 56,229</u>

The above balances are the result of revenues earned in one fund that are due to another fund.

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

**NOTE 6 FUND BALANCES APPROPRIATED**

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

	Fund		Fund	
	Balance December 31, <u>2019</u>	Utilized in Subsequent <u>Year's Budget</u>	Balance December 31, <u>2018</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 5,096,529	\$ 2,690,000	\$ 5,290,099	\$ 2,653,761
Non-Cash Surplus	<u>12,655</u>	<u>-</u>	<u>14,540</u>	<u>-</u>
	<u>\$ 5,109,184</u>	<u>\$ 2,690,000</u>	<u>\$ 5,304,639</u>	<u>\$ 2,653,761</u>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 7 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2019 and 2018.

	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</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>-</u>	<u>15,950,985</u>
	<u>\$ 128,338,815</u>	<u>\$ 3,077,214</u>	<u>\$ (52,326)</u>	<u>\$ -</u>	<u>\$ 131,363,703</u>
	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2018</u>
<u>2018</u>					
Land	\$ 96,720,279				\$ 96,720,279
Land Improvements	457,779	\$ 987,794			1,445,573
Construction in Progress	2,084,170	115,944		\$ (2,200,114)	-
Buildings and Building Improvements	12,519,993	49,653		2,589,575	15,159,221
Machinery and Equipment	<u>14,295,007</u>	<u>1,357,832</u>	<u>\$ (249,636)</u>	<u>(389,461)</u>	<u>15,013,742</u>
	<u>\$ 126,077,228</u>	<u>\$ 2,511,223</u>	<u>\$ (249,636)</u>	<u>\$ -</u>	<u>\$ 128,338,815</u>

**BOROUGH OF TENAFLY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 8 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 fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, 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>2019</u>	<u>2018</u>
Issued		
General		
Bonds, Notes and Loans	\$ 18,890,000	\$ 18,652,013
Less Funds Temporarily Held to Pay Bonds and Notes	<u>122,417</u>	<u>313,475</u>
Net Debt Issued	18,767,583	18,338,538
Authorized But Not Issued		
General		
Bonds and Notes	<u>3,429,000</u>	<u>3,152,543</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 22,196,583</u>	<u>\$ 21,491,081</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 .48% and .47% at December 31, 2019 and 2018, respectively.

	<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>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	\$ 21,804,556	\$ 313,475	\$ 21,491,081
School Debt	<u>30,790,000</u>	<u>30,790,000</u>	<u>-</u>
Total	<u>\$ 52,594,556</u>	<u>\$ 31,103,475</u>	<u>\$ 21,491,081</u>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 8 MUNICIPAL DEBT (Continued)**

**Statutory Borrowing Power**

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

	<u>2019</u>	<u>2018</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 161,386,816	\$ 158,753,514
Net Debt	<u>22,196,583</u>	<u>21,491,081</u>
Remaining Borrowing Power	<u>\$ 139,190,233</u>	<u>\$ 137,262,433</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>2019</u>	<u>2018</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%	\$ 2,250,000	\$ 3,000,000
\$5,955,000, 2015 General Improvement Refunding Bonds, due in annual installments of \$1,190,000 to \$1,240,000 through December 1, 2022, interest at 4.00%	3,660,000	4,825,000
\$8,526,000, 2017 General Improvement Refunding Bonds, due in annual installments of \$575,000 to \$1,146,000 through May 1, 2027, interest at 2% to 3%	<u>7,376,000</u>	<u>7,951,000</u>
	<u>\$ 13,286,000</u>	<u>\$ 15,776,000</u>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 8 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2019 is as follows:

Calendar Year	General Bonds		Total
	Principal	Interest	
2020	2,515,000	355,930	2,870,930
2021	2,555,000	281,830	2,836,830
2022	2,565,000	206,130	2,771,130
2023	1,125,000	124,530	1,249,530
2024	1,125,000	102,030	1,227,030
2025-2028	3,401,000	148,050	3,549,050
Total	<u>\$ 13,286,000</u>	<u>\$ 1,218,500</u>	<u>\$ 14,504,500</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2019 and 2018 were as follows:

	Balance, December 31, 2018	Additions	Reductions	Balance, December 31, 2019	Due Within One Year
<u>2019</u>					
General Capital Fund					
Bonds Payable	<u>\$ 15,776,000</u>	<u>\$ -</u>	<u>\$ 2,490,000</u>	<u>\$ 13,286,000</u>	<u>\$ 2,515,000</u>
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>
	Balance, December 31, 2017	Additions	Reductions	Balance, December 31, 2018	Due Within One Year
<u>2018</u>					
General Capital Fund					
Bonds Payable	<u>\$ 18,216,000</u>	<u>\$ -</u>	<u>\$ 2,440,000</u>	<u>\$ 15,776,000</u>	<u>\$ 2,490,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 18,216,000</u>	<u>\$ -</u>	<u>\$ 2,440,000</u>	<u>\$ 15,776,000</u>	<u>\$ 2,490,000</u>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 8 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2019 and 2018 was as follows:

**Bond Anticipation Notes**

<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 Teakill/Tenafly Swim Club Parking	2.50%	5/29/2020	\$ 2,496,013	\$ 2,089,612	\$ 2,496,013	\$ 2,089,612
	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
	<b>Total</b>			<u>\$ 2,876,013</u>	<u>\$ 5,604,000</u>	<u>\$ 2,876,013</u>	<u>\$ 5,604,000</u>
<u>2018</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2017</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2018</u>
<u>General Capital Fund</u>							
	Various Capital Improvements Teakill/Tenafly Swim Club Parking	2.75%	5/31/2019		\$ 2,496,013		\$ 2,496,013
	Lot Paving Project	2.75%	5/31/2019	-	380,000	-	380,000
	<b>Total</b>			<u>\$ -</u>	<u>\$ 2,876,013</u>	<u>\$ -</u>	<u>\$ 2,876,013</u>

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 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.

**BOROUGH OF TENAFLY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>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
<u>2018</u>		
Riverside Cooperative Road Program	\$ 127,332	2019
DPW Building	284,835	2019
Piermond Road Section 2 & 3	587,250	2019
2020 Mack Top Kick Truck	223,000	2019
(2) 2019 Roll Off Truck	269,750	2019
Fire Engine Pumper	663,254	2019

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,318,864 and \$1,270,545 at December 31, 2019 and 2018, 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, 2019 and 2018, the Borough has reserved in the Other Trust Fund \$753,800 and \$822,927, 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, 2019 and 2018 were as follows:

	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<b><u>2019</u></b>					
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	17,548,022	-	2,164,562	15,383,460	-
<b>Total Other Long-Term Liabilities</b>	<b>\$ 52,050,334</b>	<b>\$ 48,319</b>	<b>\$ 4,598,460</b>	<b>\$ 47,500,193</b>	<b>\$ -</b>
	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<b><u>2018</u></b>					
Compensated Absences	\$ 1,158,679	\$ 180,397	\$ 68,531	\$ 1,270,545	
Net Pension Liability - PERS	19,259,375		3,771,452	15,487,923	
Net Pension Liability - PFRS	20,107,915		2,364,071	17,743,844	
Net OPEB Liaibility	23,156,200	-	5,608,178	17,548,022	-
<b>Total Other Long-Term Liabilities</b>	<b>\$ 63,682,169</b>	<b>\$ 180,397</b>	<b>\$ 11,812,232</b>	<b>\$ 52,050,334</b>	<b>\$ -</b>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS**

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

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

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

The following represents the membership tiers for PFRS:

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

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

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

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

The following represents the membership tiers for PERS:

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

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

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

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

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

**Other Pension Funds**

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

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

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

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

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

**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.

**Investment Valuation**

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

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

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2019 and 2018 is \$18.1 billion and \$19.7 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 56.27% and 53.60% respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2019 and 2018 is \$14.2 billion and \$15.4 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 65.00% and 62.48%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018, respectively.

**Actuarial Methods and Assumptions**

In the July 1, 2018 and 2017 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.

**BOROUGH OF TENAFLY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2019 and 2018 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2019 and 2018 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 2019, 2018 and 2017 were equal to the required contributions.

During the years ended December 31, 2019, 2018 and 2017, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2019	\$ 1,296,208	\$ 745,234	\$ 17,926
2018	1,214,669	770,833	17,588
2017	1,023,033	623,641	12,720

In addition for the years ended December 31, 2019, 2018 and 2017 the Borough contributed for long-term disability insurance premiums (LTDI) \$1,610, \$4,382 and \$1,430, 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, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

**Public Employees Retirement System (PERS)**

At December 31, 2019 and 2018, the Borough reported a liability of \$14,222,092 and \$15,487,923, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, 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, 2019, the Borough's proportionate share was .07893 percent, which was an increase of .00027 percent from its proportionate share measured as of June 30, 2018 of .07866 percent.

**BOROUGH OF TENAFLY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough's pension expense to be \$792,149 and \$979,225, respectively, for PERS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$745,234 and \$770,883, respectively. At December 31, 2019 and 2018, 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:

	2019		2018	
	<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	\$ 255,268	\$ 62,827	\$ 295,357	\$ 79,861
Changes of Assumptions	1,420,128	4,946,443	2,552,153	4,952,214
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		224,501		145,277
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>467,155</u>	<u>592,472</u>	<u>698,496</u>	<u>755,688</u>
Total	<u>\$ 2,142,551</u>	<u>\$ 5,826,243</u>	<u>\$ 3,546,006</u>	<u>\$ 5,933,040</u>

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ (304,328)
2021	(1,327,871)
2022	(1,325,032)
2023	(671,588)
2024	(54,873)
Thereafter	<u>-</u>
	<u>\$ (3,683,692)</u>

**BOROUGH OF TENAFLY  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

*Actuarial Assumptions*

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

<u>PERS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	2.00-6.00% Based on Years of Service	1.65-4.15% Based on Age
Thereafter	3.00%-7.00% Based on Years of Service	2.65%-5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018 and July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF TENAFLY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

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

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</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%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.78%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	2.50%	6.82%
Global Diversified Credit	-	-	5.00%	7.10%
Credit Oriented Hedge Funds	-	-	1.00%	6.60%
Debt Related Private Equity	-	-	2.00%	10.63%
Debt Related Real Estate	-	-	1.00%	6.61%
Private Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	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>
2019	June 30, 2019	6.28%
2018	June 30, 2018	5.66%

**BOROUGH OF TENAFLY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

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

*Discount Rate (Continued)*

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

	<u>2019</u>	<u>2018</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2057	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2057 and Thereafter	From July 1, 2046 and Thereafter

\* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

*Sensitivity of Net Pension Liability*

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2019 and 2018 calculated using the discount rate of 6.28% and 5.66%, 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 5.28% and 4.66%, respectively or 1-percentage-point higher 7.28% and 6.66%, respectively than the current rate:

	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
<u>2019</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 17,964,813	\$ 14,222,092	\$ 11,068,319
	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
<u>2018</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 19,474,279	\$ 15,487,923	\$ 12,143,626

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF TENAFLY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

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

*Pension Plan Fiduciary Net Position*

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

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

At December 31, 2019 and 2018, the Borough reported a liability of \$16,575,777 and \$17,743,844, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, 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, 2019, the Borough's proportionate share was .13545 percent, which was an increase of .00432 percent from its proportionate share measured as of June 30, 2018 of .13113 percent.

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough pension expense to be \$1,559,617 and \$1,401,427, respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$1,296,208 and \$1,214,669, respectively. At December 31, 2019 and 2018, 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:

	2019		2018	
	<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	\$ 139,921	\$ 104,944	\$ 180,520	\$ 73,428
Changes of Assumptions	567,976	5,387,139	1,523,070	4,547,441
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		224,596		97,075
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,155,575</u>	<u>251,221</u>	<u>1,043,450</u>	<u>744,007</u>
Total	<u>\$ 1,863,472</u>	<u>\$ 5,967,900</u>	<u>\$ 2,747,040</u>	<u>\$ 5,461,951</u>

**BOROUGH OF TENAFLY  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

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

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2020	\$ (642,257)
2021	(1,586,112)
2022	(1,066,988)
2023	(533,602)
2024	(275,469)
Thereafter	<u>-</u>
	<u>\$ (4,104,428)</u>

**Actuarial Assumptions**

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

<u>PFRS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through	All Future Years 3.25%-15.25% Based on Years of Service	2026 2.10%-8.98% Based on Age
Thereafter	Not Applicable	3.10%-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub - 2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and July 1, 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018 and July 1, 2010 to June 30, 2013, respectively.

**BOROUGH OF TENAFLY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

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

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</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%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.87%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	2.50%	6.82%
Global Diversified Credit	-	-	5.00%	7.10%
Credit Oriented Hedge Funds	-	-	1.00%	6.60%
Debt Related Private Equity	-	-	2.00%	10.63%
Debt Related Real Estate	-	-	1.00%	6.61%
Private Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

*Discount Rate*

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.85%
2018	June 30, 2018	6.51%

**BOROUGH OF TENAFLY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

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

**Discount Rate (Continued)**

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

	<u>2019</u>	<u>2018</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2076	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2076 and Thereafter	From July 1, 2062 and Thereafter

\* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Sensitivity of Net Pension Liability**

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2019 and 2018 calculated using the discount rate of 6.85% and 6.51%, respectively, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.85% and 5.51%, respectively or 1-percentage-point higher 7.85% and 7.51%, respectively than the current rate:

<u>2019</u>	1% Decrease <u>(5.85%)</u>	Current Discount Rate <u>(6.85%)</u>	1% Increase <u>(7.85%)</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>
	1% Decrease <u>(5.51%)</u>	Current Discount Rate <u>(6.51%)</u>	1% Increase <u>(7.51%)</u>
<u>2018</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>23,747,933</u>	\$ <u>17,743,844</u>	\$ <u>12,791,564</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF TENAFLY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

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

***Special Funding Situation – PFRS***

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage 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, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,617,347 and \$2,410,208, respectively. For the years ended December 31, 2019 and 2018, 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 \$304,114 and \$285,485, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$176,355 and \$142,743, respectively. At December 31, 2019 (measurement date June 30, 2019) the State's share of the PFRS net pension liability attributable to the Borough was .13545 percent, which was an increase of .000432 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .13113 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

***Pension Plan Fiduciary Net Position***

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

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS**

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

**Plan Description and Benefits Provided**

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

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

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

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

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

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

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

**Collective Net OPEB Liability**

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2019 and 2018 is \$13.5 billion and \$15.7 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% and 1.97%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018.

**Actuarial Methods and Assumptions**

In the June 30, 2018 and 2017 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contribution**

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

The employers participating in the OPEB plan made contributions of \$346.4 million and \$421.2 million and the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million and \$53.5 million for fiscal years 2019 and 2018, respectively.

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, 2019, 2018 and 2017 were \$275,495, \$433,504 and \$453,706, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2019, 2018 and 2017 were \$56,869, \$48,234 and \$42,228, respectively.

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 12 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. 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 and 2018. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019 and 2018, the Borough reported a liability of \$15,383,460 and \$17,548,022, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 and 2017, respectively. 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 and 2018 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019 and 2018, respectively. 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 years ended December 31, 2019 and 2018, the Plan has determined the Borough’s OPEB expense/(benefit) to be \$(517,602) and \$264,673, respectively, based on the actuarial valuations which are less than the actual contributions reported in the Borough’s financial statements of \$275,495 and \$433,504, respectively. At December 31, 2019 and 2018, the Borough’s deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough’s financial statements are from the following sources:

	<u>2019</u>		<u>2018</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		\$ 2,231,654		\$ 3,562,874
Changes of Assumptions		2,704,320		4,451,286
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	9,273	2,569,798
Contributions made Subsequent to the Measurement Date	-	-	-	-
<b>Total</b>	<u>\$ 1,620,607</u>	<u>\$ 6,528,146</u>	<u>\$ 9,273</u>	<u>\$ 10,583,958</u>

**BOROUGH OF TENAFLY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

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 as follows:

Year Ending <u>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, 2019 AND 2018**

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

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

*Actuarial Assumptions*

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

	<u>2019</u>	<u>2018</u>
Inflation Rate	2.50%	2.50%
Salary Increases*		
PERS:		
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.65% to 8.98%
Rate Thereafter	3.00% to 7.00%	2.65% to 9.98%
PFRS:		
Initial Fiscal Year Applied Through	Rate for All Future Years	2026
Rate	3.25% to 15.25%	1.65% to 8.98%
Rate Thereafter	Not Applicable	2.65% to 9.98%
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.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
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.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	2.00%	1.00%

\*Salary increases are based on the defined benefit pension plan that the member is enrolled in and for 2019 the members years of service and for 2018 the members age.

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, 2019 AND 2018**

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

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

For the June 30, 2018 measurement date healthcare cost trend rates for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

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. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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% and 1.00% as of June 30, 2019 and 2018, respectively.

**Discount Rate**

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	3.50%
2018	June 30, 2018	3.87%

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.

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

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

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2019 and 2018 calculated using the discount rate of 3.50% and 3.87%, respectively, 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% and 2.87%, respectively or 1-percentage-point higher 4.50% and 4.87%, respectively than the current rate:

	<b>1% Decrease <u>(2.50%)</u></b>	<b>Current Discount Rate <u>(3.50%)</u></b>	<b>1% Increase <u>(4.50%)</u></b>
<b><u>2019</u></b>			
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>17,787,193</u>	\$ <u>15,383,460</u>	\$ <u>13,430,109</u>
	<b>1% Decrease <u>(2.87%)</u></b>	<b>Current Discount Rate <u>(3.87%)</u></b>	<b>1% Increase <u>(4.87%)</u></b>
<b><u>2018</u></b>			
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>20,588,469</u>	\$ <u>17,548,022</u>	\$ <u>15,119,393</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

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

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2019 and 2018 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:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
<b><u>2019</u></b>			
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>12,981,744</u>	\$ <u>15,383,460</u>	\$ <u>18,447,253</u>
	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
<b><u>2018</u></b>			
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>14,637,864</u>	\$ <u>17,548,022</u>	\$ <u>21,314,199</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

*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 and 2018, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$6,672,692 and \$8,090,923, respectively. For the years ended December 31, 2019 and 2018 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 and \$244,922, respectively. 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](http://www.state.nj.us/treasury/pensions).

**NOTE 13 RISK MANAGEMENT**

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

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

**BOROUGH OF TENAFLY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 13 RISK MANAGEMENT (Continued)**

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>
2019	\$ 30,000	\$ 14,035	\$ 67,838	\$ 7,667
2018	30,000	14,574	33,914	30,778
2017	30,000	14,859	50,624	19,623

**NOTE 14 CONTINGENT LIABILITIES**

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

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2019 and 2018. 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, 2019 and 2018, the Borough reserved \$1,133,058 and \$1,204,245, 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, 2019 and 2018, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF TENAFLY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 15 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2019 and 2018, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

The Borough of Tenafly Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on June 26, 2001 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Tenafly approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

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

The Borough of Tenafly has contributed \$1,705 and \$1,303 for 2019 and 2018, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$64,790 and \$46,908 for 2019 and 2018, respectively.

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

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

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

**Vesting and Benefits**

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

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

**Reporting Requirements**

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

**NOTE 17 TAX ABATEMENTS**

For the years ended December 31, 2019 and 2018, 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, 2019 and 2018 the Borough abated property taxes totaling \$44,436 and \$43,745, 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, 2019 and 2018, respectively.
- 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, 2019 and 2018 the Borough abated property taxes totaling \$75,141 and \$73,792, respectively, under this law. The Borough received \$21,844 and \$20,882 in PILOT payments under this program for the years ended December 31, 2019 and 2018, respectively.

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

The World Health Organization has 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 Crisis”). On March 13, 2020, President Trump 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, has 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 alter the behavior of businesses and people, are expected to have negative impacts on regional, state and local economies and significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. Recently, the United States Congress has passed relief and stimulus legislation. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and financial markets. 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. At this time, it is not possible to predict any other financial impacts as a result of this pandemic on the Borough’s operations; however, such amounts, if any, could be material.

**NOTE 19 SUBSEQUENT EVENTS**

**Debt Authorized**

On February 11, 2020 the Borough adopted a bond ordinance authorizing the issuance \$1,550,000 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 April 21, 2020 the Borough adopted a bond ordinance authorizing the issuance \$3,244,000 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, 2018	\$	9,514,903
<b>Increased by Receipts:</b>		
Miscellaneous Revenue Not Anticipated	\$	197,088
Taxes Receivable		101,823,342
Revenue Accounts Receivable		3,307,399
Grants Receivable		28,177
Prepaid Taxes		735,147
Due from State - Senior Citizen and Veteran Deductions		48,217
Homestead Rebate		348,469
Tax Overpayments		62,701
Unappropriated Reserve- State and Federal Grants		57,569
Miscellaneous Reserves		6,348
Due from General Capital Fund- Reserve for Payment of Debt Service		39,736
Due from General Capital Fund		82,949
Due from Recreation Trust		12,463
Due from Animal Control Fund		976
Due from Other Trust Fund-Escrow		2,664
Due from Other Trust Fund		24,759
Due from Other Trust Fund- Police Outside Duty		810
Due from Other Trust Fund- Payroll		3,631
		106,782,445
		116,297,348
<b>Decreased by Disbursements:</b>		
2019 Budget Appropriations		26,009,822
Appropriation Reserves		808,025
Accounts Payable		3,777
Local District School Taxes		67,215,067
County Taxes Payable		11,418,940
County Added and Omitted Taxes		59,077
Tax Overpayments		179,128
Appropriated Reserve for State and Federal Grants		59,832
Miscellaneous Reserves		222,528
Payments Made Other Trust Fund		56,000
Payments Made Municipal Open Space Trust Fund		402,294
		106,434,490
Balance, December 31, 2019	\$	9,862,858

**BOROUGH OF TENAFLY  
STATEMENT OF CHANGE FUNDS**

	Balance, December 31, <u>2018</u>	Balance, December 31, <u>2019</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, 2018	<u>\$ 8,736</u>
Balance, December 31, 2019	<u>\$ 8,736</u>

EXHIBIT A-7

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

Balance, December 31, 2018 (Due From)	\$ 642
Increased by:	
Senior Citizen Deductions per Tax Billing	\$ 4,250
Veterans Deductions per Tax Billing	44,500
Senior Citizen Deductions Allowed by Collector	250
Veterans Deductions per Allowed by Collector	750
Senior Citizen Deductions Allowed by Collector- 2018	<u>33</u>
	<u>49,783</u>
	50,425
Decreased by:	
Senior Citizen Deductions Dis-Allowed by Collector	201
Senior Citizen Deductions Dis-Allowed by Collector- 2018	2,816
State Share of Senior Citizens and Veteran Deductions Received in Cash	<u>48,217</u>
	<u>51,234</u>
Balance, December 31, 2019 (Due To)	<u>\$ (809)</u>

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

Year	Balance December 31, 2018	2019 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	2018 Collected in 2019	Homestead Benefit Credit	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Balance, December 31, 2019
2018	\$ 584,740			\$ 2,816	\$ 580,853		\$ 33		\$ 6,670
2019	-	\$ 103,081,189	\$ 388,684	201	101,242,489	\$ 348,469	49,750	\$ 317,156	682,726
	\$ 584,740	\$ 103,081,189	\$ 388,684	\$ 3,017	\$ 101,823,342	\$ 348,469	\$ 49,783	\$ 317,156	\$ 689,396

Analysis of 2019 Property Tax Levy

Tax Yield	
General Property Tax	\$ 103,081,189
Added Tax (R.S. 54-4-63.1 et seq.)	<u>388,684</u>
	\$ 103,469,873

Tax Levy	
Local District School Tax	\$ 67,215,067
County Tax - General	10,949,487
County Tax - Open Space	469,453
Added County Taxes	43,068
Municipal Open Space	<u>402,294</u>
	79,079,369
Local Tax for Municipal and Library	24,022,227
Additional Taxes	<u>368,277</u>
	24,390,504
	<u>\$ 103,469,873</u>

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

Balance, December 31, 2018	\$ <u>18,200</u>
Balance, December 31, 2019	\$ <u>18,200</u>

EXHIBIT A-10

**STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2018	\$ <u>887</u>
Balance, December 31, 2019	\$ <u>887</u>

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

	Balance, December 31, <u>2018</u>	Accrued in <u>2019</u>	<u>Realized</u>	Balance, December 31, <u>2019</u>
Borough Clerk				
Liquor Licenses		\$ 27,805	\$ 27,805	
Licenses - Other		4,410	4,410	
Fees and Permits - Other		15,018	15,018	
Board of Health				
Fees and Permits		2,760	2,760	
Licenses - Other		11,580	11,580	
Police Department				
Fees and Permits		8,263	8,263	
Alarm System Fees		46,415	46,415	
Planning Board/Board of Adjustment				
Fees and Permits		14,030	14,030	
Tax Collector				
Fees and Permits		197	197	
Finance/Admin				
Fees and Permits		50,690	50,690	
Fire Prevention				
Fees and Permits		69,729	69,729	
Municipal Court				
Fines and Costs		182,417	182,417	
Uniform Construction Code				
Fees and Permits		470,241	470,241	
Fees and Permits- Other		49,762	49,762	
Interest and Costs on Taxes		220,910	220,910	
Energy Receipts Taxes		1,119,801	1,119,801	
Rental of Borough Owned Property		122,380	122,380	
Uniform Fire Safety Act (Life Hazard Use)		18,231	18,231	
Interest on Investments and Deposits		339,313	339,313	
Tax Exempt Sewer Fees		25,441	25,441	
Cable TV Franchise Fee		193,727	193,727	
Cell Tower/Monopole Lease		158,578	158,578	
Hotel Occupancy Fee (P.L. 2003, c. 114)		87,450	87,450	
Payment in Lieu of Taxes - Tenafly House		21,844	21,844	
Use of Sewer System Agreements	-	46,407	46,407	-
	<u>\$ -</u>	<u>\$ 3,307,399</u>	<u>\$ 3,307,399</u>	<u>\$ -</u>

EXHIBIT A-12

**STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2019</u>	Accrued	Cash Receipts	Balance, December 31, <u>2019</u>
Recycling Tonnage Grant		\$ 18,402	\$ 18,402	
Body Armor		3,594	3,594	
Municipal Alliance	<u>\$ 13,898</u>	<u>4,938</u>	<u>6,181</u>	<u>\$ 12,655</u>
	<u>\$ 13,898</u>	<u>\$ 26,934</u>	<u>\$ 28,177</u>	<u>\$ 12,655</u>

BOROUGH OF TENAFLY  
STATEMENT OF 2018 APPROPRIATION RESERVES

	Balance, December 31, <u>2018</u>	Budget After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
<b>Salaries and Wages</b>					
General Administration	\$ 15,112	\$ 3,880			\$ 3,880
Mayor and Council	2,250	2,250	\$ 200		2,050
Municipal Clerk		2,080	2,080		-
Elections	293	293			293
Financial Administration		1,905	1,905		-
Revenue Administration	9,098	7,194	756		6,438
Tax Assessment Administration	1,411	1,411	872		539
Zoning Board	1,500	1,500			1,500
Police Department	42,375	42,375	-	\$ 40,000	2,375
Volunteer Fire Company	5,000	5,000			5,000
Volunteer Ambulance	756	755	727		28
Fire Department	15,144	15,144	3,623		11,521
Streets & Roads	58,587	48,782	13,138	25,000	10,644
Recycling		1,107	1,107		-
Buildings & Grounds	9,200	9,200	2,406		6,794
Recreation	8,350	8,350	1,902		6,448
Youth Center	10,531	10,531	862		9,669
Senior Citizens	19,402	19,402	1,380		18,022
Senior Services Transportation	10,581	10,581	2,351		8,230
Construction Code Official	662	662	-		662
Director of Building Department	-	1,984	1,984		-
Municipal Court	4,776	4,776	2,014		2,762
Municipal Library		9,700	9,700		
Municipal Library-Building Maintenance	10,105	405	405		
Payroll Adjustment/Terminal Leave	26,860	26,861	26,861		
<b>Other Expenses</b>					
General Administration	-	500	-		500
Municipal Clerk	9,808	16,762	16,762		-
Postage	8,734	8,734	-		8,734
Photocopy Expense	2,031	2,031	427		1,604
Mayor & Council	495	655	336		319
Elections	2	2	-		2
Financial Administration/Audit	14,893	14,893	2,670		12,223
Revenue Administration	7,286	9,074	2,852		6,222
Tax Assessment Administration	3,849	6,816	2,704		4,112
Legal Services & Costs	77,732	77,733	4,493		73,240
Engineering	-	6,893	6,893		-
Historic Preservation	239	239	-		239
Planning Board	17,948	17,948	1,317		16,631
Zoning Board of Adjustment	3,798	3,915	3,479		436
Insurance - Group Insurance for Employees	154,846	326,333	170,213		156,120
Municipal Court	255	350	96		254
Public Defender	1,800	2,800	1,000		1,800
Emergency Management Services	8,013	8,013	-		8,013
Aid to Volunteer Fire Company	19,902				-
Aid to Volunteer Ambulance Corp	29,484	33,908	4,286		29,622
Police	20,670	75,881	69,153		6,728
Emergency Response Team	3,000	3,000	-		3,000

**BOROUGH OF TENAFLY  
STATEMENT OF 2018 APPROPRIATION RESERVES**

	Balance, December 31, 2018	Total Modified Budget	Expended	Transfer to Reserves	Balance Lapsed
<b>Other Expenses (Continued)</b>					
Fire Department	\$ 1,007	\$ 59,280	\$ 50,664		\$ 8,616
Fire Prevention	-	7,176	5,251		1,925
Fire Hydrant Service	16,950	17,059	129		16,930
Streets & Roads	30,427	85,279	54,857		30,422
Recycling	-	40,752	40,752		-
Solid Waste Contract Collections	5,000	67,917	62,917		5,000
Building & Grounds	-	27,020	21,389		5,631
Public Health	10,796	10,796	-		10,796
Environmental Commission	39	39			39
Animal Control	64	64			64
Recreation	9,470	9,919	35		9,884
Youth Center	473	1,258	-		1,258
Senior Citizens Center	10	406	396		10
Welcome Committee	1,306	1,306			1,306
Senior Citizens Center	607	607			607
Senior Citizens Transportation	7,609	7,609			7,609
Parking Lot Rental	4,788				-
Celebration of Public Events	39	39	-		39
Construction Code Official	5,310	3,951	611		3,340
Director of Building Department	1,897	2,002	1,254		748
Electricity	-	23,646	18,676		4,970
Street Lighting	3,932	18,152	14,543		3,609
Telephone	1,159	3,418	2,294		1,124
Natural Gas	13,733	19,991	10,043		9,948
Gasoline	32,318	55,986	11,455		44,531
BCUA Disposal Fees	20,274	95,959	62,944		33,015
Leases		4,788			4,788
Social Security System (O.A.S.I.)	9,939	9,939			9,939
DCRP		1,117	1,117		-
Library Building Maintenance	9,674	6,392	6,392		-
Maintenance of Free Public Library	9,213	36,195	36,195		-
LOSAP	66,000	66,000	46,908		19,092
Recycling Tonnage Grant	5,243	18,445	18,445		-
Police DWI	243	243	179		64
Body Armor Fund	89	3,232	3,232		-
DOJ Bulletproof Vest	2,740	2,740	2,359	\$ 381	-
Clean Communities	7,928	7,928	2,078	5,850	-
Reserve for Tax Appeals	145,000	145,000	-	145,000	-
	<u>\$ 1,060,055</u>	<u>\$ 1,714,258</u>	<u>\$ 836,069</u>	<u>\$ 216,231</u>	<u>\$ 661,958</u>
Appropriation Reserves		\$ 1,060,055			
Prior Year Encumbrances		<u>654,203</u>			
		<u>1,714,258</u>			
Cash Disbursed			\$ 808,025		
Accounts Payable			<u>28,044</u>		
			<u>\$ 836,069</u>		
<u>Analysis</u>					
Transfer to Appropriated Reserve-Grants			\$ 6,231		
Transfer to Terminal Leave- Other Trust Fund			65,000		
Transfer to Reserve for Tax Appeals			<u>145,000</u>		
			<u>\$ 216,231</u>		

**BOROUGH OF TENAFLY  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2018	\$	654,203
Increased by:		
Charged to 2019 Budget Appropriations		<u>1,090,774</u>
		1,744,977
Decreased by:		
Transferred to Appropriation Reserves		<u>654,203</u>
Balance, December 31, 2019	\$	<u><u>1,090,774</u></u>

EXHIBIT A-15

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2018	\$	829,484
Increased by:		
Collection of 2020 Taxes		<u>735,147</u>
		1,564,631
Decreased by:		
Applied to 2019 Taxes		<u>829,484</u>
Balance, December 31, 2019	\$	<u><u>735,147</u></u>

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

Increased by:		
Levy - Calendar Year 2019		\$ <u>67,215,067</u>
Decreased by:		
Payments		\$ <u>67,215,067</u>

EXHIBIT A-17

**STATEMENT OF COUNTY TAXES PAYABLE**

Increased by:		
Levy- General County - 2019	\$ 10,949,487	
Levy- Open Space Preservation - 2019	<u>469,453</u>	
		\$ <u>11,418,940</u>
Decreased by:		
Payments		\$ <u>11,418,940</u>

EXHIBIT A-18

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

Balance, December 31, 2018		\$ 57,686
Increased by:		
County Share of Added and Omitted Taxes		<u>43,068</u>
		100,754
Decreased by:		
Payments		<u>59,077</u>
Balance, December 31, 2019		\$ <u>41,677</u>

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

Increased by:		
Tax Levy- 2019	\$	400,782
Added and Omitted Taxes		<u>1,512</u>
	\$	402,294
Decreased by:		
Cash Disbursed		<u>402,294</u>
Balance, December 31, 2019	\$	<u><u>-</u></u>

EXHIBIT A-20

**STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2018	\$	156,831
Increased by:		
Cash Receipts		<u>62,701</u>
		219,532
Decreased by:		
Cash Disbursements		<u>179,128</u>
Balance, December 31, 2019	\$	<u><u>40,404</u></u>

EXHIBIT A-21

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2018	\$	3,777
Increased by:		
Transfer from Appropriation Reserves		<u>28,044</u>
		31,821
Decreased by:		
Cash Disbursed		<u>3,777</u>
Balance, December 31, 2019	\$	<u><u>28,044</u></u>

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

	Balance, December 31, <u>2018</u>	Transfer From Appropriation <u>Reserves</u>	Cash <u>Disbursed</u>	Balance, December 31, <u>2019</u>
Body Armor Replacement Grant	\$ 1,855		\$ 1,368	\$ 487
DOJ- Bullet Proof Vest		\$ 381		381
Recycling Tonnage Grant	62,852		54,630	8,222
Clean Communities Grant	3,209	5,850	813	8,246
Green Communities	2,000			2,000
Click It or Ticket	5,048			5,048
Police DWI	1,342			1,342
U.S. Department of Justice -				-
COPS Universal - Local Share	55,856			55,856
Green Communities	3,000			3,000
U.S. Department of Justice -				-
COPS More - Local Share	9			9
Municipal Alliance on Alcoholism and				-
County Share	4,938			4,938
Local Share	24,400		3,021	21,379
Bergen County Department of Parks -				-
Arts Grant				-
County Share	2			2
NJLM Sustainable Jersey Small Cities Grant	5,000	-	-	5,000
	<u>\$ 169,511</u>	<u>\$ 6,231</u>	<u>\$ 59,832</u>	<u>\$ 115,910</u>

EXHIBIT A-23

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

	Balance, December 31, <u>2018</u>	Realized as Budgeted <u>Revenue</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2019</u>
Clean Communities	\$ 27,264	\$ 27,264	\$ 30,431	\$ 30,431
JIF Safety Grant	2,949	2,949	1,750	1,750
Drunk Driving Enforcement Fund	-		4,946	4,946
Recycling Tonnage Grant			20,442	20,442
Click It or Ticket	5,500	5,500	-	-
	<u>\$ 35,713</u>	<u>\$ 35,713</u>	<u>\$ 57,569</u>	<u>\$ 57,569</u>

**BOROUGH OF TENAFLY  
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, 2018	Transfer From Appropriation <u>Reserves</u>	Cash <u>Receipts</u>	Cash <u>Disbursed</u>	Balance, December 31, 2019
Reserve for:					
State Library Aid	\$ 6,341		\$ 6,348	\$ 6,341	\$ 6,348
Tax Appeals	<u>1,204,245</u>	<u>145,000</u>	-	<u>216,187</u>	<u>1,133,058</u>
	<u>\$ 1,210,586</u>	<u>\$ 145,000</u>	<u>\$ 6,348</u>	<u>\$ 222,528</u>	<u>\$ 1,139,406</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, 2018	\$ 31,397	\$ 5,618,177	\$ 30,778	\$ 378,076	\$ 1,972,270
Increased by Receipts:					
Animal License Fees - Borough Share	\$ 14,230				
Dog License Fees - State Share	1,037				
Miscellaneous Reserves		\$ 1,665,174			
Employee Contributions			\$ 14,035		
Budget Appropriation			30,000		
Municipal Open Space Tax Levy					\$ 402,294
Affordable Housing Trust		455,438			
Escrow Deposits- Construction Fees		374,770			
Payroll Deductions Payable		6,736,343			
Net Payroll		10,583,631			
Recreation Activities			\$ 451,562		
Receipts from Current Fund		56,000			
Interest on Deposits	1,025	31,410	692	12,463	48,239
	<u>47,689</u>	<u>25,520,943</u>	<u>75,505</u>	<u>842,101</u>	<u>2,422,803</u>
	47,689	25,520,943	75,505	842,101	2,422,803
Decreased by:					
Reserve for Animal Expenditures	11,942				
State Share - Dog Licenses	1,036				
Miscellaneous Reserves		2,440,321			
Payroll Deductions Payable		6,736,188			
Net Payroll		10,584,261			
Affordable Housing Trust		560,602			
Reserve for Unemployment			67,838		
Recreation Activities				455,365	
Reserve for Municipal Open Space					198,000
Escrow Deposits- Construction Fees		393,781			
Payments to Current Fund	976	31,864	-	12,463	-
	<u>13,954</u>	<u>20,747,017</u>	<u>67,838</u>	<u>467,828</u>	<u>198,000</u>
Balance, December 31, 2019	\$ 33,735	\$ 4,773,926	\$ 7,667	\$ 374,273	\$ 2,224,803

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

Balance, December 31, 2018		\$ 31,399
Increased by:		
Animal License Fees	\$ 11,995	
Cat License Fees	893	
Miscellaneous Fees	<u>1,342</u>	
		<u>14,230</u>
		45,629
Decreased by:		
Statutory Excess Due to Current Fund	1,558	
Expenditures Under R.S. 4:19-15.11		
Cash Disbursements	<u>11,942</u>	
		<u>13,500</u>
Balance, December 31, 2019		<u><u>\$ 32,129</u></u>

Animal License Fees Collected

<u>Year</u>	
2017	\$ 16,882
2018	<u>15,247</u>
	<u><u>\$ 32,129</u></u>

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

Balance, December 31, 2018		\$ 2
Increased by:		
Payments		<u>1,036</u>
		1,038
Decreased by:		
State Fees Collected		<u>1,037</u>
Balance, December 31, 2019		<u><u>\$ 1</u></u>

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

Increased by:		
Statutory Excess	\$	1,558
Interest on Deposits		<u>1,025</u>
	\$	2,583
Decreased by:		
Payments to Current Fund		<u>976</u>
Balance, December 31, 2019	\$	<u><u>1,607</u></u>

EXHIBIT B-7

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

Balance, December 31, 2018	\$	30,778
Increased by:		
Employee Deductions	\$	14,035
Interest on Deposits		692
Budget Appropriation		<u>30,000</u>
		<u>44,727</u>
		75,505
Decreased by:		
Unemployment Claims		<u>67,838</u>
Balance, December 31, 2019	\$	<u><u>7,667</u></u>

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

Balance, December 31, 2018		\$ 56,069
Increased by:		
Transfer from Appropriation Reserves- Terminal Leave	\$ 65,000	
Payments to Current Fund	<u>24,759</u>	
		<u>89,759</u>
		145,828
Decreased by:		
Interest Earned on Deposits	24,759	
Receipts from Current Fund	<u>56,000</u>	
		<u>80,759</u>
Balance, December 31, 2019		<u>\$ 65,069</u>

EXHIBIT B-9

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

Balance, December 31, 2018		\$ 4,358
Increased by:		
Cash Receipts		<u>10,583,631</u>
		10,587,989
Decreased by:		
Cash Disbursements		<u>10,584,261</u>
Balance, December 31, 2019		<u>\$ 3,728</u>

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

Balance, December 31, 2018	\$	11,648
Increased by:		
Cash Receipts		<u>6,736,343</u>
		6,747,991
Decreased by:		
Cash Disbursements		<u>6,736,188</u>
Balance, December 31, 2019	\$	<u><u>11,803</u></u>

EXHIBIT B-11

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

Balance, December 31, 2018	\$	397,899
Increased by:		
Cash Receipts		<u>374,770</u>
		772,669
Decreased by:		
Cash Disbursements		<u>393,781</u>
Balance, December 31, 2019	\$	<u><u>378,888</u></u>

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

	<u>Balance,</u> <u>December 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance,</u> <u>December 31, 2019</u>
Shade Tree Trust Fund	\$ 75,831	\$ 10,375	\$ 55,630	\$ 30,576
Hazmat Recovery	422	-	-	422
Safety Committee	1,347	-	1,347	-
Tree Bond	328,786	138,050	66,415	400,421
Street Opening Bonds	9,000	5,258	5,258	9,000
Tenaflly Presents	25	-	-	25
Security Deposits/Refundable Deposits	11,330	20,155	4,405	27,080
Davis Johnson Park	100,221	14,131	72,037	42,315
Marriage License/Domestic Partners Trust	1,200	1,050	1,075	1,175
Burial Permits	2,865	210	-	3,075
Tax Title Lien Redemptions	6,696	1,022,080	1,022,080	6,696
Police Donations	14,601	15,684	14,856	15,429
State Training Fees	120	-	-	120
Home Rehabilitation Inspection Fee	50	-	-	50
Teen Center/Teen Camp	25,170	86,912	89,024	23,058
Public Defender Fees	2,500	-	-	2,500
Alcohol Education and Rehabilitation	19,894	1,045	400	20,539
Lost Money - Found	1,975	100	33	2,042
Tenaflly Welcome	44	-	-	44
HPC	1,086	-	145	941
Donations Huyler Park Gazebo	3,018	-	-	3,018
Fire Penalty Fund	5,581	250	-	5,831
Uniform Construction Code Penalties	20,095	1,100	-	21,195
Donations All Abilities Playground	342	-	-	342
Snow Removal Trust	110,847	76,604	36,365	151,086
Parking Permit Trust	4,425	-	100	4,325
POAA	5,136	358	-	5,494
Premium on Tax Sale	683,208	135,300	649,800	168,708

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

	Balance, <u>December 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance, <u>December 31, 2019</u>
Planning Board / Board of Adjustment Escrow	\$ 391,330	\$ 83,192	\$ 240,489	\$ 234,033
Reserve for Terminal Leave	822,927	65,000	134,127	753,800
Confiscated Funds	4,025	-	-	4,025
Mayor's Wellness Campaign	490	-	-	490
Tenafly Community Night	2,228	2,220	816	3,632
Police Outside Duty	5,826	20,940	17,645	9,121
Police Video Cameras	1,300	400		1,700
Environmental Trust	509	100	214	395
Dog Park Trust		160		160
Borough "Events"	14,759	29,500	28,060	16,199
	<u>\$ 2,679,209</u>	<u>\$ 1,730,174</u>	<u>\$ 2,440,321</u>	<u>\$ 1,969,062</u>
Cash Receipts		\$ 1,665,174		
Due from Current Fund		65,000		
Cash Disbursements		<u>-</u>	<u>\$ 2,440,321</u>	
		<u>\$ 1,730,174</u>	<u>\$ 2,440,321</u>	

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

Balance, December 31, 2018		\$ 1,972,270
Increased by:		
Tax Levy - 2019		\$ 400,782
Added and Omitted Taxes		1,512
Interest Earned on Deposits		<u>48,239</u>
		<u>450,533</u>
		2,422,803
Decreased by:		
Appropriated to Finance Improvement Authorization #19-16		155,000
Appropriated to Finance Improvement Authorization #19-21		<u>43,000</u>
		<u>198,000</u>
Balance, December 31, 2019		<u>\$ 2,224,803</u>

EXHIBIT B-14

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

Balance, December 31, 2018	\$ 2,581,032
Increased by:	
Cash Receipts	<u>455,438</u>
	3,036,470
Decreased by:	
Cash Disbursement	<u>560,602</u>
Balance, December 31, 2019	<u>\$ 2,475,868</u>

EXHIBIT B-15

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

Balance, December 31, 2018	\$ 378,046
Increased by:	
Cash Receipts	<u>451,562</u>
	829,608
Decreased by:	
Cash Disbursements	<u>455,365</u>
Balance, December 31, 2019	<u>\$ 374,243</u>

EXHIBIT B-16

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

Balance, December 31, 2018	\$ <u>30</u>
Balance, December 31, 2019	<u>\$ 30</u>

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

Increased by:		
Interest Earnings		\$ <u>815</u>
Decreased by:		
Payments to Current Fund		<u>810</u>
Balance, December 31, 2019		\$ <u><u>5</u></u>

EXHIBIT B-18

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

Balance, December 31, 2018 (Due To)		\$ 130
Increased by:		
Interest Earnings		<u>2,205</u>
		2,335
Decreased by:		
Payments to Current Fund		<u>2,664</u>
Balance, December 31, 2019 (Due From)		\$ <u><u>(329)</u></u>

EXHIBIT B-19

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

Increased by:		
Interest Earnings		\$ <u>12,463</u>
Decreased by:		
Payments to Current Fund		\$ <u><u>12,463</u></u>

EXHIBIT B-19

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

Increased by:		
Interest Earnings		\$ <u>3,631</u>
Decreased by:		
Payments to Current Fund		\$ <u><u>3,631</u></u>

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**GENERAL CAPITAL FUND**



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

Balance, December 31, 2018		\$ 2,654,391
Increased by Receipts:		
Interest Earnings	\$ 82,949	
Capital Improvement Fund	190,000	
Grant Receipts	58,225	
Deferred Charges Unfunded- Grant Receipts	65,009	
Deferred Charges Unfunded Raised in the Current Fund Budget	150,000	
Bond Anticipation Notes	5,604,000	
Premium on the Sale of Notes	44,047	
Receipts from Municipal Open Space Trust Fund	<u>198,000</u>	
		<u>6,392,230</u>
		9,046,621
Decreased by Disbursements:		
Improvement Authorizations	1,087,017	
Contracts Payable	1,855,175	
Reserve for Payment of Debt Service- Realized as Current Fund Revenue	39,736	
Bond Anticipation Notes- Payments	2,876,013	
Payments to Current Fund	<u>82,949</u>	
		<u>5,940,890</u>
Balance, December 31, 2019		<u>\$ 3,105,731</u>

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

	Balance, December 31, <u>2019</u>
Fund Balance	\$ 325,961
Grant / Other Receivables	(47,051)
Contracts Payable	2,531,728
Capital Improvement Fund	65,694
Excess Note Proceeds	122,417
Improvement Authorizations:	
<u>Ord. No.</u>	<u>Description</u>
10-08	Improvements to Davis Johnson Park
13-27	Improvements to Froggy Park
14-08/14-12/15/13	Various Capital Improvements
15-08	Various Capital Improvements
15-09	Improvements to Griffin Park
16-07	Various Capital Improvements
17-09	Various Capital Improvements
17-19	Pfister's Pond Restoration
17-23	Tenakill/Tenafly Swim Club Parking Lot Paving Project
18-06	Various Capital Improvements
18-07	Re-Appropriate DPW Utility Truck & TVAC Ambulance
18-09	Supplemental Ord. #18-06 Various Capital Improvements
18-21	Acquisition of Roll-Off Truck
18-30	Senior Center Parking Lot Improvements
19-04	Various Road Improvements
19-11	Various Capital Improvements
19-16	Repair to Monument at Roosevelt Commons and Rebuild the Aviary Nature Center
19-20	Borough Hall ADA Restroom Improvements
19-21	ADA Walkway at Roosevelt Commons
	75,000
	\$ 3,105,731



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

Balance, December 31, 2018	\$ 15,776,000
Decreased by:	
Budget Appropriations to Pay Bonds	<u>2,490,000</u>
Balance, December 31, 2019	<u>\$ 13,286,000</u>

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

Ord. No.	Improvement Description	Analysis of Balance					Unexpended Improvement Authorizations		
		Balance, December 31, 2018	2019 Authorizations	Grant Proceeds	Funded by Budget Appropriation	Balance, December 31, 2019		Funded by Bond Anticipation Notes	Expended
17-09	Various Capital Improvements	\$ 2,239,612		\$ 38,797	\$ 150,000	\$ 2,050,815	\$ 2,050,815		
17-23	Tenakill/Tenafly Swim Club Parking Lot Paving Project	362,662				362,662	362,662		
18-06	Various Capital Improvements	2,547,000		65,009		2,481,991	2,481,991		
18-09	Supplemental Ord. #18-06 Various Capital Improvements	452,000				452,000	452,000		
18-21	Acquisition Roll-Off Truck	127,543				127,543	127,543		
18-30	Senior Center Parking Lot Improvements	26,000		19,428		6,572	6,572		
19-04	Various Road Improvements		\$ 714,000			714,000		\$ 597,377	
19-11	Various Capital Improvements		2,598,000			2,598,000		1,569,992	
19-20	Borough Hall ADA Restroom Improvements		117,000			117,000			
		<u>\$ 5,754,817</u>	<u>\$ 3,429,000</u>	<u>\$ 123,234</u>	<u>\$ 150,000</u>	<u>\$ 8,910,583</u>	<u>\$ 5,481,583</u>	<u>\$ 2,167,369</u>	<u>\$ 1,261,631</u>

Bond Anticipation Notes	\$ 5,604,000
Less Excess Note Proceeds:	
Ord. #17-09	\$ 38,797
Ord. #18-06	65,009
Ord. #18-30	18,611
	<u>122,417</u>
	<u>\$ 5,481,583</u>

Improvement Authorizations- Unfunded	\$ 2,366,854
Less: Unexpended Bond Anticipation Note Proceeds	
Ord. #17-09	\$ 400,404
Ord. #17-23	53,240
Ord. #18-06	451,563
Ord. #18-09	192,992
Ord. #18-21	2,742
Ord. #18-30	4,282
	<u>1,105,223</u>

\$ 1,261,631

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturity of Bonds</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2018</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
			<u>Outstanding December 31, 2019</u>	<u>Amount</u>				
2012 General Improvement Bonds	10/1/2012	\$ 6,260,000	10-01-2020-2022	\$ 750,000	3.75%-2.00%	\$ 3,000,000	\$ 750,000	\$ 2,250,000
2015 General Improvement Refunding Bonds	12/2/2015	5,955,000	12/1/2020	1,190,000	4.000%	4,825,000	1,165,000	3,660,000
			12/1/2021	1,230,000	4.000%			
			12/1/2022	1,240,000	4.000%			
2017 General Improvement Bonds	5/1/2017	8,526,000	5/1/2020-2022	575,000	2.000%	7,951,000	575,000	7,376,000
			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>\$ 15,776,000</u>	<u>\$ 2,490,000</u>	<u>\$ 13,286,000</u>
							<u>\$ 2,490,000</u>	

Budget Appropriation

**BOROUGH OF TENAFLY  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Date	Ordinance Amount		2019 Authorization		Balance, December 31, 2018		Balance, December 31, 2019			
			Funded	Unfunded	Authorized	Cancelled	Funded	Unfunded	Funded	Unfunded		
10-08	Improvements to Davis Johnson Park	3/9/2010	\$ 171,300	\$ 9,006								
12-08	Various Capital Improvements- Re-Appropriate	6/19/12	188,861	2,127								
13-11/13-14/15-07	Various Capital Improvements	4/30/13-4/28/15	2,437,100	-	\$ 54,399	\$ 2,127						
13-22	Basketball Court Improvements	9/24/13	85,550	1,449		1,449						
13-27	Improvements to Froggy Park	11/26/13	106,902	2,280								
14-08/14-12/15-13	Various Capital Improvements	4/29/14-5/27/14	2,068,122	64								
15-06	Cooperative Curb Ramp Program	4/28/15	139,247	31,219	212,961	31,219						
15-08	Various Capital Improvements	4/28/15	1,601,113	215,587								
15-09	Improvements to Griffin Park	7/13/15	100,500	7,141	34,834							
16-02	Supplemental to #14-08 New Public Works Bldg	1/26/16	50,000		519							
16-07	Various Capital Improvements	4/12/16	2,808,624	186,812	3,155							
17-09	Various Capital Improvements	4/20/17	2,620,817	\$ 420,596	81,571					\$ 400,404		
17-19	Pfister's Pond Restoration	10/24/17	661,000	571,530	25,865					53,240		
17-23	Tenafly/Tenafly Swim Club Parking Lot Paving Project	10/24/17	400,000	-								
18-02	Supplemental #17-09 Various Park Improvements		214,000		11,496							
18-06	Various Capital Improvements		2,674,615	640,262	444,923					451,563		
18-07	Re-Appropriate- DPW Utility Truck & TVAC Ambulance	6/12/18	475,000	3,256						3,256		
18-09	Supplemental #18-06 Various Capital Improvements	10/9/18	275,000	215,072						192,992		
18-21	Acquisition of Roll-Off Truck		28,000	4,850						2,742		
18-30	Senior Center Parking Lot Improvements	3/12/19	750,000	26,000						2,318		
19-04	Various Road Improvements	5/7/19	2,728,000							633,377		
19-11	Various Capital Improvements	6/25/19	155,000							1,699,992		
19-16	Repair to Monument at Roosevelt Commons and Rebuild the Aviary Nature Center									155,000		
19-20	Borough Hall ADA Restroom Improvements	12/10/19	123,000							6,000		
19-21	ADA Walkway at Roosevelt Commons	12/10/19	75,000							75,000		
					<u>\$ 1,032,071</u>	<u>\$ 1,360,020</u>	<u>\$ 3,831,000</u>	<u>\$ 966,431</u>	<u>\$ 34,795</u>	<u>\$ 3,618,745</u>	<u>\$ 1,169,128</u>	<u>\$ 2,366,854</u>

Capital Improvement Fund	\$ 172,000
Deferred Charges Unfunded	3,429,000
Municipal Open Space Trust	198,000
Grant Proceeds	32,000
	<u>\$ 3,831,000</u>
Cash Disbursements	\$ 1,087,017
Contracts Payable	2,531,728
	<u>\$ 3,618,745</u>

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

Balance, December 31, 2018	\$	47,694
Increased by:		
Budget Appropriation		<u>190,000</u>
		237,694
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>172,000</u>
Balance, December 31, 2019	\$	<u><u>65,694</u></u>

EXHIBIT C-10

**STATEMENT OF DUE TO CURRENT FUND**

Increased by:		
Interest Earnings	\$	<u>82,949</u>
Decreased by:		
Payments made to Current Fund	\$	<u><u>82,949</u></u>

EXHIBIT C-11

**STATEMENT OF RESERVE FOR DEBT SERVICE**

Balance, December 31, 2018	\$	39,736
Decreased by:		
Realized as Current Fund Budgeted Revenue		<u>39,736</u>
Balance, December 31, 2019	\$	<u><u>-</u></u>

EXHIBIT C-12

**BOROUGH OF TENAFLY  
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2018		\$ 2,821,606
Increased by:		
Contract Awards		<u>2,531,728</u>
		5,353,334
Decreased by:		
Payments	\$ 1,855,175	
Contract Payable Cancelled	<u>966,431</u>	
		<u>2,821,606</u>
Balance, December 31, 2019		<u>\$ 2,531,728</u>

EXHIBIT C-13

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

Increased by:		
Appropriated to Finance Improvement Authorizations		<u>\$ 198,000</u>
Decreased by:		
Cash Received		<u>\$ 198,000</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, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
17-09	Various Capital Improvements	5/31/2018	\$ 2,496,013	5/31/2018 5/28/2019	5/31/2019 5/29/2020	2.75 % 2.50	\$ 2,496,013	\$ 2,089,612	\$ 2,496,013	\$ 2,089,612
17-23	Teakill/Tenafly Swim Club Parking Lot Paving Project	5/31/2018	380,000	5/31/2018 5/28/2019	5/31/2019 5/29/2020	2.75 % 2.50	380,000	362,662	380,000	362,662
18-06	Various Capital Improvements	5/29/2019	2,547,000	5/28/2019	5/29/2020	2.50 %		2,547,000		2,547,000
18-09	Supplemental Ord. #18-06- Various Capital Improvements	5/29/2019	452,000	5/28/2019	5/29/2020	2.50 %		452,000		452,000
18-21	Acquisition of Roll-Off Truck	5/29/2019	127,543	5/28/2019	5/29/2020	2.50 %		127,543		127,543
18-30	Senior Center Parking Lot Improvements	5/29/2019	25,183	5/28/2019	5/29/2020	2.50 %		25,183		25,183
							<u>\$ 2,876,013</u>	<u>\$ 5,604,000</u>	<u>\$ 2,876,013</u>	<u>\$ 5,604,000</u>
									Renewals Issued for Cash	\$ 2,452,274
									Paid by Budget Appropriation	3,151,726
									Paid with Excess Note Proceeds	150,000
										<u>273,739</u>
									<u>\$ 5,604,000</u>	<u>\$ 2,876,013</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, 2018	2019 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Grant Proceeds	Balance, December 31, 2019
	<u>General Improvements</u>					
18-06	Various Capital Improvements	\$ 2,547,000		\$ 2,547,000		
18-09	Supplemental Ord. #18-06- Various Capital Improvements	452,000		452,000		
18-21	Acquisition Roll-Off Truck	127,543		127,543		
18-30	Senior Center Parking Lot Improvements	26,000		25,183	817	
19-04	Various Road Improvements		\$ 714,000			\$ 714,000
19-11	Various Capital Improvements		2,598,000			2,598,000
19-20	Borough Hall ADA Restroom Improvements	-	117,000	-	-	117,000
		<u>\$ 3,152,543</u>	<u>\$ 3,429,000</u>	<u>\$ 3,151,726</u>	<u>\$ 817</u>	<u>\$ 3,429,000</u>

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

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**PART II**

**GOVERNMENT AUDITING STANDARDS**



# **L V H** LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

### **INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Tenafly as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated August 28, 2020. 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.

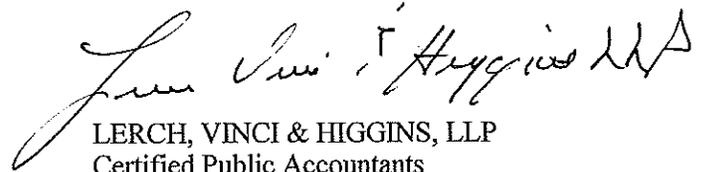
### Compliance and Other Matters

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.

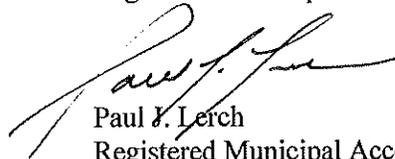
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Tenafly in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

### 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  
August 28, 2020

**BOROUGH OF TENAFLY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Grant Year	CFDA Number	Award Amount	2019 Grant Receipts	Balance December 31, 2018	Revenue Realized	Expended	Balance December 31, 2019	(Memo) Cumulative Expenditures
<u>Federal Grant Program</u>									
<u>U.S. Department of Housing and Urban Development</u> (Passed through County Dept. of Community Development)									
	2018	14.218	\$ 20,087	\$ 20,087	\$ 20,087	\$ 20,087	\$ 20,087		\$ 20,087
	2019	97.036	76,605	76,605		76,605	76,605		76,605
<u>Public Assistance Grants</u> FEMA- Winter Storm Quimm									
	2018	16.607	2,740	2,740	\$ 2,740		2,359	\$ 381	2,359
<u>US Department of Justice</u> Bulletproof Vest Partnership Program									
	2014	20.616	3,955		48			48	3,907
	2016		5,000		5,000			5,000	
	2019		5,500			5,500		5,500	
					\$ 7,788	\$ 102,192	\$ 99,051	\$ 10,929	

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, 2019**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2019 Grant Receipts</u>	<u>Balance, December 31, 2018</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2019</u>	<u>(Memo) Cumulative Expended</u>
<u>Division of Criminal Justice</u> Body Armor Grant	120-718-066-1020-001	2016	\$ 3,363		\$ 1,368		\$ 1,368		\$ 487	\$ 3,363
		2017	3,227		487				-	2,740
		2018	3,232		89		89		-	3,232
		2019	3,594	\$ 3,594		\$ 3,594	2,271		1,323	2,271
<u>Department of Environmental Protection</u> Clean Communities Program	4900-765-004-2011	2017	33,551		3,209		813		2,396	31,155
		2018	28,504		7,928		2,078		5,850	22,654
		2019	27,264	30,431		27,264			-	27,264
		2014	35,387		979		979		-	35,387
Recycling Tonnage Grant	4900-752-001-2012	2015	41,227		41,227		41,227		-	41,227
		2016	20,647		20,647		13,305		7,342	13,305
		2017	22,573		880		880		-	1,373
		2018	23,115		5,243		5,243		-	23,115
		2019	18,402	38,844		18,402		18,402		18,402
		2017	500		500		(500)		-	-
Environmental Grant	Not Available	2012	3,000		3,000		3,000		3,000	
		2017	2,000		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		4,938		4,938	4,938
		2019	4,938	6,181		4,938	4,938		-	
<u>Division of Highway-Traffic Safety</u> Drunk Driving Enforcement Fund	1110-448-031020-22	2018	3,799		243		179	\$ (64)	-	3,735
		2019		4,946						
<u>Department of Transportation</u> Ordinance #19-11	20.205	2019	212,000		-	212,000	212,000		-	212,000
						\$ 92,738	\$ 266,198	\$ (564)	\$ 28,216	

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, 2019**

**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	\$ 82,105	\$ 54,198	\$ 136,303
General Capital Fund	<u>20,087</u>	<u>212,000</u>	<u>232,087</u>
	<u>\$ 102,192</u>	<u>\$ 266,198</u>	<u>\$ 368,390</u>

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

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

**NOTE 5 DE MINIMIS INDIRECT COST RATE**

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

**BOROUGH OF TENAFLY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

*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, 2019**

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.

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

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**PART III**

**SUPPLEMENTARY DATA**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**BOROUGH OF TENAFLY  
SUPPLEMENTARY DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Peter S. Rustin	Mayor	None
Mark Zinna	Council member	None
Venugopal Menon	Council member	None
Daniel Park	Council member	None
Maxim Basch	Council member	None
Lauren Dayton	Council member	None
Jeffrey Grossman	Council member	None
Lissette Aportela	Borough Clerk	None
Lissette Aportela	Borough Administrator	None
Susan Corrado	Chief Financial Officer/Tax Collector	\$ 1,000,000
William R. McClure, Esq.	Attorney	None
Allen M. Bell	Municipal Court Judge	1,000,000
Dawn Curatola	Municipal Court Administrator	1,000,000
Robert Byrnes	Construction Code Official	None
Janet Ridenhour	Assessor	None
Kathy Soule	Deputy Treasurer	None

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

**GENERAL COMMENTS**

**Prior Year Comment Unresolved**

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

**Current Year Comments**

Our review of the Borough's minute records revealed that the official minutes for October, November and December 2019 were not prepared and approved and available for audit. It is recommended that the official minutes of the Borough be prepared and approved in a timely manner and be available for audit.

Our audit of the open encumbrances/contract balances in the General Capital Fund revealed that there were three open contract balances that were invalid and should have been cancelled. It is recommended that the open encumbrances/contract balances in the General Capital Fund be reviewed to ensure all open encumbrance/contract balances are valid.

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. 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.

During our test of the salaries and review of the supporting salary documents it was discovered that the Borough Administrator's salary was incorrect resulting in an over-payment. This was reviewed during the audit with the CFO and Payroll Coordinator, who then made the necessary correction and have subsequently collected the overpayment from the Borough Administrator, therefore no recommendation is warranted. It was further noted during our audit of the payroll that after the prior payroll coordinator resigned from the Borough the new payroll coordinator was not aware of the verification process for the state and federal tax payments. This was reviewed during the audit with the CFO and Payroll Coordinator and the Borough has implemented this verification process, therefore no recommendation is warranted.

Our audit of the Local Public Contract Law revealed that the Borough awarded a contract for the purchase of Dump Trucks for the Department of Public Works in excess of the Borough's bid threshold of \$40,000 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 purchased radio equipment in excess of the Borough's bid threshold of \$40,000 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 that the Borough adhere to the guidelines that are outlined in the Local Finance Notice 2012-10- "Using National Cooperatives" and further more that all purchases made through state contracts contain the state contract award and pricing information.

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

**GENERAL COMMENTS (Continued)**

**Contracts and Agreements Required To Be Advertised For NJS 40a:11-4**

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000, except by contract or agreement".

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

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

Collection of Solid Waste  
HVAC Repair and Maintenance Services

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 \$40,000 effective July 1, 2015 other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

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

**GENERAL COMMENTS (Continued)**

**Collection of Interest on Delinquent Taxes and Assessments**

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

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

“BE IT RESOLVED, by the Mayor and Council of the Borough of Tenaflly 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 5, 2019.

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>
2019	1
2018	1
2017	1

**BOROUGH OF TENAFLY  
SUPPLEMENTARY DATA**

**RECOMMENDATIONS**

It is recommended that:

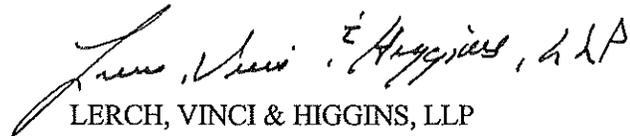
1. The official minutes of the Borough be prepared and approved in a timely manner and be available for audit.
2. The open encumbrances/contract balances in the General Capital Fund be reviewed to ensure all open encumbrance/contract balances are valid.
3. The Borough Clerk and Police Department's cash receipt ledger include all receipts collected, contain monthly sub-totals and a year-to-date total.
- \* 4. Purchases made through the use of a National Cooperative that the Borough adhere to the guidelines that are outlined in the Local Finance Notice 2012-10- "Using National Cooperatives" and furthermore that all purchases made through state contracts contain the state contract award and pricing information.

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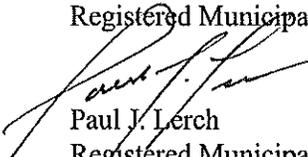
A review was performed on all prior year's recommendations and corrective action has been taken on all, except those marked with an asterisk (\*).

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