

**BOROUGH OF TENAFLY**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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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, 2015**



# 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, 2015 and 2014, 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, 2015, 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 principles 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. 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 of 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 Tenaflly on the basis of the financial accounting and reporting principles 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 Tenaflly as of December 31, 2015 and 2014, or changes in financial position, or, where applicable, for the years then ended.

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

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 8 percent and 9 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

***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 Tenaflly as of December 31, 2015 and 2014, 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, 2015 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

*Other Matters*

*Other Information*

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

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2016 on our consideration of the Borough of Tenafly's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Tenafly's internal control over financial reporting and compliance.

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

  
Paul J. Lerch  
Registered Municipal Accountant  
RMA Number CR00457

Fair Lawn, New Jersey  
June 22, 2016

**BOROUGH OF TENAFLY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Cash	A-4	\$ 7,784,617	\$ 7,152,467
Cash - Change Funds	A-5	375	375
Cash- Petty Cash	A-6	8,736	8,736
Due from State of New Jersey- Senior Citizen and Veterans Deductions	A-7	4,302	10,237
Grants Receivable	A-12	<u>49,915</u>	<u>44,977</u>
		<u>7,847,945</u>	<u>7,216,792</u>
<b>Receivables and Other Assets With Full Reserves</b>			
Delinquent Property Taxes Receivable	A-8	634,074	680,166
Tax Title Lien Receivable	A-10	887	887
Property Acquired for Taxes - Assessed Valuation	A-9	18,200	18,200
Due From Business Improvement District	A-20	8,719	8,719
Due From Animal Control Fund	B-6	13	9
Due From Recreation Activities Trust Fund	B-19	125	125
Due From General Capital Fund	C-11	-	91,115
Due From Other Trust Fund - Payroll Agency	B-10	<u>28,395</u>	<u>28,330</u>
		<u>690,413</u>	<u>827,551</u>
<b>Total Assets</b>		<u>\$ 8,538,358</u>	<u>\$ 8,044,343</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, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Appropriation Reserves	A-3,A-13	\$ 1,347,002	\$ 1,308,517
Encumbrances Payable	A-14	541,267	446,789
Due to Unemployment Trust Fund	B-8	8	8
Due to Other Trust Fund	B-9	298,548	73,726
Due to General Capital Fund	C-11	195,588	
Due to Municipal Open Space Trust	A-19	65	194,173
Prepaid Taxes	A-15	679,637	813,511
Tax Overpayments	A-21	121,380	43,980
County Taxes Payable	A-18	66,343	50,065
Appropriated Reserve for Grants	A-22	189,594	192,390
Unappropriated Reserve for Grants	A-23	39,455	74,322
Miscellaneous Reserves	A-24	<u>639,682</u>	<u>582,522</u>
		4,118,569	3,780,003
Reserve for Receivables	A	690,413	827,551
Fund Balance	A-1	<u>3,729,376</u>	<u>3,436,789</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 8,538,358</u>	<u>\$ 8,044,343</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF TENAFLY**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,668,000	\$ 1,500,000
Miscellaneous Revenues Anticipated	A-2	3,046,135	3,027,751
Receipts from Delinquent Taxes	A-2	602,245	810,248
Receipts from Current Taxes	A-2	93,525,859	91,047,120
Non-Budget Revenues	A-2	89,166	153,375
Other Credits to Income			
Prior Years Interfunds Returned	A	91,046	
Unexpended Balance of Appropriation Reserves	A-13	559,518	391,321
Cancellation of Miscellaneous Reserves	A-1		49,627
State of New Jersey- Senior & Veteran's Allowed-2014	A-1	-	250
		<u>99,581,969</u>	<u>96,979,692</u>
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	10,357,293	10,140,401
Other Expenses	A-3	10,571,745	10,191,018
Capital Improvements	A-3	105,000	95,000
Municipal Debt Service	A-3	2,968,596	2,947,804
Deferred Charges and Statutory Expenditures	A-3	2,121,166	2,236,586
Local District School Tax	A-16	60,848,748	59,471,871
County Taxes including Added Taxes	A-17, A-18	10,258,101	9,820,871
Municipal Open Space Taxes incl/Added Taxes	A-19	390,733	194,108
Interfunds Advanced	A	-	81,147
		<u>97,621,382</u>	<u>95,178,806</u>
<b>Total Expenditures</b>			
Excess in Revenue		1,960,587	1,800,886
Fund Balance, January 1	A	<u>3,436,789</u>	<u>3,135,903</u>
		5,397,376	4,936,789
Decreased by:			
Utilization as Anticipated Revenues	A-1	<u>1,668,000</u>	<u>1,500,000</u>
Fund Balance, December 31,	A	<u>\$ 3,729,376</u>	<u>\$ 3,436,789</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, 2015**

	Reference	2015		2015 Realized	Excess or (Deficit)
		Budget	Anticipated Added by: 40A:4-87		
FUND BALANCE ANTICIPATED	A-1	\$ 1,668,000	-	\$ 1,668,000	-
<b>MISCELLANEOUS REVENUES</b>					
Licenses					
Alcoholic Beverages	A-11	25,000		25,300	\$ 300
Other	A-2	16,000		17,475	1,475
Fees and Permits					
Other	A-2	95,000		137,762	42,762
Fines and Costs					
Municipal Court	A-11	100,000		126,978	26,978
Interest and Costs on Taxes	A-11	185,000		242,643	57,643
Interest on Investments	A-2	15,000		23,015	8,015
Rental of Borough Owned Property	A-11	65,000		67,230	2,230
Use of Sewer System Agreements	A-11	30,000		28,777	(1,223)
Borough Operated Alarm Systems	A-11	60,000		66,205	6,205
Energy Receipts Taxes	A-11	1,119,801		1,119,801	-
Uniform Construction Code Fees	A-11	595,000		627,848	32,848
State and Federal Grants Offset with Appropriations-					
Recycling Tonnage Grant-Reserve	A-23	41,227		41,227	-
Drunk Driving Enforcement Fund- Reserve	A-23	1,630		1,630	-
Municipal Alliance on Alcoholism and Drug Abuse	A-12	4,938		4,938	-
Body Armor Fund - Reserve	A-23	3,368		3,368	-
Clean Communities	A-23	24,145		24,145	-
Click It or Ticket - Reserve	A-23	3,952		3,952	-
Uniform Fire Safety Act	A-11	12,500		15,125	2,625
Cable TV Franchise Fee	A-11	134,632		134,632	-
Hotel Occupancy Fee (P.L. 2003, c.114)	A-11	105,000		111,034	6,034
Reserve for Payment of Debt Service	C-12	34,770		34,770	-
Sewer Charges - Tax Exempt Properties	A-11	25,000		28,410	3,410
Payment in Lieu of Taxes - Tenafly House	A-11	16,000		17,862	1,862
Cell Tower/Monopole Lease	A-11	130,000	-	142,008	12,008
Total Miscellaneous Revenues	A-2	2,842,963	-	3,046,135	203,172
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	680,000	-	602,245	(77,755)
<b>AMOUNT TO BE RAISED BY TAXATION:</b>					
Local Tax for Municipal Purposes	A-1	21,023,978		22,119,418	1,095,440
Minimum Library Tax	A-1	1,408,859	-	1,408,859	-
Total Amount to be Raised by Taxation		22,432,837	-	23,528,277	1,095,440
Total General Revenues		\$ 27,623,800	\$ -	28,844,657	\$ 1,220,857
Non-Budget Revenues	A-1,A-2			89,166	
				\$ 28,933,823	

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, 2015**

	<u>Reference</u>			
Analysis of Realized Revenue				
Allocation of Current Tax Collections				
Revenue from Collections	A-8	\$	93,725,859	
Less: Transfer to Reserve for Tax Appeals	A-24		<u>200,000</u>	
	A-2			\$ 93,525,859
Less: Allocated to School, County Taxes and Open Space	A-16,A-17,A-18, A-19			<u>71,497,582</u>
Add: Reserve for Uncollected Taxes	A-3			<u>1,500,000</u>
Amount for Support of Municipal Budget Appropriations	A-2			<u>\$ 23,528,277</u>
Licenses				
Clerk	A-11	\$	4,650	
Board of Health	A-11		<u>12,825</u>	
	A-2			<u>\$ 17,475</u>
Fees and Permits				
Clerk	A-11	\$	19,824	
Police	A-11		4,190	
Board of Health	A-11		2,956	
Tax Department	A-11		1,402	
Fire Prevention	A-11		43,188	
Construction Code- Miscellaneous	A-11		8,150	
Board of Adjustment/Planning Board	A-11		<u>58,052</u>	
	A-2			<u>\$ 137,762</u>
Interest on Investments and Deposits				
Cash Receipts	A-11	\$	18,721	
Due from General Capital	C-11		2,371	
Due from Animal Control Fund	B-6		56	
Due from Other Trust Fund	B-9		1,640	
Due from Other Trust- Payroll	B-10		<u>227</u>	
	A-2			<u>\$ 23,015</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, 2015**

	<u>Reference</u>	
Non-Budget Revenue		
Recycling Cardboard/Miscellaneous		\$ 52,126
Police Outside Duty Admin Fee		18,455
Miscellaneous Deposits		<u>18,585</u>
		/
	A-2, A-4	<u>\$ 89,166</u>

**BOROUGH OF TENAFLY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015 Appropriated</u>		<u>2015 Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS WITHIN "CAPS"				
General Government				
Administrative and Executive				
Salaries and Wages				
Administrator's Office	\$ 273,545	\$ 273,545	\$ 268,680	\$ 4,865
Borough Clerk's Office	182,814	182,814	182,103	711
Other Expenses				
Administrator's Office	155,062	155,062	145,801	9,261
Borough Clerk's Office	52,000	52,000	36,360	15,640
Postage	35,000	35,000	25,304	9,696
Photocopy Expense	8,500	8,500	7,054	1,446
Mayor and Council				
Salaries and Wages	23,000	23,000	23,000	-
Other Expenses	6,200	6,210	6,209	1
Elections				
Salaries and Wages	13,000	13,000	8,598	4,402
Other Expenses	18,450	18,450	14,886	3,564
Financial Administration				
Salaries and Wages	197,339	214,534	214,495	39
Other Expenses	51,500	51,500	38,914	12,586
Revenue Administration				
Salaries and Wages	109,905	99,705	99,161	544
Other Expenses	41,550	37,750	32,409	5,341
Assessment of Taxes				
Salaries and Wages	181,385	181,385	180,807	578
Other Expenses	30,308	30,308	17,089	13,219
Legal Services and Costs				
Other Expenses	164,000	164,000	135,400	28,600
Engineering Services and Costs				
Other Expenses	35,000	35,000	26,654	8,346
Historic Preservation Commission				
Other Expenses	9,495	9,495	6,650	2,845
Municipal Land Use Law:				
Planning Board				
Salaries and Wages	2,500	2,500	1,401	1,099
Other Expenses	49,035	49,035	17,094	31,941
Zoning Board of Adjustment				
Salaries and Wages	1,500	1,500		1,500
Other Expenses	23,820	23,820	19,041	4,779
Insurance				
Liability	322,171	320,671	320,405	266
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, 2015**

	<u>2015 Appropriated</u>		<u>2015 Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS WITHIN "CAPS" (Cont'd)				
Insurance (Continued)				
Worker's Compensation	\$ 299,831	\$ 299,832	\$ 299,831	\$ 1
Group Insurance Plan for Employees	2,062,840	2,074,340	2,066,401	7,939
Unemployment	30,000	30,000	30,000	-
Public Safety				
Police				
Salaries and Wages	5,115,419	5,110,419	5,024,101	86,318
Other Expenses	291,978	296,478	285,016	11,462
Emergency Management Services				
Salaries and Wages	4,600	4,600	4,400	200
Other Expenses	26,750	26,750	26,430	320
Aid to Volunteer Fire Company				
Salaries and Wages	18,373	18,373	18,372	1
Other Expenses	280,100	279,600	239,940	39,660
Aid to Volunteer Ambulance Corps				
Salaries and Wages	16,598	16,598	16,148	450
Other Expenses	178,700	164,588	158,697	5,891
Fire Department				
Salaries and Wages	127,427	127,427	124,505	2,922
Other Expenses	11,530	11,580	11,561	19
Fire Hydrant Services	245,000	245,000	222,866	22,134
Municipal Prosecutor				
Salaries and Wages	13,250	13,500	13,500	-
Streets and Roads				
Road Repairs and Maintenance				
Salaries and Wages	2,228,935	2,228,935	2,153,142	75,793
Other Expenses	392,825	392,825	350,617	42,208
				-
Solid Waste Collections				
Contract-Collections	755,000	755,000	755,000	-
Recycling Center				
Salaries and Wages	535,543	535,543	521,179	14,364
Other Expenses	78,725	78,725	70,291	8,434
Public Buildings and Grounds				
Salaries and Wages	189,888	189,888	172,877	17,011
Other Expenses	156,325	156,325	144,258	12,067

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, 2015**

	<u>2015 Appropriated</u>		<u>2015 Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b>OPERATIONS WITHIN "CAPS" (Cont'd)</b>				
Health and Welfare				
Board of Health				
Salaries and Wages	\$ 4,000	\$ 4,000	\$ 3,998	2
Other Expenses	90,199	90,199	86,003	4,196
Environmental Commission				
Other Expenses	4,450	4,450	837	3,613
Animal Welfare				
Other Expenses	10,000	10,000	9,200	800
Mental Health Center				
Other Expenses	7,000	7,000	7,000	-
Recreation and Education:				
Recreation Commission R.S. 40:12-1				
Salaries and Wages	185,215	181,915	180,735	1,180
Other Expenses	44,950	48,250	48,105	145
Youth Center				
Salaries and Wages	129,684	129,684	127,832	1,852
Other Expenses	6,450	6,450	3,169	3,281
Senior Citizens Center				
Salaries and Wages	123,820	123,820	121,340	2,480
Other Expenses	11,369	11,369	9,195	2,174
Community Support				
Nature Center - Other Expenses	35,000	35,000	35,000	-
Welcome Committee				
Other Expenses	3,600	3,600	3,600	-
Other Common Operating Functions				
Parking Lot Rental				
Other Expenses	20,000	20,000	19,395	605
Celebration of Public Events				
Other Expenses	37,000	37,000	33,198	3,802
Reserve for Terminal Leave	200,000	200,000		200,000
<b>PUBLIC SAFETY FUNCTION</b>				
Municipal Court				
Salaries and Wages	100,104	100,104	92,999	7,105
Other Expenses	10,450	10,450	8,152	2,298
Public Defender				
Other Expenses	2,500	2,900	2,900	-

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, 2015**

	<u>2015 Appropriated</u>		<u>2015 Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
APPROPRIATIONS OFFSET BY				
DEDICATED REVENUES				
(N.J.A.C. 5:23-4-17)				
State Uniform Construction Code				
Construction Code Officials				
Salaries and Wages	\$ 255,391	\$ 255,446	\$ 255,441	\$ 5
Other Expenses	9,509	9,509	7,859	1,650
Director of Building Department				
Salaries and Wages	105,808	105,808	89,368	16,440
Other Expenses	7,061	7,061	4,866	2,195
Unclassified				
Electricity	200,775	200,775	168,690	32,085
Street Lighting	175,000	175,000	151,532	23,468
Telephone	65,000	65,000	55,768	9,232
Natural Gas	70,000	70,000	44,769	25,231
Gasoline	245,000	245,000	114,962	130,038
LANDFILL/SOLID WASTE DISPOSAL COSTS				
BCUA Disposal Fees	<u>428,000</u>	<u>448,000</u>	<u>390,042</u>	<u>57,958</u>
Total Operations Within "CAPS"	17,636,301	17,655,150	16,612,602	1,042,548
Total Operations Including Contingent Within "CAPS"	<u>17,636,301</u>	<u>17,655,150</u>	<u>16,612,602</u>	<u>1,042,548</u>
Detail:				
Salaries and Wages	10,334,443	10,333,443	9,893,782	439,661
Other Expenses	<u>7,301,858</u>	<u>7,321,707</u>	<u>6,718,820</u>	<u>602,887</u>
DEFERRED CHARGES AND STATUTORY				
EXPENDITURES - MUNICIPAL WITHIN				
"CAPS"				
Statutory Expenditures				
Contribution to:				
Public Employees Retirement System	546,617	547,417	547,407	10
Social Security System (O.A.S.I.)	545,000	545,000	515,277	29,723
Police and Firemen's Retirement System of NJ	904,359	904,709	904,696	13
Defined Contribution Retirement Program	<u>6,000</u>	<u>6,000</u>	<u>5,835</u>	<u>165</u>
Total Deferred Charges and Statutory				
Expenditures - Municipal				
Within "CAPS"	<u>2,001,976</u>	<u>2,003,126</u>	<u>1,973,215</u>	<u>29,911</u>
Total General Appropriations for				
Municipal Purposes Within "CAPS"	<u>19,638,277</u>	<u>19,658,276</u>	<u>18,585,817</u>	<u>1,072,459</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, 2015**

	<u>2015 Appropriated</u>		<u>2015 Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>				
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)	\$ 1,310,504	\$ 1,320,502	\$ 1,265,206	\$ 55,296
Library Building Maintenance				
Salaries and Wages	23,850	23,850	23,047	803
Other Expenses	74,505	64,507	51,064	13,443
Bergen County Utilities Authority				
Operations and Maintenance	1,095,089	1,095,089	1,095,089	-
Debt Service	472,284	472,285	472,284	1
Emergency Services Volunteer Length of Service				
Award Program (P.L. 1997, C. 388)	60,000	60,000		60,000
Recycling Tax	20,000	-		-
Reserve for Tax Appeals	145,000	145,000	-	145,000
Insurance				
Group Insurance Plan for Employees	12,160	12,160	12,160	-
<b>Total Other Operations Excluded from "CAPS"</b>	<u>3,213,392</u>	<u>3,193,393</u>	<u>2,918,850</u>	<u>274,543</u>
<b>PUBLIC AND PRIVATE PROGRAMS</b>				
<b>OFFSET BY REVENUES</b>				
Recycling Tonnage Grant - Reserve	41,227	41,227	41,227	-
Body Armor Fund - Reserve	3,368	3,368	3,368	-
Drunk Driving Enforcement Grant - Reserve	1,630	1,630	1,630	-
Click It or Ticket - Reserve	3,952	3,952	3,952	-
Municipal Alliance on Alcoholism and Drug Abuse	4,938	4,938	4,938	-
Matching Funds - Municipal Alliance	1,235	1,235	1,235	-
Clean Communities Program - Reserve	24,145	24,145	24,145	-
<b>Total Public and Private Programs</b>				
Offset by Revenues	<u>80,495</u>	<u>80,495</u>	<u>80,495</u>	<u>-</u>
<b>Total Operations Excluded from "CAPS"</b>	<u>3,293,887</u>	<u>3,273,888</u>	<u>2,999,345</u>	<u>274,543</u>
<b>Detail:</b>				
Salaries and Wages	23,850	23,850	23,047	803
Other Expenses	<u>3,270,037</u>	<u>3,250,038</u>	<u>2,976,298</u>	<u>273,740</u>
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>				
Capital Improvement Fund	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>-</u>
<b>Total Capital Improvement Fund - Excluded from "CAPS"</b>	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>-</u>
<b>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</b>				
Payment of Bond Principal	2,413,000	2,413,000	2,413,000	-
Interest on Bonds	536,294	536,294	536,294	-
Interest on Notes	<u>19,302</u>	<u>19,302</u>	<u>19,302</u>	<u>-</u>
<b>Total Municipal Debt Service - Excluded from "CAPS"</b>	<u>2,968,596</u>	<u>2,968,596</u>	<u>2,968,596</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, 2015**

	<u>2015 Appropriated</u>		<u>2015 Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
DEFERRED CHARGES				
Deferred Charges - Unfunded Ordinances Ord. #09-21	\$ 118,040	\$ 118,040	\$ 118,040	-
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>118,040</u>	<u>118,040</u>	<u>118,040</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>6,485,523</u>	<u>6,465,524</u>	<u>6,190,981</u>	<u>\$ 274,543</u>
Subtotal General Appropriations	26,123,800	26,123,800	24,776,798	1,347,002
Reserve for Uncollected Taxes	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Total General Appropriations	<u>\$ 27,623,800</u>	<u>\$ 27,623,800</u>	<u>\$ 26,276,798</u>	<u>\$ 1,347,002</u>
<u>Reference</u>	A-2	A-2		A
Budget as Adopted	A-3	<u>\$ 27,623,800</u>		
Cash Disbursed	A-4		\$ 23,937,183	
Encumbrances Payable	A-14		541,267	
Due to General Capital Fund-				
Capital Improvement Fund	C-11		105,000	
Deferred Charges- Unfunded Ordinance	C-11		118,040	
Reserve for Uncollected Taxes	A-3		1,500,000	
Transfer to Appropriated Reserve for Grants	A-22		<u>75,308</u>	
	A-3		<u>\$ 26,276,798</u>	

**BOROUGH OF TENAFLY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Animal Control Trust Fund			
Cash	B-3	\$ 20,169	\$ 15,965
Due from State of New Jersey	B-5	<u>15</u>	<u>11</u>
		<u>20,184</u>	<u>15,976</u>
Other Trust Fund			
Cash	B-3	5,188,816	4,074,878
Due from Recreation Fund- Payroll Agency	B-18	30	30
Due from Current Fund - Other Trust Fund	B-9	<u>298,548</u>	<u>73,726</u>
		<u>5,487,394</u>	<u>4,148,634</u>
Unemployment Insurance Trust Fund			
Cash	B-3	16,679	6,746
Due from Current Fund	B-8	<u>8</u>	<u>8</u>
		<u>16,687</u>	<u>6,754</u>
Recreation Activities Trust Fund			
Cash	B-3	<u>204,823</u>	<u>184,130</u>
Open Space Preservation Trust Fund			
Cash	B-3	1,739,024	1,568,904
Due from Current Fund	A-20	<u>65</u>	<u>194,173</u>
		<u>1,739,089</u>	<u>1,763,077</u>
Length of Service Award Program (Unaudited)			
Investments	B	590,223	564,457
Contributions Receivable	A	<u>52,710</u>	<u>62,557</u>
		<u>642,933</u>	<u>627,014</u>
Total Assets		<u>\$ 8,111,110</u>	<u>\$ 6,745,585</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF TENAFLY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Animal Control Trust Fund</b>			
Reserve for Animal License Expenditures	B-4	\$ 20,171	\$ 15,967
Due to Current Fund	B-6	<u>13</u>	<u>9</u>
		<u>20,184</u>	<u>15,976</u>
<b>Other Trust Fund</b>			
Due to Current Fund - Payroll Agency	B-10	28,395	28,330
Reserve for:			
Miscellaneous Reserves	B-14	3,049,098	2,250,388
Escrow Deposits - Construction Fees	B-13	384,613	334,449
Affordable Housing Trust	B-16	2,005,021	1,517,665
Accrued Salary and Wages	B-11	4,393	1,974
Payroll Deductions Payable	B-12	<u>15,874</u>	<u>15,828</u>
		<u>5,487,394</u>	<u>4,148,634</u>
<b>Unemployment Insurance Trust Fund</b>			
Reserve for Unemployment Compensation Insurance	B-7	<u>16,687</u>	<u>6,754</u>
		<u>16,687</u>	<u>6,754</u>
<b>Recreation Activities Trust Fund</b>			
Due to Current Fund	B-19	125	125
Due to Other Trust Fund- Payroll Agency	B-18	30	30
Reserve for Recreation Expenditures	B-17	<u>204,668</u>	<u>183,975</u>
		<u>204,823</u>	<u>184,130</u>
<b>Open Space Preservation Trust Fund</b>			
Reserve for Municipal Open Space Expenditures	B-15	<u>1,739,089</u>	<u>1,763,077</u>
		<u>1,739,089</u>	<u>1,763,077</u>
<b>Length of Service Award Program (Unaudited)</b>			
Net Position Available for Benefits	B	<u>642,933</u>	<u>627,014</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 8,111,110</u>	<u>\$ 6,745,585</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF TENAFLY**  
**STATEMENT OF REVENUES-REGULATORY BASIS**  
**OPEN SPACE PRESERVATION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015 Budget</u>	<u>Realized in 2015</u>	<u>Excess or Deficit</u>
Amount to be Raised by Taxation	\$ 388,242	\$ 390,733	\$ 2,491
Reference	B-2	B-15	

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS**  
**OPEN SPACE PRESERVATION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015 Budget</u>	<u>2015 Expended Paid or Charged</u>	<u>Reserved</u>
Open Space Improvements	\$ 388,242	\$ 388,242	\$ -
Reference	B-1	B-15	

**BOROUGH OF TENAFLY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 1,223,832	\$ 1,118,648
Grants / Other Receivable	C-4	784,713	427,065
Due From Current Fund	C-11	195,588	-
Deferred Charges to Future Taxation			
Funded	C-5	14,686,286	17,325,843
Unfunded	C-6	<u>6,071,891</u>	<u>3,857,631</u>
 Total Assets		 <u>\$ 22,962,310</u>	 <u>\$ 22,729,187</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-7	\$ 14,652,000	\$ 17,224,000
Bond Anticipation Notes Payable	C-14	3,739,200	1,930,200
New Jersey Green Acres Loan	C-8	34,286	101,843
Contracts Payable	C-13	3,079,614	769,203
Improvement Authorizations			
Funded	C-9	233,087	766,967
Unfunded	C-9	987,578	1,524,668
Due to Current Fund	C-11		91,115
Reserve for:			
Debt Service	C-12	10,800	45,570
Grants Receivable	C-4	153,031	153,031
Capital Improvement Fund	C-10	1,065	1,065
Fund Balance	C-1	<u>71,649</u>	<u>121,525</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 22,962,310</u>	 <u>\$ 22,729,187</u>

There were bonds and notes authorized but not issued at December 31, 2015 and 2014 of \$2,332,691 and \$1,927,431, 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, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Balance, December 31	C	\$ <u>121,525</u>	\$ <u>111,681</u>
Increased by:			
Premium on Sale of Notes	C-11	<u>19,437</u>	<u>9,844</u>
		<u>140,962</u>	<u>121,525</u>
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-9	<u>69,313</u>	<u>-</u>
Balance, December 31	C	\$ <u>71,649</u>	\$ <u>121,525</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF TENAFLY**  
**COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
General Fixed Assets		
Land	\$ 95,993,700	\$ 95,993,700
Land Improvements	192,991	192,991
Construction In Progress	-	189,461
Buildings	12,519,993	12,519,993
Machinery and Equipment	<u>12,663,586</u>	<u>11,692,299</u>
	<u>\$ 121,370,270</u>	<u>\$ 120,588,444</u>
Investment in General Fixed Assets	<u>\$ 121,370,270</u>	<u>\$ 120,588,444</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Borough of Tenafly (the "Borough") was incorporated in 1894 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department and volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

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

The financial statements of the Borough of Tenafly have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2014 balances to conform to the December 31, 2015 presentation.

**Financial Statements – Regulatory Basis**

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 AND 2014**

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

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

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

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

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

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

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

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

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

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

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

**General Fixed Assets (Continued)**

No depreciation has been provided for in the financial statements.

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

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

**Use of Estimates** - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

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

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. There were no increases to the original budget during 2015 and 2014. In addition, the governing body approved several budget transfers during 2015 and 2014.

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Borough's deposits were \$16,187,071 and \$14,130,849 and bank and brokerage firm balances of the Borough's deposits amounted to \$16,267,081 and \$14,782,882, 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>2015</u>	<u>2014</u>
Insured	\$ 15,868,372	\$ 14,384,579
Uninsured and Collateralized	<u>398,709</u>	<u>398,303</u>
	<u>\$ 16,267,081</u>	<u>\$ 14,782,882</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2015 and 2014, the Borough's bank balances of \$398,709 and \$398,303 were exposed to custodial credit risk as follows:

	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 398,709</u>	<u>\$ 398,303</u>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**B. Investments**

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

As of December 31, 2015 and 2014, the Borough had the following investments:

	<u>Fair Value</u>	
	<u>2015</u>	<u>2014</u>
Investment:		
Lincoln Financial-Length of Service Award Program (Unaudited)	\$ 590,223	\$ 564,457

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, 2015 and 2014, \$590,223 and \$564,457 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>	
	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 590,223	\$ 564,457

**BOROUGH OF TENAFLY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**B. Investments (Continued)**

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2015 and 2014, the Borough’s investment in Lincoln Financial Group was rated Baa2 by Moody’s Investor Services.

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

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

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

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
<u>Current</u>		
Property Taxes	\$ 634,074	\$ 680,166
Tax Title Liens	<u>887</u>	<u>887</u>
	<u>\$ 634,961</u>	<u>\$ 681,053</u>

In 2015 and 2014, the Borough collected \$602,245 and \$810,248 from delinquent taxes, which represented 93% and 100%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>2015</u>		<u>2014</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 28,533	\$ 494,209	\$ 119,579	\$ 267,907
Animal Control Trust Fund		13		9
Open Space Preservation Trust Fund	65		194,173	-
Other Trust Fund	298,578	28,395	73,756	28,330
Recreation Trust Fund		155		155
Unemployment Insurance Trust Fund	8		8	
General Capital Fund	<u>195,588</u>	<u>-</u>	<u>-</u>	<u>91,115</u>
<b>Total</b>	<b><u>\$ 522,772</u></b>	<b><u>\$ 522,772</u></b>	<b><u>\$ 387,516</u></b>	<b><u>\$ 387,516</u></b>

The above balances are the result of expenditures being paid by one fund on behalf of another and revenues earned or received in one fund 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 balances in the Current Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund		Fund	
	Balance December 31, <u>2015</u>	Utilized in Subsequent <u>Year's Budget</u>	Balance December 31, <u>2014</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 3,675,159	\$ 1,750,000	\$ 3,381,575	\$ 1,668,000
Non-Cash Surplus	<u>54,217</u>	<u>-</u>	<u>55,214</u>	<u>-</u>
	<b><u>\$ 3,729,376</u></b>	<b><u>\$ 1,750,000</u></b>	<b><u>\$ 3,436,789</u></b>	<b><u>\$ 1,668,000</u></b>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 and 2014.

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2015</u>
<u>2015</u>					
Land	\$ 95,993,700				\$ 95,993,700
Construction in Progress	189,461	\$ 29,135		\$ (218,596)	-
Buildings and Building Improvements	12,519,993				12,519,993
Land Improvements	192,991				192,991
Machinery and Equipment	<u>11,692,299</u>	<u>836,241</u>	<u>\$ (83,550)</u>	<u>218,596</u>	<u>12,663,586</u>
	<u>\$ 120,588,444</u>	<u>\$ 865,376</u>	<u>\$ (83,550)</u>	<u>\$ -</u>	<u>\$ 121,370,270</u>
	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2014</u>
<u>2014</u>					
Land	\$ 95,993,700				\$ 95,993,700
Construction in Progress	59,660	\$ 189,461		\$ (59,660)	189,461
Buildings and Building Improvements	12,458,086	61,907			12,519,993
Land Improvements	-	133,331		59,660	192,991
Machinery and Equipment	<u>10,457,957</u>	<u>1,252,392</u>	<u>\$ (18,050)</u>	<u>-</u>	<u>11,692,299</u>
	<u>\$ 118,969,403</u>	<u>\$ 1,637,091</u>	<u>\$ (18,050)</u>	<u>\$ -</u>	<u>\$ 120,588,444</u>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8 MUNICIPAL DEBT**

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

The Borough's debt is summarized as follows:

	<u>2015</u>	<u>2014</u>
Issued		
General		
Bonds, Notes and Loans	\$ 18,425,486	\$ 19,256,043
Less Funds Temporarily Held to Pay Bonds and Notes	<u>(10,800)</u>	<u>(45,770)</u>
Net Debt Issued	18,414,686	19,210,273
Authorized But Not Issued		
General		
Bonds and Notes	<u>2,332,691</u>	<u>1,927,431</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 20,747,377</u>	<u>\$ 21,137,704</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 .50% at December 31, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2015</u>			
General Debt	\$ 20,758,177	\$ 10,800	\$ 20,747,377
School Debt	<u>35,150,000</u>	<u>35,150,000</u>	<u>-</u>
Total	<u>\$ 55,908,177</u>	<u>\$ 35,160,800</u>	<u>\$ 20,747,377</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 21,183,474	\$ 45,570	\$ 21,137,904
School Debt	<u>36,266,000</u>	<u>36,266,000</u>	<u>-</u>
Total	<u>\$ 57,449,474</u>	<u>\$ 36,311,570</u>	<u>\$ 21,137,904</u>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 149,323,172	\$ 145,698,759
Net Debt	<u>20,747,377</u>	<u>21,137,904</u>
Remaining Borrowing Power	<u>\$ 128,575,795</u>	<u>\$ 124,560,855</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>2015</u>	<u>2014</u>
\$9,943,000, 2001 General Improvement Bonds, due in annual installments of \$1,098,000 to \$1,125,000 through February 15, 2015, interest at 4.20%		\$ 1,098,000
\$6,562,000, 2005 General Improvement Bonds, due in annual installments of \$640,000 to \$822,000 through November 1, 2017, interest at 3.70%	\$ 1,562,000	2,302,000
\$8,614,000, 2007 General Improvement Bonds, due in annual installments of \$25,000 to \$1,274,000 through December 1, 2022, interest at 4.5% to 4.0%	2,000,000	8,314,000
\$6,260,000, 2012 General Improvement Bonds, due in annual installments of \$375,000 to \$750,000 through October 1, 2022, interest at 1% to .375%-2%	5,135,000	5,510,000
\$5,955,000, 2015 General Improvement Bonds, due in annual installments of \$1,130,000 to \$1,240,000 through December 1, 2022, interest at 3% to 4%	<u>5,955,000</u>	<u>-</u>
	<u>\$ 14,652,000</u>	<u>\$ 17,224,000</u>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8 MUNICIPAL DEBT (Continued)**

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

**General Intergovernmental Loans Payable**

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

	<u>2015</u>	<u>2014</u>
\$1,113,761, 1996 Loan due in Semi-annual installments; final installment of \$34,286 due February 3, 2016, interest at 1%	\$ 34,286	\$ 101,843
	<u>\$ 34,286</u>	<u>\$ 101,843</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2015 is as follows:

Calendar <u>Year</u>	<u>General Bonds</u>		<u>General Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 2,390,000	\$ 438,227	\$ 34,286	\$ 343	\$ 2,862,856
2017	2,572,000	367,664	-	-	2,939,664
2018	1,865,000	289,562	-	-	2,154,562
2019	1,915,000	248,312	-	-	2,163,312
2020	1,940,000	191,400	-	-	2,131,400
2021-2022	3,970,000	193,400	-	-	4,163,400
Total	<u>\$ 14,652,000</u>	<u>\$ 1,728,565</u>	<u>\$ 34,286</u>	<u>\$ 343</u>	<u>\$ 16,415,194</u>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8 MUNICIPAL DEBT (Continued)**

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

**Advance Refundings of Debt**

On December 2, 2015, the Borough issued \$5,955,000 in General Obligation Refunding Bonds having an interest rate of 3.00% to 4.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various General Improvement Bonds of the Borough. The total bond principal defeased was \$6,114,000 and the total interest payments defeased to the call date was \$480,182. The net proceeds of \$6,487,363 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability was removed from the General Capital Fund. This advance refunding resulted in an economic gain (difference between the present value of the old and new debt service payments) was \$193,380. The advanced refunding was undertaken to reduce total debt service payments over the next seven years by \$208,481.

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<u>2015</u>					
General Capital Fund					
Bonds Payable	\$ 17,224,000	\$ 5,955,000	\$ 8,527,000	\$ 14,652,000	\$ 2,390,000
Intergovernmental Loans Payable	<u>101,843</u>	<u>-</u>	<u>67,557</u>	<u>34,286</u>	<u>34,286</u>
General Capital Fund Long-Term Liabilities	<u>\$ 17,325,843</u>	<u>\$ 5,955,000</u>	<u>\$ 8,594,557</u>	<u>\$ 14,686,286</u>	<u>\$ 2,424,286</u>
	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund					
Bonds Payable	\$ 19,554,000		\$ 2,330,000	\$ 17,224,000	\$ 2,413,000
Intergovernmental Loans Payable	<u>168,068</u>	<u>-</u>	<u>66,225</u>	<u>101,843</u>	<u>67,556</u>
General Capital Fund Long-Term Liabilities	<u>\$ 19,722,068</u>	<u>\$ -</u>	<u>\$ 2,396,225</u>	<u>\$ 17,325,843</u>	<u>\$ 2,480,556</u>

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

**Bond Anticipation Notes**

<u>2015</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2015</u>
General Capital Fund						
<u>Purpose</u>						
Various Capital Improvements	1.5%	5/13/2016	\$ 1,930,200	\$ 1,930,200	\$ 1,930,200	\$ 1,930,200
Various Capital Improvements	0.55%	7/15/2016	<u>-</u>	<u>1,809,000</u>	<u>-</u>	<u>1,809,000</u>
Total			<u>\$ 1,930,200</u>	<u>\$ 3,739,200</u>	<u>\$ 1,930,200</u>	<u>\$ 3,739,200</u>

<u>2014</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2014</u>
General Capital Fund						
<u>Purpose</u>						
Various Capital Improvements	1%	5/15/2015	<u>-</u>	<u>\$ 1,930,200</u>	<u>-</u>	<u>\$ 1,930,200</u>
Total			<u>\$ -</u>	<u>\$ 1,930,200</u>	<u>\$ -</u>	<u>\$ 1,930,200</u>

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

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

**BOROUGH OF TENAFLY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>2015</u>		
Tenafly Road Section 4	\$ 327,980	2016
2015 Road Resurfacing Program	134,522	2016
Generators	182,303	2016
DPW Building	2,047,390	2017
<u>2014</u>		
Road Resurfacing Program	\$ 139,658	2015
Roll-Off Truck	202,500	2015

**NOTE 10 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,002,705 and \$1,003,986 at December 31, 2015 and 2014, 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, 2015 and 2014, the Borough has reserved in the Other Trust Fund \$721,879 and \$617,347, 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.

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)**

**Changes in Other Long-Term Liabilities (Continued)**

The Borough's changes in other long-term liabilities for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	
<b><u>2015</u></b>					
Compensated Absences	\$ 1,003,986	\$ 119,187	\$ 120,468	\$ 1,002,705	
Net Pension Liability - PERS	14,478,896	3,576,510	665,994	17,389,412	
Net Pension Liability - PFRS	<u>14,811,165</u>	<u>7,934,189</u>	<u>1,058,343</u>	<u>21,687,011</u>	
 Total Other Long-Term Liabilities	 <u>\$ 30,294,047</u>	 <u>\$ 11,629,886</u>	 <u>\$ 1,844,805</u>	 <u>\$ 40,079,128</u>	
	Balance, December 31, <u>2013</u>	Prior Period Adjustment (A)	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>
<b><u>2014</u></b>					
Compensated Absences	\$ 984,132		\$ 66,841	\$ 46,987	\$ 1,003,986
Net Pension Liability - PERS	\$ 14,263,331		762,972	547,407	14,478,896
Net Pension Liability - PFRS	<u>-</u>	<u>17,960,826</u>	<u>-</u>	<u>3,149,661</u>	<u>14,811,165</u>
 Total Other Long-Term Liabilities	 <u>\$ 984,132</u>	 <u>\$ 32,224,157</u>	 <u>\$ 829,813</u>	 <u>\$ 3,744,055</u>	 <u>\$ 30,294,047</u>

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS**

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

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

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

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

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

**Other Pension Funds**

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

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

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

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**Other Pension Funds (Continued)**

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).

**Basis of Accounting**

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

**Investment Valuation**

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

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

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 billion, respectively.

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

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**Funded Status and Funding Progress (Continued)**

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

**Actuarial Methods and Assumptions**

In the July 1, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPF (2.00%) and (b) changes to projected salary increases 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS and 5.50% for DCRP and 6.92% for fiscal year 2015 for PERS of employee's annual compensation

**Annual Pension Cost (APC)**

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

During the years ended December 31, 2015, 2014 and 2013, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, and non-contributory life insurance premiums **(modify as necessary)** 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>
2015	\$ 904,696	\$ 547,407	\$ 5,835
2014	985,687	475,070	5,422
2013	1,024,977	506,886	5,600

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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)**

At December 31, 2015 and 2014, the Borough had a liability of \$17,389,412 and \$14,478,896 respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportionate share was .07747 percent, which was an increase of .00014 percent from its proportionate share measured as of June 30, 2014 of .07733 percent.

For the year ended December 31, 2015 and 2014, the pension system has determined the Borough's pension expense to be \$1,226,194 and \$825,187, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$547,407 and \$475,070, respectively. At December 31, 2015 and 2014, 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:

	2015		2014	
	<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	\$ 414,850			
Changes of Assumptions	1,867,484		\$ 455,294	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 279,588		\$ 862,864
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	377,136	-	436,370	-
Total	<u>\$ 2,659,470</u>	<u>\$ 279,588</u>	<u>\$ 891,664</u>	<u>\$ 862,864</u>

At December 31, 2015 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>
2016	\$ 449,345
2017	449,345
2018	449,345
2019	665,061
2020	366,786
Thereafter	-
	<u>\$ 2,379,882</u>

**BOROUGH OF TENAFLY  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40% Based on Age	2.15-4.40% Based on Age
Thereafter	3.15-5.40% Based on Age	3.15-5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

*Actuarial Assumptions*

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

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF TENAFLY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

***Discount Rate***

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

<u>Year</u>	<u>Discount Rate</u>
2015	4.90%
2014	5.39%

**BOROUGH OF TENAFLY  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

***Discount Rate (Continued)***

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

\* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, 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, 2015 calculated using the discount rate of 4.90%, 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 21,612,911</u>	<u>\$ 17,389,412</u>	<u>\$ 13,848,461</u>

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

***Pension Plan Fiduciary Net Position***

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

**BOROUGH OF TENAFLY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

At December 31, 2015 and 2014, the Borough had a liability of \$21,687,011 and \$14,811,165, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough’s proportionate share was .13020 percent, which was an increase of .01246 percent from its proportionate share measured as of June 30, 2014 of .11774 percent.

For the years ended December 31, 2015 and 2014, the pension system has determined the Borough pension expense to be \$1,799,268 and \$644,275, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough’s financial statements of \$904,696 and \$985,687, respectively. At December 31, 2015 and 2014, 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:

	2015		2014	
	<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		\$ 187,057		
Changes of Assumptions	\$ 4,003,961		\$ 556,061	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		377,443		\$ 1,511,430
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,366,401</u>	<u>1,559,701</u>	<u>-</u>	<u>1,933,730</u>
Total	<u>\$ 5,370,362</u>	<u>\$ 2,124,201</u>	<u>\$ 556,061</u>	<u>\$ 3,445,160</u>

At December 31, 2015 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:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 589,911
2017	589,911
2018	589,911
2019	967,768
2020	508,660
Thereafter	<u>-</u>
	<u>\$ 3,246,161</u>

**BOROUGH OF TENAFLY  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	Based on Age	Based on Age
Thereafter	3.60-10.48%	4.95-9.62%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**BOROUGH OF TENAFLY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit Core Bonds	10.00%	1.79%	1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

***Discount Rate***

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

<u>Year</u>	<u>Discount Rate</u>
2015	5.79%
2014	6.32%

**BOROUGH OF TENAFLY  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

***Discount Rate (Continued)***

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2045
Municipal Bond Rate *	From July 1, 2045 and Thereafter

\* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, 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, 2015 calculated using the discount rate of 5.79%, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	<b>Decrease (4.79%)</b>	<b>Discount Rate (5.79%)</b>	<b>Increase (6.79%)</b>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 28,590,366</u>	<u>\$ 21,687,011</u>	<u>\$ 16,057,942</u>

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

**BOROUGH OF TENAFLY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

***Special Funding Situation – PFRS***

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

At December 31, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,058,343 and \$1,594,913, respectively. For the years ended December 31, 2015 and 2014, 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 \$237,232 and \$202,083, respectively, which is less than the actual contributions the State made on behalf of the Borough of \$99,003 and \$66,225, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

***Pension Plan Fiduciary Net Position***

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

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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).

**Basis of Accounting**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2014 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**Post-Retirement Medical Benefits Contribution**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$173.9 million for 10,355 eligible retired members for Fiscal Year 2015. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$44.3 million in Fiscal Year 2015 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2015, 2014 and 2013 were \$427,211, \$394,046 and \$354,927, 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, 2015, 2014 and 2013 were \$32,603, \$32,352 and \$26,483, respectively.

**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.

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 13 RISK MANAGEMENT (Continued)**

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

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

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

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

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

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 30,000	\$ 14,483	\$ 34,595	\$ 16,687
2014	30,000	13,420	36,730	6,754
2013	30,000	17,398	51,554	33

**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.

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 14 CONTINGENT LIABILITIES (Continued)**

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2015 and 2014. 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, 2015 and 2014, the Borough reserved \$560,338 and \$503,216, 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, 2015 and 2014, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 15 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2015 and 2014, the Borough had no estimated arbitrage earnings due to the IRS

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

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

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

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

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

The Borough of Tenafly has contributed \$1,255 and \$1,255 for 2015 and 2014, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,255 and \$1,255 for 2015 and 2014, respectively for each eligible volunteer first aid squad members into the Plan. The total Borough contributions were \$52,710 and \$62,557 for 2015 and 2014, respectively.

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

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

**Vesting and Benefits**

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

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

**Reporting Requirements**

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

**NOTE 17 HURRICANE SANDY**

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2015. As of December 31, 2015, the Borough has received \$106,469 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

**BOROUGH OF TENAFLY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 18 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

On May 5, 2016 the Borough issued bond anticipation notes in the amount of \$4,310,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to TD Bank, N.A. at an interest rate of .93%. These notes dated May 12, 2016 will mature on May 12, 2017.

**Debt Authorized**

On January 26, 2016 the Borough adopted a bond ordinance authorizing the issuance \$47,500 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On April 12, 2016 the Borough adopted a bond ordinance authorizing the issuance \$2,407,000 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, 2014	\$	7,152,467
Increased by Receipts:		
Petty Cash	\$	3,325
Miscellaneous Revenue Not Anticipated		89,166
Taxes Receivable		93,447,343
Revenue Accounts Receivable		2,927,811
Prepaid Taxes		679,637
Due from State - Senior Citizen and Veteran Deductions		73,185
Tax Overpayments		271,232
Unappropriated Reserve- State and Federal Grants		39,455
Miscellaneous Reserves		6,335
General Capital Receipts Deposited in Current Fund		82,536
Due from Animal Control Fund		52
Due from Other Trust Fund		1,462
Due from Other Trust Fund- Payroll		162
Due from General Capital Fund		29,830
		<u>97,651,531</u>
		104,803,998
Decreased by Disbursements:		
Petty Cash		3,325
2015 Budget Appropriations		23,937,183
Appropriation Reserves		947,628
Local District School Taxes		60,848,748
County Taxes Payable		10,191,759
County Added and Omitted Taxes		50,064
Tax Overpayments		193,832
Appropriated Reserve for State and Federal Grants		78,104
Miscellaneous Reserves		172,335
Payments Made on Behalf of General Capital Fund		11,562
Due to Open Space Trust Fund		584,841
		<u>97,019,381</u>
Balance, December 31, 2015	\$	<u>7,784,617</u>

**BOROUGH OF TENAFLY  
STATEMENT OF CHANGE FUNDS**

	Balance, December 31, <u>2014</u>	Balance, December 31, <u>2015</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, 2014	\$ 8,736
Increased by:	
Cash Receipts	<u>3,325</u>
	12,061
Decreased by:	
Cash Disbursements	<u>3,325</u>
Balance, December 31, 2015	<u>\$ 8,736</u>

EXHIBIT A-7

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

Balance, December 31, 2014	\$ 10,237
Increased by:	
Senior Citizen Deductions per Tax Billing	\$ 8,250
Veterans Deductions per Tax Billing	57,750
Senior Citizens' Deductions Allowed by Collector- 2015	<u>4,750</u>
	<u>70,750</u>
	80,987
Decreased by:	
Veterans Deductions Dis-Allowed by Collector - 2015	3,500
State Share of Senior Citizens and Veteran Deductions Received in Cash	<u>73,185</u>
	<u>76,685</u>
Balance, December 31, 2015	<u>\$ 4,302</u>

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

<u>Year</u>	<u>Balance December 31, 2014</u>	<u>2015 Levy</u>	<u>Added Taxes</u>	<u>Senior Citizens' and Veterans' Deductions Disallowed</u>	<u>Collected in</u>		<u>Homestead Benefit Credit</u>	<u>Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Cancelled</u>	<u>Balance, December 31, 2015</u>
					<u>2014</u>	<u>2015</u>				
2014	\$ 680,166		\$ 16,355			\$ 602,245				\$ 94,276
2015	<u>-</u>	<u>\$ 93,876,900</u>	<u>593,850</u>	<u>\$ 3,500</u>	<u>\$ 813,511</u>	<u>92,298,679</u>	<u>\$ 546,419</u>	<u>\$ 70,750</u>	<u>110,817</u>	<u>\$ 634,074</u>
	<u>\$ 680,166</u>	<u>\$ 93,876,900</u>	<u>\$ 610,205</u>	<u>\$ 3,500</u>	<u>\$ 813,511</u>	<u>\$ 92,900,924</u>	<u>\$ 546,419</u>	<u>\$ 70,750</u>	<u>\$ 205,093</u>	<u>\$ 634,074</u>

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Analysis of 2015 Property Tax Levy

Tax Yield	
General Property Tax	\$ 93,876,900
Added Tax (R.S. 54:4-63.1 et seq.)	<u>593,850</u>
	<u>\$ 94,470,750</u>
Tax Levy	
Local District School Tax	\$ 60,848,748
County Tax - General	10,085,412
County Tax - Open Space	106,347
Added County Taxes	66,342
Municipal Open Space	<u>390,733</u>
	71,497,582
Local Tax for Municipal Purposes	22,432,837
Additional Taxes	<u>540,331</u>
	<u>22,973,168</u>
	<u>\$ 94,470,750</u>

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

Balance, December 31, 2014	<u>\$ 18,200</u>
Balance, December 31, 2015	<u><u>\$ 18,200</u></u>

**STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2014	<u>\$ 887</u>
Balance, December 31, 2015	<u><u>\$ 887</u></u>

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

	Balance, December 31, <u>2014</u>	Accrued in <u>2015</u>	<u>Realized</u>	Balance, December 31, <u>2015</u>
Borough Clerk				
Liquor Licenses		\$ 25,300	\$ 25,300	
Licenses - Other		4,650	4,650	
Fees and Permits - Other		19,824	19,824	
Board of Health				
Fees and Permits		2,956	2,956	
Licenses - Other		12,825	12,825	
Police Department				
Fees and Permits		4,190	4,190	
Alarm System Fees		66,205	66,205	
Planning Board/Board of Adjustment				
Fees and Permits		58,052	58,052	
Tax Collector				
Fees and Permits		1,402	1,402	
Fire Prevention				
Fees and Permits		43,188	43,188	
Municipal Court				
Fines and Costs		126,978	126,978	
Uniform Construction Code				
Fees and Permits		627,848	627,848	
Fees and Permits- Other		8,150	8,150	
Interest and Costs on Taxes		242,643	242,643	
Energy Receipts Taxes		1,119,801	1,119,801	
Rental of Borough Owned Property		67,230	67,230	
Uniform Fire Safety Act (Life Hazard Use)		15,125	15,125	
Interest on Investments and Deposits		18,721	18,721	
Tax Exempt Sewer Fees		28,410	28,410	
Cable TV Franchise Fee		134,632	134,632	
Cell Tower/Monopole Lease		142,008	142,008	
Hotel Occupancy Fee (P.L. 2003, c. 114)		111,034	111,034	
Payment in Lieu of Taxes - Tenafly House		17,862	17,862	
Use of Sewer System Agreements	-	28,777	28,777	-
	<u>\$ -</u>	<u>\$ 2,927,811</u>	<u>\$ 2,927,811</u>	<u>\$ -</u>

**STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2014</u>	<u>Accrued</u>	Balance, December 31, <u>2015</u>
Green Communities	\$ 1,000		\$ 1,000
Municipal Alliance on Alcoholism & Drug Abuse	43,977	\$ 4,938	48,915
	<u>\$ 44,977</u>	<u>\$ 4,938</u>	<u>\$ 49,915</u>

**BOROUGH OF TENAFLY**  
**STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, January 1, <u>2015</u>	Budget After <u>Modification</u>	<u>Expended</u>	<u>Transfer to Reserves</u>	<u>Balance Lapsed</u>
<b>Salaries and Wages</b>					
General Administration	\$ 4,009	\$ 4,007			\$ 4,007
Municipal Clerk	3,515	3,515			3,515
Elections	84	84			84
Financial Administration	2,881	3,181	\$ 3,109		72
Revenue Administration	3,006	3,006	1,120		1,886
Tax Assessment Administration	1,091	1,091	118		973
Director Building Department	2	2	-		2
Planning Board	2,355	2,355	-		2,355
Zoning Board	1,500	1,500	-		1,500
Municipal Court	5,254	5,254	-		5,254
Police	110,717	110,717	110,717		-
Volunteer Ambulance	1,262	1,262	718		544
Fire Department	1,470	1,470	1,470		-
Aid to Volunteer Fire Company	279	279	-		279
Municipal Prosecutor	500	500	-		500
Streets & Roads	102,208	102,208	48,472		53,736
Recycling	4,697	4,697	4,697		-
Buildings & Grounds	2,701	2,701	1,521		1,180
Recreation	8,142	8,142	653		7,489
Youth Center	2,554	2,554	-		2,554
Senior Citizens	2,701	2,701	-		2,701
Construction Code Official	4,316	4,316	1,295		3,021
Payroll Adjustment/Terminal Leave	225,000	225,000	-	\$ 225,000	-
Municipal Library	-	14,688	10,109		4,579
<b>Other Expenses</b>					
General Administration	20,831	20,831	1,830		19,001
Municipal Clerk	4,767	9,514	8,809		705
Mayor & Council	15	142	127		15
Elections	3,883	3,883	762		3,121
Financial Administration	5,770	5,648	2,250		3,398
Revenue Administration	7,057	7,097	1,432		5,665
Tax Assessment Administration	14,929	16,772	6,260		10,512
Legal Services & Costs	44,078	36,700	24,584		12,116
Engineering	14,119	28,119	28,021		98
Historic Preservation	1,835	4,425	3,270		1,155
Director of Buildings Department	1,814	2,321	63		2,258
Planning Board	34,460	36,193	1,733		34,460
Zoning Board of Adjustment	4,090	4,165	75		4,090
Insurance- Liability	2,540	231	-		231
Insurance- Surety Bond Premiums	1,286	1,286	-		1,286
Insurance- Deductible	-	2,309	-		2,309
Insurance- Workers Comp	1,223	1,223	-		1,223
Municipal Court	3,187	3,287	118		3,169
Public Defender	800	800	350		450

**BOROUGH OF TENAFLY**  
**STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, January 1, <u>2015</u>	Budget After <u>Modification</u>	<u>Expended</u>	Transfer to <u>Reserves</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Emergency Management Services	\$ 185	\$ 245	\$ 216		\$ 29
Aid to Volunteer Ambulance Corp	23,498	24,976	11,577		13,399
Aid to Volunteer Fire Company	38,211	70,000	63,395		6,605
Police	33,103	51,034	41,639		9,395
Fire Department	1,036	2,455	2,451		4
Fire Hydrant Service	67	167	146		21
Streets & Roads	49,529	86,484	39,392		47,092
Recycling	5,138	25,502	20,684		4,818
Solid Waste Contract Collections	800	63,717	62,917		800
BCUA Disposal Fees- Waste Collection	22,564	89,561	56,390		33,171
Compactor	10,918	-	-		
Tipping Fees- Recycling Tax	3,192	-	-		
Building & Grounds	14,811	20,405	14,987		5,418
Public Health	536	631	95		536
Environmental Commission	2,106	2,107	365		1,742
Animal Control	800	800	-		800
Recreation	2,108	3,684	2,164		1,520
Youth Center	1,634	1,634	-		1,634
Senior Citizens	1,306	1,960	495		1,465
Welcome Committee	2,584	2,584	-		2,584
Celebration of Public Events	5,386	5,386	5,035		351
Parking Lot Rental	717	6,067	5,361		706
Parking Lot Rental- Postage	9,804	9,804	356		9,448
Parking Lot Rental- Photocopy	565	565	565		-
Construction Code Official	473	514	162		352
Electricity	31,270	48,716	30,535		18,181
Street Lighting	23,393	23,393	15,452		7,941
Telephone	4,766	6,448	3,395		3,053
Natural Gas	20,877	21,189	9,414		11,775
Gasoline	60,795	60,795	12,521		48,274
Social Security System (O.A.S.I.)	62,396	41,896	-		41,896
PERS	63,829	63,829	2,176		61,653
DCRP	578	578	112		466
Maintenance of Free Public Library	46,987	43,649	43,649		-
Library Building Maintenance	26,734	33,918	27,486		6,432
Group Health Insurance	15,733	166,777	150,313		16,464
Reserve for Tax Appeals	23,160	23,160	-	\$ 23,160	-
LOSAP	40,000	60,500	60,500	-	-
	<u>\$ 1,308,517</u>	<u>\$ 1,755,306</u>	<u>\$ 947,628</u>	<u>\$ 248,160</u>	<u>\$ 559,518</u>

Cash Disbursed \$ 947,628

Encumbrances - Prior Year \$ 446,789

Appropriation Reserves 1,308,517

\$ 1,755,306

Analysis

Other Trust Fund-	
Accumulated Absences	\$ 225,000
Reserve for Tax Appeals	23,160
	<u>\$ 248,160</u>

**BOROUGH OF TENAFLY  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2014	\$ 446,789
Increased by:	
Charged to 2015 Budget Appropriations	<u>541,267</u>
	988,056
Decreased by:	
Transferred to Appropriation Reserves	<u>446,789</u>
Balance, December 31, 2015	<u><u>\$ 541,267</u></u>

EXHIBIT A-15

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2014	\$ 813,511
Increased by:	
Collection of 2016 Taxes	<u>679,637</u>
	1,493,148
Decreased by:	
Applied to 2015 Taxes	<u>813,511</u>
Balance, December 31, 2015	<u><u>\$ 679,637</u></u>

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

Increased by:		
Levy - Calendar Year 2015		\$ <u>60,848,748</u>
Decreased by:		
Payments		\$ <u>60,848,748</u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Increased by:		
Levy- General County - 2015	\$ 10,085,412	
Levy- Open Space Preservation - 2015	<u>106,347</u>	
		\$ <u>10,191,759</u>
Decreased by:		
Payments		\$ <u>10,191,759</u>

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

Balance, December 31, 2014		\$ 50,065
Increased by:		
County Share of Added and Omitted Taxes		<u>66,342</u>
		116,407
Decreased by:		
Payments		<u>50,064</u>
Balance, December 31, 2015		\$ <u>66,343</u>

**BOROUGH OF TENAFLY  
STATEMENT OF MUNICIPAL OPEN SPACE TAXES PAYABLE**

Balance, December 31, 2014		\$ 194,173
Increased by:		
Tax Levy- 2015	\$ 388,242	
Added and Omitted Taxes	<u>2,491</u>	
		<u>390,733</u>
		584,906
Decreased by:		
Payments made to Open Space Trust Fund		<u>584,841</u>
Balance, December 31, 2015		<u>\$ 65</u>

EXHIBIT A-20

**STATEMENT OF DUE FROM BUSINESS IMPROVEMENT DISTRICT**

Balance, December 31, 2014		<u>\$ 8,719</u>
Balance, December 31, 2015		<u>\$ 8,719</u>

EXHIBIT A-21

**STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2014		\$ 43,980
Increased by:		
Cash Receipts		<u>271,232</u>
		315,212
Decreased by:		
Cash Disbursements		<u>193,832</u>
Balance, December 31, 2015		<u>\$ 121,380</u>

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

	Balance, December 31, <u>2014</u>	Transfer From Budget Appropriations	Cash Disbursed	Balance, December 31, <u>2015</u>
Body Armor Replacement Grant	\$ 8,115	\$ 3,368	\$ 4,220	\$ 7,263
Recycling Tonnage Grant	52,097	41,227	28,494	64,830
Drunk Driving Enforcement Fund	15,592	1,630	13,704	3,518
Clean Communities Grant		24,145	20,858	3,287
Click It or Ticket	48			48
Cablevision IT Grant	10,200		10,200	-
U.S. Department of Justice - COPS Universal - Local Share	55,856			55,856
Green Communities	3,000			3,000
U.S. Department of Justice - COPS More - Local Share	9			9
Bulletproof Vest Program	628		628	-
Municipal Alliance on Alcoholism and County Share	32,796	4,938		37,734
Local Share	9,047			9,047
Bergen County Department of Parks - Arts Grant				
County Share	2			2
NJLM Sustainable Jersey Small Cities Grant	5,000	-	-	5,000
	<u>\$ 192,390</u>	<u>\$ 75,308</u>	<u>\$ 78,104</u>	<u>\$ 189,594</u>

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

	Balance, December 31, <u>2014</u>	Realized as Budgeted Revenue	Cash Receipts	Balance, December 31, <u>2015</u>
Recycling Tonnage Grant	\$ 41,227	\$ 41,227		
Clean Communities	24,145	24,145	\$ 29,342	\$ 29,342
Environmental Grant			1,000	1,000
Police- County DWI Grant	1,630	1,630		-
DOJ- Bullet Proof Vest Grant			1,750	1,750
Body Armor Replacement Grant	3,368	3,368	3,363	3,363
Click It or Ticket	3,952	3,952	4,000	4,000
	<u>\$ 74,322</u>	<u>\$ 74,322</u>	<u>\$ 39,455</u>	<u>\$ 39,455</u>

**BOROUGH OF TENAFLY**  
**STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2014</u>	Transfer From Current Tax <u>Collections</u>	Transfer From Appropriation <u>Reserves</u>	Cash <u>Receipts</u>	Cash <u>Disbursed</u>	Balance, December 31, <u>2015</u>
Reserve for:						
State Library Aid	\$ 6,296			\$ 6,335	\$ 6,297	\$ 6,334
Revaluation of Real Property	47,917					47,917
Codification of Ordinances	9,351					9,351
Settlement Police Vests	8,463					8,463
Master Plan Update	7,279					7,279
Tax Appeals	<u>503,216</u>	<u>\$ 200,000</u>	<u>\$ 23,160</u>	<u>-</u>	<u>166,038</u>	<u>560,338</u>
	<u>\$ 582,522</u>	<u>\$ 200,000</u>	<u>\$ 23,160</u>	<u>\$ 6,335</u>	<u>\$ 172,335</u>	<u>\$ 639,682</u>

**TRUST FUNDS**

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

	Animal Control <u>Fund</u>	Other Trust <u>Fund</u>	Unemployment <u>Compensation Trust Fund</u>	Recreation Activities <u>Trust Fund</u>	Municipal Open Space Preservation <u>Trust Fund</u>
Balance, December 31, 2014	\$ 15,965	\$ 4,074,878	\$ 6,746	\$ 184,130	\$ 1,568,904
Increased by Receipts:					
Animal License Fees - Borough Share	\$ 15,436				
Dog License Fees - State Share	1,152				
Miscellaneous Reserves		\$ 1,954,644			
Employee Contributions			\$ 14,483		
Budget Appropriation			30,000		
Affordable Housing Trust		604,145			
Escrow Deposits- Construction Fees		247,746			
Payroll Deductions Payable		5,128,595			
Net Payroll		7,308,415			
Recreation Activities				\$ 734,199	
Receipts from Current Fund					584,841
Interest on Deposits	<u>56</u>	<u>1,867</u>	<u>45</u>	<u>-</u>	<u>2,918</u>
	<u>32,609</u>	<u>19,320,290</u>	<u>51,274</u>	<u>918,329</u>	<u>2,156,663</u>
	32,609	19,320,290	51,274	918,329	2,156,663
Decreased by:					
Reserve for Animal Expenditures	11,232				
State Share - Dog Licenses	1,156				
Miscellaneous Reserves		1,380,934			
Payroll Deductions Payable		5,128,549			
Net Payroll		7,305,996			
Affordable Housing Trust		116,789			
Reserve for Unemployment			34,595		
Recreation Activities				713,506	
Reserve for Open Space					417,639
Escrow Deposits- Construction Fees		197,582			
Payments to Current Fund	<u>52</u>	<u>1,624</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>12,440</u>	<u>14,131,474</u>	<u>34,595</u>	<u>713,506</u>	<u>417,639</u>
	12,440	14,131,474	34,595	713,506	417,639
Balance, December 31, 2015	<u>\$ 20,169</u>	<u>\$ 5,188,816</u>	<u>\$ 16,679</u>	<u>\$ 204,823</u>	<u>\$ 1,739,024</u>

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

Balance, December 31, 2014	\$	15,967
Increased by:		
Animal License Fees	\$ 13,188	
Cat License Fees	1,875	
Miscellaneous Fees	<u>373</u>	
		<u>15,436</u>
		31,403
Decreased by:		
Expenditures Under R.S. 4:19-15.11		
Cash Disbursements		<u>11,232</u>
Balance, December 31, 2015	\$	<u><u>20,171</u></u>

Animal License Fees Collected

<u>Year</u>		
2013	\$	17,178
2014		<u>17,301</u>
	\$	<u><u>34,479</u></u>

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

Balance, December 31, 2014	\$	11
Increased by:		
Payments		<u>1,156</u>
		1,167
Decreased by:		
State Fees Collected		<u>1,152</u>
Balance, December 31, 2015	\$	<u><u>15</u></u>

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

Balance, December 31, 2014	\$	9
Increased by:		
Interest on Deposits		56
		65
Decreased by:		
Payments to Current Fund		52
Balance, December 31, 2015	\$	13

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

Balance, December 31, 2014	\$	6,754
Increased by:		
Employee Deductions	\$ 14,483	
Interest on Deposits	45	
Budget Appropriation	30,000	
		44,528
		51,282
Decreased by:		
Unemployment Claims		34,595
Balance, December 31, 2015	\$	16,687

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

Balance, December 31, 2014		\$ <u>8</u>
Balance, December 31, 2015		\$ <u>8</u>

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

Balance, December 31, 2014		\$ 73,726
Increased by:		
Transfer from Appropriation Reserves- Terminal Leave	\$ 225,000	
Payments to Current Fund	<u>1,462</u>	
		<u>226,462</u>
		300,188
Decreased by:		
Interest on Deposits	<u>1,640</u>	
Balance, December 31, 2015		\$ <u>298,548</u>

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

Balance, December 31, 2014	\$	28,330
Increased by:		
Interest on Deposits		<u>227</u>
		28,557
Decreased by:		
Payments to Current Fund		<u>162</u>
Balance, December 31, 2015	\$	<u><u>28,395</u></u>

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

Balance, December 31, 2014	\$	1,974
Increased by:		
Cash Receipts		<u>7,308,415</u>
		7,310,389
Decreased by:		
Cash Disbursements		<u>7,305,996</u>
Balance, December 31, 2015	\$	<u><u>4,393</u></u>

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

Balance, December 31, 2014	\$	15,828
Increased by:		
Cash Receipts		5,128,595
		5,144,423
Decreased by:		
Cash Disbursements		5,128,549
Balance, December 31, 2015	\$	15,874

EXHIBIT B-13

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

Balance, December 31, 2014	\$	334,449
Increased by:		
Cash Receipts		247,746
		582,195
Decreased by:		
Cash Disbursements		197,582
Balance, December 31, 2015	\$	384,613

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

	Balance, <u>December 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance, <u>December 31, 2015</u>
Shade Tree Trust Fund	\$ 66,487	\$ 34,050	\$ 14,155	\$ 86,382
Hazmat Recovery	422			422
Safety Committee	5,521	2,000	845	6,676
Tree Bond	403,595	155,999	256,577	303,017
Street Opening	14,500	1,500	6,000	10,000
Tenafly Presents	25			25
Security Deposits/Refundable Deposits	11,330			11,330
Davis Johnson Park	14,019	5,989	4,938	15,070
Marriage License/Domestic Partners Trust	1,075	825	850	1,050
Burial Permits	1,635	190		1,825
Tax Title Lien Redemptions	3,267	201,922	198,493	6,696
Police Donations	10,078	6,509	12,005	4,582
State Training Fees	10,496	28,501	28,501	10,496
Home Rehabilitation Inspection Fee	50			50
Teen Center/Teen Camp	21,682	86,683	83,429	24,936
Public Defender Fees	2,100	200		2,300
Alcohol Education and Rehabilitation	18,107			18,107
Lost Money - Found	415	168	60	523
Tenafly Welcome	983	1,155	1,392	746
HPC	1,181	185	274	1,092
Donations Huyler Park Bandstand	17,918			17,918
Fire Penalty Fund	3,134			3,134
Uniform Construction Code Penalties	6,000	6,270		12,270
Donations All Abilities Playground	1,025		683	342
Snow Removal Trust	161,235	106,469	54,619	213,085
Parking Permit Trust	3,725	675		4,400
POAA	4,586	274		4,860
Premium on Tax Sale	584,608	889,800	352,900	1,121,508

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

	Balance, December 31, 2014	Increased	Decreased	Balance, December 31, 2015
Planning Board / Board of Adjustment Fees	\$ 245,077	\$ 225,005	\$ 152,035	\$ 318,047
Reserve for Terminal Leave	617,347	225,000	120,468	721,879
Confiscated Funds	2,707	205		2,912
Municipal Alliance CCAP	13,241	10,278	11,025	12,494
Mayor's Wellness Campaign	490			490
Tenaflly Community Night	2,093	1,800	595	3,298
Police Outside Duty		67,217	62,868	4,349
Police Video Cameras		275		275
Business Improvement District		100,000		100,000
Borough "Events"	234	20,500	18,222	2,512
	<u>\$ 2,250,388</u>	<u>\$ 2,179,644</u>	<u>\$ 1,380,934</u>	<u>\$ 3,049,098</u>
Cash Receipts		\$ 1,954,644		
Due from Current Fund		225,000		
Cash Disbursements		<u>-</u>	\$ 1,380,934	
		<u>\$ 2,179,644</u>	<u>\$ 1,380,934</u>	

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

Balance, December 31, 2014	\$ 1,763,077
Increased by:	
Tax Levy - 2015	\$ 388,242
Added and Omitted Taxes	2,491
Interest Earned on Deposits	<u>2,918</u>
	<u>393,651</u>
	2,156,728
Decreased by:	
Cash Disbursements	<u>417,639</u>
Balance, December 31, 2015	<u>\$ 1,739,089</u>

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

Balance, December 31, 2014	\$	1,517,665
Increased by:		
Cash Receipts		<u>604,145</u>
		2,121,810
Decreased by:		
Cash Disbursement		<u>116,789</u>
Balance, December 31, 2015	\$	<u><u>2,005,021</u></u>

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

Balance, December 31, 2014	\$	183,975
Increased by:		
Cash Receipts		<u>734,199</u>
		918,174
Decreased by:		
Cash Disbursements		<u>713,506</u>
Balance, December 31, 2015	\$	<u><u>204,668</u></u>

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

Balance, December 31, 2014	\$ <u>          30</u>
Balance, December 31, 2015	\$ <u>          30</u>

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

Balance, December 31, 2014	\$ <u>          125</u>
Balance, December 31, 2015	\$ <u>          125</u>

**GENERAL CAPITAL FUND**

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

Balance, December 31, 2014		\$ 1,118,648
Increased by Receipts:		
Interest Earnings	\$ 2,371	
Bond Anticipation Note Proceeds	1,809,000	
Grant Receipts	<u>13,500</u>	
		<u>1,824,871</u>
		2,943,519
Decreased by Disbursements:		
Improvement Authorizations	932,444	
Payments Made to Current Fund	29,830	
Contracts Payable	<u>757,413</u>	
		<u>1,719,687</u>
Balance, December 31, 2015		<u>\$ 1,223,832</u>

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

		Balance, December 31, <u>2015</u>
Fund Balance		\$ 71,649
Grant / Other Receivables		(631,682)
Contracts Payable		3,079,614
Due from Current Fund		(195,588)
Capital Improvement Fund		1,065
Reserve for Debt Service		10,800
Improvement Authorizations:		
<u>Ord. No.</u>	<u>Description</u>	
96-08	Railroad Station Renovation	10,219
01-08	Rehabilitation of Athletic Fields	1,926
04-08	Construction of Tenakill Bikeway/Walkway	670
04-18	Various Capital Improvements	981
04-28	Restoration of the Tenafly Railroad Station	1,502
06-08	Road Resurfacing and Sidewalk Replacement Prog.	1,998
06-20	Supp. To Restoration of the Tenafly Railroad Station	1,709
06-27	Improvement to Municipal Center Athletic Fields	2,017
08-15	Improvement to Engle Street Phase IV	711
08-23	Various Capital Improvements	5,044
09-09	Annual Road Resurfacing Program	1,493
09-22	Various Capital Improvements	21
10-08	Improvements to Davis-Johnson Park	7
10-09	Improvements to Davis-Johnson Park	476
10-10	Improvements to Walnut Park	1,041
10-22	Various Capital Improvements	251
11-07	Various Capital Improvements	3,676
12-05	Various Capital Improvements	92,799
12-08	Various Capital Improvements	1
12-09	Improvements to Columbus Drive	7,781
13-22	Basketball court improvements	1,449
13-27	Improvements to Froggy Park	4,547
13-11/13-14	Various Capital Improvements	63,905
14-08/14-12/15/13	Various Capital Improvements	445,718
15-02	Supplemental to #14-08 New Public Works Bldg	(952,000)
15-06	Cooperative Ramp Program	35,712
15-07	Acquisition of Equipment	56,836
15-08	Various Capital Improvements	(902,736)
15-09	Improvements to Griffin Park	220
		\$ 1,223,832

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

	<u>Pledged</u>	Balance, December 31, 2014	Grants Awards	<u>Collected</u>	Balance, December 31, 2015
<u>New Jersey Transportation Trust Fund:</u>					
Ord. 09-17 - Improvement to Engle Street Ph. 5	Ord.	\$ 14,877			\$ 14,877
Ord. 13-11 Road Improvements	Ord.	36,625			36,625
Ord. 14-12 Road Resurfacing	Ord.	65,083		\$ 63,099	1,984
Ord. 15-08 Road Improvements	Ord.	-	\$ 149,000	-	149,000
		<u>116,585</u>	<u>149,000</u>	<u>63,099</u>	<u>202,486</u>
<u>Bergen County/County Open Space Trust</u>					
Ord. 07-24 - Phase I Improvements to Huyler Park	Reserve	9,941			9,941
Ord. 09-21 - Drainage Improvements	Reserve	119,000			119,000
Ord. 10-08 - Improvements to Davis-Johnson Park	Ord.	84,313			84,313
Ord. 13-22 Basketball Court Improvements	Ord.	11,886			11,886
Ord. 13-27 Improvements to Froggy Park	Ord.	47,750			47,750
Ord. 15-06 Cooperative Curb Ramp Program	Ord.		139,247		139,247
Ord. 15-09 Improvements to Griffin Park	Ord.	-	46,000	-	46,000
		<u>272,890</u>	<u>185,247</u>	<u>-</u>	<u>458,137</u>
<u>Due from Tenafly Chamber of Commerce</u>					
Ord. 07-24 - Phase I Improvements Huyler Park	Reserve	15,900	-	-	15,900
<u>State of New Jersey Office of Emergency Management</u>					
Ord. #15-13 Purchase of Generators	Ord.	-	100,000	-	100,000
<u>Bergen County Community Development</u>					
Ord. 07-23 - Construct Barrier Free Doors	Reserve	2,890			2,890
Ord. 08-23(e) - Construction Barrier Free Doors	Reserve	5,300			5,300
Ord. 14-08 Senior Center Patio Improvements	Ord.	13,500	-	13,500	-
		<u>21,690</u>	<u>-</u>	<u>13,500</u>	<u>8,190</u>
		<u>\$ 427,065</u>	<u>\$ 434,247</u>	<u>\$ 76,599</u>	<u>\$ 784,713</u>
				Cash Receipts \$ 13,500	
				Due from Current Fund <u>63,099</u>	
				<u>\$ 76,599</u>	
				<u>Analysis of Balance</u>	
				Offset by Reserve:	
				Ord. 07-23 \$ 2,890	
				Ord. 07-24 25,841	
				Ord. 08-23 5,300	
				Ord. 09-21 <u>119,000</u>	
					\$ 153,031
				Unfunded	<u>631,682</u>
					<u>\$ 784,713</u>

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

Balance, December 31, 2014		\$ 17,325,843
Increased by:		
Refunding Bonds Issued		<u>5,955,000</u>
		23,280,843
Decreased by:		
Bonds Refunded	\$ 6,114,000	
Budget Appropriations to Pay Bonds	2,413,000	
Open Space Trust Fund to Pay Green Acres Loan	<u>67,557</u>	
		<u>8,594,557</u>
Balance, December 31, 2015		<u>\$ 14,686,286</u>







**BOROUGH OF TENAFLY  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Ordinance Improvement Description	Date	Amount	Balance, December 31, 2014		2015		Contracts Payable Cancelled	Paid or Charged	Balance, December 31, 2015	
				Funded	Unfunded	Authorizations/ Re-appropriations	Funded			Unfunded	
92-06/96-08	Railroad Station Renovation	04-23-96	\$ 55,000	\$ 27,619					\$ 17,400	\$ 10,219	
99-14	Traffic Signal Improvements	03-23-99	150,000	19,257					19,257	-	
00-06	Traffic Signal Intersection/Improvements	03-28-00	425,000	10,141					10,141	-	
01-08	Rehabilitation of Athletic Fields	05-08-01	190,000	1,926						1,926	
03-18	Replacement of Maintenance Building	07-08-03	235,000	31,943		\$ (31,943)				-	
04-08	Construction of Tenakill Bikeway/Walkway	04-27-04	120,000	670						670	
04-18	Various Capital Improvements	07-13-04	590,000	981						981	
04-28	Restoration of the Tenafly Railroad Station	10-26-04	188,000	1,502						1,502	
06-06	Improvements to Recycling & Convenience Center	03-28-06	375,100	333,847		(333,847)				-	
06-08	Road Resurfacing and Sidewalk Replacement Prog.	04-11-06	320,000	1,998						1,998	
06-20	Supp. To Restoration of the Tenafly Railroad Station	08-08-06	217,500	1,709						1,709	
06-27	Improvement to Municipal Center Athletic Fields	09-26-06	215,600	2,017						2,017	
06-32	Prelimin. Expenses Expansion of Police Headquarters	10-10-06	271,000	57,785		(57,785)				-	
02-08	Replacement of Doors Senior Center	10-09-07	14,000	366					366	-	
07-25/9-18	Police Headquarters	10-09-07	5,535,000	117,637		(117,637)			-	-	
02-23	Purchase of Emergency Vehicles	03-08-08	68,000	493					493	-	
02-19	Improvement to Engle Street Phase IV	05-27-08	110,000	711						711	
08-23	Various Capital Improvements	10-14-08	343,400	6,344				1,300		5,044	
09-09	Annual Road Resurfacing Program	11-27-08	353,500	1,493						1,493	
09-22	Various Capital Improvements	09-08-09	367,000	21						21	
10-08	Improvements to Davis-Johnson Park	03-09-10	171,300	7						7	
10-09	Improvements to Davis-Johnson Park	03-09-10	24,757	476						476	
10-10	Improvements to Walnut Park	03-09-10	177,654	1,041						1,041	
10-22	Various Capital Improvements	07-13-10	1,251,000	251						251	
11-07	Various Capital Improvements	06-21-11	794,500	5,770				2,094		3,676	
12-05	Various Capital Improvements	4/10/12	1,057,154	122,154		-		29,355		92,799	
12-08	Various Capital Improvements- Re-Appropriate	6/19/12	188,861	6,453		(6,453)	\$ 10,368	10,367		1	
12-09	Improvements to Columbus Drive	6/19/12	150,000	7,781						7,781	
13-11/13-14	Various Capital Improvements	4/30/13	2,437,100		\$ 395,506	(174,744)		156,857		\$ 63,905	
13-22	Basketball Court Improvements	9/24/13	85,550	27				1,422		1,449	
13-27	Improvements to Froggy Park	11/26/13	106,902	4,547						4,547	
14-08/14-12/15/13	Various Capital Improvements	4/29/14-5/27/14	2,068,122		1,129,162		100,000		783,053	446,109	
15-01/15-02	Construction of DPW Building	2/24/15	1,665,573				1,665,573		1,665,573	-	
15-06	Coopertive Curb Ramp Program	4/28/15	139,247				139,247		103,535	35,712	
15-07	Acquisition of Equipment	4/28/15	56,836				56,836		-	56,836	
15-08	Various Capital Improvements	4/28/15	1,601,113				1,601,113		1,123,549	477,564	
15-09	Improvements to Griffin Park	7/13/15	100,500				100,500		100,280	220	
				<u>\$ 766,967</u>	<u>\$ 1,524,668</u>	<u>\$ 2,940,860</u>	<u>\$ 11,790</u>	<u>\$ 4,023,620</u>	<u>\$ 233,087</u>	<u>\$ 987,578</u>	
						Capital Improvement Fund	\$ 105,000				
						Fund Balance	69,313				
						Deferred Charges Unfunded	2,332,300				
						Bergen County Grant	185,247				
						NJ Office of Emergency Mngmt.	100,000				
						NJ Dept. of Transportation	149,000				
						<u>\$ 2,940,860</u>					
								Cash Disbursements	\$ 932,444		
								Due to Current fund	11,562		
								Contracts Payable	<u>3,079,614</u>		
									<u>\$ 4,023,620</u>		

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

Balance, December 31, 2014		\$ 1,065
Increased by:		
Budget Appropriation		<u>105,000</u>
		106,065
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>105,000</u>
Balance, December 31, 2015		<u>\$ 1,065</u>

**STATEMENT OF DUE TO/FROM CURRENT FUND**

Balance, December 31, 2014 (Due To)		\$ 91,115
Increased by:		
Interest Earnings	2,371	
Payments made by Current Fund on Behalf of General Capital Fund	11,562	
Reserve for Payment of Debt Service- Realized as		
Current Fund Budgeted Revenue	<u>34,770</u>	
		<u>48,703</u>
		139,818
Decreased by:		
Payments to Current Fund	29,830	
Capital Improvement Fund	105,000	
Deferred Charged Unfunded	118,040	
Note Premium Deposited in Current Fund	19,437	
Grant Proceeds Deposited in Current Fund	<u>63,099</u>	
		<u>335,406</u>
Balance, December 31, 2015 (Due From)		<u>\$ (195,588)</u>

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

Balance, December 31, 2014	\$	45,570
Decreased by:		
Realized as Current Fund Budgeted Revenue		<u>34,770</u>
Balance, December 31, 2015	\$	<u>10,800</u>

Analysis of Balance	
Ordinance #08-23	10,800
	\$ 10,800

**STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2014	\$	769,203
Increased by:		
Contract Awards		<u>3,079,614</u>
		3,848,817
Decreased by:		
Payments	\$	757,413
Contract Payable Cancelled		<u>11,790</u>
		<u>769,203</u>
Balance, December 31, 2015	\$	<u>3,079,614</u>

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

<u>Ord. #</u>	<u>Improvement Description</u>	<u>Date of Original Date</u>	<u>Amount of Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
13-11/13-14/15-02	Various Capital Improvements	5/15/2014	\$ 1,930,200	5/15/2014	5/15/2015	1.00 %	\$1,930,200		\$ 1,930,200	\$ 1,930,200
				5/14/2015	5/13/2016	1.50		\$ 1,930,200		\$ 1,930,200
14-08	Various Capital Improvements	7/15/2015	\$ 1,809,000	7/15/2015	7/15/2016	0.55	-	1,809,000	-	1,809,000
							<u>\$1,930,200</u>	<u>\$ 3,739,200</u>	<u>\$ 1,930,200</u>	<u>\$ 3,739,200</u>
								Renewals Issued for Cash	\$ 1,930,200 1,809,000	\$ 1,930,200 -
								<u>\$ 3,739,200</u>	<u>1,930,200</u>	

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2014</u>	<u>2015 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Funded by Budget Appropriation</u>	<u>Balance, December 31, 2015</u>
	<u>General Improvements</u>					
09-21	Various Drainage Improvements	\$ 118,040			\$ 118,040	
14-08/14-12	Various Capital Improvements	1,809,391		\$ 1,809,000		\$ 391
15-02	Supplmental to #14-08 New Public Works Bldg		\$ 952,000			952,000
15-08	Various Capital Improvements	-	1,380,300	-	-	1,380,300
		<u>\$ 1,927,431</u>	<u>\$ 2,332,300</u>	<u>\$ 1,809,000</u>	<u>\$ 118,040</u>	<u>\$ 2,332,691</u>

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

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**PART II**

**GOVERNMENT AUDITING STANDARDS**

# **LVH** 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, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2016. 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  
June 22, 2016

**BOROUGH OF TENAFLY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Federal Grant Program</u>	<u>Grant Year</u>	<u>CFDA Number</u>	<u>Award Amount</u>	<u>2015 Grant Receipts</u>	<u>Balance December 31, 2014</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance December 31, 2015</u>	*	(Memo) Cumulative Expenditures
<b><u>Department of Housing and Urban Development</u></b>										
Pass Through the County of Bergen- Community Development										
Block Grants										
		14.218							*	
Construction of Barrier Free Doors	2011		\$ 14,000		\$ 3,976			\$ 3,976	*	\$ 10,024
Senior Center Pation Improvements- Ord. #14-08	2014		13,500	\$ 13,500					*	13,500
<b><u>Division of Highway Safety- Occupant Protection Incentive</u></b>										
Click-it or Ticket										
		20.616							*	
	2014		3,955		48			-	*	
	2015		3,952	4,000		\$ 3,952		3,952	*	3,907
<b><u>U.S. Department of Justice</u></b>										
Bulletproof Vest Partnership Program										
	2014	16.607	3,593		628		\$ 628	-	*	3,593
<b><u>Public Assistance Grant</u></b>										
FEMA*										
	2012	97.036	106,469	106,469	-	-	-	-	*	
					<u>\$ 4,652</u>	<u>\$ 3,952</u>	<u>\$ 628</u>	<u>\$ 7,976</u>	*	

Note: This schedule was not subject to an audit in accordance with Federal Uniform Guidance (Circular OMB A133)

FEMA Reimbursement for Hurricane Sandy which was transferred to the Borough's Storm Trust Fund.

**BOROUGH OF TENAFLY  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2015 Grant Receipts</u>	<u>Balance, December 31, 2014</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2015</u>	*	<u>(Memo) Cumulative Expended</u>
<b><u>Division of Criminal Justice</u></b>											
Body Armor Grant	120-718-066-1020-001	2012	\$ 7,608		\$ 343		\$ 343			*	\$ 7,608
		2013	3,390		3,390		3,390			*	3,390
		2014	4,382		4,382		487		\$ 3,895	*	487
		2015	3,368	\$ 3,363		\$ 3,368			3,368	*	
<b><u>Division of Motor Vehicles</u></b>											
Drunk Driving Enforcement Fund	1110-448-031020-220040	2011	5,559		4,401		4,401		-	*	5,559
		2012	3,777		3,777		3,777		-	*	3,777
		2013	4,846		4,846		4,846		-	*	4,846
		2014	2,569		2,569		680		1,889	*	680
		2015	1,630			1,630			1,630	*	
<b><u>Department of Environmental Protection</u></b>											
Clean Communities Program	4900-765-004-2011	2015	24,145	29,342		24,145	20,858		3,287	*	20,858
Recycling Tonnage Grant	4900-752-001-2012	2013	29,204		16,710		16,710		-	*	29,204
		2014	35,387		35,387		11,784		23,603	*	11,784
		2015	41,227			41,227	-		41,227	*	
Green Communities	N/A	2012	3,000		3,000				3,000	*	
<b><u>Pass Thru - Bergen County</u></b>											
Municipal Alliance on Alcoholism and Drug Abuse	Not Available	2011	10,000		7,982				7,982	*	2,018
		2012	10,000		10,000				10,000	*	
		2013	9,876		9,876				9,876	*	
		2014	4,938		4,938				4,938	*	
		2015	4,938			4,938	-		4,938	*	
<b><u>State and Highway Projects- Highway Planning and Construction</u></b>											
NJ Department of Transportation Ord. #14-12	20-205-60	2014	150,000	63,099						*	150,000
NJ Department of Transportation Ord. #15-08	20-205-60	2015	149,000			149,000	149,000		-	*	149,000
New Jersey Office of Emergency Management Ordinance #15-13	Not Available	2015	100,000		-	100,000	100,000	-	-	*	100,000
					<u>\$ 111,601</u>	<u>\$ 324,308</u>	<u>\$ 316,276</u>	<u>\$ -</u>	<u>\$ 119,633</u>	*	

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

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

**BOROUGH OF TENAFLY  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
 AND STATE FINANCIAL ASSISTANCE  
 YEAR ENDED DECEMBER 31, 2015**

**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	\$ 3,952	\$ 75,308	\$ 79,260
General Capital Fund	<u>-</u>	<u>249,000</u>	<u>249,000</u>
	<u>\$ 3,952</u>	<u>\$ 324,308</u>	<u>\$ 328,260</u>

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

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

**BOROUGH OF TENAFLY  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING**

The Borough's federal and state loans outstanding at December 31, 2015, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State</u>
NJ Department of Environmental Protection Green Acres Trust Loan	\$ <u>34,286</u>



**BOROUGH OF TENAFLY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

There are none.

**BOROUGH OF TENAFLY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.

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

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**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**BOROUGH OF TENAFLY  
SUPPLEMENTARY DATA**

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

	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 1,668,000	1.68 %	\$ 1,500,000	1.51 %
Miscellaneous - From Other Than Local				
Property Tax Levies	3,135,301	3.15	3,181,126	3.19
Collection of Delinquent Taxes and Tax Title Liens	602,245	0.60	810,248	0.81
Collection of Current Tax Levy	93,525,859	93.92	91,047,120	91.43
Other Credits	<u>650,564</u>	<u>0.65</u>	<u>441,198</u>	<u>0.44</u>
Total Income	<u>99,581,969</u>	<u>100.00 %</u>	<u>96,979,692</u>	<u>97.39 %</u>
<b>EXPENDITURES</b>				
<b>Budget Expenditures</b>				
Municipal Purposes	26,123,800	26.76 %	25,610,809	26.23 %
County Taxes	10,258,101	10.51	9,820,871	10.06
Local District School Taxes	60,848,748	62.33	59,471,871	60.92
Municipal Open Space Taxes	390,733	0.40	194,108	0.20
Other Expenditures	<u>-</u>	<u>-</u>	<u>81,147</u>	<u>0.08</u>
Total Expenditures	<u>97,621,382</u>	<u>100.00 %</u>	<u>95,178,806</u>	<u>97.50 %</u>
Excess to Fund Balance	1,960,587		1,800,886	
Fund Balance, January 1	<u>3,436,789</u>		<u>3,135,903</u>	
	5,397,376		4,936,789	
Less Utilization as Anticipated Revenue	<u>1,668,000</u>		<u>1,500,000</u>	
Fund Balance, December 31	<u>\$ 3,729,376</u>		<u>\$ 3,436,789</u>	

**BOROUGH OF TENAFLY  
SUPPLEMENTARY DATA**

**Comparative Schedule Of Fund Balances**

	<u>Year</u>	<u>Balance, December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>	2015	\$ 3,729,376	\$ 1,750,000
	2014	3,436,789	1,668,000
	2013	3,135,903	1,500,000

**Comparative Schedule Of Tax Rate Information**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>\$ 2.418</u>	<u>\$ 2.373</u>	<u>\$ 2.332</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Including Municipal Library)	\$ 0.578	\$ 0.575	\$ 0.571
Municipal Open Space	0.010	0.005	*
County (Including Open Space)	0.263	0.254	0.244
Local School	1.567	1.539	1.517

\* Moratorium on municipal open space for 2013

Assessed Valuation

2015	<u>\$3,882,419,347</u>
2014	<u>\$3,863,592,020</u>
2013	<u>\$3,851,764,158</u>

**BOROUGH OF TENAFLY  
SUPPLEMENTARY DATA**

**Comparison Of Levies And Collection Currently**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2015	\$ 94,470,750	\$ 93,725,859	99.21%
2014	92,123,724	91,297,120	99.10%
2013	90,140,454	89,047,908	98.78%

**Delinquent Taxes And Tax Title Liens**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$ 887	\$ 634,074	\$ 634,961	0.67%
2014	887	680,166	681,053	0.74%
2013	4,450	858,289	862,739	0.96%

**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
Nadia LaMastra	Councilwoman	None
Anthony Barzelatto	Councilman	None
Daniel Park	Councilman	None
Maxim Basch	Councilman	None
Mark Zinna	Councilman	None
Paul Stefanowicz	Councilman	None
Lisette Aportela	Borough Clerk	None
Jewel Thompson-Chin	Borough Administrator	None
Susan Corrado	Chief Financial Officer/Treasurer	\$ 1,000,000
C. Anne Doyle	Tax Collector/Tax Search Officer	1,000,000
William R. McClure	Attorney	None
Allen M. Bell	Municipal Court Judge	1,000,000
Dawn Curatola	Municipal Court Administrator	1,000,000
Robert Byrnes	Construction Code Official	None
Carol C. Byrne	Assessor	None
Kathy Soule	Deputy Treasurer	None

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

**GENERAL COMMENTS**

Prior Year Comments Unresolved

Our audit of the General Capital Fund Improvement Authorization Ledger revealed that there are numerous ordinance balances that are more than five years old. It is recommended that the old General Capital Fund ordinance balances be reviewed and cancelled by resolution.

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

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

Current Year Comments

Our audit of the General Capital Fund contracts revealed that there was a contract awarded for a generator project that was not encumbered at year end. In addition, there was a supplemental capital ordinance that was adopted for this project that was not recorded on the Borough's Improvement Authorization Ledger. The financial statements have been adjusted to reflect the contract award and the supplemental ordinance. It is recommended that the Borough encumber all contracts/commitments when incurred or awarded and the Improvement Authorization Ledger is updated for all adopted capital ordinances.

**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 \$36,000, except by contract or agreement". Effective July 1, 2015 the maximum bid threshold has increased to \$40,000.

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:

- 2016 Ambulance
- Tenafly Road Section IV
- 2015 Road Resurfacing Program
- Construction of the DPW Building
- Generator Project

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

**GENERAL COMMENTS (Continued)**

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

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did reveal an exception (see general comment) for any individual payments, contracts or agreements in excess of \$36,000 and \$40,000 effective July 1, 2015 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

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

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

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

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

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

**Delinquent Taxes and Tax Title Liens**

The date of the last tax sale was October 5, 2015.

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>
2015	1
2014	1
2013	1

**BOROUGH OF TENAFLY  
SUPPLEMENTARY DATA**

**RECOMMENDATIONS**

It is recommended that:

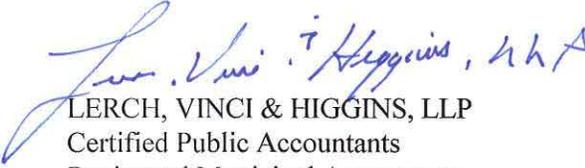
- \* 1. Old General Capital Fund ordinance balances be reviewed and cancelled by resolution.
- \* 2. The Borough prepare a supplemental resolution identifying all individual's exact salary governed by the salary ordinance. In addition, a supplemental salary schedule should be included in the Administrative Employees Bargaining Unit contract.
- 3. The Borough encumber all contracts/commitments when incurred or awarded and the Improvement Authorization Ledger is updated for all adopted capital ordinances.
- \* 4. Purchase orders be created at the time the order is being placed for the goods and/or services.

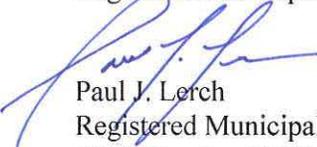
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A review was performed on all prior year's recommendations and corrective action has been taken on all, except those marked with an asterisk (\*).

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