

PRELIMINARY OFFICIAL STATEMENT DATED MAY 6, 2025

NEW ISSUE

NOT RATED

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, assuming compliance by the Borough with its Tax Certificate described herein, under existing law, interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, under existing law, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. In addition, Bond Counsel is further of the opinion that, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Notes and any gain from the sale of the Notes are not includable in gross income of the holders thereof. See "TAX MATTERS" herein.

**\$20,000,000 BOND ANTICIPATION NOTES
OF THE
BOROUGH OF TENAFLY
COUNTY OF BERGEN, NEW JERSEY
(Non-Callable)(Not Bank-Qualified)(Book-Entry Only)**

Dated: May 21, 2025

Due: May 21, 2026

The \$20,000,000 Bond Anticipation Notes (the "Notes") of the Borough of Tenafly, in the County of Bergen, New Jersey (the "Borough"), shall be issued as fully registered book-entry notes registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Notes may be in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$1,000 or any integral multiple thereof with a minimum of \$5,000 required. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes. See "THE NOTES - Book-Entry Only System" herein.

The Notes are general obligations of the Borough and are secured by a pledge of the full faith and credit of the Borough for the payment of the principal thereof and the interest thereon. The Borough is authorized and required by law to levy *ad valorem* taxes upon all the taxable real property within the Borough for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

Interest on the Notes will be payable at maturity on May 21, 2026. Principal and interest on the Notes will be paid to DTC by the Borough. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity.

**INTEREST
RATE**

_____%

YIELD

_____%

CUSIP NO.

880251 ____

The Notes are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. It is anticipated that the Notes in definitive form will be available for delivery to DTC in Brooklyn, New York, on or about May 21, 2025.

PROPOSALS FOR THE NOTES WILL BE RECEIVED
UNTIL 11:00 AM ON TUESDAY, MAY 13, 2025
BY BOND COUNSEL ON BEHALF OF THE BOROUGH,
VIA ELECTRONIC MAIL AT SLR@ROGUTMCCARTHY.COM,
VIA FACSIMILE AT (908)653-4832 OR
VIA THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC
FOR MORE DETAILS REFER TO THE NOTICE OF SALE

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

MAYOR

Mark Zinna

BOROUGH COUNCIL

Jamie Corsair
Lauren Dayton
Adam Michaels
Julie O'Connor
Daniel Park
John Roglieri

BOROUGH ADMINISTRATOR

David Fanslau

BOROUGH CLERK

Omar Stovall

CHIEF FINANCIAL OFFICER

Susan Corrado

BOROUGH ATTORNEY

Wendy Rubinstein Quiroga, Esq.
Parsippany, New Jersey

MUNICIPAL ADVISOR

Acacia Financial Group, Inc.
Mt. Laurel, New Jersey

BOROUGH AUDITOR

Lerch, Vinci & Bliss, LLP
Fair Lawn, New Jersey

BOND COUNSEL

Rogut McCarthy LLC
Cranford, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Borough or the Underwriter to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the Borough. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Borough during normal business hours.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Borough or the Underwriter.

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**OFFICIAL STATEMENT
OF THE BOROUGH OF TENAFLY
IN THE COUNTY OF BERGEN, NEW JERSEY
relating to
\$20,000,000 BOND ANTICIPATION NOTES**

INTRODUCTION

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Tenafly (the "Borough"), in the County of Bergen (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$20,000,000 Bond Anticipation Notes (the "Notes"). This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and may be distributed in connection with the Notes.

This Preliminary Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), but is subject to (a) completion with certain pricing and other information to be made available by the Underwriters and (b) amendment. This Preliminary Official Statement, as so revised, will constitute the "final official statement" within the meaning of Rule 15c2-12.

THE NOTES

General Description

The Notes shall be dated and shall bear interest from May 21, 2025 and shall mature on May 21, 2026. The Notes shall bear interest at the interest rate set forth on the cover hereof, which interest is payable on May 21, 2026. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its Direct Participants and transfers of the interests among its Direct Participants. The Direct Participants and Indirect Participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Borough or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial Owners of the Notes.

Book-Entry Only System

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for the Notes, in the principal amount of the Notes, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Borough or the paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

NEITHER THE BOROUGH NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

Prior Redemption

The Notes are not subject to redemption prior to their stated maturity.

SECURITY AND SOURCE OF PAYMENT

The Notes are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. The Notes are direct obligations of the Borough and, unless paid from other sources, the Borough is required by law to levy *ad valorem* taxes upon all the real property taxable within the Borough for the payment of the principal of and the interest on the Notes without limitation as to rate or amount.

Enforcement of a claim for the payment of principal of or interest on bonds or notes of the Borough is subject to applicable provisions of Federal bankruptcy law and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Notes or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission, whose powers have been vested in the Local Finance Board in the Division of Local Government Services (the "Division") in the State of New Jersey Department of Community Affairs (the "Local Finance Board").

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes are authorized and are to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended (the "Local Bond Law") and adopted bond ordinances of the Borough.

The bond ordinances included in the sale of the Notes were published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale or the execution or the delivery of the Notes by the Borough.

The proceeds of the Notes will be used to (i) currently refund \$16,002,662 of the Borough's \$16,900,000 outstanding bond anticipation notes maturing on May 22, 2025 and (ii) provide \$3,997,338 to finance unfunded projects of the Borough.

Ord. No.	Description	Amount
20-01	Various Capital Improvements	\$ 1,361,541
20-07	Various Capital Improvements	2,715,541
21-03	Various Capital Improvements	2,177,189
21-11	Various Capital Improvements	2,415,390
21-20	Topical Storm IDA Road Improvements	2,982,156
23-05	Various Capital Improvements	1,576,000
23-10/23-15	Various Capital Improvements	2,122,000
23-13	Acquisition of Equipment	200,845
23-21	Various Capital Improvements	452,000
24-06	Various Capital Improvements	3,522,338
24-36	Replacement of Sanitary Sewer Line	475,000
		\$ 20,000,000

NO DEFAULT

No principal or interest payments on Borough indebtedness are past due. The Borough has never defaulted in the payment of any bonds or notes.

MARKET PROTECTION – BOND AND NOTE FINANCING

The Borough does not contemplate issuing any bonds or tax anticipation notes during the balance of 2025. The Borough may issue additional new money notes during the balance of 2025.

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Borough are general full faith and credit obligations.

The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The Chief Financial Officer of every local unit must file annually, with the Director of the Division (the "Director"), a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of the Borough's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

Debt Limits

The net authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its average equalized valuation basis. The equalized valuation basis of the Borough is set by statute as the average for the last 3 years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

The Borough has not exceeded its statutory debt limit. On December 31, 2024 (Unaudited) the statutory net debt as a percentage of average equalized valuation was 0.609%. As noted above, the statutory limit is 3.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Purposes	\$ 33,216,605	\$ 383,627	\$ 32,832,978
School Purposes	<u>92,657,000</u>	<u>92,657,000</u>	<u>-</u>
	<u>\$ 125,873,605</u>	<u>\$ 93,040,627</u>	<u>\$ 32,832,978</u>

Exceptions to Debt Limits - Extensions of Credit

The Borough may exceed its debt limit with the approval of the Local Finance Board. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. Bond anticipation notes may be issued for periods not greater than one year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. At the third and at each subsequent anniversary date from the original date of issuance, the amount of notes that may be issued must be decreased by the minimum amount required for the first year's principal payment for a bond issue.

School Debt (N.J.S.A. 18A:24-1 et seq.)

New Jersey's school districts operate under the same comprehensive review and regulation as do its municipalities. Certain exceptions and differences are provided, but the state supervision of school finance closely parallels that of local governments.

School district bonds and temporary notes are issued in conformity with the cited statute, which closely parallels the Local Bond Law. Although school districts are exempted from the 5% down payment provision applicable to municipalities, they are subject to debt limits (which vary depending on the grades the school system provides), and to state regulation of their borrowing.

The Local Finance Board and the Commissioner of Education must approve any proposed authorization of debt which exceeds the statutory debt limit of a Type II district. A Type II school district has an elected board of education; a Type I school district has an appointed board and issues debt without a referendum. All authorizations of debt in a Type II school district require an approving referendum of the voters in the school district. The Borough's school district is a Type II district.

All authorizations of debt must be reported to the Division of Local Government Services by means of a Supplemental Debt Statement prior to final approval to ensure that the proposed authorization is within all applicable debt limitations.

The School Bond Reserve Act, Chapter 72 of the Laws of 1980 of the State, as amended, devotes a portion of the Fund for the Support of Free Public Schools as security for payment of school bonds.

The Municipal Finance Commission (N.J.S. 52:27-1 et seq.)

The Municipal Finance Commission was created in 1931 to assist in the financial rehabilitation of municipalities which had defaulted in their obligations. The powers of such Commission are exercised today by the Local Finance Board. Several elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions

adversely affect any local unit, the statutory provisions are available to assist in restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the Superior Court of New Jersey. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations may place the municipality under the jurisdiction of the Municipal Finance Commission.

The Municipal Finance Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. Such commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors, and the readjustment of debts under the Federal Municipal Bankruptcy Act.

The Local Finance Board also serves as the "funding commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such funding commission for the proposed reorganization of its debt.

Investment of Municipal Funds

Investment of funds by New Jersey municipalities is governed by State statute. Pursuant to N.J.S.A. 40A:5-15.1, municipalities are limited to purchasing the following securities: (1) direct obligations of, or obligations guaranteed by, the United States of America ("U.S. Government Securities"); (2) government money market mutual funds invested in U.S. Government Securities or obligations of New Jersey school districts, municipalities, counties and entities subject to State regulation ("local obligations"); (3) obligations of Federal Government agencies or instrumentalities having a maturity of 397 days or less, provided such obligations bear a fixed rate of interest not dependent on any index or external factor; (4) bonds or other obligations of the particular municipality or a school district encompassing the geographic area of the particular municipality; (5) bonds or other obligations having a maturity of 397 days or less (a) constituting local obligations or (b) approved by the Division of Local Government Services of the State Department of Community Affairs; (6) local government investment pools, rated in the highest rating category, investing in U.S. government securities, local obligations and repurchase agreements fully collateralized by securities set forth in (1), (3) and (5) above; (7) deposits with the New Jersey Cash Management Fund (created pursuant to N.J.S.A. 52:18A-90.4; the "Cash Management Fund"); and (8) repurchase agreements with a maximum 30 day maturity fully collateralized by securities set forth in (1) and (3) above or local obligations. Municipalities are required to deposit their funds in interest-bearing bank accounts in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq., or invest in permitted investments to the extent practicable, and may invest in bank certificates of deposit.

The Cash Management Fund is governed by regulations of the State Investment Council, a non-partisan oversight body, and is not permitted to invest in derivatives. The Cash Management Fund is permitted to invest in U.S. Government Securities, Federal Government Agency obligations, certain short-term investment-grade corporate obligations, commercial paper rated "prime", certificates of deposit, repurchase agreements involving U.S. Government Securities and Federal Government Agency obligations and certain other types of instruments. The average maturity of the securities in the Cash Management Fund must be one year or less, and only a quarter of the securities are permitted to mature in as much as two years.

The Borough has no investments in derivatives.

MUNICIPAL BUDGET

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.) the Borough is required to have a balanced budget in which debt service is included in full for each fiscal year.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division prior to final adoption of the budget. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations, among others, for certification.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units. Tax anticipation notes are limited in amount by law and must be paid in full within 120 days of the close of the fiscal year. The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

Limitations on Municipal Appropriations and Tax Levy

A statute passed in 1976, as amended and supplemented (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. While the Cap Law restricts the ability of a municipality to increase its overall appropriations, the payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the Cost-of-Living Adjustment ("COLA"). Increases up to 3.5% are allowed by adoption of an ordinance whenever the COLA is less than 2.5%. If the COLA is greater than 2.5%, an increase in any amount above 2.5% will be permitted by adoption of an ordinance to 3.5% and beyond 3.5% upon passage of a referendum. The COLA is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other items including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. The Cap Law does not limit the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service.

Chapter 62 of the Pamphlet Laws of 2007 imposed restrictions upon the allowable annual increase in the tax levy. In general, starting with the 2008 budgets for calendar year municipalities and 2009 budgets for fiscal year municipalities, municipalities have their tax levies limited to a four percent (4%) increase. The cap calculation is subject to various adjustments, such as the value of increased assessments, and allows for an increase in the adjusted tax levy for various items, including amounts required to be added to the adjusted tax levy for increases in debt service, amounts required to replace reductions in State formula aid, certain increased pension contributions, increases greater than four percent (4%) in the reserve for uncollected taxes, and increases in health care costs in excess of four percent (4%) (but not in excess of the percentage increase in the State Health Benefits Program). The law also allows the Local Finance Board to grant waivers for extraordinary circumstances (some of which are defined in the Law) and authorizes a municipality to submit a public question to the voters for approval (by an affirmative vote of at least sixty percent (60%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met. Neither cap law limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service.

On July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment (the 2011 budget for the Borough) reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy. Chapter 44 eliminated the process for obtaining waivers for additional spending under the tax levy limitation.

The Borough's appropriation and tax levy increase for 2011 through 2024, inclusive, were within the limits allowed under the CAP Law, taking into account applicable adjustments and without conducting a referendum to exceed the cap limits. The Borough's 2025 budget was introduced within the limits allowed under the CAP Law.

Miscellaneous Revenues

The Local Budget Law (N.J.S.A. 40A:4-26) provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." See "INFECTIOUS DISEASE OUTBREAK – COVID-19" herein for a discussion of recent amendments to N.J.S.A. 40A:4-26 in response to the COVID-19 outbreak.

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation of like amount. The fiscal years for such grants rarely coincide with the municipality's fiscal year. However, grant revenue is generally not realized until received in cash.

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 governs anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision and N.J.S.A. 40A:4-40 require that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget.

The reserve requirement is calculated as follows:

$$\frac{\text{Levy required to balance budget}}{\text{Prior Year's Percentage of Current Tax Collection (or lesser \%)}} = \text{Total Taxes to be Levied}$$

Chapter 28 of the Pamphlet Laws of 1997 of New Jersey amended Section 41 of the Local Budget Law to allow municipalities to reduce the reserve for uncollected taxes by taking into account prior year tax reductions resulting from tax appeal judgments awarded to property owners. Another statute, Chapter 99 of the Pamphlet Laws of 1997 of New Jersey, allows a municipality to (1) reduce the reserve for uncollected tax by deducting receipts anticipated during the fiscal year from the sale of unpaid taxes or municipal liens when such sale is concluded in the final month of the fiscal year or (2) not budget for the reserve for uncollected taxes if it sells its total property tax levy pursuant to such statute. See “ASSESSMENT AND COLLECTION OF TAXES - Tax Collection Procedure” herein for a brief discussion of Chapter 99.

Deferral of Current Expenses

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of the municipality. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, property revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project. See “INFECTIOUS DISEASE OUTBREAK – COVID-19” herein for a discussion of recent amendments to the special emergency provisions in the Local Budget Law in response to the COVID-19 outbreak.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may be transferred during the first three (3) months of the year to the previous years' budget. Both types of transfers require a 2/3 vote of the full membership of the governing body, however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to approval by the governing body.

Operation of Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Fiscal Year

The Borough's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of the State (codified as N.J.S.A. 40A:4-3.1) required municipalities with populations in excess of 35,000 or that received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption was granted. Municipalities not meeting the criteria for a mandatory change had the option to choose to change to the State fiscal year. N.J.S.A. 40A:4-3.1 was amended by P.L. 2000, c. 126, to eliminate the criteria for mandatory change of the fiscal year, but to continue to grant all municipalities the option to change to the State fiscal year. In addition, P.L. 2008, c. 92, further amended N.J.S.A. 40A:4-3.1 to allow municipalities operating on a fiscal year basis to revert to a calendar year. The Borough did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

Budget Process

Primary responsibility for the Borough's budget process lies with the Borough Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Borough operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Borough may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

Capital Budget

In accordance with the Local Budget Law, the Borough must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period of the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the items were detailed.

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

Real property taxes are assessed locally, based upon an assessment at true value. The tax bill includes a levy for Borough, County and School purposes. Tax bills are mailed annually in June. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. 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, and an additional penalty of 6% on delinquent taxes in excess of \$10,000. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, is transferred as of June 30 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. Annually, all properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the New Jersey Statutes. Annual interim tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey allows a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation, the amount of taxes paid to the tax collector. The purchaser

is required to secure his payment obligation to the municipality by an irrevocable letter of credit or a surety bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division of Local Government Services.

In response to the \$10,000 annual limitation on an individual's federal income tax deduction for state and local taxes paid (beginning in 2018 and ending in 2025) contained in the federal "Tax Cuts and Jobs Act", Pub. L. No. 115-97, New Jersey Governor Murphy signed into law Senate Bill No. 1893 ("S-1893") on May 4, 2018. S-1893, which will take effect when implementing regulations are adopted by various State agencies, authorizes municipalities, counties and school districts ("local units") to establish one or more charitable funds, each for specific public purposes, and permits certain donations to those charitable funds to be credited toward the donor's property tax obligation. Moneys held in a charitable fund are immediately available to pay debt service. On June 13, 2019, the Internal Revenue Service issued final regulations, effective August 12, 2019, denying the deductibility (except for a de minimis amount) for federal income tax purposes of property tax credit donation mechanisms authorized by S-1893 and similar laws adopted in other states. The Borough makes no representations as to whether any local units will establish charitable funds pursuant to S-1893 or how S-1893 will be implemented.

Tax Appeals

New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Bergen County Tax Board on or before the first day of April of the current tax year for review. The Bergen County Tax Board has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Bergen County Tax Board, appeal may be made to the State Department of Taxation, Division of Tax Appeal, for a further hearing. State tax appeals tend to take several years prior to settlement, and any losses in tax collections from prior years are charged directly to operations or with the permission of the Local Finance Board may be financed, generally, over a three to five year period. In addition, pursuant to Assembly Bill No. 2004, signed into law by Governor Phil Murphy on August 9, 2019, commercial tax appeal refunds exceeding \$100,000 may be paid to the property owner, with interest, in substantially equal payments within a three year period - rather than within sixty days of the final judgment (the standard period for refunds).

Further, pursuant to Assembly Bill No. 862, signed into law by Governor Murphy on January 18, 2022, residential tax appeal refunds, or commercial tax appeal refunds exceeding \$100,000, may be paid to the property owner, with interest, as a credit against the balance of property taxes that become due within a three-year period, with any excess after three years being paid immediately.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Notes and other amounts and rebate of certain arbitrage earnings to the United States. Noncompliance by the Borough with such requirements may cause interest on the Notes to be included in gross income of the owners thereof retroactive to the date of issuance of the Notes, regardless of when such noncompliance occurs.

The Borough has covenanted, to the extent permitted by the Constitution and the laws of the State, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Notes be and remain excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. The Borough's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures regarding compliance with the requirements of the Code. The Borough, in executing the Tax Certificate, will certify to the effect that the Borough expects and intends to comply with the provisions and procedures contained therein.

In rendering the opinion described below with respect to the Notes, Bond Counsel has relied upon the covenant and has assumed the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate.

Tax Opinions

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, assuming compliance by the Borough with the Tax Certificate, under existing law, interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. For other Federal tax information, see "Tax Matters - Additional Federal Income Tax Consequences" herein.

In the opinion of Bond Counsel, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Notes and any gain from the sale of the Notes are not includable in gross income of the holders thereof.

Additional Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of governmental obligations, such as the Notes, may have collateral Federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from the ownership of the Notes. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

Proposals for Tax Changes

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Notes or otherwise prevent holders of the Notes from realizing the full benefit of the tax exemption of interest on the Notes. Further, such proposals may impact the marketability or market value of the Notes simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes would be impacted thereby.

Purchasers of the Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

STATEMENT OF LITIGATION

To the knowledge of the Borough Attorney, there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Notes, the levy or the collection of any taxes to pay the principal of or the interest on the Notes or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of the taxes, affecting the validity of the Notes or the levy or the collection of taxes or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers of the Borough to their respective offices.

Additionally, there is at present no single action pending or threatened against the Borough which would impose an undue financial burden on the Borough. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Borough is a party-defendant in certain lawsuits, none of a kind unusual for a municipality of its size, and none of which, in the opinion of the Borough Attorney, would adversely impair the Borough's ability to pay its noteholders. All of the Borough's tort actions are being defended by either an insurance company or insurance underwriters. Pending municipal real estate tax appeals are limited in number and based upon the Borough's prior experience in tax appeals, and assuming that such tax appeals are resolved adversely to the interest of the Borough, such resolution would not in any way endanger the Borough's ability to pay its noteholders.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the Borough, including the Notes, and such Notes are authorized security for any and all public deposits.

UNDERWRITING

The Notes have been purchased at a public sale from the Borough for resale by _____ (the "Underwriter").

The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Notes. If all the Notes are sold at the public offering price or at the yield set forth on the cover page of this Official Statement, the Underwriter anticipates total selling compensation of \$ _____.*. The public offering price or yield on the Notes may be changed from time to time by the Underwriter without notice. The Notes may be offered and sold to dealers, including the Underwriter and dealers acquiring the Notes for their own account or any account managed by them, at prices lower than the public offering price.

* Information obtained from the Underwriter

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the Borough shall furnish a certificate of the Borough Attorney, dated the date of delivery of the Notes, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Borough wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Borough, or adversely affect the power of the Borough to enforce the collection of taxes or other revenues for the payment of its bonds and notes, which has not been disclosed in this Official Statement.

Legal Matters

The legality of the Notes will be subject to the approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. Such opinion will be to the effect that:

1. The Notes have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Borough, enforceable in accordance with their terms, except as enforcement of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.
2. The Borough has pledged its full faith and credit for the payment of the principal of and interest on the Notes, and unless paid from other sources, the Borough is authorized and required by law to levy on all real property taxable by the Borough such *ad valorem* taxes as may be necessary to pay the Notes and the interest thereon, without limitation as to rate or amount.

Rogut McCarthy LLC has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement and will not express, and has not been requested to express, an opinion as to the accuracy, completeness or fairness of such statements. See "Appendix C – Proposed Form of Bond Counsel Opinion" herein.

Certificates of Borough Officials

The original purchasers of the Notes shall also receive a certificate, dated as of the date of delivery of the Notes and signed by the Chief Financial Officer that (a) as of the date of the Official Statement furnished by the Borough in relation to the Notes, said Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the Borough is not guaranteed as to accuracy, completeness or fairness, such officer has no reason to believe and does not believe that such information is materially inaccurate or misleading, and (b) to the knowledge of such officer, since the date of said Official Statement and since the date of the sale of the Notes, there have been no material transactions not in the ordinary course of affairs entered into by the Borough and no material adverse change in the general affairs of the Borough or in its financial condition as shown in said Official Statement, other than as disclosed in or contemplated by said Official Statement, provided such certificate shall not include consideration of information supplied by, or that should have been supplied by, the successful bidders for the Notes. In addition, the original purchasers of the Notes shall also receive certificates in form satisfactory to Rogut McCarthy LLC, Bond Counsel, evidencing the proper execution and delivery of the Notes and receipt of payment therefor and a certificate, dated as of the date of delivery of the Notes and signed by the officers who

signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the Notes or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence or boundaries of the Borough, nor the title of the said officers to their respective offices, is being contested.

INFECTIOUS DISEASE OUTBREAK – COVID-19

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, then President Trump declared a national emergency to unlock Federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminated most of the Governor’s pandemic-related executive orders on July 4, 2021. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) terminated on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. On March 4, 2022, the Governor declared, via Executive Order No. 292, an end to the reinstated public health emergency, effective March 7, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place. See <https://covid19.nj.gov> for further detail regarding the impact of COVID-19 on the State and the Governor’s various executive orders.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020, c. 74 (“Chapter 74”) on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year’s operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The Borough’s finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough’s primary revenue source for supporting its budget. The Borough cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak, or any resulting impact such costs could have on the operations of the Borough. However, as of the date hereof, even though the Borough’s

finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payments to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

Generally, according to the Plan and implementing regulations, the allowable use of the funds to be provided to the Borough include the following categories:

- Replacing lost public sector revenue;
- Investing in water, sewer, broadband and other infrastructure;
- Providing premium pay for essential workers;
- Supporting public health expenditures;
- Addressing COVID-19 related negative economic impacts; and
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households.

However, such funds may not be used to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation or administrative interpretation during the covered period reducing or delaying any tax or tax increase. Additionally, such funds may not be used for deposit in any pension fund. Such funds may be used to offset the amounts required to be raised in budgets for special emergency appropriations for COVID-19 deficits authorized by Chapter 74 discussed above. The Borough will be required to provide periodic reports detailing the accounting of the use of funds.

For municipalities with populations less than 50,000, such as the Borough, the relief funds will be distributed by the State. The relief funds will be received from the State in two equal payments, one within 30 days of receipt of the funding by the State and the balance no earlier than 12 months from the initial payment. The deadline to obligate the funds is December 31, 2024, and to spend them is December 31, 2026. The Borough received the full amount of its relief funds in the amount of \$1,512,775. The Borough utilized \$440,000 of those funds in 2022 to fund capital improvements to the HVAC system, and the balance of the funds to replace lost public sector revenues in the 2022, 2023 and 2024 budgets.

SECONDARY MARKET DISCLOSURE

The Borough has a limited secondary market disclosure obligation pursuant to Rule 15c2-12(d)(3) because the Notes have a stated maturity of 18 months or less. In accordance with such exemption from full secondary market disclosure, the Borough will agree, pursuant to a continuing disclosure certificate to be executed on the date of issuance of the Notes, to undertake for the benefit of the Noteholders and the beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to Rule 15c2-12 to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format, as prescribed by the MSRB. Specifically, the Borough will do the following for the benefit of the holders of the Notes and the beneficial owners thereof:

Provide or cause to be provided in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Notes or financial obligations of the Borough:

- (1) Principal or interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to the rights of Noteholders, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property which secures the repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Borough (the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borough in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borough, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borough);
- (13) The consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation of the Borough, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borough, any of which affect Noteholders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borough, any of which reflect financial difficulties.

The Borough intends the words used in paragraphs (15) and (16) and the definition of "financial obligation" to have the meanings ascribed to them in SEC Release No. 34-83885 (August 20, 2018).

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

If the Borough fails to comply with the above-described undertaking, any Noteholder or beneficial owner of the Notes may pursue an action for specific performance to enforce the rights of all Noteholders and beneficial owners with respect to such undertaking; *provided, however*, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Notes or any liability by the Borough for monetary damages. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Noteholders and beneficial owners of the Notes.

The Borough reserves the right to terminate its obligation to provide notice of material events, as set forth above, if and when the Borough no longer remains an "obligated person" with respect to the Notes within the meaning of Rule 15c2-12.

The undertaking may be amended by the Borough from time to time, without the consent of the Noteholders or the beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements, a change in law or a change in identity, nature, type of operation or status of the Borough, which in the opinion of nationally recognized bond counsel complies with Rule 15c2-12 and does not, in such bond counsel's opinion, materially impair the interests of the Noteholders and the beneficial owners of the Notes.

The Borough has previously entered into continuing disclosure undertakings in accordance with Rule 15c2-12. Phoenix Advisors, Bordentown, New Jersey, serves as continuing disclosure agent to assist the Borough in complying with the requirements of Rule 15c2-12.

FINANCIAL STATEMENTS

Appendix "B" to this Official Statement contains the unaudited financial statements for the year ended December 31, 2024 and the audited financial statements of the Borough for the years ended December 31, 2023 and 2022. The unaudited financial statements were compiled from the Borough's unaudited Annual Financial Statement for the year ended December 31, 2024. The audited financial data was provided by Lerch, Vinci & Bliss, LLP, Fair Lawn, New Jersey (the "Auditor"), and is included herein in reliance upon the authority of such firm. The Auditor has consented to the inclusion of their report in this Official Statement. Copies of the complete Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Borough.

PREPARATION OF OFFICIAL STATEMENT

The Auditor takes responsibility for the financial statements to the extent specified in the Accountant's Compilation Report and Independent Auditor's Report.

All other information has been obtained from sources which the Borough considers to be reliable and the Borough makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to the Borough of Tenaflly, 100 Riveredge Road, Tenaflly, New Jersey, 07670, Susan Corrado, Chief Financial Officer, (201) 568-6100 ext. 5539.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

This Official Statement has been duly executed and delivered by the Chief Financial Officer on behalf of the Borough.

BOROUGH OF TENAFLY, IN THE COUNTY OF BERGEN, NEW JERSEY

By: /s/ _____
Susan Corrado
Chief Financial Officer

Dated:

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE BOROUGH OF TENAFLY

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GENERAL INFORMATION

Size and Geographical Location

The Borough is approximately 4.4 square miles in area and located in Northern Bergen County along the Hudson River. Neighboring communities include the Boroughs of Alpine, Cresskill, Bergenfield and Englewood Cliffs and the City of Englewood.

Form of Government

The Borough was chartered in 1894 as a Borough Council form of government in which the mayor is elected to a four-year term and six council persons are elected at large to serve staggered three-year terms.

The Mayor is empowered, amongst his legal powers as head of the municipal government, to: (i) provide for the proper execution of local and State laws; (ii) recommend to the Borough Council measures he deems in the best interest of the Borough; (iii) nominate and, with the advice and consent of the Borough Council, appoint most subordinate officers of the Borough; and (iv) maintain peace and order. Although he presides over meetings of the Borough Council, the Mayor votes only in case of a tie. State law requires that he be a member of the Planning Board and the Board of Trustees of the Municipal Public Library.

The Council exercises general legislative powers conferred upon it by State law to protect and promote the general welfare of the Borough. Among these are the right to enact ordinances, approve resolutions, approve mayoral appointments, adopt the annual budget and determine the tax levy. The Council, acting in committees, oversees the various departments and functions of the Borough Government.

Transportation

The Borough is just three miles north of the George Washington Bridge giving residents easy access to New York City. Bus service is also available in the Borough to New York City and other areas of Bergen County. The Borough is adjacent to the Palisades Interstate Parkway and many major interstate and local highways are just minutes away, including Routes 4, 17 and 80, the Garden State Parkway, the New Jersey Turnpike, and the New York State Thruway.

Public Safety

The Borough is served by a police department, a volunteer fire department and a volunteer rescue squad.

Utilities

Gas and electricity is supplied by Public Service Gas and Electric. Water is provided by Veolia North America. Wastewater treatment is provided by the Bergen County Utilities Authority. Solid waste pickup is provided by Waste Industries LLC. Sewer charges and the annual charge for collection of solid waste are included in the Borough's property tax levy tax rate.

Education

The Borough's local school district, coterminous with the Borough, is a type II school district, and is an independent legal entity administered by a nine-member Board of Education elected by the voters of the school district. The school district is authorized by law to issue debt for school purposes upon vote of the electorate. The local school district provides for Kindergarten through 12th grade and is comprised of four elementary schools, one middle school and one high school.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Labor Force, Employment and Unemployment

The New Jersey Department of Labor reported the following annual average employment information for the Borough of Tenaflly, the County of Bergen and the State of New Jersey:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough of Tenaflly</u>				
2023	6,715	6,503	212	3.2%
2022	6,585	6,407	178	2.7%
2021	6,377	6,095	282	4.4%
2020	6,324	5,905	419	6.6%
2019	6,636	6,481	155	2.3%
<u>County of Bergen</u>				
2023	514,345	494,480	19,865	3.9%
2022	504,861	487,201	17,660	3.5%
2021	492,834	461,561	31,273	6.3%
2020	494,407	449,064	45,343	9.2%
2019	502,865	488,609	14,256	2.8%
<u>State of New Jersey</u>				
2023	4,829,671	4,615,722	213,949	4.4%
2022	4,736,213	4,552,563	183,650	3.9%
2021	4,648,814	4,337,793	311,021	6.7%
2020	4,638,386	4,200,980	437,406	9.4%
2019	4,687,390	4,525,044	162,346	3.5%

Source: New Jersey Department of Labor, Division of Labor Market and Demographic Research

Population

Population trends for the Borough, the County and the State of New Jersey are shown below:

<u>Area</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2023 (1)</u>
Borough of Tenaflly	13,326	13,806	14,488	15,409	15,178
County of Bergen	825,380	884,118	905,116	955,732	957,736
State of New Jersey	7,730,188	8,414,350	8,791,894	9,288,994	9,290,841

Note (1): Estimate

Source: U.S. Census Bureau

Income as of 2023

	Median Household <u>Income</u>	Median Family <u>Income</u>	Per Capita <u>Income</u>
Borough of Tenafly	\$208,088	\$229,253	\$105,188
County of Bergen	123,715	150,475	62,986
State of New Jersey	101,050	123,892	53,118

Source: U.S. Census Bureau, 2019-2023 American Community Survey

DEBT INFORMATION

Debt Statements

The Borough must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Division"). The Supplemental Debt Statement, as this report is known, must be prepared as of the date of introduction of each bond ordinance and submitted to the Division. Before January 31 of each year the Borough must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Borough as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

Debt Incurring Capacity As of December 31, 2024 (Unaudited)

Municipal	
Equalized Valuation Basis (last 3 years average)	\$ 5,392,118,044
3 1/2% Borrowing Margin	188,724,132
Net Debt Issued, Outstanding and Authorized	32,832,978
Remaining Municipal Borrowing Capacity	155,891,154
Local School	
4% Borrowing Margin	215,684,722
Debt, Issued, Outstanding and Authorized	92,657,000
Remaining School Borrowing Capacity	123,027,722

Source: Borough of Tenafly 2024 Annual Debt Statement

Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt</u> <u>Amount</u>	<u>Statutory Net Debt</u>	
		<u>Amount</u>	<u>Percentage</u>
2024 (Unaudited)	\$ 125,873,605	\$ 32,832,978	0.61%
2023	50,833,450	31,893,605	0.63%
2022	50,993,950	30,382,901	0.63%
2021	54,636,925	29,939,408	0.64%
2020	50,910,583	24,475,583	0.53%

Source: Borough of Tenafly Annual Audit Reports and 2024 Annual Debt Statement

Statement of Indebtedness
As of December 31, 2024 (Unaudited)

GENERAL PURPOSES

Bonds and Notes Issued and Outstanding		
Bonds	\$ 9,736,000	
Notes	16,900,000	
Bonds and Notes Authorized But Not Issued	<u>6,580,605</u>	
		\$ 33,216,605

LOCAL SCHOOL

Bonds Issued and Outstanding	<u>92,657,000</u>	
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TOTAL GROSS DEBT 125,873,605

STATUTORY DEDUCTIONS

Municipal Purpose	383,627	
Local School	<u>92,657,000</u>	
		<u>93,040,627</u>

TOTAL NET DEBT \$ 32,832,978

OVERLAPPING DEBT

County of Bergen (Note 1)	39,993,639	
Bergen County Utilities Authority (Note 2)	<u>3,400,301</u>	
		<u>\$ 43,393,940</u>

GROSS DEBT

Per Capita (2020 Census - 15,409)	\$ 8,169
Percent of Net Valuation Taxable (2024 - \$4,085,370,500)	3.08%
Percent of Estimated True Value of Real Property (2024 - \$5,386,562,841)	2.34%

NET MUNICIPAL DEBT

Per Capita (2020 Census - 15,409)	\$ 2,131
Percent of Net Valuation Taxable (2024 - \$4,085,370,500)	0.80%
Percent of Estimated True Value of Real Property (2024 - \$5,386,562,841)	0.61%

OVERALL DEBT (Gross and Overlapping Debt)

Per Capita (2020 Census - 15,409)	\$ 10,985
Percent of Net Valuation Taxable (2024 - \$4,085,370,500)	4.14%
Percent of Estimated True Value of Real Property (2024 - \$5,386,562,841)	3.14%

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2024 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

Note (2) Overlapping debt was computed based upon usage.
Source: Borough of Tenafly.

BUDGET INFORMATION
Current Fund

	<u>2025 (1)</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Anticipated Revenues					
Fund Balance	\$ 3,569,000	\$ 2,750,000	\$ 2,635,000	\$ 2,635,000	\$ 2,565,000
Miscellaneous Revenues	4,333,118	4,387,532	3,493,337	2,949,715	2,687,665
Receipts from Delinquent Taxes	750,000	700,000	615,000	615,000	585,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>29,020,395</u>	<u>27,537,370</u>	<u>26,779,048</u>	<u>26,187,833</u>	<u>25,362,188</u>
	<u>\$ 37,672,513</u>	<u>\$ 35,374,902</u>	<u>\$ 33,522,385</u>	<u>\$ 32,387,548</u>	<u>\$ 31,199,853</u>
Appropriations					
Salaries and Wages	\$ 12,930,170	\$ 12,321,173	\$ 11,888,342	\$ 11,627,442	\$ 11,291,885
Other Expenses	14,635,400	13,974,192	13,289,283	12,162,412	11,959,871
Deferred Charges and Statutory Expenditures	3,849,509	3,577,112	3,398,796	3,082,374	2,749,392
Capital Improvement Fund	235,000	235,000	250,000	152,000	275,000
Municipal Debt Service	4,022,434	3,317,425	2,795,964	3,513,320	3,123,705
Reserve for Uncollected Taxes	<u>2,000,000</u>	<u>1,950,000</u>	<u>1,900,000</u>	<u>1,850,000</u>	<u>1,800,000</u>
	<u>\$ 37,672,513</u>	<u>\$ 35,374,902</u>	<u>\$ 33,522,385</u>	<u>\$ 32,387,548</u>	<u>\$ 31,199,853</u>

(1) Budget as Introduced

Source: Borough of Tenafly Adopted Budgets and 2025 Introduced Budget

FINANCIAL INFORMATION

Current Fund Balance and Amounts Utilized in Succeeding Year's Budget

<u>Year</u>	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2024 (Unaudited)	\$ 6,416,131	\$ 3,569,000
2023	5,462,153	2,750,000
2022	4,895,712	2,635,000
2021	5,003,150	2,635,000
2020	4,972,157	2,565,000

Source: Borough Annual Audit Reports and 2024 Unaudited Annual Financial Statement

Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2024 (Unaudited)	\$ 116,640,617	\$ 115,663,290	99.16%
2023	113,232,335	112,415,333	99.28%
2022	109,653,034	108,766,113	99.19%
2021	107,654,203	106,593,129	99.01%
2020	105,871,968	104,537,153	98.73%

Source: Borough Annual Audit Reports and 2024 Unaudited Annual Financial Statement

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2024 (Unaudited)	\$ -	\$ 850,078	\$ 850,078	0.73%
2023	3,815	705,359	709,174	0.63%
2022	1,362	749,479	750,841	0.68%
2021	1,362	643,450	644,812	0.60%
2020	887	650,962	651,849	0.62%

Source: Borough Annual Audit Reports and 2024 Unaudited Annual Financial Statement

Assessed Valuation of Property Owned by the Borough Acquired for Taxes

<u>Year</u>	<u>Amount</u>
2024 (Unaudited)	\$ 18,200
2023	18,200
2022	18,200
2021	18,200
2020	18,200

Source: Borough Annual Audit Reports and 2024 Unaudited Annual Financial Statement

Ten Largest Taxpayers

The ten largest taxpayers in the Borough and their 2025 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>
Marlborough Co-Op Corporation	\$ 19,250,000
A.S.D.D.J. LLC	11,830,100
Knickerbocker Country Club	8,227,200
145 Dean Drive LLC	7,500,000
Tenaflly Shopping Center	7,209,400
Quick Properties Tenaflly, LLC	6,696,400
30 Engle Street - Tenaflly Realty	6,524,200
Resident	4,653,100
TRC Property LLC	4,485,600
Resident	<u>4,238,600</u>
	<u>\$ 80,614,600</u>

Percentage of 2025 Net Valuation Taxable 1.96%

Source: Tax Assessor

Assessed Valuation Land Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total</u>
2025	\$32,470,800	\$ 3,804,208,600	\$228,573,000	\$ 10,462,000	\$33,400,200	\$ 4,109,114,600
2024	29,359,800	3,783,177,800	228,970,700	10,462,000	33,400,200	4,085,370,500
2023	26,760,100	3,752,105,100	234,178,100	10,462,000	33,400,200	4,056,905,500
2022	41,998,800	3,715,851,900	234,659,000	10,462,000	33,400,200	4,036,371,900
2021	35,761,800	3,713,630,100	234,031,600	10,462,000	36,660,500	4,030,546,000

Source: Tax Duplicate.

Assessed Valuations Net Valuation Taxable

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2025	\$ 4,109,114,600	N/A	N/A
2024	4,085,370,500	75.95%	\$ 5,386,562,841
2023	4,056,905,500	80.39%	5,053,917,890
2022	4,036,371,900	84.60%	4,778,532,424
2021	4,030,546,000	86.11%	4,688,125,246

Source: Tax Duplicate and Preliminary Equalization Table of Bergen County.

**Components of Real Estate Tax Rate
(per \$100 of Assessment)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>
2024	\$2.841	\$0.683	\$1.851	\$0.307
2023	2.772	0.669	1.806	0.297
2022	2.705	0.658	1.763	0.284
2021	2.657	0.638	1.728	0.291
2020	2.618	0.621	1.704	0.293

Source: Tax Collector.

**Apportionment of Tax Levy
(Including School and County Purposes)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>
2024 (Unaudited)	\$ 116,640,617	\$ 28,478,557	\$ 75,604,704	\$ 12,557,356
2023	113,232,335	27,903,962	73,231,494	12,096,879
2022	109,653,034	27,037,686	71,141,836	11,473,512
2021	107,654,203	26,267,461	69,639,197	11,747,545
2020	105,871,968	25,741,733	68,298,178	11,832,057

Source: Borough of Tenafly 2024 Unaudited Financial Statement, Annual Audit Reports and Tax Collector.

APPENDIX B

**ACCOUNTANT'S COMPILATION REPORT,
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
OF THE BOROUGH OF TENAFLY,
IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY**

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**UNAUDITED FINANCIAL INFORMATION OF THE BOROUGH OF TENAFLY
FOR THE YEAR ENDED DECEMBER 31, 2024**

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DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA

ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying balance sheets – regulatory basis of the various funds of the Borough of Tenaflly, as of December 31, 2024 and the related statement of operations and changes in fund balance – regulatory basis, the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year then ended in accordance with the regulatory basis of accounting. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements – regulatory basis nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the financial and accounting reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Borough's assets, liabilities, fund balances, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

By/s/ LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants

Fair Lawn, New Jersey
April 8, 2025

**BOROUGH OF TENAFLY
BALANCE SHEET - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2024 (UNAUDITED)**

2024

ASSETS

Cash	\$ 10,839,506
Grants Receivable	<u>92,708</u>
	<u>10,932,214</u>
Receivables and Other Assets With Full Reserves	
Delinquent Property Taxes Receivable	850,078
Property Acquired for Taxes - Assessed Valuation	<u>18,200</u>
Sub Total	<u>868,278</u>
Deferred Charges	
Special Emergency Authorization	<u>80,000</u>
Sub Total	<u>80,000</u>
Total Assets	<u><u>\$ 11,880,492</u></u>

**BOROUGH OF TENAFLY
BALANCE SHEET - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2024 (UNAUDITED)**

2024

LIABILITIES, RESERVES AND FUND BALANCE

Liabilities

Appropriation Reserves	\$ 1,583,597
Encumbrances Payable	1,061,422
Accounts Payable	179,523
Due to Other Trust Fund- Other	96,277
Due to State - Senior Citizen and Veterans Deductions	1,394
Prepaid Taxes	685,805
Due to County for Added & Omitted Taxes	60,810
Tax Overpayments	59,415
Appropriated Reserve for Grants	55,458
Unappropriated Reserve for Grants	130,616
Reserve for Library State Aid	8,315
State Training Fees	8,262
Reserve for Tax Appeals	<u>665,189</u>

4,596,083

Reserve for Receivables	868,278
Fund Balance	<u>6,416,131</u>

Total Liabilities, Reserves and Fund Balance	<u><u>\$ 11,880,492</u></u>
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BOROUGH OF TENAFLY
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	<u>2024</u>
REVENUE AND OTHER INCOME REALIZED	
Fund Balance Utilized	\$ 2,750,000
Miscellaneous Revenues Anticipated	5,021,776
Receipts from Delinquent Taxes	709,898
Receipts from Current Taxes	115,663,290
Non-Budget Revenues	165,460
Other Credits to Income	
Interfunds Returned	471,287
Cancel Prior Year Accounts Payable	28,610
Cancellation of Grant Reserves	65,867
Unexpended Balance of Appropriation Reserves	<u>825,315</u>
Total Revenues and Other Income	<u>125,701,503</u>
EXPENDITURES	
Budget and Emergency Appropriations	
Operations	
Salaries and Wages	11,994,574
Other Expenses	14,297,291
Capital Improvements	235,000
Municipal Debt Service	3,317,425
Deferred Charges and Statutory Expenditures	3,580,612
Local District School Tax	75,604,704
County Taxes including Added Taxes	12,557,356
Municipal Open Space Taxes incl/Added Taxes	<u>410,563</u>
Total Expenditures	<u>121,997,525</u>
Statutory Excess in Revenue	3,703,978
Fund Balance, January 1	<u>5,462,153</u>
	9,166,131
Decreased by:	
Utilization as Anticipated Revenues	<u>2,750,000</u>
Fund Balance, December 31,	<u><u>\$ 6,416,131</u></u>

BOROUGH OF TENAFLY
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	<u>Budget</u>	<u>Realized</u>	Excess or (Deficit)
FUND BALANCE ANTICIPATED	\$ 2,750,000	\$ 2,750,000	-
MISCELLANEOUS REVENUES			
Licenses			
Alcoholic Beverages	25,000	27,550	\$ 2,550
Other	14,775	14,850	75
Fees and Permits			
Other	175,000	208,972	33,972
Fines and Costs			
Municipal Court	90,000	111,865	21,865
Interest and Costs on Taxes	235,000	196,125	(38,875)
Interest on Investments	744,388	1,190,189	445,801
Rental of Borough Owned Property	135,228	146,072	10,844
Use of Sewer System Agreements	40,000	30,535	(9,465)
Borough Operated Alarm Systems	35,000	35,735	735
Energy Receipts Taxes	1,133,153	1,133,153	-
Municipal Relief Fund	116,801	116,801	-
Uniform Construction Code Fees	635,000	789,921	154,921
State and Federal Grants Offset with Appropriations-			
Municipal Alliance on Alcoholism and Drug Abuse	4,507	4,507	-
Body Armor Fund - Reserve	2,676	2,676	-
Clean Communities- Reserve	33,631	33,631	-
JIF Safety Grant- Reserve	1,750	1,750	-
Firefighter Grant	52,000	52,000	-
Opioid Grant- Reserve	15,194	15,194	-
Recycling Tonnage Grant	22,058	22,058	-
Bullet Proof Vest Grant - Reserve	2,622	2,622	-
Mid-Bergen Region Grant - Reserve	12,679	12,679	-
Uniform Fire Safety Act	15,750	25,739	9,989
Cable TV Franchise Fee	146,807	146,807	-
Hotel Occupancy Fee (P.L. 2003, c.114)	50,000	45,827	(4,173)
Sewer Charges - Tax Exempt Properties	15,500	20,966	5,466
Payment in Lieu of Taxes - Tenaflly House	26,800	26,800	-
Cell Tower/Monopole Lease	203,214	203,753	539
American Rescue Plan - Reserve	102,999	102,999	-
Capital Fund Balance	300,000	300,000	-
	<u>4,387,532</u>	<u>5,021,776</u>	<u>634,244</u>
Total Miscellaneous Revenues			
	<u>4,387,532</u>	<u>5,021,776</u>	<u>634,244</u>
RECEIPTS FROM DELINQUENT TAXES	<u>700,000</u>	<u>709,898</u>	<u>9,898</u>
AMOUNT TO BE RAISED BY TAXATION:			
Local Tax for Municipal Purposes	25,756,856	27,260,153	1,503,297
Minimum Library Tax	1,780,514	1,780,514	-
	<u>27,537,370</u>	<u>29,040,667</u>	<u>1,503,297</u>
Total Amount to be Raised by Taxation			
	<u>27,537,370</u>	<u>29,040,667</u>	<u>1,503,297</u>
Total General Revenues	<u>\$ 35,374,902</u>	37,522,341	<u>\$ 2,147,439</u>
Non-Budget Revenues		<u>165,460</u>	
		<u>\$ 37,687,801</u>	

BOROUGH OF TENAFLY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	<u>2024 Appropriated</u>		<u>2024 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	\$ 274,486	\$ 279,986	\$ 279,678	\$ 308
Borough Clerk's Office	209,280	225,280	224,167	1,113
Other Expenses				
Administrator's Office	236,850	236,850	234,301	2,549
Borough Clerk's Office	39,950	40,950	40,113	837
Postage	35,000	35,000	28,897	6,103
Photocopy Expense	36,000	36,000	34,510	1,490
Human Resources				
Salaries and Wages	5,250	5,250	5,250	-
Other Expenses	-	-	-	-
Mayor and Council				
Salaries and Wages	35,000	37,500	37,500	-
Other Expenses	13,000	13,000	11,876	1,124
Elections				
Salaries and Wages	9,000	9,000	6,308	2,692
Other Expenses	19,550	19,550	18,911	639
Financial Administration				
Salaries and Wages	322,566	361,066	344,495	16,571
Audit/Other Expenses	72,050	78,650	78,573	77
Revenue Administration				
Salaries and Wages	103,776	103,776	96,852	6,924
Other Expenses	46,000	46,000	45,822	178
Assessment of Taxes				
Salaries and Wages	140,552	147,152	147,072	80
Other Expenses	26,055	16,055	11,384	4,671
Legal Services and Costs				
Other Expenses	252,500	252,500	222,162	30,338
Engineering Services and Costs				
Other Expenses	236,500	343,500	302,496	41,004
Historic Preservation Commission				
Salaries and Wages	4,000	-	-	-
Other Expenses	4,550	4,550	3,409	1,141
Municipal Land Use Law:				
Planning Board				
Salaries and Wages	6,500	-	-	-
Other Expenses	45,625	40,625	39,392	1,233
Zoning Board of Adjustment				
Salaries and Wages	3,000	-	-	-
Other Expenses	46,380	41,380	36,450	4,930
Insurance				
Liability	483,216	483,216	476,490	6,726

BOROUGH OF TENAFLY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	<u>2024 Appropriated</u>		<u>2024 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	\$ 403,650	\$ 403,650	\$ 403,369	281
Group Insurance Plan for Employees	2,616,000	2,616,000	2,583,943	32,057
Unemployment	40,000	40,000	40,000	-
Deductible	1,500	1,500	1,000	\$ 500
Public Safety				
Police				
Salaries and Wages	6,043,534	6,033,534	5,817,948	215,586
Salaries and Wages - American Rescue Plan	102,999	102,999	102,999	-
Other Expenses	297,645	307,645	303,970	3,675
Emergency Management Services				
Salaries and Wages	8,000	8,000	8,000	-
Other Expenses	18,825	18,825	14,479	4,346
Aid to Volunteer Fire Company				
Salaries and Wages	127,143	127,143	126,022	1,121
Other Expenses	12,150	12,150	7,870	4,280
Aid to Volunteer Ambulance Corps				
Other Expenses	225,750	225,750	191,829	33,921
Fire Department				
Salaries and Wages	21,420	21,720	21,688	32
Other Expenses	325,450	315,450	303,436	12,014
Fire Hydrant Services	235,000	250,000	249,276	724
Municipal Prosecutor				
Other Expenses	16,300	16,300	15,825	475
Streets and Roads				
Road Repairs and Maintenance				
Salaries and Wages	2,351,417	2,297,417	2,184,232	113,185
Other Expenses	553,150	553,150	549,703	3,447
Solid Waste Collections				
Contract-Collections	932,820	882,820	880,153	2,667
Recycling Center				
Salaries and Wages	508,631	511,631	509,069	2,562
Other Expenses	386,300	386,300	360,414	25,886
Public Buildings and Grounds				
Salaries and Wages	188,665	143,665	142,934	731
Other Expenses	335,725	320,725	306,458	14,267

**BOROUGH OF TENAFLY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)**

	<u>2024 Appropriated</u>		<u>2024 Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS WITHIN "CAPS" (Cont'd)				
Health and Welfare				
Board of Health				
Salaries and Wages	\$ 5,000	\$ -	\$ -	-
Other Expenses	89,957	89,957	79,733	\$ 10,224
Environmental Commission				
Other Expenses	10,000	10,000	6,228	3,772
Animal Welfare				
Other Expenses	14,500	14,500	12,173	2,327
Mental Health Center				
Other Expenses	7,000	7,000	7,000	-
Recreation and Education:				
Recreation Commission R.S. 40:12-1				
Salaries and Wages	330,346	290,346	283,279	7,067
Other Expenses	35,103	35,103	22,685	12,418
Senior Citizens Center				
Salaries and Wages	110,740	110,740	109,341	1,399
Other Expenses	7,700	7,700	4,170	3,530
Stigma Free Events - Other Expenses	250	250	-	250
Downtown Committee - Other Expenses	5,000	5,000	2,694	2,306
Welcome Committee - Other Expenses	7,000	7,000	6,488	512
Senior Services Coordinator				
Salaries and Wages	36,400	36,400	35,872	528
Other Expenses	1,570	1,570	1,168	402
Senior Services Transportation				
Salaries and Wages	94,787	88,787	85,205	3,582
Other Expenses	7,250	7,250	3,737	3,513
Parking Lot Rental				
Other Expenses	30,000	30,000	30,000	-
Celebration of Public Events				
Other Expenses	82,000	82,000	77,061	4,939
Payroll Adjustment	575,000	575,000	349,156	225,844
Terminal Leave	150,000	150,000	16,662	133,338
PUBLIC SAFETY FUNCTION				
Municipal Court				
Salaries and Wages	129,664	129,664	126,576	3,088
Other Expenses	16,430	16,430	11,527	4,903
Public Defender				
Other Expenses	3,200	3,200	2,400	800

BOROUGH OF TENAFLY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	<u>2024 Appropriated</u>		<u>2024 Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS WITHIN "CAPS" (Cont'd)				
APPROPRIATIONS OFFSET BY				
DEDICATED REVENUES				
(N.J.A.C. 5:23-4-17)				
State Uniform Construction Code				
Construction Code Officials				
Salaries and Wages	\$ 263,770	\$ 297,270	\$ 290,041	\$ 7,229
Other Expenses	15,045	12,545	10,880	1,665
Director of Building Department				
Salaries and Wages	132,435	126,435	121,714	4,721
Other Expenses	11,825	11,825	11,416	409
Unclassified				
Electricity	212,250	205,250	193,373	11,877
Street Lighting	190,000	200,000	197,805	2,195
Telephone	88,000	88,000	83,854	4,146
Natural Gas	67,000	67,000	50,450	16,550
Gasoline	234,500	209,500	189,655	19,845
LANDFILL/SOLID WASTE DISPOSAL COSTS				
BCUA Disposal Fees	<u>570,000</u>	<u>620,000</u>	<u>618,042</u>	<u>1,958</u>
Total Operations Within "CAPS"	<u>21,992,432</u>	<u>21,988,932</u>	<u>20,891,110</u>	<u>1,097,822</u>
Total Operations Including Contingent Within "CAPS"	<u>21,992,432</u>	<u>21,988,932</u>	<u>20,891,110</u>	<u>1,097,822</u>
Detail:				
Salaries and Wages	12,040,362	11,966,762	11,352,399	614,363
Other Expenses	<u>9,952,070</u>	<u>10,022,170</u>	<u>9,538,711</u>	<u>483,459</u>
DEFERRED CHARGES AND STATUTORY				
EXPENDITURES - MUNICIPAL WITHIN				
"CAPS"				
Statutory Expenditures				
Contribution to:				
Public Employees Retirement System	784,405	784,405	784,405	-
Social Security System (O.A.S.I.)	600,000	600,000	577,757	22,243
Police and Firemen's Retirement System of NJ	1,829,707	1,829,707	1,829,707	-
Defined Contribution Retirement Program	<u>23,000</u>	<u>26,500</u>	<u>24,584</u>	<u>1,916</u>
Total Deferred Charges and Statutory				
Expenditures - Municipal				
Within "CAPS"	<u>3,237,112</u>	<u>3,240,612</u>	<u>3,216,453</u>	<u>24,159</u>
Total General Appropriations for				
Municipal Purposes Within "CAPS"	<u>25,229,544</u>	<u>25,229,544</u>	<u>24,107,563</u>	<u>1,121,981</u>

BOROUGH OF TENAFLY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	<u>2024 Appropriated</u>		<u>2024 Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS EXCLUDED FROM "CAPS"				
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)	\$ 1,665,483	\$ 1,665,483	\$ 1,510,144	\$ 155,339
Library Building Maintenance				-
Salaries and Wages	27,812	27,812	12,651	15,161
Other Expenses	87,219	87,219	66,944	20,275
Bergen County Utilities Authority				
Operations and Maintenance	1,533,798	1,533,798	1,533,798	-
Debt Service	417,713	417,713	417,713	-
Reserve for Tax Appeals	150,000	150,000	-	150,000
Emergency Services Volunteer Length of Service				
Award Program (P.L. 1997, C. 388)	87,000	87,000	-	87,000
Liability	53,390	53,390	53,390	-
Worker's Compensation	42,094	42,094	42,094	-
Contract-Collections	90,180	90,180	90,180	-
Total Other Operations Excluded from "CAPS"	<u>4,154,689</u>	<u>4,154,689</u>	<u>3,726,914</u>	<u>427,775</u>
PUBLIC AND PRIVATE PROGRAMS				
OFFSET BY REVENUES				
Recycling Tonnage Grant	22,058	22,058	22,058	-
Mid-Bergen Regional Grant	12,679	12,679		12,679
Police DWI				-
Body Armor Fund	2,676	2,676	2,675	1
Click It or Ticket				-
DOJ Bullet Proof Vests	2,622	2,622	2,622	-
OPIOID Grant	15,194	15,194		15,194
Municipal Alliance on Alcoholism and Drug Abuse				-
Municipal Alliance	5,634	5,634	2,338	3,296
Stigma Free Grant				-
Firefighter Grant	52,000	52,000	51,792	208
JIF Grant	1,750	1,750	150	1,600
Clean Communities Program	33,631	33,631	32,768	863
Total Public and Private Programs				
Offset by Revenues	<u>148,244</u>	<u>148,244</u>	<u>114,403</u>	<u>33,841</u>
Total Operations Excluded from "CAPS"	<u>4,302,933</u>	<u>4,302,933</u>	<u>3,841,317</u>	<u>461,616</u>
Detail:				
Salaries and Wages	27,812	27,812	12,651	15,161
Other Expenses	4,275,121	4,275,121	3,828,666	446,455
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"				
Capital Improvement Fund	235,000	235,000	235,000	-
Total Capital Improvement Fund - Excluded from "CAPS"	<u>235,000</u>	<u>235,000</u>	<u>235,000</u>	<u>-</u>
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"				
Payment of Bond Principal	2,025,000	2,025,000	2,025,000	-
Note Principal	375,000	375,000	375,000	-
Interest on Bonds	352,430	352,430	352,430	-
Interest on Notes	564,995	564,995	564,995	-
Total Municipal Debt Service - Excluded from "CAPS"	<u>3,317,425</u>	<u>3,317,425</u>	<u>3,317,425</u>	<u>-</u>

**BOROUGH OF TENAFLY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)**

	<u>2024 Appropriated</u>		<u>2024 Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
DEFERRED CHARGES EXCLUDED FROM "CAPS"				
Deferred Charges				
Deferred Charges - Unfunded	\$ 300,000	\$ 300,000	\$ 300,000	
Special Emergency Authorization (5 Years)	40,000	40,000	40,000	-
	<u>340,000</u>	<u>340,000</u>	<u>340,000</u>	<u>-</u>
Total Deferred Charges - Municipal - Excluded from "CAPS"				
	<u>340,000</u>	<u>340,000</u>	<u>340,000</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>8,195,358</u>	<u>8,195,358</u>	<u>7,733,742</u>	<u>\$ 461,616</u>
Subtotal General Appropriations	33,424,902	33,424,902	31,841,305	1,583,597
Reserve for Uncollected Taxes	<u>1,950,000</u>	<u>1,950,000</u>	<u>1,950,000</u>	<u>-</u>
Total General Appropriations	<u>\$ 35,374,902</u>	<u>\$ 35,374,902</u>	<u>\$ 33,791,305</u>	<u>\$ 1,583,597</u>

**BOROUGH OF TENAFLY
BALANCE SHEET - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2024 (UNAUDITED)**

	<u>2024</u>
ASSETS	
Animal Control Trust Fund	
Cash	\$ <u>17,691</u>
Other Trust Fund	
Cash	8,745,856
Due from Recreation Trust Fund- Payroll Agency	30
Due from Current Fund - Other Trust Fund	<u>96,277</u>
	<u>8,842,163</u>
Unemployment Insurance Trust Fund	
Cash	<u>83,630</u>
Municipal Open Space Preservation Trust Fund	
Cash	<u>2,785,413</u>
Length of Service Awards Program (Unaudited)	
Investments	<u>1,930,033</u>
Total Assets	<u><u>\$ 13,658,930</u></u>

**BOROUGH OF TENAFLY
BALANCE SHEET - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2024 (UNAUDITED)**

2024

LIABILITIES, RESERVES AND FUND BALANCE

Animal Control Trust Fund	
Reserve for Animal License Expenditures	\$ 17,691
Other Trust Fund	
Due to Other Trust Fund - Recreation	30
Reserve for:	
Miscellaneous Reserves	8,220,481
Unemployment	83,630
Recreation	519,468
Accrued Salaries and Wages	4,155
Payroll Deductions Payable	14,399
	<u>8,842,163</u>
Unemployment Insurance Trust Fund	
Reserve for Unemployment Compensation Insurance	<u>83,630</u>
Municipal Open Space Preservation Trust Fund	
Due to General Capital Fund	26,352
Reserve for Municipal Open Space Expenditures	<u>2,759,061</u>
	<u>2,785,413</u>
Length of Service Awards Program (Unaudited)	
Net Position Available for Benefits	<u>1,930,033</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 13,658,930</u>

BOROUGH OF TENAFLY
STATEMENT OF REVENUES-REGULATORY BASIS
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (Memo)	Budget After Modification (Memo)	Realized	Variance
Amount to be Raised by Taxation	\$ 408,537	\$ 408,537	\$ 410,563	\$ 2,026
Interest Income			132,315	132,315
Cancellation of Capital Ordinance	<u>-</u>	<u>-</u>	<u>130,142</u>	<u>130,142</u>
	<u>\$ 408,537</u>	<u>\$ 408,537</u>	<u>\$ 673,020</u>	<u>\$ 264,483</u>

STATEMENT OF EXPENDITURES-REGULATORY BASIS
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (Memo)	Budget After Modification (Memo)	Paid or Charged	Variance
Down Payments on Improvements				
Capital Outlay				
Reserve for Future Use	\$ 410,912	408,537	408,537	\$ -
	<u>\$ 410,912</u>	<u>\$ 408,537</u>	<u>\$ 408,537</u>	<u>\$ -</u>

**BOROUGH OF TENAFLY
BALANCE SHEET - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2024 (UNAUDITED)**

2024

ASSETS

Cash	\$ 7,810,242
Grants / Other Receivable	857,416
Due from Municipal Open Space	26,352
Deferred Charges to Future Taxation	
Funded	9,736,000
Unfunded	<u>23,463,268</u>
 Total Assets	 <u><u>\$ 41,893,278</u></u>

LIABILITIES, RESERVES AND FUND BALANCE

General Serial Bonds	\$ 9,736,000
Bond Anticipation Notes Payable	16,900,000
Contracts Payable	5,097,442
Improvement Authorizations	
Funded	1,316,788
Unfunded	7,135,348
Reserve for:	
Debt Service	383,627
Grants Receivable	750,725
Insurance Proceeds	46,245
Capital Improvement Fund	133,295
Fund Balance	<u>393,808</u>
 Total Liabilities, Reserves and Fund Balance	 <u><u>\$ 41,893,278</u></u>

There were bonds and notes authorized but not issued at December 31, 2024 of \$6,580,605.

BOROUGH OF TENAFLY
STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS -
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

	<u>2024</u>
Balance, December 31	\$ 534,284
Increased by:	
Cancellations	26,352
Premium on Sale of Notes	<u>133,172</u>
	693,808
Decreased by:	
Realized as Current Fund Revenue	<u>300,000</u>
Balance, December 31	<u>\$ 393,808</u>

**INDEPENDENT AUDITORS REPORT AND
FINANCIAL STATEMENTS OF THE BOROUGH OF TENAFLY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Tenaflly, as of December 31, 2023 and 2022, and the related statements of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the for the years then ended, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, 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, 2023 and 2022, 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, 2023 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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 section of our report, 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, 2023 and 2022, or changes in financial position, for the years then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Tenaflly and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 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, 2023 and 2022. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 13 percent and 11 percent of the assets and liabilities of the Borough's Trust Funds as of December 31, 2023 and 2022, respectively.

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 provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Tenaflly's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough of Tenaflly's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Tenaflly's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

By/s/

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

Fair Lawn, New Jersey
July 31, 2024

BOROUGH OF TENAFLY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 10,042,465	\$ 9,619,555
Cash - Change Funds	375	375
Cash- Petty Cash	8,736	8,736
Grants Receivable	<u>39,537</u>	<u>12,209</u>
	<u>10,091,113</u>	<u>9,640,875</u>
Receivables and Other Assets With Full Reserves		
Delinquent Property Taxes Receivable	705,359	749,479
Tax Title Lien Receivable	3,815	1,362
Property Acquired for Taxes - Assessed Valuation	18,200	18,200
Due From General Capital Fund	462,611	92,364
Due From Other Trust Fund	6,078	11,203
Due From Recreation Trust Fund	2,479	4,850
Due From Animal Control Trust Fund	<u>120</u>	<u>2,318</u>
Sub Total	<u>1,198,662</u>	<u>879,776</u>
Deferred Charges		
COVID Special Emergency Authorization	<u>120,000</u>	<u>160,000</u>
Sub Total	<u>120,000</u>	<u>160,000</u>
Total Assets	<u>\$ 11,409,775</u>	<u>\$ 10,680,651</u>

BOROUGH OF TENAFLY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Liabilities		
Appropriation Reserves	\$ 1,915,930	\$ 1,088,643
Encumbrances Payable	880,464	523,601
Accounts Payable	99,592	89,741
Due to Other Trust Fund- Other	69,580	155,825
Due to State - Senior Citizen and Veterans Deductions	2,144	3,394
Due to State - DCA Training Fees	8,270	879
Prepaid Taxes	587,953	605,763
Tax Overpayments	165,267	587,031
County Taxes Payable	81,624	49,287
Appropriated Reserve for Grants	126,350	130,423
Unappropriated Reserve for Grants	313,647	1,198,342
Miscellaneous Reserves	<u>498,139</u>	<u>472,234</u>
	4,748,960	4,905,163
Reserve for Receivables	1,198,662	879,776
Fund Balance	<u>5,462,153</u>	<u>4,895,712</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 11,409,775</u>	<u>\$ 10,680,651</u>

BOROUGH OF TENAFLY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 2,635,000	\$ 2,635,000
Miscellaneous Revenues Anticipated	4,835,495	3,359,355
Receipts from Delinquent Taxes	741,481	624,949
Receipts from Current Taxes	112,198,260	108,766,113
Non-Budget Revenues	130,442	185,946
Other Credits to Income		
Interfunds Returned	110,735	4,414
Unexpended Balance of Appropriation Reserves	<u>409,562</u>	<u>605,291</u>
Total Revenues and Other Income	<u>121,060,975</u>	<u>116,181,068</u>
EXPENDITURES		
Budget and Emergency Appropriations		
Operations		
Salaries and Wages	11,863,842	11,598,175
Other Expenses	13,342,783	12,189,412
Capital Improvements	250,000	152,000
Municipal Debt Service	2,795,964	3,498,749
Deferred Charges and Statutory Expenditures	3,398,796	3,082,374
Local District School Tax	73,231,494	71,141,836
County Taxes including Added Taxes	12,096,879	11,473,512
Municipal Open Space Taxes incl/Added Taxes	408,488	405,372
Interfunds Advanced	471,288	110,735
Refund of Prior Year Revenue	<u>-</u>	<u>1,341</u>
Total Expenditures	<u>117,859,534</u>	<u>113,653,506</u>
Statutory Excess in Revenue	3,201,441	2,527,562
Fund Balance, January 1	<u>4,895,712</u>	<u>5,003,150</u>
	8,097,153	7,530,712
Decreased by:		
Utilization as Anticipated Revenues	<u>2,635,000</u>	<u>2,635,000</u>
Fund Balance, December 31,	<u>\$ 5,462,153</u>	<u>\$ 4,895,712</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TENAFLY
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>		<u>2022</u>	
	<u>Budget After</u>	<u>Actual</u>	<u>Budget After</u>	<u>Actual</u>
	<u>Modification</u>		<u>Modification</u>	
FUND BALANCE ANTICIPATED	\$ 2,635,000	\$ 2,635,000	\$ 2,635,000	\$ 2,635,000
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	25,000	27,430	25,000	\$ 27,265
Other	14,500	15,471	13,000	15,225
Fees and Permits				
Other	150,000	182,297	165,000	159,289
Fines and Costs				
Municipal Court	75,000	97,589	80,000	81,624
Interest and Costs on Taxes	215,000	264,364	190,000	225,624
Interest on Investments	190,000	1,211,663	40,000	295,811
Rental of Borough Owned Property	130,773	119,857	50,000	179,612
Use of Sewer System Agreements	50,000	44,299	40,000	61,972
Borough Operated Alarm Systems	35,000	37,275	35,000	38,065
Energy Receipts Taxes	1,127,541	1,127,541	1,119,801	1,119,801
Municipal Relief Fund	58,413	58,413		
Uniform Construction Code Fees	500,000	651,715	600,000	519,094
State and Federal Grants Offset with Appropriations-				
Municipal Alliance on Alcoholism and Drug Abuse	6,090	6,090	6,090	6,090
Body Armor Fund - Reserve	2,326	2,326	1,735	1,735
Clean Communities- Reserve	29,985	29,985	29,197	29,197
JIF Safety Grant- Reserve	1,000	1,000		
Firefighter Grant	29,000	29,000		
Stigma Free Grant- Reserve	1,087	1,087		
Opioid Grant- Reserve	9,262	9,262		
Recycling Tonnage Grant	22,677	22,677	22,063	22,063
Uniform Fire Safety Act	15,000	16,884	15,000	23,002
Cable TV Franchise Fee	147,883	151,293	163,309	163,309
Hotel Occupancy Fee (P.L. 2003, c.114)	50,000	61,147	40,000	65,192
Sewer Charges - Tax Exempt Properties	15,000	16,399	19,000	17,668
Payment in Lieu of Taxes - Tenaflly House	26,800	26,800	25,000	26,800
Cell Tower/Monopole Lease	170,000	198,631	165,000	175,397
Capital Fund Balance	425,000	425,000	50,000	50,000
Reserve for Payment of Debt Service	-	-	55,520	55,520
	<u>3,522,337</u>	<u>4,835,495</u>	<u>2,949,715</u>	<u>3,359,355</u>
Total Miscellaneous Revenues				
RECEIPTS FROM DELINQUENT TAXES	615,000	741,481	615,000	624,949
AMOUNT TO BE RAISED BY TAXATION:				
Local Tax for Municipal Purposes	25,105,387	26,687,738	24,599,755	26,007,315
Minimum Library Tax	1,673,661	1,673,661	1,588,078	1,588,078
	<u>26,779,048</u>	<u>28,361,399</u>	<u>26,187,833</u>	<u>27,595,393</u>
Total Amount to be Raised by Taxation				
Total General Revenues	\$ 33,551,385	\$ 36,573,375	\$ 32,387,548	\$ 34,214,697

The Accompanying Notes are an Integral Part of these Financial Statements

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2023 STATEMENT OF EXPENDITURES

BOROUGH OF TENAFLY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023 Appropriated</u>		<u>2023 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
General Government					
Administrative and Executive					
Salaries and Wages					
Administrator's Office	\$ 233,705	\$ 220,205	\$ 208,447	\$ 11,758	
Borough Clerk's Office	211,279	211,279	206,907	4,372	
Other Expenses					
Administrator's Office	187,750	214,750	195,385	19,365	
Borough Clerk's Office	51,800	51,800	29,751	22,049	
Postage	30,000	30,000	29,679	321	
Photocopy Expense	36,000	36,000	35,040	960	
Human Resources					
Salaries and Wages	80,666	67,166	51,110	16,056	
Other Expenses	9,300	9,300	3,690	5,610	
Mayor and Council					
Salaries and Wages	35,000	35,000	34,038	962	
Other Expenses	14,000	14,000	12,813	1,187	
Elections					
Salaries and Wages	7,500	7,500	2,546	4,954	
Other Expenses	19,400	19,400	13,255	6,145	
Financial Administration					
Salaries and Wages	321,342	314,842	298,352	16,490	
Audit/Other Expenses	72,750	72,750	68,395	4,355	
Revenue Administration					
Salaries and Wages	109,662	116,162	115,964	198	
Other Expenses	47,400	47,400	41,131	6,269	
Assessment of Taxes					
Salaries and Wages	140,552	140,552	140,552	-	
Other Expenses	28,850	28,850	4,851	23,999	
Legal Services and Costs					
Other Expenses	239,000	239,000	196,462	42,538	
Engineering Services and Costs					
Other Expenses	106,500	106,500	74,647	31,853	
Historic Preservation Commission					
Salaries and Wages	4,000	4,000	4,000	-	
Other Expenses	10,500	10,500	433	10,067	
Municipal Land Use Law:					
Planning Board					
Salaries and Wages	4,000	4,000	4,000	-	
Other Expenses	52,575	52,575	44,687	7,888	
Zoning Board of Adjustment					
Salaries and Wages	3,000	3,000	3,000	-	
Other Expenses	44,530	44,530	32,667	11,863	
Insurance					
Liability	467,250	466,875	462,592	4,283	

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, 2023

	<u>2023 Appropriated</u>		<u>2023 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
Insurance (Continued)					
Worker's Compensation	\$ 359,850	\$ 359,850	\$ 359,850	-	
Group Insurance Plan for Employees	2,197,684	2,198,059	2,198,059	-	
Unemployment	40,000	40,000	40,000	-	
Deductible	1,500	1,500	1,000	\$ 500	
Public Safety					
Police					
Salaries and Wages	6,126,647	6,126,647	6,011,001	115,646	
Other Expenses	303,372	303,372	277,845	25,527	
Emergency Management Services					
Salaries and Wages	4,600	4,600	4,600	-	
Other Expenses	19,325	19,325	16,899	2,426	
Aid to Volunteer Fire Company					
Salaries and Wages	127,143	127,143	122,710	4,433	
Other Expenses	13,300	13,300	8,229	5,071	
Aid to Volunteer Ambulance Corps					
Other Expenses	214,500	214,500	197,044	17,456	
Fire Department					
Salaries and Wages	22,920	22,920	21,420	1,500	
Other Expenses	330,450	330,450	276,647	53,803	
Fire Hydrant Services	233,631	233,631	233,078	553	
Municipal Prosecutor					
Other Expenses	17,300	17,300	15,900	1,400	
Streets and Roads					
Road Repairs and Maintenance					
Salaries and Wages	2,406,404	2,358,904	2,065,232	293,672	
Other Expenses	593,650	551,650	525,779	25,871	
Solid Waste Collections					
Contract-Collections	895,000	895,000	890,000	5,000	
Recycling Center					
Salaries and Wages	475,210	513,710	512,056	1,654	
Other Expenses	138,325	161,325	161,325	-	
Public Buildings and Grounds					
Salaries and Wages	196,799	199,299	197,853	1,446	
Other Expenses	310,725	272,725	264,471	8,254	

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, 2023**

	<u>2023 Appropriated</u>		<u>2023 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
Health and Welfare					
Board of Health					
Salaries and Wages	\$ 5,000	\$ 5,000	\$ 5,000	-	
Other Expenses	109,389	109,389	82,266	\$ 27,123	
Environmental Commission					
Other Expenses	5,000	5,000	3,423	1,577	
Animal Welfare					
Other Expenses	14,500	14,500	11,942	2,558	
Mental Health Center					
Other Expenses	7,000	7,000	7,000	-	
Recreation and Education:					
Recreation Commission R.S. 40:12-1					
Salaries and Wages	327,766	327,766	253,489	74,277	
Other Expenses	44,603	44,603	38,233	6,370	
Senior Citizens Center					
Salaries and Wages	105,225	105,225	99,166	6,059	
Other Expenses	7,700	7,700	6,391	1,309	
Stigma Free Events - Other Expenses	5,000	5,000	505	4,495	
Downtown Committee - Other Expenses	5,000	5,000	2,710	2,290	
Welcome Committee - Other Expenses	6,500	6,500	6,212	288	
Senior Services Coordinator					
Salaries and Wages	36,400	36,400	35,035	1,365	
Other Expenses	1,000	1,000	825	175	
Senior Services Transportation					
Salaries and Wages	94,787	94,787	76,789	17,998	
Other Expenses	6,750	6,750	5,738	1,012	
Parking Lot Rental					
Other Expenses	15,000	15,000	15,000	-	
Celebration of Public Events					
Other Expenses	69,500	69,500	69,028	472	
Payroll Adjustment	263,125	263,125	52,529	210,596	
PUBLIC SAFETY FUNCTION					
Municipal Court					
Salaries and Wages	129,073	135,073	132,584	2,489	
Other Expenses	16,430	16,430	11,997	4,433	
Public Defender					
Other Expenses	3,550	4,050	4,000	50	

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, 2023

	<u>2023 Appropriated</u>		<u>2023 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
State Uniform Construction Code					
Construction Code Officials					
Salaries and Wages	\$ 254,095	\$ 266,595	\$ 261,874	\$ 4,721	
Other Expenses	21,440	18,440	5,052	13,388	
Director of Building Department					
Salaries and Wages	134,688	125,188	120,022	5,166	
Other Expenses	6,230	6,230	5,220	1,010	
Unclassified					
Electricity	212,250	212,250	200,948	11,302	
Street Lighting	168,000	173,250	173,174	76	
Telephone	93,000	93,000	82,097	10,903	
Natural Gas	74,500	74,500	49,250	25,250	
Gasoline	236,497	231,247	182,527	48,720	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
BCUA Disposal Fees	<u>500,000</u>	<u>557,000</u>	<u>556,258</u>	<u>742</u>	<u>-</u>
Total Operations Within "CAPS"	<u>20,575,644</u>	<u>20,575,644</u>	<u>19,271,676</u>	<u>1,303,968</u>	<u>-</u>
Total Operations Including Contingent Within "CAPS"	<u>20,575,644</u>	<u>20,575,644</u>	<u>19,271,676</u>	<u>1,303,968</u>	<u>-</u>
Detail:					
Salaries and Wages	11,860,588	11,836,088	11,040,276	795,812	-
Other Expenses	<u>8,715,056</u>	<u>8,739,556</u>	<u>8,231,400</u>	<u>508,156</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL WITHIN					
"CAPS"					
Statutory Expenditures					
Contribution to:					
Public Employees Retirement System	717,730	717,730	717,730	-	
Social Security System (O.A.S.I.)	600,000	600,000	547,130	52,870	
Police and Firemen's Retirement System of NJ	1,618,066	1,618,066	1,618,066	-	
Defined Contribution Retirement Program	<u>23,000</u>	<u>23,000</u>	<u>18,338</u>	<u>4,662</u>	<u>-</u>
Total Deferred Charges and Statutory					
Expenditures - Municipal					
Within "CAPS"	<u>2,958,796</u>	<u>2,958,796</u>	<u>2,901,264</u>	<u>57,532</u>	<u>-</u>
Total General Appropriations for					
Municipal Purposes Within "CAPS"	<u>23,534,440</u>	<u>23,534,440</u>	<u>22,172,940</u>	<u>1,361,500</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, 2023

	<u>2023 Appropriated</u>		<u>2023 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)	\$ 1,561,799	\$ 1,561,799	\$ 1,451,678	\$ 110,121	
Library Building Maintenance				-	
Salaries and Wages	27,754	27,754	18,183	9,571	
Other Expenses	84,108	84,108	69,056	15,052	
Bergen County Utilities Authority					
Operations and Maintenance	1,564,774	1,564,774	1,564,774	-	
Debt Service	385,483	385,483	385,483	-	
Reserve for Tax Appeals	200,000	200,000		200,000	
Emergency Services Volunteer Length of Service					
Award Program (P.L. 1997, C. 388)	77,000	77,000	1,955	75,045	-
Group Insurance Plan for Employees	367,316	367,316	258,289	109,027	
Public Employees Retirement System	58,196	58,196	58,196	-	
Police and Firemen's Retirement System of NJ	151,474	151,474	151,473	1	
Recycling Center - O/E	16,475	16,475	10,866	5,609	
Gasoline	3,503	3,503	-	3,503	
Worker's Compensation	30,150	30,150	29,695	455	-
Total Other Operations Excluded from "CAPS"	4,528,032	4,528,032	3,999,648	528,384	-
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Recycling Tonnage Grant	22,677	22,677	9,141	13,536	
Body Armor Fund	2,326	2,326	2,326	-	
OPIOID Grant	9,262	9,262	-	9,262	
Municipal Alliance	7,612	7,612	5,741	1,871	
Stigma Free Grant	1,087	1,087		1,087	
Firefighter Grant	-	29,000	28,710	290	
JIF Grant	1,000	1,000	1,000	-	
Clean Communities Program	29,985	29,985	29,985	-	-
Total Public and Private Programs					
Offset by Revenues	73,949	102,949	76,903	26,046	-
Total Operations Excluded from "CAPS"	4,601,981	4,630,981	4,076,551	554,430	-
Detail:					
Salaries and Wages	27,754	27,754	18,183	9,571	-
Other Expenses	4,574,227	4,603,227	4,058,368	544,859	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	250,000	250,000	250,000	-	-
Total Capital Improvement Fund - Excluded from "CAPS"	250,000	250,000	250,000	-	-
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Principal	2,025,000	2,025,000	2,025,000	-	
Interest on Bonds	391,142	391,142	391,142		
Interest on Notes	379,822	379,822	379,822	-	-
Total Municipal Debt Service - Excluded from "CAPS"	2,795,964	2,795,964	2,795,964	-	-

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, 2023

	<u>2023 Appropriated</u>		<u>2023 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES EXCLUDED FROM "CAPS"					
Deferred Charges					
Deferred Charges - Unfunded	\$ 400,000	\$ 400,000	\$ 400,000		
Special Emergency Authorization (5 Years)	40,000	40,000	40,000	-	-
	<u>440,000</u>	<u>440,000</u>	<u>440,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal - Excluded from "CAPS"					
	<u>440,000</u>	<u>440,000</u>	<u>440,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>8,087,945</u>	<u>8,116,945</u>	<u>7,562,515</u>	<u>\$ 554,430</u>	<u>-</u>
Subtotal General Appropriations	31,622,385	31,651,385	29,735,455	1,915,930	-
Reserve for Uncollected Taxes	<u>1,900,000</u>	<u>1,900,000</u>	<u>1,900,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 33,522,385</u>	<u>\$ 33,551,385</u>	<u>\$ 31,635,455</u>	<u>\$ 1,915,930</u>	<u>\$ -</u>
Budget as Adopted		\$ 33,522,385			
Appropriation by 40A:4-87		<u>29,000</u>			
		<u>\$ 33,551,385</u>			

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2022 STATEMENT OF EXPENDITURES

BOROUGH OF TENAFLY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022 Appropriated</u>		<u>2022 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
General Government					
Administrative and Executive					
Salaries and Wages					
Administrator's Office	\$ 242,405	\$ 240,905	\$ 236,597	\$ 4,308	
Borough Clerk's Office	198,454	196,954	190,509	6,445	
Other Expenses					
Administrator's Office	167,750	164,750	138,545	26,205	
Borough Clerk's Office	51,800	43,300	31,246	12,054	
Postage	30,000	30,000	28,945	1,055	
Photocopy Expense	36,000	36,000	35,612	388	
Human Resources					
Salaries and Wages	94,910	94,910	94,910	-	
Other Expenses	14,600	11,600	11,387	213	
Mayor and Council					
Salaries and Wages	35,000	23,000	23,000	-	
Other Expenses	14,000	10,500	8,659	1,841	
Elections					
Salaries and Wages	7,500	3,000	2,649	351	
Other Expenses	15,900	19,400	16,137	3,263	
Financial Administration					
Salaries and Wages	294,752	294,752	290,844	3,908	
Audit/Other Expenses	70,800	70,800	64,531	6,269	
Revenue Administration					
Salaries and Wages	102,283	103,083	103,067	16	
Other Expenses	45,769	41,769	38,907	2,862	
Assessment of Taxes					
Salaries and Wages	137,796	137,796	137,796	-	
Other Expenses	28,250	18,750	4,478	14,272	
Legal Services and Costs					
Other Expenses	264,000	254,000	221,847	32,153	
Engineering Services and Costs					
Other Expenses	109,000	112,000	111,678	322	
Historic Preservation Commission					
Salaries and Wages	4,000	4,000	4,000	-	
Other Expenses	11,450	11,450	85	11,365	
Municipal Land Use Law:					
Planning Board					
Salaries and Wages	6,500	6,500	4,000	2,500	
Other Expenses	78,075	73,075	68,277	4,798	
Zoning Board of Adjustment					
Salaries and Wages	3,000	3,000	3,000	-	
Other Expenses	43,630	60,630	59,037	1,593	
Insurance					
Liability	405,822	418,505	415,367	3,138	

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, 2022

	<u>2022 Appropriated</u>		<u>2022 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
Insurance (Continued)					
Worker's Compensation	\$ 347,681	\$ 347,681	\$ 347,681	-	
Group Insurance Plan for Employees	2,013,000	2,087,023	2,085,353	\$ 1,670	
Unemployment	40,000	40,000		40,000	
Deductible	1,500	1,500	-	1,500	
Public Safety					
Police					
Salaries and Wages	6,196,756	6,196,756	6,164,801	31,955	
Other Expenses	294,652	294,652	244,024	50,628	
Emergency Management Services					
Salaries and Wages	4,600	4,600	4,600	-	
Other Expenses	19,100	13,600	11,644	1,956	
Aid to Volunteer Fire Company					
Salaries and Wages	124,653	124,653	117,693	6,960	
Other Expenses	13,300	10,800	7,502	3,298	
Aid to Volunteer Ambulance Corps					
Other Expenses	204,000	197,000	192,434	4,566	
Fire Department					
Salaries and Wages	22,500	22,500	21,000	1,500	
Other Expenses	330,450	311,450	264,517	46,933	
Fire Hydrant Services	233,311	233,311	232,878	433	
Municipal Prosecutor					
Other Expenses	15,300	13,300	12,900	400	
Streets and Roads					
Road Repairs and Maintenance					
Salaries and Wages	2,255,130	2,242,563	2,120,010	122,553	
Other Expenses	550,100	570,100	546,137	23,963	
Solid Waste Collections					
Contract-Collections	895,000	895,000	885,000	10,000	
Recycling Center					
Salaries and Wages	452,987	452,987	449,640	3,347	
Other Expenses	144,800	139,800	138,605	1,195	
Public Buildings and Grounds					
Salaries and Wages	192,285	194,585	194,544	41	
Other Expenses	324,275	300,568	252,499	48,069	

**BOROUGH OF TENAFLY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022 Appropriated</u>		<u>2022 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
Health and Welfare					
Board of Health					
Salaries and Wages	\$ 5,000	\$ 5,000	\$ 5,000	-	
Other Expenses	110,741	97,741	87,491	\$ 10,250	
Environmental Commission					
Other Expenses	1,800	1,800	375	1,425	
Animal Welfare					
Other Expenses	14,500	12,000	11,011	989	
Mental Health Center					
Other Expenses	7,000	7,000	7,000	-	
Recreation and Education:					
Recreation Commission R.S. 40:12-1					
Salaries and Wages	301,674	301,674	264,485	37,189	
Other Expenses	34,603	30,103	18,221	11,882	
Senior Citizens Center					
Salaries and Wages	103,162	103,162	95,770	7,392	
Other Expenses	8,850	8,850	6,199	2,651	
Stigma Free Events - Other Expenses	5,000	5,000	829	4,171	
Downtown Committee - Other Expenses	5,000	5,000	-	5,000	
Welcome Committee - Other Expenses	6,500	6,500	5,038	1,462	
Senior Services Coordinator					
Salaries and Wages	33,110	34,810	33,292	1,518	
Other Expenses	1,000	1,000	566	434	
Senior Services Transportation					
Salaries and Wages	94,615	84,615	72,816	11,799	
Other Expenses	6,500	6,500	6,497	3	
Parking Lot Rental					
Other Expenses	30,040	30,040	18,123	11,917	
Celebration of Public Events					
Other Expenses	43,500	43,500	43,408	92	
Payroll Adjustment	175,000	175,000	62,417	112,583	
PUBLIC SAFETY FUNCTION					
Municipal Court					
Salaries and Wages	131,649	125,649	117,536	8,113	
Other Expenses	14,430	14,430	11,538	2,892	
Public Defender					
Other Expenses	3,550	3,550	1,300	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, 2022

	<u>2022 Appropriated</u>		<u>2022 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
State Uniform Construction Code					
Construction Code Officials					
Salaries and Wages	\$ 248,278	\$ 264,278	\$ 264,076	\$ 202	
Other Expenses	9,240	12,240	11,295	945	
Director of Building Department					
Salaries and Wages	132,001	130,001	118,582	11,419	
Other Expenses	6,230	6,230	4,890	1,340	
Unclassified					
Electricity	215,250	211,250	191,593	19,657	
Street Lighting	168,000	168,000	154,934	13,066	
Telephone	88,000	85,000	81,173	3,827	
Natural Gas	77,000	69,500	54,366	15,134	
Gasoline	209,000	228,500	227,640	860	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
BCUA Disposal Fees	468,000	488,000	487,234	766	-
Total Operations Within "CAPS"	19,947,049	19,944,781	19,103,267	841,514	-
Total Operations Including Contingent Within "CAPS"	19,947,049	19,944,781	19,103,267	841,514	-
Detail:					
Salaries and Wages	11,600,000	11,570,733	11,196,634	374,099	-
Other Expenses	8,347,049	8,374,048	7,906,633	467,415	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL WITHIN					
"CAPS"					
Statutory Expenditures					
Contribution to:					
Public Employees Retirement System	693,459	693,459	693,459	-	
Social Security System (O.A.S.I.)	595,588	595,588	561,211	34,377	
Police and Firemen's Retirement System of NJ	1,563,349	1,563,349	1,563,349	-	
Defined Contribution Retirement Program	22,978	22,978	17,190	5,788	-
Total Deferred Charges and Statutory					
Expenditures - Municipal					
Within "CAPS"	2,875,374	2,875,374	2,835,209	40,165	-
Total General Appropriations for					
Municipal Purposes Within "CAPS"	22,822,423	22,820,155	21,938,476	881,679	-

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, 2022

	<u>2022 Appropriated</u>		<u>2022 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)	\$ 1,485,443	\$ 1,485,443	\$ 1,398,499	\$ 86,944	
Library Building Maintenance				-	
Salaries and Wages	27,442	27,442	20,709	6,733	
Other Expenses	75,193	75,193	66,869	8,324	
Bergen County Utilities Authority					
Operations and Maintenance	1,572,549	1,572,550	1,572,550	-	
Debt Service	349,571	349,571	349,571	-	
Reserve for Tax Appeals	200,000	200,000	200,000	-	
Emergency Services Volunteer Length of Service Award Program (P.L. 1997, C. 388)	72,000	72,000	-	72,000	-
Total Other Operations Excluded from "CAPS"	3,782,198	3,782,199	3,608,198	174,001	-
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Recycling Tonnage Grant - Reserve	22,063	22,063	465	21,598	
Body Armor Fund - Reserve	1,735	1,735	995	740	
Municipal Alliance on Alcoholism and Drug Abuse	6,090	6,090	2,741	3,349	
Matching Funds - Municipal Alliance	1,522	1,522		1,522	
Clean Communities Program - Reserve	29,197	29,197	23,443	5,754	-
Total Public and Private Programs Offset by Revenues	60,607	60,607	27,644	32,963	-
Total Operations Excluded from "CAPS"	3,842,805	3,842,806	3,635,842	206,964	-
Detail:					
Salaries and Wages	27,442	27,442	20,709	6,733	-
Other Expenses	3,815,363	3,815,364	3,615,133	200,231	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	152,000	152,000	152,000	-	-
Total Capital Improvement Fund - Excluded from "CAPS"	152,000	152,000	152,000	-	-
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Principal	2,565,000	2,565,000	2,565,000	-	
Note Principal	351,483	351,483	334,645	-	16,838
Interest on Bonds	206,130	206,130	206,130		
Interest on Notes	390,707	392,974	392,974	-	-
Total Municipal Debt Service - Excluded from "CAPS"	3,513,320	3,515,587	3,498,749	-	16,838

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, 2022**

	<u>2022 Appropriated</u>		<u>2022 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES					
Deferred Charges					
Emergency Authorization	\$ 167,000	\$ 167,000	\$ 167,000	-	-
Special Emergency Authorization (5 Years)	40,000	40,000	40,000	-	-
	<u>207,000</u>	<u>207,000</u>	<u>207,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal - Excluded from "CAPS"					
	<u>207,000</u>	<u>207,000</u>	<u>207,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>7,715,125</u>	<u>7,717,393</u>	<u>7,493,591</u>	<u>\$ 206,964</u>	<u>\$ 16,838</u>
Subtotal General Appropriations	30,537,548	30,537,548	29,432,067	1,088,643	16,838
Reserve for Uncollected Taxes	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,850,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 32,387,548</u>	<u>\$ 32,387,548</u>	<u>\$ 31,282,067</u>	<u>\$ 1,088,643</u>	<u>\$ 16,838</u>

**BOROUGH OF TENAFLY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Animal Control Trust Fund		
Cash	\$ 21,586	\$ 27,098
Other Trust Fund		
Cash	7,241,042	6,448,169
Due from Recreation Trust Fund- Payroll Agency	30	30
Due from Current Fund - Other Trust Fund	69,580	155,825
	<u>7,310,652</u>	<u>6,604,024</u>
Unemployment Insurance Trust Fund		
Cash	116,087	65,038
Recreation Activities Trust Fund		
Cash	467,630	382,425
Municipal Open Space Preservation Trust Fund		
Cash	3,167,541	3,148,098
Due From General Capital Fund	-	53,966
	<u>3,167,541</u>	<u>3,202,064</u>
Length of Service Awards Program (Unaudited)		
Investments	1,557,118	1,216,276
Contributions Receivable	78,897	72,335
	<u>1,636,015</u>	<u>1,288,611</u>
Total Assets	<u>\$ 12,719,511</u>	<u>\$ 11,569,260</u>

BOROUGH OF TENAFLY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Animal Control Trust Fund		
Reserve for Animal License Expenditures	\$ 21,466	\$ 24,780
Due to Current Fund	<u>120</u>	<u>2,318</u>
	<u>21,586</u>	<u>27,098</u>
Other Trust Fund		
Due to Current Fund - Payroll	834	2,071
Due to Current Fund - Ice Rink	22	44
Due to Current Fund - Events	59	142
Due to Current Fund - Teen Center	226	330
Due to Current Fund - Police Outside Duty	66	141
Due to Current Fund - Tax Title Lien	1,147	4,751
Due to Current Fund - Escrow Deposits	3,724	3,724
Reserve for:		
Miscellaneous Reserves	2,708,707	2,787,140
Escrow Deposits - Construction Fees	424,104	374,479
Affordable Housing Trust	4,153,725	3,410,596
Accrued Salary and Wages	4,155	6,723
Payroll Deductions Payable	<u>13,883</u>	<u>13,883</u>
	<u>7,310,652</u>	<u>6,604,024</u>
Unemployment Insurance Trust Fund		
Reserve for Unemployment Compensation Insurance	<u>116,087</u>	<u>65,038</u>
Recreation Activities Trust Fund		
Due to Current Fund	2,479	4,850
Due to Other Trust Fund- Payroll Agency	30	30
Reserve for Recreation Expenditures	<u>465,121</u>	<u>377,545</u>
	<u>467,630</u>	<u>382,425</u>
Municipal Open Space Preservation Trust Fund		
Reserve for Municipal Open Space Expenditures	<u>3,167,541</u>	<u>3,202,064</u>
Length of Service Awards Program (Unaudited)		
Net Position Available for Benefits	<u>1,636,015</u>	<u>1,288,611</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,719,511</u>	<u>\$ 11,569,260</u>

BOROUGH OF TENAFLY
COMPARATIVE STATEMENTS OF REVENUES-REGULATORY BASIS
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Budget After Modification (Memo)	Realized	Budget After Modification (Memo)	Realized
Amount to be Raised by Taxation	\$ 405,690	\$ 408,488	\$ 403,637	\$ 405,372
Reserve Balance Anticipated	<u>351,747</u>	<u>351,747</u>	<u>-</u>	<u>-</u>
	<u>\$ 757,437</u>	<u>\$ 760,235</u>	<u>\$ 403,637</u>	<u>\$ 405,372</u>

STATEMENT OF EXPENDITURES-REGULATORY BASIS
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Memo)	Budget After Modification (Memo)	Paid or Charged	Variance
Down Payments on Improvements		\$ 586,437	\$ 586,437	
Capital Outlay		171,000	171,000	
Reserve for Future Use	<u>\$ 405,690</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
	<u>\$ 405,690</u>	<u>\$ 757,437</u>	<u>\$ 757,437</u>	<u>\$ -</u>

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Memo)	Paid or Charged	Variance
Reserve for Future Use	<u>\$ 403,637</u>	<u>\$ 96,897</u>	<u>\$ 306,740</u>

**BOROUGH OF TENAFLY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 6,328,794	\$ 10,457,404
Grants / Other Receivable	609,177	781,182
Deferred Charges to Future Taxation		
Funded	11,761,000	13,786,000
Unfunded	<u>20,132,605</u>	<u>16,596,901</u>
 Total Assets	 <u>\$ 38,831,576</u>	 <u>\$ 41,621,487</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
General Serial Bonds	\$ 11,761,000	\$ 13,786,000
Bond Anticipation Notes Payable	13,294,000	13,294,000
Contracts Payable	1,203,096	4,515,063
Due To - Current Fund	462,611	92,364
Due To - Municipal Open Space Trust Fund	-	53,966
Improvement Authorizations		
Funded	3,601,985	2,304,838
Unfunded	7,325,075	5,832,905
Reserve for:		
Grants Receivable	502,485	761,528
Insurance Proceeds	46,245	46,245
Capital Improvement Fund	100,795	71,011
Fund Balance	<u>534,284</u>	<u>863,567</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 38,831,576</u>	 <u>\$ 41,621,487</u>

There were bonds and notes authorized but not issued at December 31, 2023 and 2022 of \$7,208,450 and \$3,408,950, respectively.

BOROUGH OF TENAFLY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Balance, December 31	\$ 863,567	\$ 487,144
Increased by:		
Premium on Bond Sale		325,395
Premium on Sale of Notes	<u>95,717</u>	<u>156,028</u>
	959,284	968,567
Decreased by:		
Realized as Current Fund Revenue	425,000	50,000
Appropriate to Finance Improvement Authorizations	<u>-</u>	<u>55,000</u>
Balance, December 31	<u><u>\$ 534,284</u></u>	<u><u>\$ 863,567</u></u>

BOROUGH OF TENAFLY
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
General Fixed Assets		
Land	\$ 99,186,540	\$ 99,186,540
Land Improvements	2,646,700	2,646,700
Buildings and Building Improvements	16,782,433	16,467,250
Machinery and Equipment	21,431,496	19,098,169
Right-to-Use Machinery and Equipment	<u>128,274</u>	<u>-</u>
	<u>\$ 140,175,443</u>	<u>\$ 137,398,659</u>
Investment in General Fixed Assets	<u>\$ 140,175,443</u>	<u>\$ 137,398,659</u>

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NOTES TO FINANCIAL STATEMENTS

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Tenaflly 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, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

Length of Service 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, 2023 AND 2022**

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, 2022 balances to conform to the December 31, 2023 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Prepaid Items – Certain payments to vendors or other governments reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

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

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

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

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

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

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

Reserve for Uncollected Taxes – Reserve for Uncollected Taxes is a non-spending budget appropriation account required to provide assurance that cash collected for property taxes levied in the current year will provide sufficient cash flow to meet expected budgetary obligations. The minimum amount required to be budgeted in Reserve for Uncollected Taxes is determined utilizing the actual percentage of property taxes collected in the immediate preceding budget year, unless allowable alternative methods are utilized with the approval of the Division. A Reserve for Uncollected Taxes is not established or required under GAAP.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Leases Receivable – Leases for the use of the Borough's land, building, and equipment or property are recorded as revenue when repayment is received during the year. GAAP requires leases receivable to be recorded at year-end with an offsetting deferred outflow of resources in both the fund and government-wide financial statements.

Leases Payable – Leases payments for the use of another entity's land, building and equipment or property are appropriated in the Borough's annual budget and are recorded when paid in accordance with the terms of the lease agreement. GAAP requires leases to be reported as other financing sources in the governmental funds and intangible right-to-use assets and long-term liabilities in the proprietary funds and government-wide financial statements.

Pensions – The Borough appropriates in its annual budget the amount required to be paid for pension contributions as determined by the State administered pension systems. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements its share of the actuarially determined net pension liabilities, deferred outflow of resources, deferred inflow of resources and pension expense (benefit) related to the State administered pension system. GAAP requires these actuarially determined amounts to be reported in the proprietary funds and government-wide financial statements.

Other Post-Employment Benefits (OPEB) – The Borough funds its employer paid post-retirement medical benefits on a pay-as-you-go basis. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements its actuarially determined net OPEB liability, deferred outflow of resources, deferred inflow of resources and OPEB expense (benefit). GAAP requires these actuarially determined amounts to be reported in the proprietary funds and government-wide financial statements.

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 acquired under capital financing agreements are capitalized at their acquisition cost. Intangible right-to-use leased assets and intangible right-to-use IT software (SBITAs) are not capitalized.

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

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

GAAP requires that capital assets, including intangible right-to-use leased assets and intangible right-to-use IT software (SBITAs), be recorded in proprietary 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 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.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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 Funds (Except Municipal Open Space Preservation Trust Fund)

The Borough must prepare its budget in compliance with applicable laws limiting or capping the amounts by which both the budget appropriations and the municipal tax levy can increase in the annual budget.

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the Borough is permitted to increase its overall Current Fund appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the Implicit Price Deflator for Local Governments computed by the U.S. Department of Commerce. The Borough can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap appropriations to 3.5%, upon adoption of a COLA Rate Ordinance by the governing body and beyond 3.5% upon voter passage of a referendum.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It established limits on the increase in the total amount to be raised by taxation for municipal purposes (municipal tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation for municipal purposes, exclusive of certain appropriations and allowable adjustments and extraordinary costs related to a declared emergency. Voter approval may be requested to increase the municipal tax levy by more than the allowable adjusted tax levy.

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2023 and 2022 the Borough Council increased the original budget by \$29,000 and \$0. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2023 and 2022.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC or NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, bail funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2023 and 2022, the book value of the Borough's deposits were \$26,943,419 and \$29,727,750 and bank and brokerage firm balances of the Borough's deposits amounted to \$29,705,925 and \$30,862,479, 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>2023</u>	<u>2022</u>
Insured	\$ 27,358,299	\$ 28,151,171
Uninsured and Uncollateralized	<u>2,347,626</u>	<u>2,711,308</u>
	<u><u>\$ 29,705,925</u></u>	<u><u>\$ 30,862,479</u></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, 2023 and 2022, the Borough's bank balances of \$2,347,626 and \$2,711,308, were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2023</u>	<u>2022</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 2,347,626</u>	<u>\$ 2,711,308</u>
	<u><u>\$ 2,347,626</u></u>	<u><u>\$ 2,711,308</u></u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments

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

As of December 31, 2023 and 2022 the Borough had the following investments:

		<u>Valuation</u>		
		<u>Basis</u>	<u>2023</u>	<u>2022</u>
<u>Investment Type</u>				
Investment:				
N.J. Cash Management Fund	Book Value	\$	450,837	\$ 429,148
Lincoln Financial LOSAP Retirement Fund (Unaudited)	Fair Value		1,557,118	1,216,276
			<u>\$ 2,007,955</u>	<u>\$ 1,645,424</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial credit risk. As of December 31, 2023 and 2022, \$2,007,955 and \$1,654,424, of the Borough's investments was exposed to custodial credit risk as follows:

	<u>2023</u>	<u>2022</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 2,007,955</u>	<u>\$ 1,645,424</u>
	<u>\$ 2,007,955</u>	<u>\$ 1,645,424</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2023 and 2022, the Borough's investment in Lincoln Financial Group, a subsidiary to Lincoln National Life Insurance Company was rated A2 and A1, respectively, by Moody's Investor Services.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough's investment in a single issuer. 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 National Life Insurance Company, and N.J. Cash Management Fund. These investments are 100% of the Borough's total investments.

Fair Value of Investments. The Borough of Tenaflly measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group and N.J. Cash Management Fund. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2023 and 2022 are categorized as Level 2.

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, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Property Taxes	\$ 705,359	\$ 749,479
Tax Title Liens	<u>3,815</u>	<u>1,362</u>
	<u>\$ 709,174</u>	<u>\$ 750,841</u>

In 2023 and 2022, the Borough collected \$741,481 and \$624,949 from delinquent taxes, which represented 99% and 97%, respectively of the prior year delinquent taxes receivable balance.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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>2023</u>		<u>2022</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund:	\$ 471,288	\$ 69,580	\$ 110,735	\$ 155,825
Trust Fund:				
Animal Control		120		2,318
Other Trust Fund - Escrow		3,724		3,724
Other Trust Fund - Misc. Reserves	69,580		155,825	
Other Trust Fund - Payroll Agency	30		30	
Other Trust Fund - Police Outside Duty		66		141
Other Trust Fund - Net Payroll		834		2,071
Other Trust Fund - Tax Title Lien		1,147		4,751
Other Trust Fund - Events		59		142
Other Trust Fund - Ice Rink		22		44
Other Trust Fund - Teen Center		226		330
Recreation Trust Fund		2,509		4,880
Municipal Open Space			53,966	
General Capital Fund	<u>-</u>	<u>462,611</u>	<u>-</u>	<u>146,330</u>
Total	<u>\$ 540,898</u>	<u>\$ 540,898</u>	<u>\$ 320,556</u>	<u>\$ 320,556</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

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

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance December 31,	Subsequent Year Budget Appropriation	Balance
<u>2023</u>			
Current Fund			
COVID Special Emergency Authorization	\$ 120,000	\$ 40,000	\$ 80,000
<u>2022</u>			
Current Fund			
COVID Special Emergency Authorization	\$ 160,000	\$ 40,000	\$ 120,000

NOTE 7 FUND BALANCES APPROPRIATED

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

	<u>2023</u>		<u>2022</u>	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 5,302,616	\$ 2,750,000	\$ 4,723,503	\$ 2,635,000
Non-Cash Surplus	159,537	-	172,209	-
	<u>\$ 5,462,153</u>	<u>\$ 2,750,000</u>	<u>\$ 4,895,712</u>	<u>\$ 2,635,000</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2023 and 2022.

	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2023</u>
<u>2023</u>				
Land	\$ 99,186,540			\$ 99,186,540
Land Improvements	2,646,700			2,646,700
Buildings and Building Improvements	16,467,250	\$ 315,183		16,782,433
Machinery and Equipment	19,098,169	2,500,191	\$ 166,864	21,431,496
Right-to-Use Machinery and Equipment	-	160,343	32,069	128,274
	<u>\$ 137,398,659</u>	<u>\$ 2,975,717</u>	<u>\$ 198,933</u>	<u>\$ 140,175,443</u>
	Balance December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Land	\$ 99,186,540			\$ 99,186,540
Land Improvements	2,302,623	\$ 344,077		2,646,700
Buildings and Building Improvements	16,146,664	320,586		16,467,250
Machinery and Equipment	18,231,424	891,281	\$ 24,536	19,098,169
	<u>\$ 135,867,251</u>	<u>\$ 1,555,944</u>	<u>\$ 24,536</u>	<u>\$ 137,398,659</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2023</u>	<u>2022</u>
Issued		
General		
Bonds, Notes and Loans	\$ 25,055,000	\$ 27,080,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>369,845</u>	<u>106,049</u>
Net Debt Issued	24,685,155	26,973,951
Authorized But Not Issued		
General		
Bonds and Notes	<u>7,208,450</u>	<u>3,408,950</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 31,893,605</u>	<u>\$ 30,382,901</u>

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of .649% and .634% at December 31, 2023 and 2022, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2023</u>			
General Debt	\$ 32,263,450	\$ 369,845	\$ 31,893,605
School Debt	<u>18,570,000</u>	<u>18,570,000</u>	<u>-</u>
Total	<u>\$ 50,833,450</u>	<u>\$ 18,939,845</u>	<u>\$ 31,893,605</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt (Continued)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2022</u>			
General Debt	\$ 30,488,950	\$ 106,049	\$ 30,382,901
School Debt	<u>20,505,000</u>	<u>20,505,000</u>	<u>-</u>
Total	<u>\$ 50,993,950</u>	<u>\$ 20,611,049</u>	<u>\$ 30,382,901</u>

Statutory Borrowing Power

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

	<u>2023</u>	<u>2022</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 176,479,031	\$ 168,484,610
Less: Net Debt	<u>31,893,605</u>	<u>30,382,901</u>
Remaining Borrowing Power	<u>\$ 144,585,426</u>	<u>\$ 138,101,709</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>2023</u>	<u>2022</u>
\$8,526,000, 2017 General Improvement Refunding Bonds, due in annual installments of \$1,125,000 to \$1,146,000 through May 1, 2027, interest at 2% to 3%	\$ 4,526,000	\$ 5,651,000
\$8,135,000, 2022 General Improvement Bonds, due in annual installments of \$900,000 to \$1,125,000 through September 15, 2030, interest at 3% to 4%	<u>7,235,000</u>	<u>8,135,000</u>
Total	<u>\$ 11,761,000</u>	<u>\$ 13,786,000</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2023 is as follows:

Calendar Year	General Bonds		Total
	Principal	Interest	
2024	\$ 2,025,000	\$ 352,430	\$ 2,377,430
2025	2,125,000	302,930	2,427,930
2026	2,130,000	244,730	2,374,730
2027	2,146,000	180,590	2,326,590
2028-2030	<u>3,335,000</u>	<u>267,800</u>	<u>3,602,800</u>
Total	<u>\$ 11,761,000</u>	<u>\$ 1,348,480</u>	<u>\$ 13,109,480</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2023 and 2022 were as follows:

	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within One Year
<u>2023</u>					
<u>General Capital Fund</u>					
Bonds Payable	\$ <u>13,786,000</u>	\$ <u>-</u>	\$ <u>2,025,000</u>	\$ <u>11,761,000</u>	\$ <u>2,025,000</u>
General Capital Fund Long-Term Liabilities	\$ <u>13,786,000</u>	\$ <u>-</u>	\$ <u>2,025,000</u>	\$ <u>11,761,000</u>	\$ <u>2,025,000</u>
	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within One Year
<u>2022</u>					
<u>General Capital Fund</u>					
Bonds Payable	\$ <u>8,216,000</u>	\$ <u>8,135,000</u>	\$ <u>2,565,000</u>	\$ <u>13,786,000</u>	\$ <u>2,025,000</u>
General Capital Fund Long-Term Liabilities	\$ <u>8,216,000</u>	\$ <u>8,135,000</u>	\$ <u>2,565,000</u>	\$ <u>13,786,000</u>	\$ <u>2,025,000</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2023 and 2022 was as follows:

Bond Anticipation Notes

<u>2023</u>	<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2022</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2023</u>
<u>General Capital Fund</u>							
	Various Capital Improvements	4.25%	5/24/2024	\$ 1,550,000	\$ 1,550,000	\$ 1,550,000	\$ 1,550,000
	Various Capital Improvements	4.25%	5/24/2024	3,244,000	3,244,000	3,244,000	3,244,000
	Various Capital Improvements	4.25%	5/24/2024	2,307,000	2,307,000	2,307,000	2,307,000
	Various Capital Improvements	4.25%	5/24/2024	2,814,000	2,814,000	2,814,000	2,814,000
	Various Capital Improvements	4.25%	5/24/2024	46,000	46,000	46,000	46,000
	Tropical Storm Ida Road Improvement Project	4.25%	5/24/2024	<u>3,333,000</u>	<u>3,333,000</u>	<u>3,333,000</u>	<u>3,333,000</u>
	Total			<u>\$ 13,294,000</u>	<u>\$ 13,294,000</u>	<u>\$ 13,294,000</u>	<u>\$ 13,294,000</u>

<u>2022</u>	<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2021</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2022</u>
<u>General Capital Fund</u>							
	Various Capital Improvements	2.00%	5/27/2022	\$ 1,895,315		\$ 1,895,315	
	Tenakill/Tenafly Swim Club Parking Lot Paving Project	2.00%	5/27/2022	342,662		342,662	
	Various Capital Improvements	2.00%	5/27/2022	2,481,991		2,481,991	
	Supplemental Ord. #18-06 - Various Capital Improvements	2.00%	5/27/2022	452,000		452,000	
	Acquisition of Roll-Off Truck	2.00%	5/27/2022	127,543		127,543	
	Senior Center Parking Lot Imprvts	2.00%	5/27/2022	6,572		6,572	
	Various Road Improvements	2.00%	5/27/2022	714,000		714,000	
	Various Capital Improvements	2.00%	5/27/2022	2,597,417		2,597,417	
	Borough Hall ADA Improvements	2.00%	5/27/2022	117,000		117,000	
	Various Capital Improvements	4.00%	5/26/2023	1,550,000	\$ 1,550,000	1,550,000	\$ 1,550,000
	Various Capital Improvements	4.00%	5/26/2023	3,243,500	3,244,000	3,243,500	3,244,000
	Various Capital Improvements	4.50%	5/26/2023		2,307,000		2,307,000
	Various Capital Improvements	4.50%	5/26/2023		2,814,000		2,814,000
	Various Capital Improvements	4.50%	5/26/2023		46,000		46,000
	Tropical Storm Ida Road Improvement Project	4.50%	5/27/2022	<u>3,333,000</u>	<u>3,333,000</u>	<u>3,333,000</u>	<u>3,333,000</u>
	Total			<u>\$ 16,861,000</u>	<u>\$ 13,294,000</u>	<u>\$ 16,861,000</u>	<u>\$ 13,294,000</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

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

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2023</u>			
	Acquisition of Emergency Generator System	\$ 162,623	2024
	NJDOT 2022 Highwood Ave Project	547,926	2024
<u>2022</u>			
	Acquisition of Aerial Lift	\$ 170,842	2023
	Acquisition of Fire Truck	1,039,587	2023
	Tropical Storm Ida Road Improvements	1,508,675	2023
	Acquisition of Front End Loader	263,111	2023
	2022 Road Program	130,000	2023
	Acquisition of Emergency Generator System	162,623	2023

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,635,259 and \$1,441,231 at December 31, 2023 and 2022, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2023 and 2022, the Borough has reserved in the Other Trust Fund \$561,026 and \$604,961, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Leases Payable

The Borough entered into non-cancellable leases for the use of another entity's equipment. The initial lease liability is determined at the present value of payments expected to be made during the lease term.

Leases payable at December 31 are comprised of the following:

On September 13, 2022, the Borough entered into a 5 year lease agreement as lessee for the use of communication equipment. An initial lease liability was reported in the amount of \$160,343. The lease has an interest rate of 2.80%. The Borough is required to make monthly payments of \$2,901. As of December 31, 2023 and 2022 the value of the lease liability was \$130,021 and \$160,343, respectively. The equipment has a five year estimated useful life. The value of the right -to-use asset as of December 31, 2023 and 2022 is \$128,274 and \$160,343, respectively.

The right-to-use leased assets at December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Right-to-use Equipment	\$ <u>128,274</u>	\$ <u>160,343</u>

The future principal and interest lease payments as of December 31, 2023 were as follows:

Calendar <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 31,171	\$ 3,641	\$ 34,812
2025	32,044	2,768	34,812
2026	32,942	1,871	34,813
2027	<u>33,864</u>	<u>948</u>	<u>34,812</u>
Total	<u>\$ 130,021</u>	<u>\$ 9,228</u>	<u>\$ 139,249</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2023 and 2022 were as follows:

	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
<u>2023</u>					
Compensated Absences	\$ 1,441,231	\$ 194,028		\$ 1,635,259	\$ 41,390
Leases Payable	160,343		\$ 30,322	130,021	31,171
Net Pension Liability - PERS (1)	10,936,009			10,936,009	
Net Pension Liability - PFRS (1)	15,573,975			15,573,975	
Net OPEB Liability (1)	<u>22,646,416</u>	<u>-</u>	<u>-</u>	<u>22,646,416</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 50,757,974</u>	<u>\$ 194,028</u>	<u>\$ 30,322</u>	<u>\$ 50,921,680</u>	<u>\$ 72,561</u>

(1) GASB Statement Numbers 68 Pension and 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
Compensated Absences	\$ 1,461,232	\$ 156,103	\$ 176,104	\$ 1,441,231	\$ 41,390
Leases Payable		160,343		160,343	30,322
Net Pension Liability - PERS	8,127,893	2,808,116		10,936,009	
Net Pension Liability - PFRS	9,804,466	5,769,509		15,573,975	
Net OPEB Liability	<u>25,580,389</u>	<u>-</u>	<u>2,933,973</u>	<u>22,646,416</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 44,973,980</u>	<u>\$ 8,894,071</u>	<u>\$ 3,110,077</u>	<u>\$ 50,757,974</u>	<u>\$ 71,712</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

The following represents the membership tiers for PFRS:

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

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

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollment but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2023 was not available and for June 30, 2022 is \$13.5 billion, and the plan fiduciary net position as a percentage of the total pension liability is 68.33% at June 30, 2022. The collective net pension liability of the participating employers for local PFRS at June 30, 2023 was not available and for June 30, 2022 is \$15.2 billion and the plan fiduciary net position as a percentage of total pension liability is 62.91% at June 30, 2022.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the July 1, 2021 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2023 and 2022 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Continued)

For the years ended December 31, 2023 and 2022 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2023, 2022 and 2021 were equal to the required contributions.

During the years ended December 31, 2023, 2022 and 2021, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS (1)</u>	<u>DCRP</u>
2023	\$ 1,769,540	\$ 913,822	\$ 18,338
2022	1,563,349	812,401	17,190
2021	1,465,713	815,485	14,459

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

In addition for the years ended December 31, 2023, 2022 and 2021 the Borough did not contribute to long-term disability insurance premiums (LTDI) for PERS and for PFRS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 68 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2023 for the measurement date of June 30, 2023 was not available as of the date of audit. Accordingly, N.J.A.C. 5:30-6.1(c)2 authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2023 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer to the total contributions to the plan during the fiscal years ended June 30, 2022 and 2021. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2022, the Borough reported a liability of \$10,936,009 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2022, the Borough's proportionate share was .07247 percent, which was an increase of .00310 percent from its proportionate share measured as of June 30, 2021 of .06937 percent.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2022, the pension system has determined the Borough's pension (benefit) to be (\$1,199,283) for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$812,401. At December 31, 2022, 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:

	2022	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 78,931	\$ 69,606
Changes of Assumptions	33,883	1,637,553
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	452,632	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>486,157</u>	<u>1,201,334</u>
Total	<u>\$ 1,051,603</u>	<u>\$ 2,908,493</u>

At December 31, 2022 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2023	\$ (1,355,613)
2024	(706,024)
2025	(343,631)
2026	546,393
2027	1,985
Thereafter	<u>-</u>
	<u>\$ (1,856,890)</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2022 was based on the June 30, 2022 measurement date as determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2022</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Rate for All Future Years	2.75%-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2022, as reported for the year ended December 31, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>2022</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2022 calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2022</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>14,049,568</u>	\$ <u>10,936,009</u>	\$ <u>8,286,245</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2022. 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.

Police and Firemen's Retirement System (PFRS)

At December 31, 2022, the Borough reported a liability of \$15,573,975 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2022, the Borough's proportionate share was .13606 percent, which was an increase of .00192 percent from its proportionate share measured as of June 30, 2021 of .13414 percent.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended December 31, 2022, the pension system has determined the Borough pension expense to be \$113,779 for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$1,563,349. At December 31, 2022, 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:

	2022	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 704,920	\$ 954,118
Changes of Assumptions	42,682	1,960,456
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,426,118	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>763,203</u>	<u>332,315</u>
Total	<u>\$ 2,936,923</u>	<u>\$ 3,246,889</u>

At December 31, 2022 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2023	\$ (673,745)
2024	(372,742)
2025	(428,402)
2026	1,085,820
2027	60,378
Thereafter	<u>18,725</u>
	<u>\$ (309,966)</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2022 was based on the June 30, 2022 measurement date as determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2022</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	
Rate for All Future Years	3.25%-16.25%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2022, as reported for the year ended December 31, 2022, are summarized in the following table:

<u>Asset Class</u>	2022	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

Discount Rate

The discount rate used to measure the total pension liability for PFRS was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2022 calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2022</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>21,369,176</u>	\$ <u>15,573,975</u>	\$ <u>10,749,442</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2022. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Special Funding Situation – PFRS

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

At December 31, 2022, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,771,711. For the year ended December 31, 2022, 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 \$319,782, which is less than the actual contribution the State made on behalf of the Borough of \$345,065. At December 31, 2022 (measurement date June 30, 2022) the State's share of the PFRS net pension liability attributable to the Borough was .13606 percent, which was an increase of .00192 percent from its proportionate share measured as of December 31, 2021 (measurement date June 30, 2021) of .13414 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

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

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

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Membership and Contributing Employers

Membership and contributing employers/nonemployers of the defined benefit OPEB plan consisted of the following at June 30, 2022:

Active Plan Members	65,360
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>33,684</u>
Total	<u>99,044</u>
Contributing Employers	591
Contributing Nonemployers	1

Measurement Focus and Basis of Accounting

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

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2023 was not available and for 2022 is \$16.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is -0.36% at June 30, 2022.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2021 which was rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the July 1, 2021 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution

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

The employers participating in the OPEB plan made contributions of \$389.5 million and the State of New Jersey, as the non-employer contributing entity, contributed \$45.8 million for fiscal year 2022.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2023, 2022 and 2021 were \$538,855, \$444,985 and \$343,883, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2023, 2022 and 2021 were \$61,430, \$62,613 and \$49,111, respectively.

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

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

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, N.J.A.C. 5:30-6.1(c)2 authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2023 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the plan members as an individual employer to the total plan members to the plan during the fiscal years ended June 30, 2022 and 2021. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2022, the Borough reported a liability of \$22,646,416, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2022 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2022. As of the measurement date of June 30, 2022 the Borough's proportionate share was .14023 percent, which was a decrease of .00189 percent from its proportionate share measured as of June 30, 2021 of .14212 percent.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

For the year ended December 31, 2022, the Plan has determined the Borough's OPEB expense to be \$591,909 based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$444,985. At December 31, 2022, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	2022	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,169,485	\$ 4,197,683
Changes of Assumptions	3,022,258	7,728,785
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	5,962	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	5,947,183	2,153,850
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 10,144,888</u>	<u>\$ 14,080,318</u>

At December 31, 2022 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2023	\$ (1,241,056)
2024	(1,244,221)
2025	(1,245,322)
2026	27,544
2027	504,432
Thereafter	<u>(736,807)</u>
	<u>\$ (3,935,430)</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Assumptions

The Borough’s total OPEB liability reported for the year ended December 31, 2022 was based on the June 30, 2022 measurement date as determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2022</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Rate For All Future Years	2.75% to 6.55% Based on Years of Service
PFRS:	
Rate For All Future Years	3.25% to 16.25% Based on Years of Service

*Salary increases are based on years of service within the respective pension plan.

Mortality Rates

Pre-retirement and post-retirement mortality rates were based on the Pub-2010 Healthy “Safety” for PFRS and Healthy “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality rates were based on the Pub-2010 Disabled “Safety” for PFRS and Disabled “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trends

The trend rate for pre-Medicare medical benefits is initially 6.25 percent and decreases to a 4.50 percent long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 and 2023 are reflected. For post-65 medical benefits PPO, the trend is initially -1.89 percent in Fiscal Year 2023, increasing to 15.04 percent in Fiscal Year 2026 and decreasing to 4.50 percent in Fiscal Year 2033. The HMO trend is initially -1.99 percent in Fiscal Year 2023, increasing to 15.18 percent in Fiscal Year 2026 and decreasing to 4.50 percent in Fiscal Year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to 4.50% long-term trend rate in fiscal year 2030.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Discount Rate

The discount rate for June 30, 2022 measurement date was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the net OPEB liability as of December 31, 2021 calculated using the discount rate of 3.54% as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.54% or 1-percentage-point higher 4.54% than the current rate:

<u>2022</u>	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>26,251,755</u>	\$ <u>22,646,416</u>	\$ <u>19,745,583</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2022. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

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

The following presents the Borough's proportionate share of the net OPEB liability as of December 31, 2022 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2022</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>19,211,636</u>	\$ <u>22,646,416</u>	\$ <u>27,045,401</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2022. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation

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

The non-employer special funding allocation percentages presented as the State's proportion share was based on eligible plan members subject to the special fund situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

At December 31, 2022, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$615,653. For the year ended December 31, 2022 the plan has determined the State's proportionate share of the OPEB benefit attributable to the Borough for the OPEB special funding situation is \$100,980. At December 31, 2022, (measurement date June 30, 2022), the State's share of the OPEB liability attributable to the Borough was .01825 percent, which was a decrease of .00021 percent from its proportionate share measured as of December 31, 2021 (measurement date June 30, 2021) of .01846 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

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

NOTE 14 RISK MANAGEMENT

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

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

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 14 RISK MANAGEMENT (Continued)

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2023	\$ 80,000	\$ 16,584	\$ 48,974	\$ 116,087
2022		16,399	24,044	65,038
2021	40,000	15,189	57,854	71,715

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2023 and 2022. 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, 2023 and 2022, the Borough reserved \$489,656 and \$464,299, 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, 2023 and 2022, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2023 and 2022, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

The Borough of Tenaflly 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 Tenaflly approved the adoption of the Plan at the general election held on November 2, 1999.

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

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

The Borough of Tenaflly has contributed \$2,023 and \$1,955 for 2023 and 2022, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$78,897 and \$72,335 for 2023 and 2022, respectively.

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

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

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 18 LEASES RECEIVABLE

The Borough entered into non-cancellable leases for the use of Borough owned land, building and equipment. The initial lease receivable is determined at the present value of payments expected to be received during the lease term.

Leases receivable at December 31 are comprised of the following:

On November 3, 1998 the Borough began leasing cell tower site space to a third party. The lease was for five years with the option to renew for five optional five-year renewal terms. The Borough received monthly payments with annual increases of 3%. The Borough recognized \$171,281 and \$167,840 in lease revenue for 2023 and 2022, respectively, which includes interest earnings of \$3,441 and \$6,712, respectively. As of December 31, 2023 and 2022 the Borough's receivable for lease payments, exclusive of future interest earnings is \$-0- and \$167,840, respectively.

On August 8, 2022 the Borough began leasing land to a third party. The lease is for 6 years and the Borough will receive annual payments of \$15,000 to \$62,242. The Borough recognized \$15,000 and \$0 in lease revenue for 2023 and 2022, respectively, which includes interest earnings of \$10,829 and \$0, respectively. As of December 31, 2023 and 2022 the Borough's receivable for lease payments, exclusive of future interest earnings is \$221,908 and \$226,079, respectively.

The future lease revenue principal and interest payments as of December 31, 2023 were as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 19,371	\$ 10,629	\$ 30,000
2025	35,298	9,702	45,000
2026	51,989	8,011	60,000
2027	55,679	5,520	61,199
2028	59,571	2,853	62,424
Total	<u>\$ 221,908</u>	<u>\$ 36,715</u>	<u>\$ 258,623</u>

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 19 TAX ABATEMENTS

For the years ended December 31, 2023 and 2022, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the “LTTE Law”), the Five-Year Exemption and Abatement Law (the “FYEA”) and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being “in need of redevelopment”. These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area “in need of redevelopment”. Upon adopting the planning board’s recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the years ended December 31, 2023 and 2022 the Borough abated property taxes totaling \$47,892 and \$45,109, respectively, under the LTTE program. The Borough received \$2,000 and \$2,000 in PILOT payments under this program for the years ended December 31, 2023 and 2022, respectively.
- The Five-Year Exemption and Abatement Law (NJSA 40:21et.seq.) generally concerns rehabilitation of particular buildings and structures, with an abatement period that lasts no more than five years. These “short-term” property tax abatements can be structured as reduced property tax bills that exclude all or part of improvement value or as payments in lieu of taxes (PILOTs). Procedurally, a municipality must first adopt an ordinance invoking its five-year abatement authority and setting forth application procedures. This ordinance, referred to as the general ordinance, defines the eligibility criteria, which may include types of structures, types of permissible improvements, as well as qualifying geographic zones or similar designations. An applicant must satisfy all of the criteria stipulated in the statute and general ordinance to be entitled to approval. Applications for individual short-term abatements are presented to the local governing body and must include a general description of the project, plans demonstrating the structure of the project, a statement of reasons for seeking the abatement, claimed benefits to be realized by the applicant if the application is approved, and a statement of taxes currently being assessed and taxes to be paid during the period of the abatement. The application is approved by an ordinance authorizing execution of a tax agreement. If during any tax year prior to the termination of the tax agreement, the property owner ceases to operate or disposes of the property, or fails to meet the conditions for qualifying, then the property tax which would have otherwise been payable for each year shall become due and payable from the property owner as if no exemption and abatement had been granted. For the years ended December 31, 2023 and 2022 the Borough abated property taxes totaling \$80,984 and 79,027, respectively under the FYEA program. The Borough received \$24,800 in PILOT payments under this program for the years ended December 31, 2023 and 2022.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 20 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also declared a public health emergency on March 9, 2020 and instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor's pandemic-related executive orders on July 4, 2021. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) terminated on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. On March 4, 2022, the Governor declared, via Executive Order No. 292, an end to the reinstated public health emergency, effective March 7, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The Borough of Tenafly's finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough of Tenafly's primary revenue source for supporting its budget. The Borough of Tenafly cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the Borough. However, as of the date of audit, even though the Borough finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

BOROUGH OF TENAFLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 20 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

Generally, according to the Plan and implementing regulations, the allowable use of the funds to be provided to the Borough include the following categories:

- Replacing lost public sector revenue;
- Investing in water, sewer, broadband and other infrastructure;
- Providing premium pay for essential workers;
- Supporting public health expenditures;
- Addressing COVID-19 related negative economic impacts; and
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households.

However, such funds may not be used to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation or administrative interpretation during the covered period reducing or delaying any tax or tax increase. Additionally, such funds may not be used for deposit in any pension fund. Such funds may be used to offset the amounts required to be raised in budgets for special emergency appropriations for COVID-19 deficits authorized by Chapter 74 discussed above. The Borough will be required to provide periodic reports detailing the accounting of the use of funds.

The Borough will receive \$1,512,774 from the Plan in two equal payments. The Borough has received the full amount of its relief funds under the plan as of December 31, 2022. The Borough utilized \$969,775 and \$440,000 of the funds in the 2023 and 2022 budgets, respectively to fund various capital improvements. The Borough utilized the remaining funds in the amount of \$102,999 in the 2024 budget to replace lost public sector revenue. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

NOTE 21 SUBSEQUENT EVENTS

Debt Authorized

On May 7, 2024 the Borough adopted a bond ordinance authorizing the issuance \$3,725,500 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.

Bond Anticipation Notes

On May 14, 2024 the Borough issued bond anticipation notes in the amount of \$16,900,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to Jefferies, LLC at an interest rate of 4.5%. These notes dated May 23, 2024 will mature on May 22, 2025.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

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STEVEN L. ROGUT
THOMAS J. BACE†

DANIEL J. McCARTHY, Of Counsel
DIANE U. DABULAS, Of Counsel

† ALSO ADMITTED IN FL AND DC

ROGUT McCARTHY LLC

COUNSELLORS AT LAW

37 ALDEN STREET
CRANFORD, NEW JERSEY 07016-2106

Telephone (908) 931-1150
Facsimile (908) 931-1151
Facsimile (908) 653-4832
www.rogutmccarthy.com

APPENDIX C

[Proposed Form of Bond Counsel Opinion]

May ____, 2025

Borough Council
Borough of Tenaflly
County of Bergen
State of New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of a \$20,000,000 Bond Anticipation Note (the "Note") by the Borough of Tenaflly, a municipal corporation of the State of New Jersey, located in the County of Bergen (the "Borough"). The Note is dated May 21, 2025, is payable May 21, 2026, bears interest from its date at the rate of ____% per annum, payable at maturity, and is numbered 25-1R.

The Note has been issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended) and pursuant to and in anticipation of the issuance of bonds authorized by eleven bond ordinances adopted by the Borough Council of the Borough on February 25, 2020 (Ord. No. 20-01), May 5, 2020 (Ord. No. 20-07), February 23, 2021 (Ord. No. 21-03), May 11, 2021 (Ord. No. 21-11), October 5, 2021 (Ord. No. 21-20), April 18, 2023 (Ord. No. 23-05), May 23, 2023 (Ord. No. 23-10, as amended by Ord. No. 23-15 adopted on June 27, 2023), May 23, 2023 (Ord. No. 23-13), August 7, 2023 (Ord. No. 23-21), May 7, 2024 (Ord. No. 24-06) and December 17, 2024 (Ord. No. 24-36) (the "Bond Ordinances") to finance the making of various public improvements in, by and for the Borough.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Note in order that interest on the Note be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Note and other amounts and the rebate of certain arbitrage earnings to the United States. Noncompliance by the Borough with such requirements may cause interest on the Note to be included in gross income of the owners thereof retroactive to the date of issuance of the Note, regardless of when such noncompliance occurs.

The Borough has covenanted, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Note be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The Borough's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Note, will contain provisions and procedures regarding compliance with the requirements of the Code. The Borough, in executing the Tax Certificate, will certify to the effect that the Borough expects and intends to comply with the provisions and procedures contained therein.

As bond counsel, we have examined certified copies of the Bond Ordinances and a copy of the form of Note. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below including the Tax Certificate executed by the Chief Financial Officer of the Borough of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and any exhibits thereto. In such examination we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Note, on a certificate of the Borough.

We have not prepared nor have we verified the accuracy, completeness or fairness of (i) the information set forth in the Official Statement prepared by the Borough in connection with the sale and issuance of the Note, or (ii) other documents of the Borough delivered to the purchaser of the Note, and we take no responsibility therefor.

Based on the foregoing, we are of the opinion that:

1. The Note has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Borough enforceable in accordance with its terms, except as enforcement of the Note may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

2. The Borough has pledged its full faith and credit for the payment of the principal of and interest on the Note, and unless paid from other sources, the Borough is authorized and required by law to levy on all real property taxable by the Borough such ad valorem taxes as may be necessary to pay the Note and the interest thereon, without limitation as to rate or amount.

3. Assuming compliance by the Borough with the Tax Certificate, under existing law, interest on the Note is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Note is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Note that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. In addition, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Note and any gain from the sale of the Note are not includable in gross income of the holders thereof.

Very truly yours,

Rogut McCarthy LLC

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