

BOROUGH OF ENGLEWOOD CLIFFS

**Financial Statements With
Supplementary Information**

December 31, 2019

(With Independent Auditor's Report Thereon)

BOROUGH OF ENGLEWOOD CLIFFS

Table of Contents

Part I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<u>FINANCIAL STATEMENTS</u>	
	<u>Current Fund</u>	
A	Balance Sheet-Regulatory Basis	5
A-1	Statement of Operations and Changes in Fund Balance-Regulatory Basis	7
A-2	Statement of Revenues-Regulatory Basis	8
A-3	Statement of Expenditures-Regulatory Basis	10
	<u>Trust Funds</u>	
B	Balance Sheet-Regulatory Basis	17
	<u>General Capital Fund</u>	
C	Balance Sheet-Regulatory Basis	19
C-1	Statement of Fund Balance - Regulatory Basis	20
	<u>General Fixed Assets Account Group</u>	
E	Statement of General Fixed Assets-Regulatory Basis	21
	<u>Payroll Account</u>	
F	Balance Sheet-Regulatory Basis	22
	Notes to Financial Statements	23
	Supplementary Data	68
	<u>Current Fund</u>	
A-4	Schedule of Cash - Collector-Treasurer	75
A-5	Schedule of Change Funds	76
A-6	Schedule of Petty Cash	76
A-7	Schedule of Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	77

BOROUGH OF ENGLEWOOD CLIFFS

Table of Contents, Continued
Part I, (continued)

<u>Exhibit</u>		<u>Page</u>
	<u>Current Fund</u>	
A-8	Schedule of Taxes Receivable and Analysis of Property Tax Levy	78
A-9	Schedule of Property Acquired for Taxes (at Assessed Valuation)	79
A-10	Schedule of Tax Title Liens Receivable	80
A-11	Schedule of Revenue Accounts Receivable	81
A-12	Schedule of Interfunds	82
A-13	Schedule of Deferred Charges – N.J.S.A. 40A:4-46 Special Emergency Authorizations	83
A-14	Schedule of Deferred Charges - N.J.S.A. 40A:4-53 Special Emergency Authorization	84
A-15	Schedule of Appropriation Reserves	85
A-16	Schedule of Encumbrances Payable	87
A-17	Schedule of Prepaid Taxes	88
A-18	Schedule of Tax Overpayments	88
A-19	Schedule of County Taxes Payable	89
A-20	Schedule of Local District School Taxes Payable	89
A-21	Schedule of Miscellaneous Reserves	90
A-22	Schedule of Special Emergency And Emergency Notes Payable N.J.S.A. 40A:4-51	91
A-23	Schedule of Special Emergency And Emergency Notes Payable N.J.S.A. 40A:4-55	92
A-24	Schedule of Grants Receivable- Federal and State Grant Fund	93
A-25	Schedule of Interfunds – Federal and State Grant Fund	94
A-26	Schedule of Appropriated Reserves-Federal and State Grant Fund	95
A-27	Schedule of Unappropriated Reserves-Federal and State Grant Fund	96
	<u>Trust Funds</u>	
B-1	Schedule of Cash - Collector-Treasurer	97
B-2	Schedule of Tax Sale Receivable	98
B-3	Schedule of Interfunds	99
B-4	Schedule of Due to/(from) State Department of Health	100
B-5	Schedule of Reserve for Dog Fund Expenditures	101
B-6	Schedule of Due to State of New Jersey- Other Trust Fund	102
B-7	Schedule of Reserve - Other Trust Fund	103
B-8	Schedule of Reserve for COAH Development Expenditures Other Trust Fund	104
B-9	Schedule of Reserve for DEA Forfeiture Expenditures Other Trust Fund	105
B-10	Statement of Service Award Contributions Receivable Emergency Services Volunteer Length of Service Award Program	106
B-11	Statement of Net Assets Available for Benefits Emergency Volunteer Length of Service Award Program	107

BOROUGH OF ENGLEWOOD CLIFFS

Table of Contents, Continued

Part I, (continued)

<u>Exhibit</u>		<u>Page</u>
	<u>General Capital Fund</u>	
C-2	Schedule of Cash-Collector-Treasurer	108
C-3	Schedule of Analysis of Cash	109
C-4	Schedule of Grants Receivable - New Jersey Department of Transportation	110
C-5	Schedule of Due from Bergen County Ordinance 2014-10	111
C-6	Schedule of Due from Ambulance Corp. Ordinance 2011-11/2012-15	111
C-7	Schedule of Interfunds	112
C-8	Schedule of Deferred Charges to Future Taxation – Funded	113
C-9	Schedule of Deferred Charges to Future Taxation – Unfunded	114
C-10	Schedule of Bond Anticipation Notes	115
C-11	Schedule of General Serial Bonds	116
C-12	Schedule of Capital Leases Payable	117
C-13	Schedule of Improvement Authorizations	118
C-14	Schedule of Encumbrances Payable	119
C-15	Schedule of Capital Improvement Fund	120
C-16	Schedule of Reserve for Cost of Issuance	121
C-17	Schedule of Reserve for Boswell Settlement	122
C-18	Schedule of Bonds and Notes Authorized but not Issued	123

Part II

Independent Auditor’s Report on Internal Control over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	124
General Comments	126
Comments	128
Recommendations	129
Status of Prior Year Audit Findings/Recommendations	130
Acknowledgment	130



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Englewood Cliffs
County of Bergen, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Englewood Cliffs in the County of Bergen, New Jersey, as of December 31, 2019, the related statement of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents. The financial statements for the year ended December 31, 2018 were audited by other auditors whose report dated May 28, 2019 expressed an adverse opinion on the U.S. Generally Accepted Accounting Principles because of the significance of the requirement that the Borough of Englewood Cliffs prepare and present its financial statements on the regulatory basis of accounting.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Englewood Cliffs on the basis of the financial reporting provisions 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 requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Englewood Cliffs as of December 31, 2019, or changes in financial position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 13 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,148,215 and \$910,741 for 2019 and 2018, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2019, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Englewood Cliffs’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020 on our consideration of the Borough of Englewood Cliffs’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

The Honorable Mayor and
Members of the Borough Council
Page 4.

reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Englewood Cliffs's internal control over financial reporting and compliance.



Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CRO0413



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

October 14, 2020

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2019 and 2018

<u>Assets</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Current Fund:			
Cash	A-4	\$ 4,008,456	3,431,414
Change Fund	A-5	300	200
Petty Cash Fund	A-6	300	700
Due from State of New Jersey - Senior Citizens' and Veterans' deductions	A-7	<u>348</u>	<u>1,278</u>
		<u>4,009,404</u>	<u>3,433,592</u>
Receivables with full reserves:			
Delinquent property taxes receivable	A-8	484,915	340,809
Property acquired for taxes - assessed valuation	A-9	39,528	39,528
Tax Title Liens Receivable	A-10	322	168
Revenue accounts receivable	A-11	2,988	3,356
Interfunds	A-12	<u>3,096</u>	<u>112</u>
		<u>530,849</u>	<u>383,973</u>
Deferred Charges:			
Emergency Authorizations	A-13	900,000	
Special Emergency Authorization	A-14	<u>667,540</u>	<u>140,280</u>
		<u>1,567,540</u>	<u>140,280</u>
Total Current Fund		6,107,793	3,957,845
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-24	27,594	32,897
Due From Current Fund	A-25	<u>250,113</u>	<u>216,467</u>
		<u>277,707</u>	<u>249,364</u>
		<u>\$ 6,385,500</u>	<u>4,207,209</u>

BOROUGH OF ENGLEWOOD CLIFFS
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation reserves	A-3, A-15	1,238,698	545,532
Encumbrances	A-16	466,573	470,604
Prepaid taxes	A-17	544,613	490,758
Tax overpayments	A-18	273	1,159
County Taxes Payable	A-19	15,964	35,154
Interfunds	A-12	252,261	216,653
Reserve for Miscellaneous Reserves	A-21	372,203	285,782
Emergency Note Payable	A-22	900,000	
Special Emergency Notes Payable	A-23	667,540	140,280
		4,458,125	2,185,922
Reserve for receivables		530,849	383,973
Fund balance	A-1	1,118,819	1,387,950
		6,107,793	3,957,845
Federal and State Grant Fund:			
Appropriated Reserves	A-26	256,629	236,438
Unappropriated Reserves	A-27	21,078	12,926
		277,707	249,364
		\$ 6,385,500	4,207,209

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Statement of Operations and
Changes in Fund Balance - Regulatory Basis

Current Fund

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue and Other Income:		
Fund Balance Utilized	\$ 1,217,114	1,545,000
Miscellaneous Revenues Anticipated	2,599,272	2,735,065
Receipts from Delinquent Taxes	324,059	349,651
Receipts from Current Taxes	36,195,677	34,816,744
Non-budget Revenue	85,698	82,703
Other Credits to Income:		
Prior Year's Interfunds Returned	112	28,568
Animal License Fund Excess		1,551
Prior Year Revenue Accounts Receivable		2,722
Unexpended Balance of Appropriation Reserves	351,535	507,931
	<u>40,773,467</u>	<u>40,069,935</u>
Total Revenue and Other Income		
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	6,611,826	5,954,165
Other Expenses	8,660,076	7,134,856
Municipal Debt Service	2,138,785	2,451,326
Deferred Charges and Statutory Expenditures	1,598,897	1,796,152
Capital Improvement Fund	60,000	60,000
Local District School Taxes	13,517,786	13,263,666
County Taxes	8,739,823	8,489,144
Due County for Added Taxes	15,964	35,155
Interfund Advanced	1,652	112
Cancellation of Trust Reserves		6
Current Year Revenue Accounts Receivable Accrued		3,356
Prior Year Refunds	1,175	
	<u>41,345,984</u>	<u>39,187,938</u>
Total Expenditures		
Excess/(Deficit) in Revenue	(572,517)	881,997
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years	1,520,500	
Statutory Excess to Surplus	947,983	881,997
Fund Balance, January 1	<u>1,387,950</u>	<u>2,050,953</u>
Decreased by utilization as anticipated revenue	<u>1,217,114</u>	<u>1,545,000</u>
Fund balance, December 31	<u>\$ 1,118,819</u>	<u>1,387,950</u>

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2019

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 1,217,114	1,217,114	
Miscellaneous Revenues:			
Licenses - Alcoholic Beverages	20,000	22,240	2,240
Fees and Permits:			
Construction Code Official	620,000	446,035	(173,965)
Other	40,000	43,495	3,495
Municipal Court - Fines and Costs	45,000	47,068	2,068
Interest and Costs on Taxes	95,000	113,408	18,408
Interest on Investments	13,000	11,529	(1,471)
Commercial Sewer User Fees	265,000	259,206	(5,794)
Cable TV - Annual Fees	17,000	33,368	16,368
Cell Tower - Annual Leases	325,000	354,392	29,392
Burglar Alarm Fees	500	250	(250)
Elevator Fees	25,000	35,098	10,098
Energy Receipts Tax	691,474	691,474	
Public and Private Revenues Offset with Appropriations:			
Recycling Tonnage Grant	9,152	9,152	
Alcohol Education Rehabilitation Fund	879	879	
Clean Communities Grant	12,047	12,047	
Body Armor Grant	2,684	2,684	
General Capital Fund Balance	67,428	67,428	
Sewer Hook Up Fees	192,000	224,000	32,000
Recreation Fees	74,000	72,778	(1,222)
Police - Outside Duty	62,000	152,741	90,741
Total Miscellaneous Revenues	<u>2,577,164</u>	<u>2,599,272</u>	<u>22,108</u>
Receipts from Delinquent Taxes	<u>340,000</u>	<u>324,059</u>	<u>(15,941)</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	<u>14,234,878</u>	<u>14,520,188</u>	<u>285,310</u>
Budget Totals	<u>\$ 18,369,156</u>	18,660,633	<u>291,477</u>
Nonbudget Revenue		<u>85,698</u>	
		<u>\$ 18,746,331</u>	

BOROUGH OF ENGLEWOOD CLIFFS
Comparative Statement of Revenues - Regulatory Basis
Current Fund
Year ended December 31, 2019

Analysis of Realized Revenue

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 36,195,677
Less: Allocated to School and County Taxes	<u>22,495,489</u>
Balance for Support of Municipal Budget	13,700,188
 Add Reserve for Uncollected Taxes	 <u>820,000</u>
 Amount for Support of Municipal Budget	 <u>\$ 14,520,188</u>
 Receipts from:	
Delinquent Tax Collections	<u>324,059</u>
	 <u>\$ 324,059</u>
 <u>Analysis of non-budget revenue:</u>	
In Lieu	5
Rent	1
Miscellaneous	17,546
Bus Shelter	1,517
JIF Dividend	16,605
Elections	240
Maintenance	1,300
On Line Fees	8,282
LEA Rebates	12,191
Fines	15,850
Return of Bank Charges	25
Penalties	1,300
Insurance Reimbursement	<u>10,836</u>
	 <u>\$ 85,698</u>

See accompanying notes to financial statements.

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Budget</u>	Total for 2019 as Modified by <u>all Transfers</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operations-within "CAPS"					
General Government:					
Administrative and Executive:					
Salaries and Wages	\$ 154,424	154,424	149,297	5,127	
Other Expenses	76,100	76,100	70,096	6,004	
Governing Body					
Salaries and Wages	18,000	18,000	18,000		
Financial administration:					
Salaries and Wages	7,578	7,578	7,429	149	
Other Expenses	81,300	81,300	76,623	4,677	
Collection of Taxes:					
Salaries and Wages	167,553	167,553	154,632	12,921	
Other Expenses	45,100	60,100	55,541	4,559	
Assessment of Taxes:					
Salaries and Wages	23,574	23,574	21,107	2,467	
Other Expenses	9,300	9,300	1,189	8,111	
Legal services and costs:					
Other Expenses	750,000	775,000	746,854	28,146	
Appraisal Fees	30,000	30,000	28,575	1,425	
Engineering services and costs					
Other Expenses	40,000	40,000	32,072	7,928	
Insurance					
Other Insurance Premiums	536,000	536,000	509,017	26,983	
Group Insurance Plan for Employees	1,608,000	1,482,463	1,321,988	160,475	
COAH					
Other Expenses-Legal Fees	1,335,000	2,235,000	2,031,685	203,315	

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Budget</u>	Total for 2019 as Modified by all <u>Transfers</u>	<u>Paid or Charged</u>	<u>Expended 2019</u>	<u>Reserved</u>	<u>Cancelled</u>
Municipal Land Use Law (NJSA40:55D-1)						
Planning Board:						
Salaries and Wages	10,200	10,300	10,300			
Other Expenses	101,750	101,750	93,797	7,953		
Public Safety:						
Police:						
Salaries and Wages	4,115,167	4,115,167	3,966,447	148,720		
Other Expenses	262,900	262,900	236,956	25,944		
Terminal Leave	141,860	762,360	530,317	232,043		
Fire Official:						
Salaries and Wages	50,000	50,000	38,966	11,034		
Fire Hydrant Services	100,000	100,000	96,684	3,316		
Other Expenses	56,192	56,192	54,096	2,096		
Clothing Expenses	21,000	21,000	20,500	500		
Municipal Court:						
Salaries and Wages- Prosc/Pub Defender	14,000	14,500	14,330	170		
Public Works Function:						
Road Repairs and Maintenance:						
Salaries and Wages	941,880	941,880	802,204	139,676		
Other Expenses	116,400	133,400	129,268	4,132		
Gasoline	69,500	69,500	60,050	9,450		
Garbage and Trash Removal:						
Other Expenses	417,000	427,000	418,611	8,389		
Public Buildings and Grounds:						
Other Expenses	76,250	76,250	53,758	22,492		
Sewer System:						
Other Expenses	10,000	20,000	16,328	3,672		

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Budget</u>	Total for 2019 as Modified by all <u>Transfers</u>	<u>Expended 2019</u>		<u>Cancelled</u>
			<u>Paid or</u>	<u>Reserved</u>	
			<u>Charged</u>		
Shade Tree:					
Salaries and Wages	2	2			
Other Expenses	50,250	70,250	56,760	13,490	
Health and Welfare:					
Board of Health:					
Salaries and Wages	10,200	10,200	10,000	200	
Other Expenses	43,609	43,609	41,706	1,903	
Environmental Commission:					
Other Expenses	850	850	445	405	
Senior Citizens Committee:					
Other Expenses	15,600	17,600	16,759	841	
Parks and Playgrounds:					
Salaries and Wages	71,800	71,800	48,296	23,504	
Other Expenses	86,100	86,100	78,390	7,710	
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	15,000	15,000	12,139	2,861	
Municipal Court					
Salaries and Wages	85,810	85,810	81,543	4,267	
Other Expenses	11,150	11,150	8,845	2,305	
Appropriations Offset by Dedicated Revenues					
Construction Official					
Salaries and Wages	102,498	111,498	111,449	49	
Other Expenses	43,050	43,050	30,936	12,114	
Plumbing Inspector					
Salaries and Wages	10,060	10,060	9,862	198	
Fire Sub-Code Official:					
Salaries and Wages	10,200	10,200	10,000	200	

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Budget</u>	Total for 2019 as Modified by all <u>Transfers</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Sewer Inspection					
Salaries and Wages	6,120	6,120	6,000	120	
Fire Prevention					
Salaries and Wages	17,340	17,340	17,000	340	
Other Expenses	3,250	3,250	1,517	1,733	
Electrical Inspections					
Salaries and Wages	23,460	23,460	23,000	460	
Unclassified:					
Utilities:					
Electricity and Heating Oil	120,000	120,000	105,147	14,853	
Telephone and Fax	97,500	97,500	89,737	7,763	
Street Lighting	146,500	146,500	145,000	1,500	
Water	35,000	35,000	17,462	17,538	
Total Operations within "CAPS"	12,391,377	13,894,940	12,688,710	1,206,230	
Detail:					
Salaries and Wages	5,981,726	6,611,826	6,030,179	581,647	
Other Expenses (Including Contingent)	6,409,651	7,283,114	6,658,531	624,583	
(E) Deferred Charges and Statutory Expenditures-					
Municipal within "CAPS"					
Public Employees' Retirement System	169,565	171,502	171,502		
Social Security System (O.A.S.I.)	212,000	212,000	193,382	18,618	
Police and Firemen's Retirement System of NJ	1,117,155	1,117,155	1,117,155		
DCRP	5,000	5,000	3,904	1,096	
Total Deferred Charged and Statutory Expenditures-	1,503,720	1,505,657	1,485,943	19,714	
Municipal within "CAPS"					

Borough of Englewood Cliffs
Statement of Expenditures - Regulatory Basis
Current Fund
Year Ended December 31, 2019

	<u>Budget</u>	<u>Total for 2019 as Modified by all Transfers</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>13,895,097</u>	<u>15,400,597</u>	<u>14,174,653</u>	<u>1,225,944</u>	
Operations - Excluded from "CAPS"					
Bergen County Utilities Authority				745	
Sewer Charges - Contractual	1,007,000	1,007,000	1,006,255		
Sewer Charges - Borough of Tenafly	15,200	15,200	15,159	41	
Sewer Charges - City of Englewood	40,000	40,000	36,292	3,708	
LOSAP	25,000	25,000	16,740	8,260	
Reserve for Tax Appeals	100,000	100,000	100,000		
Library Services					
Maintenance of Free Public Library	150,000	165,000	165,000		
Public and Private Programs Offset by Revenues					
Recycling Tonnage Grant	9,152	9,152	9,152		
Alcohol Education Rehabilitation Fund	879	879	879		
Clean Communities Grant	12,047	12,047	12,047		
Body Armor Grant	2,684	2,684	2,684		
Total Operations-Excluded from "CAPS"	<u>1,361,962</u>	<u>1,376,962</u>	<u>1,364,208</u>	<u>12,754</u>	
Detail:					
Other Expenses	1,361,962	1,376,962	1,364,208	12,754	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	60,000	60,000	60,000		
Total Capital Improvements Excluded from "CAPS"	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>		

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	Budget	Total for 2019 as Modified by all Transfers	Paid or Charged	Reserved	Cancelled
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	1,245,000	1,245,000	1,245,000		
Payment of Bond Anticipation Notes and Capital Notes	405,353	405,353	405,353		
Interest on Bonds	245,600	245,600	245,567		33
Interest on Notes	149,604	149,604	149,603		1
Bergen County Improvement Authority					
Principal on Capital Leases	80,000	80,000	80,000		
Interest on Capital Leases	13,300	13,300	13,262		38
Total Municipal Debt Service-Excluded from "CAPS"	<u>2,138,857</u>	<u>2,138,857</u>	<u>2,138,785</u>		<u>72</u>
Deferred Charges:					
Special Emergency Authorizations- 5 years (N.J.S. 40A:4-55)	93,240	93,240	93,240		
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>93,240</u>	<u>93,240</u>	<u>93,240</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,654,059</u>	<u>3,669,059</u>	<u>3,656,233</u>	<u>12,754</u>	<u>72</u>
Total General Appropriations-Excluded from "CAPS"	<u>3,654,059</u>	<u>3,669,059</u>	<u>3,656,233</u>	<u>12,754</u>	<u>72</u>
Subtotal General Appropriations	17,549,156	19,069,656	17,830,886	1,238,698	72
Reserve for Uncollected Taxes	820,000	820,000	820,000		
Total General Appropriations	<u>\$ 18,369,156</u>	<u>19,889,656</u>	<u>18,650,886</u>	<u>1,238,698</u>	<u>72</u>

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	Total for 2019 as Modified by all Transfers	Budget	Expended 2019 Paid or Charged	Reserved	Cancelled
Emergency Appropriation \$	1,520,500				
Adopted Budget	<u>18,369,156</u>				
	<u>\$ 19,889,656</u>				
Encumbrances \$			466,573		
Capital Improvement Fund			60,000		
Federal and State Grant Fund			24,762		
Deferred Charges			93,240		
Reserve for Uncollected Taxes			820,000		
Reserve for Tax Appeals			100,000		
Cash			<u>17,086,311</u>		
			<u>\$ 18,650,886</u>		

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS
Comparative Balance Sheet - Regulatory Basis
Trust Funds
December 31, 2019 and 2018

<u>Assets</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Dog License Trust Fund:			
Cash	B-1	5,039	3,179
		<u>5,039</u>	<u>3,179</u>
Other Trust Fund:			
Cash	B-1	2,962,895	2,911,762
Tax Sale Receivable	B-2	50	50
Due from Other Funds	B-3	81,631	186
		<u>3,044,576</u>	<u>2,911,998</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	1,132,870	894,001
Contributions Receivable	B-10	15,345	16,740
		<u>1,148,215</u>	<u>910,741</u>
		<u>\$ 4,197,830</u>	<u>3,825,918</u>

BOROUGH OF ENGLEWOOD CLIFFS
Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Dog License Fund:			
Due to Current	B-3	961	
Due to State of New Jersey	B-4	1	14
Reserve for Dog Fund expenditures	B-5	4,077	3,165
		5,039	3,179
Other Trust Fund:			
Due to Other Funds	B-3	81,618	36
Due to State of New Jersey	B-6	11,518	8,268
Reserve For:			
Other Trust Deposits	B-7	1,882,562	1,907,297
COAH Development	B-8	997,625	925,696
DEA Forfeiture Expenditures	B-9	71,253	70,701
		3,044,576	2,911,998
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets available for Benefits	B-11	1,148,215	910,741
		\$ 4,197,830	3,825,918

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Cash	C-2,C-3	\$ 1,127,306	1,123,770
Grants Receivable			
New Jersey Department of Transportation	C-4	215,760	215,760
Bergen County ADA Grant	C-5	46,000	46,000
Due from Ambulance Corp.	C-6	100,000	100,000
Due from Payroll Fund	C-7	650,000	
Deferred Charges to Future Taxation:			
Funded	C-8	9,883,000	11,208,000
Unfunded	C-9	10,398,472	6,853,825
		<u>\$ 22,420,538</u>	<u>19,547,355</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Due to Current Fund	C-7		76
Bond Anticipation Notes	C-10	9,218,505	5,843,858
General Serial Bonds	C-11	9,475,000	10,720,000
Capital Leases Payable	C-12	408,000	488,000
Improvement Authorizations:			
Funded	C-13	214,429	290,076
Unfunded	C-13	2,026,004	1,673,150
Encumbrances Payable	C-14	785,182	383,341
Capital Improvement Fund	C-15	87,339	77,339
Reserve for Cost of Issuance	C-16	4,086	4,086
Reserve for Boswell Settlement	C-17	185,000	
Fund Balance	C-1	16,993	67,429
		<u>\$ 22,420,538</u>	<u>19,547,355</u>

There were \$1,179,967 and \$1,009,967 of Bonds and Notes Authorized But Not Issued on December 31, 2019 and 2018 respectively (Exhibit C-18).

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Statement of Fund Balance - Regulatory Basis

General Capital Fund

Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Balance - December 31,	\$ 67,429	216,499
Increased by:		
Premium Received on Note Sale	<u>16,992</u>	<u>50,930</u>
	84,421	267,429
Decreased by:		
Current Fund Budget Revenue	<u>67,428</u>	<u>200,000</u>
Balance - December 31,	<u>\$ 16,993</u>	<u>67,429</u>

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Statement of General Fixed Assets - Regulatory Basis

General Fixed Assets Account Group

December 31, 2019 and 2018

	<u>2019</u>	Restated <u>2018</u>
General fixed assets:		
Land	\$ 73,817,090	73,817,090
Buildings	9,360,673	9,359,008
Vehicles and equipment	<u>7,656,236</u>	<u>7,638,723</u>
	<u>90,833,999</u>	<u>90,814,821</u>
Investment in general fixed assets	<u>\$ 90,833,999</u>	<u>90,814,821</u>

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS, N.J.

Comparative Balance Sheet-Regulatory Basis

Payroll Account

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash	\$ 641,985	45,813
Deficit in Payroll Reserve	8,015	_____
	<u>\$ 650,000</u>	<u>45,813</u>
<u>Liabilities</u>		
Due to Capital Fund	\$ 650,000	_____
Payroll Agency Payable	_____	45,813
	<u>\$ 650,000</u>	<u>45,813</u>

See accompanying notes to financial statements.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups 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 financial statements of the Borough of Englewood Cliffs have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Englewood Cliffs (the "Borough") operates under a Borough Council form of government. 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 has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, 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. 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 volunteer fire department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

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. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

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

Regular Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative payments to participant's in the emergency services volunteer length of service award program including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

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

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

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Englewood Cliffs. 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 for municipalities by the Division 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:

Property Tax Revenues - 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. 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 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. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month in the fiscal year 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 tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. 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 taxes 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, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - 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.

Grant Revenues - 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 in the accounting period when they become susceptible to accrual.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

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 of the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services 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

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not 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. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. 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. During the years ended December 31, 2019 and 2018, the Governing Body approved \$1,520,500 and \$-0-, respectively, in emergency appropriations for terminal leave and legal fees. In addition, several budget transfers were approved by the governing body in 2019 and 2018.

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 canceled 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, which should be recognized when due.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

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

Appropriation Reserves - 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.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. 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 be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market 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.

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.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

General Fixed Assets - The Borough of Englewood Cliffs has developed a fixed assets accounting and reporting system, as promulgated by The Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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 drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations 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.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Recent Accounting Pronouncements

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

C. Basic Financial Statements

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

NOTE 2. PENSION PLANS

Description of Systems:

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

<u>Tier</u>	<u>Definition</u>
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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 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 a 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 at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
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% (Tiers 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.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

NOTE 2. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Borough of Englewood Cliffs opted for this deferral in the amount of \$436,241. The amount outstanding at December 31, 2019 was \$214,250.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

Contribution Requirements, (continued)

defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2019	\$169,565	\$1,117,155	\$3,904
2018	176,310	1,038,602	
2017	166,062	904,413	

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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

Public Employees Retirement System (PERS)

At December 31, 2019, the Borough had a liability of \$3,201,556 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2019, the Borough's proportion was .0177681746 percent, which was an increase/(decrease) of .00159699 percent from its proportion measured as of June 30, 2018.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

For the year ended December 31, 2019, the Borough recognized pension expense of \$169,565. At December 31, 2019, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$57,464	\$14,143
Changes of assumptions	319,687	1,111,250
Net difference between projected and actual earnings on pension plan investments		50,538
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	367,540	298,421
Borough contributions subsequent to the measurement date	<u>172,834</u>	
Total	<u>\$917,525</u>	<u>\$1,474,352</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$(92,446)
2021	(299,894)
2022	(267,788)
2023	(125,740)
2024	(12,912)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$3,149,522,616	\$4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
Borough's Proportion	0.0177681746%	0.0161711800%

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

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 a generational basis. Mortality improvement based on Scale MP-2019.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on 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. 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>5.28%</u>	<u>6.28%</u>	<u>7.28%</u>
Borough's proportionate share of the pension liability	\$4,049,946	\$3,201,556	\$2,486,666

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2019, the Borough had a liability of \$13,743,104 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2019, the Borough's proportion was .1123002773 percent, which was an increase/(decrease) of .00409316 percent from its proportion measured as of June 30, 2018.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

For the year ended December 31, 2019, the Borough recognized pension expense of \$1,117,155. At December 31, 2019, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$116,009	\$87,010
Changes of assumptions	470,914	4,441,645
Net difference between projected and actual earnings on pension plan investments		186,215
Changes in proportion and differences between Borough contributions and proportionate share of contributions	1,145,155	313,531
Borough's contributions subsequent to the measurement date	<u>1,134,357</u>	<u> </u>
Total	<u>\$2,866,435</u>	<u>\$5,028,401</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$(720,491)
2021	(1,512,425)
2022	(1,071,113)
2023	(527,986)
2024	(295,932)

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$1,198,936,924	\$1,988,215,695
Collective deferred inflows of resources	4,874,748,912	4,286,994,294
Collective net pension liability	12,237,818,793	13,531,648,591
Borough's Proportion	0.1123002773%	0.1082071177%

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25-15.25% (based on years of service)
Investment Rate of Return	7.00%

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% 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 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2019.

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on 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. 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 non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>5.85%</u>	<u>6.85%</u>	<u>7.85%</u>
Borough's proportionate share of the pension liability	\$19,338,740	\$13,743,104	\$9,111,910

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.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

At December 31, 2019 and 2018, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,170,062 and \$1,988,902, respectively. For the years ended December 31, 2019 and 2018, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$252,143 and \$235,582, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$146,217 and \$117,791, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 3. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in Note 2, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employees Plan.

General Information about the OPEB Plan

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

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 3. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired 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) retired 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 provides 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 of coverage.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 3. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Total OPEB Liability

At December 31, 2019, the Borough had a liability of \$7,510,077 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2019 the Borough's proportion was .0554410 percent.

For the year ended December 31, 2019, the Borough recognized OPEB expense of \$(935,313). At December 31, 2019, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	\$2,196,239
Changes of assumptions		2,661,404
Net difference between projected and actual earnings on OPEB plan investments	6,186	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>337,848</u>	<u>5,990,680</u>
Total	<u>\$344,034</u>	<u>\$10,848,323</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$(790,146)
2021	(790,146)
2022	(790,631)
2023	(791,415)
2024	(792,131)
Thereafter	(896,988)

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 3. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 years for 2019, 2018 and 2017 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2018. 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.

Inflation rate	2.50%
Salary increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

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

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

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 3. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, 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 or 1 percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease <u>2.50%</u>	At Current Discount Rate <u>3.50%</u>	1% Increase <u>4.50%</u>
Borough's proportionate share of Net OPEB liability	\$8,683,560	\$7,510,077	\$6,556,468

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease <u> </u>	Healthcare Cost Trend Rate <u> </u>	1% Increase <u> </u>
Borough's proportionate share of Net OPEB liability	\$6,337,580	\$7,510,077	\$9,005,795

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 4. MUNICIPAL DEBT

Long-term debt as of December 31, 2019 and 2018 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	<u>\$10,720,000</u>	<u>\$</u>	<u>\$1,245,000</u>	<u>\$9,475,000</u>	<u>\$1,265,000</u>
Total Bonds Payable	<u>10,720,000</u>	<u> </u>	<u>1,245,000</u>	<u>9,475,000</u>	<u>1,265,000</u>
Other Liabilities:					
Pension Deferral	252,090		37,840	214,250	40,899
General Capital:					
BCIA Leases Payable	488,000		80,000	408,000	88,000
Compensated Absences Payable	<u>2,774,901</u>	<u>597,511</u>	<u>445,735</u>	<u>2,926,677</u>	<u> </u>
Total Other Liabilities	<u>3,514,991</u>	<u>597,511</u>	<u>563,575</u>	<u>3,548,927</u>	<u>128,899</u>
	<u>\$14,234,991</u>	<u>\$597,511</u>	<u>\$1,808,575</u>	<u>\$13,023,927</u>	<u>\$1,393,899</u>
	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	<u>\$12,230,000</u>	<u>\$</u>	<u>\$1,510,000</u>	<u>\$10,720,000</u>	<u>\$1,245,000</u>
Total Bonds Payable	<u>12,230,000</u>	<u> </u>	<u>1,510,000</u>	<u>10,720,000</u>	<u>1,245,000</u>
Other Liabilities:					
Pension Deferral	286,692		34,602	252,090	37,840
General Capital:					
BCIA Leases Payable	560,000		72,000	488,000	800,000
Compensated Absences Payable	<u>2,482,753</u>	<u>292,148</u>	<u> </u>	<u>2,774,901</u>	<u> </u>
Total Other Liabilities	<u>3,329,445</u>	<u>292,148</u>	<u>106,602</u>	<u>3,514,991</u>	<u>837,840</u>
	<u>\$15,559,445</u>	<u>\$292,148</u>	<u>\$1,616,602</u>	<u>\$14,234,991</u>	<u>\$2,082,840</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 4. MUNICIPAL DEBT, (continued)

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

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Issued:			
General - Bonds, Notes and Loans	\$18,693,505	\$16,563,858	\$17,651,060
Authorized But Not Issued - General Bonds and Notes	<u>1,179,967</u>	<u>1,009,967</u>	<u>958,667</u>
Total Bonds, Notes and Loans Issued and Authorized Not Issued	19,873,472	17,573,825	18,609,727
Less: Deductions			<u>1,241,667</u>
Net Debt	<u>\$19,873,472</u>	<u>\$17,573,825</u>	<u>\$17,368,060</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .551% for 2019.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$19,873,472	\$	\$19,873,472
Local School Debt	<u>685,000</u>	<u>685,000</u>	<u>0</u>
	<u>\$20,558,472</u>	<u>\$685,000</u>	<u>\$19,873,472</u>

Net debt of \$19,873,472 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$3,605,348,650 equals .551%.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 4. MUNICIPAL DEBT, (continued)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .512% for 2018.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$17,573,825	\$	\$17,573,825
Local School Debt	<u>1,020,000</u>	<u>1,020,000</u>	<u>0</u>
	<u>\$18,593,825</u>	<u>\$1,020,000</u>	<u>\$17,573,825</u>

Net debt of \$17,573,825 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$3,435,991,468 equals .487%.

Borrowing Power Available Under N.J.S.A. 40A:2-6 as Amended

	<u>2019</u>	<u>2018</u>
3-1/2% of equalized valuation basis (municipal)	\$126,187,203	\$120,259,701
Less net debt	<u>19,873,472</u>	<u>16,742,158</u>
Remaining Borrowing Power	<u>\$106,313,731</u>	<u>\$103,517,543</u>

The Borough's long-term debt consisted of the following at December 31, 2019:

Paid by Current Fund:

	<u>2019</u>	<u>2018</u>
\$9,885,000 General Improvement Bonds - with an interest rate of 2.00% to 3.00% issued March 15, 2014, due through March 15, 2030	\$7,460,000	\$8,035,000
\$3,205,000 Refunding Bonds - with an interest rate of 1.55% issued April 1, 2016, due through July 15, 2023	<u>2,015,000</u>	<u>2,685,000</u>
Total General Serial Bonds	<u>\$9,475,000</u>	<u>\$10,720,000</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 4. MUNICIPAL DEBT, (continued)

Aggregate annual debt service requirements for bonded debt issued and outstanding:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$1,488,433	\$1,265,000	\$223,433
2021	1,505,775	1,305,000	200,775
2022	1,507,540	1,330,000	177,540
2023	828,750	675,000	153,750
2024	836,500	700,000	136,500
2025-2029	3,867,500	3,500,000	367,500
2030	<u>710,500</u>	<u>700,000</u>	<u>10,500</u>
	<u>\$10,744,998</u>	<u>\$9,475,000</u>	<u>\$1,269,998</u>

General capital serial bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough.

At December 31, 2019, the Borough had authorized but not issued debt of \$1,179,967.

NOTE 5. CAPITAL LEASES PAYABLE

The Borough entered into an \$870,000 capital lease through the Bergen County Improvement Authority for the retirement of its outstanding unfunded pension liability. Principal and interest payments are due semi-annually through 2023. During 2012, the Borough entered into a new lease agreement to refinance the original unfunded pension liability. Principal and interest payments are due semi-annually through 2023. The following is a schedule of the future minimum lease payments under the agreements, and the present value of the net minimum lease payments at December 31, 2019:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$99,149	\$88,000	\$11,149
2021	105,544	97,000	8,544
2022	111,461	106,000	5,461
2023	<u>118,907</u>	<u>117,000</u>	<u>1,907</u>
	<u>\$435,061</u>	<u>\$408,000</u>	<u>\$27,061</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 6. BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2019 and 2018, the Borough had \$9,218,505 and \$5,843,858, respectively, in outstanding General Capital bond anticipation notes.

The following activity related to bond anticipation notes occurred during the periods ended December 31, 2019 and 2018:

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
General Capital Notes Payable:				
TD Securities LLC	\$	\$6,293,505	\$	\$6,293,505
Amboy Bank		2,925,000		2,925,000
Oppenheimer & Co., Inc.	<u>5,843,858</u>		<u>5,843,858</u>	<u>0</u>
	<u>\$5,843,858</u>	<u>\$9,218,505</u>	<u>\$5,843,858</u>	<u>\$9,218,505</u>

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
General Capital Notes Payable:				
Oppenheimer & Co., Inc.	\$	\$5,843,858	\$	\$5,843,858
1 st Constitution Bank	<u>5,421,060</u>		<u>5,421,060</u>	<u>0</u>
	<u>\$5,421,060</u>	<u>\$5,843,858</u>	<u>\$5,421,060</u>	<u>\$5,843,858</u>

NOTE 7. SPECIAL EMERGENCY NOTES

Following the adoption of an ordinance or resolution for special emergency appropriations, the Borough may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/3 or 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the third or fifth year following the date of the special emergency resolution.

On December 31, 2019 and 2018, the Borough had \$667,540 and \$142,280, respectively, in outstanding Current Fund Special Emergency notes.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 7. SPECIAL EMERGENCY NOTES, (continued)

The following activity related to special emergency notes occurred during the calendar years ended December 31, 2019 and 2018:

	<u>Balance Dec. 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2019</u>
Amboy Bank	\$	\$620,500	\$	\$620,500
Township of East Brunswick		47,040		47,040
Oppenheimer & Co., Inc.	<u>140,280</u>		<u>140,280</u>	<u>0</u>
	<u>\$140,280</u>	<u>\$667,540</u>	<u>\$140,280</u>	<u>\$667,540</u>
	<u>Balance Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2018</u>
Oppenheimer & Co., Inc.	\$	\$140,280	\$	\$140,280
1 st Constitution Bank	<u>233,520</u>		<u>233,520</u>	<u>0</u>
	<u>\$233,520</u>	<u>\$140,280</u>	<u>\$233,520</u>	<u>\$140,280</u>

NOTE 8. EMERGENCY NOTES

Any local unit may borrow money and issue its negotiable notes to meet an emergency appropriation. All emergency notes, and any renewals thereof, shall mature not later than the last day of the fiscal year following the fiscal year in which the notes were issued and the emergency appropriation authorized.

On December 31, 2019 and 2018, the Borough had \$900,000 and \$-0-, respectively, in outstanding Current Fund Emergency notes.

The following activity related to emergency notes occurred during the calendar years ended December 31, 2019 and 2018:

	<u>Balance Dec. 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2019</u>
Amboy Bank	<u>\$</u>	<u>\$900,000</u>	<u>\$</u>	<u>\$900,000</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 9. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019 and 2018, the following deferred charges are shown on the balance sheet of the various funds:

	Balance December 31, <u>2019</u>	2020 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budget</u>
<u>Current Fund:</u>			
Special Emergency - N.J.S.A. 40A:4-55	\$667,540	\$171,140	\$496,400
Emergency Authorization	900,000	437,008	462,992
Deficit in Payroll Account Reserve	<u>8,015</u>	<u>8,015</u>	<u>8,015</u>
	<u>\$1,575,555</u>	<u>\$608,148</u>	<u>\$967,407</u>
	Balance December 31, <u>2018</u>	2019 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budget</u>
<u>Current Fund:</u>			
Special Emergency - N.J.S.A. 40A:4-55	<u>\$140,280</u>	<u>\$93,240</u>	<u>\$47,040</u>

NOTE 10. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2019 and December 31, 2018 which has been appropriated as revenue in the 2020 and 2019 budgets is as follows:

	<u>2020</u>	<u>2019</u>
Current Fund	<u>\$221,200</u>	<u>\$1,217,114</u>

NOTE 11. ACCRUED SICK AND VACATION BENEFITS

The Borough permits employees to accrue (with certain restrictions) unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. This amount is not reported either as an expenditure or liability.

The estimated accumulated unpaid compensation as of December 31, 2019 and 2018 was \$2,926,677 and \$2,774,901, respectively.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 12. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

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's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2019 and 2018, \$-0- of the Borough's bank balance of \$9,281,319 and \$8,146,248, respectively, were exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 12. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Unaudited Investments

As more fully described in Note 16, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by AIG, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2019 and 2018 amounted to \$1,132,870 and \$894,001, respectively.

The following investments represent the total invested with AIG on December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Asset Allocation Fund	\$44,984	\$38,321
Blue Chip Growth Fund	79,610	59,537
Capital Conservation	1,581	1,458
Core Equity Fund		564
Dividend Value	48,444	39,617
Emerging Economies	2,332	1,808
Fixed Account Plus	91,495	86,997
Global Strategy	7,911	7,271
Government Money Market I	53,873	53,518
Government Securities Fund	973	923
Growth Fund	5,339	4,089
Growth & Income Fund	3,612	3,281
Health Sciences	30,123	23,327
High Yield Bond Fund	2,444	2,142
International Equities Fund	8,917	7,432
International Opportunities	2,263	1,813
Large CAP CORE	1,731	1,406
Large CAP Value Fund	958	765
Mid Cap Growth Fund	1,190	904
Mid Cap Index Fund	91,779	72,339
Mid Cap Value Fund	237,877	179,399
Moderate Growth Lifestyle	4,987	4,167
NASDAQ-100R Index Fund	5,576	4,062
Science & Technology Fund	227,251	162,626
Small Cap Index Fund	11,694	9,405
Small Cap Value Fund	3,150	2,663
Stock Index Fund	159,963	121,689
Strategic Bond Fund	2,813	2,478
	<u>\$1,132,870</u>	<u>\$894,001</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 13. LOCAL DISTRICT SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough has elected to defer school taxes as of December 31, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Balance of tax	\$6,869,850	\$6,647,934
Deferred	<u>6,869,850</u>	<u>6,647,934</u>
Tax payable	<u>\$ -0-</u>	<u>\$ -0-</u>

NOTE 14. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of December 31, 2019 and 2018:

	Restated Balance <u>Dec. 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2019</u>
Land	\$73,817,090	\$	\$	\$73,817,090
Buildings	9,359,008	1,665		9,360,673
Vehicles and Equipment	<u>7,638,723</u>	<u>48,431</u>	<u>30,918</u>	<u>7,656,236</u>
	<u>\$90,814,821</u>	<u>\$50,096</u>	<u>\$30,918</u>	<u>\$90,833,999</u>

	Balance <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2018</u>
Land	\$60,858,472	\$	\$862,072	\$59,996,400
Buildings	12,411,237	3,029,663		15,440,900
Vehicles and Equipment	<u>7,582,846</u>	<u>236,765</u>	<u>181,439</u>	<u>7,638,172</u>
	<u>\$80,852,555</u>	<u>\$3,266,428</u>	<u>\$1,043,511</u>	<u>\$83,075,472</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 15. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2019 consist of the following:

\$250,113	Due to Federal and State Grant Fund from the Current Fund for grant awards received less cash disbursements made.
650,000	Due to the General Capital Fund from the Payroll Fund for refund of cash advance.
961	Due to the Current Fund from the Animal License Trust Fund for statutory excess.
2,135	Due to the Current Fund from the Escrow Trust Fund for interest earnings not turned.
2,148	Due to Other Trust Fund from the Current Fund for reimbursement of expenses made less interest earnings not turned over.
<u>79,483</u>	Due to the Escrow Trust Fund from the Other Trust Fund for reimbursement of expenditures paid.
<u>\$984,840</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 16. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On December 6, 2001, the Division of Local Government Services approved the Borough's LOSAP plan, provided by the Variable Annuity Life Insurance Company (VALIC). The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

VALIC will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for an annual contribution of \$1,150 to all eligible members, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Borough's contribution shall be included in the current years budget.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 16. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2019 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 17. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2019 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Englewood Cliffs is a member of the Bergen County Joint Insurance Fund (BCJIF) 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 BCJIF and MEL coverage amounts are on file with the Borough.

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

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 17. RISK MANAGEMENT, (continued)

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

Financial statements for the funds are available at the office of the funds executive director, Public Entity Risk Management Administrators, Inc.

NOTE 18. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance Dec 31, 2019</u>	<u>Balance Dec 31, 2018</u>
Prepaid Taxes	<u>\$544,613</u>	<u>\$490,758</u>
Cash Liability for Taxes Collected in Advance	<u>\$544,613</u>	<u>\$490,758</u>

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES

We are advised by the Borough Counsel that the Borough is involved in several legal suits. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Borough. The following matters were identified by Borough Counsel to have significant risk exposure:

(a) Borough of Englewood Cliffs, Docket No BER-L-6119-15

On November 29, 2017, 800 Sylvan Avenue, LLC (“Sylvan”) moved to intervene in the litigation, seeking to have its property located at 800 Sylvan Avenue re-zoned to permit the development of 600 multifamily units with a 20 percent affordable housing set-aside. On December 28, 2017, the Borough filed a motion to extend immunity. On January 3, 2018, two days before the return date of that motion, Sylvan filed a builder’s remedy suit. On January 5, 2018, the court entered an order extending the Borough’s immunity against every developer but Sylvan, to permit additional briefing on the issues pertaining to Sylvan. On January 10, 2018, the court granted Sylvan’s motion to intervene. On February 13, 2018, the court entered an order extending immunity as to all builder remedy actions, including Sylvan’s.

On April 13, 2018, the court dismissed Sylvan’s builder’s remedy suit. Sylvan appealed that decision.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

(a) Borough of Englewood Cliffs, Docket No BER-L-6119-15, (continued)

On March 19, 2018, the court entered a case management order directing the parties (which also included the Fair Share Housing Center (“FSHC”), a non-for-profit advocacy organization) to engage in mediation. The parties were unable to reach a resolution at mediation, and on October 1, 2018, the court entered an order deeming the mediation to be concluded.

On October 18, 2018, the Borough filed a motion to bifurcate the trial into two phases; the first phase would address quantifying the Borough’s Realistic Development Potential (“RDP”) and the second phase would assess the sufficiency of the Borough’s plan to address its RDP. The court denied that motion on November 16, 2018, and ordered the Borough to file its Housing Element and Fair Share Plan and expert reports by December 7, 2018.

On December 5, 2018, the court denied a motion to strip the Borough of immunity.

On April 25, 2019, the Borough, FSHC, Sylvan, and the Borough’s Mount Laurel subcommittee entered into a non-binding Memorandum of Understanding as to an incomplete number of proposed settlement terms. The parties thereafter proceeded to negotiate settlement terms on the basis that the Borough would not vote to bind public until the Borough first heard from the public as to its proposed settlement. On July 10, 2019, the Borough’s Governing Body held a town hall meeting at which the public provided feedback concerning a possible settlement with Sylvan and FSHC. On July 29, 2019, the Borough adopted a resolution confirming its intention to comply with its affordable housing obligations, but to do so without rezoning the Sylvan property for a high density inclusionary project.

On August 6, 2019, the Borough filed a motion to extend immunity. On August 13, 2019, Sylvan filed a cross-motion for revocation of immunity. On August 27, 2019, the court entered an order stripping the Borough of immunity from developers’ lawsuits over the recommendation of the court’s Special Master. In that Order, before the court even considered the validity of the Borough’s plan (which was supposed to occur at trial just 44 days later), it found that the Borough had acted in bad faith by preparing a plan that was insufficient, and for failing to settle – notwithstanding that settlement negotiations were confidential and there was no record to support such a finding.

Sylvan thereafter filed a Counterclaim in the lawsuit, seeking to have its property rezoned to build its proposed 600-unit project and FSHC was permitted to formally intervene in the lawsuit to: (i) have the Borough’s affordable housing plan deemed constitutionally non-compliant and thereafter have the court require the Borough to develop a complaint plan with a much greater affordable housing obligation; and (ii) recover FSHC’s legal fees.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

(a) Borough of Englewood Cliffs, Docket No BER-L-6119-15, (continued)

A trial thereafter commenced on October 11, 2019.

Following completion of Phase 1 of the trial, the court rendered a decision and order on January 17, 2020 (the "Decision") which determined the Borough to be constitutionally non-compliant with the Mount Laurel doctrine. In that Decision, the court ordered the Borough to "revise its ordinances in accordance with the attached decision within 90 days of this date." The court also ordered that it would hold a hearing on April 16, 2020 at which time "the Master shall testify under oath whether the revised ordinances, in her opinion, conform with the decision of the court." Finally, the court held that, in the event the Master shall fail to do so, the court shall consider voiding all zoning ordinances of the Borough.

On February 12, 2020, the court rendered a decision awarding Sylvan builder's remedy award permitting it to build its 600-unit project and declaring water and sewer a scarce resource in the Borough that must be reserved to satisfy the entirety of the Borough's affordable housing obligation addressed in the decision.

On March 11, 2020 the Borough adopted Resolution 20-70, which pointed out that the Master's recommendations, although aggressive, were consistent with COAH standards, and pledged to comply with the Master's recommendations. The Borough explained that it was not able to submit revised ordinances for consideration by the Master that complied with both the trial court's ruling and applicable law. On April 9, 2020, the Borough wrote to the court and requested that it declare the January 17, 2020 decision to be a final judgement, which would allow it to be appealed as of right. The letter noted that the Borough was unable to devise a plan that complied with the law and respectfully welcomed the Masters to propose a lawful plan if they were able.

The court did not hold the hearing contemplated by its April 16, 2020 decision, but instead issued two expansive orders on April 17, 2020, voiding all of the Borough's zoning, land use, and development ordinances. In addition, the court divested the Planning Board of jurisdiction and appointed a Special Hearing Officer to administer control and regulation of all lands and buildings in the Borough. Finally, the court established a fast-track procedure for Sylvan to secure development approvals and building permits.

On April 22, 2020, FSHC filed a motion to enforce litigant's right seeking to compel the Borough to construct a 57-unit 100% affordable housing project (that had been proposed as part of the Borough's plan to address its affordable housing obligation in lieu of Sylvan building an inclusionary development project on its site). FSHC argued, in that motion, that the court has the authority to compel the Borough to build 100% affordable housing projects in order to enforce its January 17th Order.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

(a) Borough of Englewood Cliffs, Docket No BER-L-6119-15, (continued)

On or about April 24, 2020, FSHC commenced a new lawsuit against the Borough alleging a breach of New Jersey Civil Rights Act and seeking to recover all of its legal fees in connection with the declaratory judgement litigation entitled “Fair Share Housing Center, Inc. v. Borough of Englewood Cliffs”, Docket No BER-L-2457-20.

On June 8, 2020, the Court entered an Order reserving decision on whether or not the Borough should be compelled to build 100% affordable housing projects in order to enforce its January 17th Order and simultaneously directing the court-appointed Master to develop a complaint affordable housing plan for the Borough by, among other things, potentially inviting developers and Borough property owners to submit plans to develop inclusionary development projects in the Borough.

On September 29th, prior to the court-appointed Special Hearing Officer commencing a hearing on whether to permit Sylvan secure development approvals for a 600 unit project, the parties had discussions about the framework of a settlement potentially agreeable to the Borough.

On Sunday, October 4th, the Governing Body voted to approve a settlement (resolving both the Declaratory Judgement Litigation and the NJ Civil Rights Litigation) whereby, among other things: (i) Sylvan would be permitted to build a 450 unit project; (ii) the Borough would agree to sponsor an approximately 60-65 Unit 100% affordable housing project (which, depending upon whether or not the project secures 9% low income housing tax credits, could expose the Borough to approximate costs in excess of \$9 or \$10 million dollars; (iii) the Borough would agree to certain zoning and overlay zoning in the Borough to permit the creation of affordable housing; and (iv) FSHC would be paid \$335,000 toward its attorney fees and costs.

The settlement must be approved by the court at a fairness and compliance hearing (at which time the public and interest parties would be given an opportunity to be heard) likely to be scheduled in December 2020.

II. Potential Outcome of the Litigation if the Settlement Agreement is Not Approved.

As set forth above, other than FSHC’s legal fees (which could be in the range of \$500,000 or more), Sylvan and FSHC are not, as of now, expressly seeking monetary damages, although the court may award additional damages against the Borough in connection with the NJ Civil Rights Act litigation.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

(a) **Borough of Englewood Cliffs, Docket No BER-L-6119-15, (continued)**

If the Borough required to build one or more 100% affordable housing projects to satisfy the court's January 17, 2020 order, it could face financial exposure in the tens of millions of dollars (given the cost to acquire land and pay for construction/infrastructure if the Borough is required to build approximately 174 affordable housing units). The estimate does not include the unknown costs to the Borough to address fiscal impacts and infrastructure costs related to the construction of at least 600, but potentially many more, market-rate and affordable housing units as a result of Sylvan's project and other projects that may be approved (requiring existing commercial uses along Sylvan Avenue and elsewhere to be converted to residential uses) as a result of the trial court's January 17th order. Those costs could amount to millions of dollars annually (apart from the potential loss of commercial rates). In addition, because the Borough is required to pay the legal fees of the court-appointed Special Master, the court-appointed Special Counsel and the court-appointed Special Hearing Officer, and because those three individuals may be administering control and regulation of all lands and buildings in the Borough and overseeing the development of affordable housing units in the Borough for the indefinite future, those fees could be significant. It is our understanding from the Borough attorney that there is no insurance coverage for any of the costs described above or for defense of the Borough in the declaratory judgement litigation.

If the settlement is not approved, the Borough would likely seek relief in the New Jersey Appellate Division from some or all the orders and decisions of the trial court described above and would continue to vigorously defend the existing lawsuit in the trial court.

Given the uncertainties inherent in the evolving treatment of affordable housing policy by the New Jersey Courts, it is impossible to predict the outcome of any appeal.

(b) **Miscellaneous Tax Appeals**

The assessed value of the commercial properties currently under appeal is \$474,525,800 which represents approximately 14% of the current Net Valuation Taxable of the Borough. Some of these individual appeals involve large assessments and there is substantial exposure for some of the matters and certainly in the aggregate. Future refunds due to tax court decisions and settlements will be raised through future taxation.

The Borough has taken action over the past four years to fund the substantial amount of tax appeal decisions and settlements reached. Details of such are listed below:

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

(b) Miscellaneous Tax Appeals, (continued)

On December 16, 2009, the Mayor and Council adopted a resolution to submit an application to the Local Finance Board to request the approval of a \$1,500,000 refunding bond ordinance for tax appeal refunds. This ordinance was introduced by the Mayor and Council on January 6, 2010 and the application was heard by the Local Finance Board at their meeting of January 13, 2010. The Local Finance Board approved the application at this meeting for a repayment of 6 years as follows:

2011	\$300,000
2012	275,000
2013	250,000
2014	245,000
2015	230,000
2016	<u>200,000</u>
	<u>\$1,500,000</u>

On December 11, 2013, the Mayor and Council adopted a \$590,000 refunding bond ordinance for tax appeal refunds. This ordinance was introduced by the Mayor and Council at their meeting on November 25, 2013 and the application as heard by the Local Finance Board at their meeting of December 11, 2013. The Local Finance Board approved the application at this meeting for a repayment of 3 years as follows:

2014	\$175,000
2015	200,000
2016	<u>215,000</u>
	<u>\$590,000</u>

On October 14, 2015, the Mayor and Council adopted a \$1,460,000 refunding bond ordinance for tax appeal refunds. This ordinance was introduced by the Mayor and Council at their meeting on September 15, 2015 and the application was heard by the Local Finance Board at their meeting on October 14, 2015. The Local Finance Board approved the application at this meeting for a repayment of 6 years as follows:

2016	\$200,000
2017	215,000
2018	235,000
2019	255,000
2020	275,000
2021	<u>280,000</u>
	<u>\$1,460,000</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 20. SUBSEQUENT EVENTS

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the ratepayers of the Borough of Englewood Cliffs. The Borough has identified several risks as a result of this pandemic, including a possible delay in collection of revenues and cash flow shortages as the result of these delayed collection. The Borough will continue to monitor the situation closely.

The Borough has evaluated subsequent events through October 14, 2020, the date which the financial statements were available to be issued. No items were noted.

NOTE 21. RESTATEMENT NOTE

During 2019, the Borough's fixed asset report was updated to reflect adjustments not made prior to the issuance of the December 31, 2018 audit report. The following adjustments were made to the General Fixed Assets Account Group as of December 31, 2018:

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Restatement</u>	<u>Restated</u> <u>Balance</u> <u>Dec. 31, 2018</u>
Land	\$59,996,400	\$13,820,690	\$73,817,090
Buildings & Building Improvements	15,440,900	(6,081,892)	9,359,008
Vehicles and Equipment	<u>7,638,172</u>	<u>551</u>	<u>7,638,723</u>
	<u>\$83,075,472</u>	<u>\$7,739,349</u>	<u>\$90,814,821</u>

SUPPLEMENTARY DATA

BOROUGH OF ENGLEWOOD CLIFFS

Supplementary Data

Officials in Office and Surety Bonds

The following officials were in office during the period under audit.

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Type of bond</u>
Mario M. Kranjac	Mayor		
Gloria Oh	Council President		
Ellen Park	Councilwoman		
William Woo	Councilman		
Deorah Tsabari	Councilwoman		
Jimmy Song	Councilman		
Ed Aversa	Councilman		
Lisette M. Duffy	Borough Clerk/Administrator		
Vincent Buono	Tax Collector	\$ 1,000,000	(A)
Janice Romano	Deputy Tax Collector		
Albert Wunsch III, Esq.	Borough Attorney (1/1/19-3/5/19)		
Joseph Mariniello, Esq.	Borough Attorney (3/5/19-12/31/19)		
Neglia Engineering Associates	Borough Engineer		
Gina Tessaro	Construction Code Official		
Marc Saperstein, Esq.	Municipal Judge	1,000,000	(A)
Marc D. Ramundo, Esq.	Prosecutor		
Jill Cadre, Esq.	Public Defender		
Diane Frohlich	Court Administrator	1,000,000	(A)
George Reggo	Tax Assessor (1/1/19-6/30/19)		
Jennifer Finotti-Sheppard	Tax Assessor (7/1/19-11/18/19)		
Sarah Holbig	Tax Assessor (11/18/19-12/31/19)		
Michael Cioffi	Police Chief (1/1/19-6/12/19)		
William Henkelman	Police Chief (6/12/19-12/31/19)		

(A) - Statutory positions are covered under the South Bergen Municipal Jointure policy (\$50,000) and Municipal Excess Liability Joint Insurance Fund (Excess Crime Policy - Public Employee Bond - \$950,000)

BOROUGH OF ENGLEWOOD CLIFFS

Supplementary data

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax rate	<u>1.081</u>	<u>1.043</u>	<u>0.998</u>
Apportionment of tax rate:			
Municipal	0.418	0.401	0.373
School	0.405	0.251	0.232
County	<u>0.258</u>	<u>0.391</u>	<u>0.393</u>

Assessed Value

2019	\$ 3,615,533,075
2018	3,400,524,332
2017	3,365,947,662

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2019	\$ 36,800,703	36,195,677	98.36%
2018	35,613,790	34,816,744	97.76%
2017	33,732,609	33,133,787	98.22%

Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31</u>	<u>Amount of delinquent taxes</u>	<u>Tax title liens</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2019	\$ 484,915	322	485,237	1.32%
2018	340,809	168	340,977	0.96%
2017	352,052		352,052	1.04%

BOROUGH OF ENGLEWOOD CLIFFS

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2019 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by litigation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>		<u>Amount</u>
2019	\$	39,528
2018		39,528
2017		39,528

Comparative Schedule of Fund Balance

	<u>Year</u>		<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2019	\$	1,118,819	221,200
	2018		1,387,950	1,217,114
	2017		2,050,953	1,545,000
	2016		2,214,027	1,300,000
	2015		1,011,144	910,000

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Expenditures of Federal Financial Assistance

Year ended December 31, 2019

<u>Program</u>	<u>CFDA #</u>	<u>FAIN Number</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Expended</u>	<u>MEMO Cumulative Total Expenditures</u>
<u>Federal and State Grant Fund:</u>								
<u>Department of Housing and Urban Development</u>								
Community Development Block Grant	14.219			2000	\$ 20,000			7,669
<u>Department of Law and Public Safety</u>								
Bulletproof Vest Partnership Program	16.607				7,986			7,986
<i>Total Federal and State Grant Fund</i>								15,655
<u>General Capital Fund:</u>								
<u>Department of Transportation</u>								
Federal Highway Planning and (passed through State Department of Transportation)								
Summit Street	20.205		Ord. 2013-09	2013	150,000			
Pershing Road	20.205		Ord. 2018-02	2018	212,000			
<i>Total General Capital Fund</i>								
<u>Trust Funds:</u>								
U.S. Department of Justice						552		
Equitable Sharing Program						552		
<i>Total Trust Funds</i>						552		
<i>Total Federal Assistance</i>					\$	552		15,655

Note: This schedule was not subject to an audit in accordance with Uniform Guidance

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2019

	Grant Number	Grant Year	Grant Award	Cash Received	Expended	MEMO Cumulative Total Expenditures
<u>Federal and State Grant Fund:</u>						
Division of Criminal Justice						
Alcohol Education and Rehabilitation	9735-760-098-Y900-001-X100-6020	2014	1,403			460
Alcohol Education and Rehabilitation	9735-760-098-Y900-001-X100-6020	2015	1,179			*
Alcohol Education and Rehabilitation	9735-760-098-Y900-001-X100-6020	2016	665			*
Alcohol Education and Rehabilitation	9735-760-098-Y900-001-X100-6020	2017	193			*
Alcohol Education and Rehabilitation	9735-760-098-Y900-001-X100-6020	2018	878			*
Alcohol Education and Rehabilitation	9735-760-098-Y900-001-X100-6020	2019				*
Body Armor Replacement Fund	1020-718-066-1020-001	2019	2,684	2,684		*
Emergency Management Assistance Fund		2016	5,000	2,684		*
				<u>2,684</u>		<u>460</u>
Division of Motor Vehicles						
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2003	509			*
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2004	1,141			*
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2005	279			*
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2009	378			*
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2014	3,400			*
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2015	2,278			*
						<u>289</u>
						<u>346</u>
Department of Health						
Hepatitis B	4230-100-046-4781-241-J002-3890	2002	756			*
Domestic Violence Grant		2006	1,000			*
						<u>21</u>
						<u>21</u>

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2019

	Grant Number	Grant Year	Grant Award	Cash Received	Expended	MEMO Cumulative Total Expenditures
Department of Environmental Protection						
Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2011	9,861		3,304	9,861
Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2012	9,688		587	587
Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2013	11,375			
Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2014	10,669			
Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2015	12,963			
Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2016	14,824			573
Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2017	12,594			
Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2018	12,047			
Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2019	13,447	13,447		
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2004	4,826			3,041
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2005	5,160			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2006	4,179			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2007	3,078			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2008	1,776			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2009	13,777			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2010	20,865			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2011	7,326			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2013	6,921			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2014	9,675			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2015	6,793			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2016	10,012			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2017	9,982			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2018	9,152	9,152		
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2019	7,631	7,631		
				<u>30,230</u>	<u>3,891</u>	<u>14,062</u>
Total State Financial Assistance			\$ <u>32,914</u>	<u>3,891</u>		<u>14,889</u>

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2019

	Grant Number	Grant Year	Grant Award	Cash Received	Expended	MEMO Cumulative Total Expenditures
<u>Other Financial Assistance</u>						
The Heritage Program (Firemen's Fund Insurance Company)						
Fireman's Fund Grant	N/A	2011	12,774			11,207
<u>County of Bergen</u>						
Municipal Recycling Assistance Program		PY	11,163		680	680
Municipal Recycling Assistance Program		PY	10,211			
Municipal Recycling Assistance Program		2005	4,008			500
Municipal Recycling Assistance Program		2007	2,549			
					680	1,180
<u>Passed through -</u>						
County of Bergen						
Municipal Alliance on Alcoholism and Drug Abuse	2000-100-082-C001-044	2017	9,876	5,303		9,720
Total Other Financial Assistance				5,303	680	22,107
<i>Total Federal and State Grant Fund</i>				38,217	4,571	36,996
<u>General Capital Fund:</u>						
County of Bergen						
ADA Cooperative Curb Ramp Construction Grant	Ord. 2014-10	2014	46,000			
<i>Total General Capital Fund</i>						
Total State and Other Financial Assistance			\$ 38,217	4,571		36,996

Note: This schedule was not subject to an audit in accordance with N.J.OMB 15-08.

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Cash - Collector-Treasurer

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018		\$	3,431,414
Increased by:			
Veterans' and Senior Citizens' Deductions	\$	21,930	
Taxes Receivable		35,944,527	
Prepaid Taxes		544,613	
Emergency Notes		900,000	
Special Emergency Notes		620,500	
Tax Overpayments		92,807	
Interfunds		1,042,818	
Petty Cash		300	
Revenue Accounts Receivable		2,503,728	
Miscellaneous Revenue Not Anticipated		85,698	
Miscellaneous Reserves		27,420	
Grants Receivable		17,139	
Unappropriated Reserves		21,078	
			<u>41,822,558</u>
			45,253,972
Decreased by:			
Budget Appropriations		17,086,311	
Appropriation Reserves		664,601	
County Taxes Payable		8,774,977	
School Taxes Payable		13,517,786	
Tax Overpayments		30,242	
Transfer to Cash		40,999	
Interfunds		1,031,614	
Special Emergency Notes		93,240	
Prior Year Refunds		1,175	
Appropriated Grant Reserves		4,571	
			<u>41,245,516</u>
Balance - December 31, 2019		\$	<u><u>4,008,456</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Change Funds

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	200
Increase by:		
Transfer from Petty Cash		<u>100</u>
Balance - December 31, 2019	\$	<u><u>300</u></u>

Schedule of Petty Cash

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	700
Decreased by:		
Transfer to Change Fund	\$	100
Return to Treasurer		<u>300</u>
		<u>400</u>
Balance - December 31, 2019	\$	<u><u>300</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

**Schedule of Due From State of New Jersey -
Senior Citizens' and Veterans' Deductions**

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018		\$	1,278
Increased by:			
Veterans' deductions per duplicate	\$	20,750	
Senior Citizens' deductions per duplicate		1,750	
Veterans' deductions allowed		<u>250</u>	
			<u>22,750</u>
			24,028
Decreased by:			
Senior Citizens' deductions disallowed		1,750	
Cash Received		<u>21,930</u>	
			<u>23,680</u>
Balance - December 31, 2019		\$	<u><u>348</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2019

Year	Balance, Dec. 31, 2018	2019 Tax Levy	2018 Collections	2019 Collections	Veterans and Senior Citizens	Transferred to tax title liens	Remitted, Abated or Cancelled	Balance, Dec. 31, 2019
2018	<u>340,809</u>			<u>324,059</u>			<u>16,750</u>	
2019		<u>36,800,703</u>	<u>490,758</u>	<u>35,683,919</u>	<u>21,000</u>	<u>154</u>	<u>119,957</u>	<u>484,915</u>
	<u>\$ 340,809</u>	<u>36,800,703</u>	<u>490,758</u>	<u>36,007,978</u>	<u>21,000</u>	<u>154</u>	<u>136,707</u>	<u>484,915</u>

Overpayments Applied 63,451
 Cash Receipts 35,944,527
\$ 36,007,978

Analysis of 2019 Property Tax Levy

Tax yield:
 General Property Tax \$ 36,733,832
 Added Tax (R.S. 54:4-63.1 et seq.) 66,871
\$ 36,800,703

Tax levy:
 Local District School Tax 13,739,702
 County Tax \$ 8,378,269
 County Open Space Preservation 361,554
 County Added and Omitted Taxes 15,964

8,755,787

Local Tax for Municipal Purposes \$ 14,234,878
 Add: Additional Taxes Levied 70,336

14,305,214

Local Tax for Municipal Purposes
\$ 36,800,703

BOROUGH OF ENGLEWOOD CLIFFS

**Schedule of Property Acquired for Taxes
(at Assessed Valuation)**

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$ <u>39,528</u>
Balance - December 31, 2019	\$ <u><u>39,528</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Tax Title Liens Receivable

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	168
Increased by:		
Interest and Costs		<u>154</u>
Balance - December 31, 2019	\$	<u><u>322</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Accrued in 2019	<u>Collected</u>	Balance, Dec. 31, <u>2019</u>
Miscellaneous Revenues:				
Licenses - Alcoholic Beverages	\$	22,240	22,240	
Fees and Permits:				
Construction Code Official		446,035	446,035	
Other		43,495	43,495	
Municipal Court - Fines and Costs	3,356	46,700	47,068	2,988
Interest and Costs on Taxes		113,408	113,408	
Interest on Investments		11,529	11,529	
Commercial Sewer User Fees		259,206	259,206	
Cable TV - Annual Fees		33,368	33,368	
Cell Tower - Annual Leases		354,392	354,392	
Burglar Alarm Fees		250	250	
Elevator Fees		35,098	35,098	
Energy Receipts Tax		691,474	691,474	
General Capital Fund Balance		67,428	67,428	
Sewer Hook Up Fees		224,000	224,000	
Recreation Fees		72,778	72,778	
Police - Outside Duty		152,741	152,741	
	<u>\$ 3,356</u>	<u>2,574,142</u>	<u>2,574,510</u>	<u>2,988</u>
		Interfunds \$ 70,782		
		Cash <u>2,503,728</u>		
		<u>\$ 2,574,510</u>		

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

Current Fund

Year ended December 31, 2019

	Due from/(to) Balance <u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2019</u>
Federal and State Grant Fund	\$ (216,467)	4,571	38,217	(250,113)
General Capital Fund	76	1,059,924	1,060,000	
Dog License Trust Fund		961		961
Assessment/Other Trust Fund				
Other Trust Fund	36	42,774	44,958	(2,148)
Escrow Trust Fund	(186)	2,321		2,135
	<u>(216,541)</u>	<u>1,110,551</u>	<u>1,143,175</u>	<u>(249,165)</u>
Interfunds due from	112	1,063,020	1,060,036	3,096
Interfunds (due to)	<u>(216,653)</u>	<u>47,531</u>	<u>83,139</u>	<u>(252,261)</u>
	<u>\$ (216,541)</u>	<u>1,110,551</u>	<u>1,143,175</u>	<u>(249,165)</u>
			Cash Receipts \$ 1,042,818	
		Cash Disbursements 1,031,614		
		Anticipated Revenue 70,782		
		Interest on Investments 1,386		
		Statutory Excess 961		
		Prior Year Void Checks 1,237		
			Reimbursement for Expense Paid 2,140	
			Capital Improvement Fund 60,000	
			Grants Receivable 17,139	
		Appropriated Grant Reserves 4,571		
			Unappropriated Grant Reserves 21,078	
		<u>\$ 1,110,551</u>	<u>1,143,175</u>	

BOROUGH OF ENGLEWOOD CLIFFS

**Schedule of Deferred Charges - N.J.S.A. 40A:4-46
Emergency Authorizations**

Current Fund

Year ended December 31, 2019

<u>Date</u>	<u>Purpose</u>	<u>Net Amount</u>	<u>1/5 of net</u>	<u>Increased by:</u>	<u>Balance</u>
<u>Authorized</u>	<u>Authorized</u>	<u>Authorized</u>	<u>Amount</u>	<u>2019</u>	<u>Dec. 31,</u>
			<u>Authorized</u>	<u>Authorization</u>	<u>2019</u>
December 11, 2019	Emergency - COAH Legal Fees	900,000	180,000	<u>900,000</u>	<u>900,000</u>
				<u>\$ 900,000</u>	<u>900,000</u>

BOROUGH OF ENGLEWOOD CLIFFS

**Schedule of Deferred Charges - N.J.S.A. 40A:4-53
Special Emergency Authorizations**

Current Fund

Year ended December 31, 2019

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of net Amount Authorized</u>	<u>Balance Dec. 31, 2018</u>	<u>Increased by: 2019 Authorization</u>	<u>Reduced by: 2019 Budget Appropriation</u>	<u>Balance Dec. 31, 2019</u>
December 14, 2014	Special Emergency - Terminal Leav	\$ 231,000	46,200	46,200		46,200	
December 16, 2015	Special Emergency - Terminal Leav	235,200	47,040	94,080		47,040	47,040
November 17, 2019	Special Emergency - Terminal Leav	620,500	124,100		620,500		620,500
				\$ 140,280	620,500	93,240	667,540

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec.31, <u>2018</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid</u>	Balance <u>lapsed</u>
Salaries and Wages:				
Administrative and Executive	1,295	1,295		1,295
Financial Administration	1	1		1
Collection of taxes	3,095	3,095	360	2,735
Assessment of taxes	9	9		9
Planning Board	200	200		200
Police		10,500	10,289	211
Fire Official	9,617			
Road Repairs and Maintenance	69,034	34	(500)	534
Shade Tree	1	1		1
Board of Health	200	200		200
Parks and playgrounds	22,185	185		185
Construction Official	28,392	2		2
Plumbing Inspector	6,138			
Fire Sub-Code Official	2,000			
Municipal Court	2,107	2,107		2,107
Other Expenses:				
Administrative and Executive	15,996	13,026	10,486	2,540
Financial Administration	813	7,545	1,398	6,147
Collection of Taxes	2,560	5,487	2,686	2,801
Assessment of taxes	9,716	816		816
Legal Services and Costs				
Other Expenses	11,846	166,408	94,785	71,623
Appraisal Fees	4,050	12,350	350	12,000
Engineering Services and Costs	7,918	11,176	6,591	4,585
Insurance (N.J.S.A. 40A:4-45.3(00))				
Other Insurance Premiums	506	37,638	34,739	2,899
Group Insurance Plan for Employee	50,829			
Planning Board	4,323	4,982	(1,379)	6,361
Police	23,474	19,917	18,909	1,008
Fire				
Hydrant Services	9,683	5,683		5,683
Other Expenses	4,956	22,516	13,192	9,324
Clothing Expenses	3,450	3,450		3,450
Road Repairs and Maintenance				
Other Expenses	8,082	29,571	5,756	23,815
Gasoline	1,500	3,886	1,439	2,447
Garbage and Trash Removal	59,864	90,893	27,071	63,822
Recycling	444	444	65	379

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec.31, <u>2018</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid</u>	<u>Balance lapsed</u>
Public Buildings and Grounds	14,543	24,942	5,679	19,263
Sewer System	97	3,793	2,074	1,719
Shade Tree	25,921	35,621	30,426	5,195
Board of Health	2,957	3,299		3,299
Environmental Commission	1,114	1,170	56	1,114
Senior Citizens Committee	4,857	4,987	151	4,836
Parks and playgrounds	8,419	26,736	11,671	15,065
Celebration of Public Events	5,054	4,746	543	4,203
Construction Official	11,254	7,821	3,638	4,183
Fire Prevention	1,584	1,584		1,584
Municipal Court	6,302	7,455	337	7,118
COAH Expenses	9,690	312,751	310,107	2,644
Electricity and Heating Oil	1,156	12,833	11,677	1,156
Telephone and Fax	12,318	9,817	1,503	8,314
Street Lighting	84	10,243	10,037	206
Water	1,412	2,434	465	1,969
Contingent	30,684	80,684	50,000	30,684
Social Security System (O.A.S.I.)	32,410	410		410
DCRP	3,379	3,379		3,379
Sewer - Contractual - BCUA Service Charges	53	53		53
Sewer Charges - Borough of Tenafly	18	18		18
Sewer Charges - City of Englewood	928	928		928
LOSAP	7,015	7,015		7,015
	<u>\$ 545,533</u>	<u>1,016,136</u>	<u>664,601</u>	<u>351,535</u>
Appropriation Reserves	\$ 545,532			
Encumbrances		<u>470,604</u>		
		<u>\$ 1,016,136</u>		

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Encumbrances Payable

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	470,604
Increased by:		
Charges to 2019 Budget Appropriations		<u>466,573</u>
		937,177
Decreased by :		
Transferred to 2018 Appropriation Reserves		<u>470,604</u>
Balance - December 31, 2019	\$	<u><u>466,573</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$ 490,758
Increased by:	
Collection of 2020 Taxes	<u>544,613</u>
	1,035,371
Decreased by :	
Applied to 2019 Taxes	<u>490,758</u>
Balance - December 31, 2019	<u><u>\$ 544,613</u></u>

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$ 1,159
Increased by:	
Cash Receipts	<u>92,807</u>
	93,966
Decreased by:	
Cash Disbursements	\$ 30,242
Overpayments Applied	<u>63,451</u>
	<u>93,693</u>
Balance - December 31, 2019	<u><u>\$ 273</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	35,154
Increased by:		
County Share of 2019 Levy	\$	8,378,269
County Open Space Preservation of 2019 Levy		361,554
County Share of 2019 Levy - Added Taxes		<u>15,964</u>
		<u>8,755,787</u>
		8,790,941
Decreased by:		
Cash Disbursements		<u>8,774,977</u>
Balance - December 31, 2019	\$	<u><u>15,964</u></u>

Schedule of Local District School Taxes Payable

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018		
School Taxes Deferred	\$	<u>6,647,934</u>
Increased by:		
Local School Share of Fiscal Year 2019 Levy		<u>13,739,702</u>
		20,387,636
Decreased by:		
Cash Disbursement		<u>13,517,786</u>
Balance - December 31, 2019	\$	<u><u>6,869,850</u></u>
School Taxes Deferred	\$	<u><u>6,869,850</u></u>
<u>2019 Liability for Local School District Taxes:</u>		
Amount Charged to 2019 Operations	\$	<u><u>13,517,786</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Miscellaneous Reserves

Current Fund

Year Ended December 31, 2019

<u>Reserve for</u>	Balance, Dec. 31, <u>2018</u>	<u>Increased by:</u>	<u>Decreased by:</u>	Balance, Dec. 31, <u>2019</u>
State Library Aid	\$ 5,518			5,518
Tax Appeal Reserve	249,410	100,000	33,498	315,912
Master Plan	1,675			1,675
BCUA Recycling Grant	11,445			11,445
Outside Tax Title Lien Redemption	10,233			10,233
Police Outside Duty-Due to Officers	<u>7,501</u>	<u>27,420</u>	<u>7,501</u>	<u>27,420</u>
	<u>\$ 285,782</u>	<u>127,420</u>	<u>40,999</u>	<u>372,203</u>
Budget Appropriation	\$	100,000		
Cash Receipt		27,420		
Cash Disbursement			40,999	
		<u>\$ 127,420</u>	<u>40,999</u>	

BOROUGH OF ENGLEWOOD CLIFFS

**Schedule of Emergency Notes Payable
N.J.S.A. 40A:4-51**

Current Fund

Year ended December 31, 2019

<u>Improvement description</u>	<u>Date of original issue</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Increased</u>	<u>Balance, Dec. 31, 2019</u>
Emergency Note - COAH Legal Fees	Dec. 30, 2019	Dec. 30, 2019	Nov. 13, 2020	1.520%	\$ 900,000	900,000
					\$ 900,000	900,000

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Special Emergency Notes Payable
N.J.S.A. 40A:4-55

		Year ended December 31, 2019				Current Fund		
Improvement description	Date of original issue	Date of issue	Date of maturity	Interest rate	Balance, Dec. 31, 2018	Increased	Decreased	Balance, Dec. 31, 2019
Special Emergency - Terminal Leave 2014	Dec. 23, 2014	Feb. 22, 2019	Jan. 15, 2020	2.590%	\$ 46,200	46,200	47,040	47,040
Special Emergency - Terminal Leave 2015	Dec. 30, 2015	Dec. 30, 2019	Nov. 13, 2020	1.520%	94,080	620,500	47,040	620,500
Special Emergency - Terminal Leave 2019	Dec. 30, 2019							
					\$ 140,280	620,500	93,240	667,540

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Grants Receivable

Federal and State Grant Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	2019 <u>Revenue</u>	Decreased <u>By:</u>	Balance, Dec. 31, <u>2019</u>
Bulletproof Vest Fund	\$ 7,986			7,986
Community Development Block Grant	9,710			9,710
Municipal Alliance on Alcoholism and Drug Abuse	15,201		5,303	9,898
Recycling Tonnage Grant - 2019		9,152	9,152	
Alcohol Education Rehabilitation Grant - 2018		879	879	
Body Armor Grant - 2018		2,684	2,684	
Clean Communities Grant - 2018		12,047	12,047	
	<u>\$ 32,897</u>	<u>24,762</u>	<u>30,065</u>	<u>27,594</u>
			Cash Receipt \$ 17,139	
			Transfer from Unappropriated Grants <u>12,926</u>	
			<u>\$ 30,065</u>	

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

Federal and State Grant Funds

Year ended December 31, 2019

	Due from/(to) Balance <u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2019</u>
Current Fund	\$ <u>216,467</u>	<u>38,217</u>	<u>4,571</u>	<u>250,113</u>
	\$ <u>216,467</u>	<u>38,217</u>	<u>4,571</u>	<u>250,113</u>
		Grants Receivable \$ 17,139		
		Appropriated Grant Reserves	4,571	
		Unappropriated Grant Reserves <u>21,078</u>		
		\$ <u>38,217</u>	<u>4,571</u>	

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Appropriated Grant Reserves

Federal and State Grant Funds

Year ended December 31, 2019

<u>Grant</u>	Balance Dec. 31, 2018	from 2019 Budget <u>Appropriations</u>	Decreased by:	Balance Dec. 31, 2019
Community Development Block Grant	\$ 12,331			12,331
BCUA Recycling Grant	11,163		680	10,483
BCUA Recycling Grant	10,211			10,211
BCUA Recycling Grant	3,508			3,508
BCUA Recycling Grant	2,549			2,549
Clean Communities - 2011	3,304		(1,533)	4,837
Clean Communities - 2012	9,688			9,688
Clean Communities - 2013	11,376			11,376
Clean Communities - 2014	10,668			10,668
Clean Communities - 2015	12,963			12,963
Clean Communities - 2016	14,251			14,251
Clean Communities - 2017	12,594		5,424	7,170
Clean Communities - 2018		12,047		12,047
Recycling Tonnage Grant - 2004	1,785			1,785
Recycling Tonnage Grant - 2005	5,160			5,160
Recycling Tonnage Grant - 2006	4,179			4,179
Recycling Tonnage Grant - 2007	3,078			3,078
Recycling Tonnage Grant - 2008	1,776			1,776
Recycling Tonnage Grant - 2009	13,777			13,777
Recycling Tonnage Grant - 2010	20,865			20,865
Recycling Tonnage Grant - 2011	7,326			7,326
Recycling Tonnage Grant - 2013	6,920			6,920
Recycling Tonnage Grant - 2014	9,675			9,675
Recycling Tonnage Grant - 2016	6,793			6,793
Recycling Tonnage Grant - 2017	10,012			10,012
Recycling Tonnage Grant - 2018	9,982			9,982
Recycling Tonnage Grant - 2019		9,152		9,152
Alcohol Education Rehabilitation - 2014	943			943
Alcohol Education Rehabilitation - 2015	1,179			1,179
Alcohol Education Rehabilitation - 2016	665			665
Alcohol Education Rehabilitation - 2017	193			193
Alcohol Education Rehabilitation - 2018		879		879
Municipal Alliance - 2017	156			156
Drunk Driving Enforcement Fund - 2003	163			163
Drunk Driving Enforcement Fund - 2004	1,141			1,141
Drunk Driving Enforcement Fund - 2005	279			279
Drunk Driving Enforcement Fund - 2009	378			378
Drunk Driving Enforcement Fund - 2014	3,400			3,400
Drunk Driving Enforcement Fund - 2015	1,989			1,989
Body Armor Grant - 2018		2,684		2,684
Hepatitis B	735			735
State Police	5,000			5,000
Domestic Violence	1,000			1,000
Fireman's Fund Grant	1,567			1,567
Hazard Mitigation 2015 - Matching Grant	1,716			1,716
	<u>\$ 236,438</u>	<u>24,762</u>	<u>4,571</u>	<u>256,629</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year Ended December 31, 2019

<u>Grant</u>	Balance, Dec. 31, <u>2018</u>	Realized as 2019 Budget <u>Revenue</u>	<u>Cash Received</u>	Balance, Dec. 31, <u>2019</u>
Alcohol Education & Rehabilitation Grant	\$ 879	879		
Clean Communities - 2018	12,047	12,047		
Clean Communities - 2019			13,447	13,447
Recycling Tonnage Grant - 2019			7,631	7,631
	<u>\$ 12,926</u>	<u>12,926</u>	<u>21,078</u>	<u>21,078</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Cash - Collector-Treasurer

Trust Funds

Year ended December 31, 2019

	<u>Other Trust</u>	<u>Dog License</u>	<u>Emergency Services Trust LOSAP</u>
Balance - December 31, 2018	\$ <u>2,911,762</u>	<u>3,179</u>	<u>894,001</u>
Increased by:			
Other Trust Reserves	645,919		
Dog License Fees		2,125	
Dog License State Fees		327	
State Fees	33,423		
COAH Development Fees	384,151		
DEA Forfeiture Deposits	552		
Interfunds	45,095		
Investment Earnings/Interest			222,129
Borough Contributions			16,740
	<u>1,109,140</u>	<u>2,452</u>	<u>238,869</u>
	4,020,902	5,631	1,132,870
Decreased by:			
Other Trust Reserves	670,654		
State fees	32,781		
COAH Development Expenditures	312,222		
Interfunds	42,350		
Dog License Fund Expenditures		252	
Dog License State Fees		340	
	<u>1,058,007</u>	<u>592</u>	
Balance - December 31, 2019	\$ <u><u>2,962,895</u></u>	<u><u>5,039</u></u>	<u><u>1,132,870</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Tax Sale Receivable

Other Trust Fund

Year ended December 31, 2019

Balance - December 31, 2018 \$ 50

Balance - December 31, 2019 \$ 50

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

Year ended December 31, 2019

	Due from/(to) Balance Dec. 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance Dec. 31, <u>2019</u>
<u>INTERFUNDS:</u>				
Dog License Trust Fund:				
Current Fund	\$		961	(961)
Other Trust Fund:				
Current Fund - Other Trust	(36)	44,958	42,774	2,148
Current Fund - Escrow Trust	186		2,321	(2,135)
<u>INTRAFUNDS:</u>				
Due to Escrow - Other Trust	(79,483)			(79,483)
Due from Other Trust - Escrow Trust	<u>79,483</u>			<u>79,483</u>
	<u>150</u>	<u>44,958</u>	<u>46,056</u>	<u>(948)</u>
Interfunds due from	79,669	44,958	42,996	81,631
Interfunds (due to)	<u>(79,519)</u>		<u>3,060</u>	<u>(82,579)</u>
	<u>\$ 150</u>	<u>44,958</u>	<u>46,056</u>	<u>(948)</u>
			45,095	
		42,350		
		468		
		2,140		
			<u>961</u>	
		<u>\$ 44,958</u>	<u>46,056</u>	

BOROUGH OF ENGLEWOOD CLIFFS

**Schedule of Due from/(to)
State Department of Health**

Dog License Trust Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	(14)
Increased by:		
State Fees collected		<u>327</u>
		(341)
Decreased by:		
Paid to State of New Jersey		<u>340</u>
Balance - December 31, 2019	\$	<u><u>(1)</u></u>

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Reserve for Dog Fund Expenditures
Dog License Trust Fund
Year ended December 31, 2019

Balance - December 31, 2018	\$	3,165
Increased by:		
Dog license fees	\$	1,818
Late fees/Interest		307
		2,125
		5,290
Decreased by:		
Statutory Excess due Current Fund		961
Expenditures under R.S. 4:19-15:11		252
		1,213
Balance - December 31, 2019	\$	4,077

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2017	\$ 1,941
2018	2,136
	\$ 4,077

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Due to State of New Jersey

Other Trust Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	8,268
Increased by:		
Marriage License Fees	\$	275
DCA Fees		33,148
Due from Current Fund		<u>2,608</u>
		<u>36,031</u>
		44,299
Decreased by:		
Disbursements		<u>32,781</u>
Balance - December 31, 2019	\$	<u><u>11,518</u></u>

Analysis of Balance

Due to State of New Jersey:		
Marriage License Fees	\$	75
DCA Fees		<u>11,443</u>
	\$	<u><u>11,518</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserves - Other Trust Funds

Other Trust Fund

Year ended December 31, 2019

	Balance Dec. 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2019</u>
Reserve for:				
Escrow Deposits	1,577,935	619,694	628,356	1,569,273
Tax Title Liens and Premiums	1,642			1,642
Accumulated Absences	131,000			131,000
Other Trust Deposits:				
P.O.A.A.	469	106		575
Law Enforcement Trust	1,171			1,171
Public Defender	300			300
5K Run	34,160	15,586	14,986	34,760
Donations:				
Police	13,848	3,500		17,348
Police in Car/Body Camera	25			25
Community Night	4,700	2,050	6,233	517
Recreation	5,329	176		5,505
Fire Department	100			100
General Donations	4,350	1,300		5,650
Benches	1,410			1,410
Sign	1,085			1,085
Downstream Improvements	79,123			79,123
Shade Tree Fees	1,140			1,140
Sewer Maintenance	7,100			7,100
Recreation - Summer Camp	9,273			9,273
Recreation Fee Based Programs	1,250	2,500	3,750	
Parks and Recreation	5,632	13	3,729	1,916
Snow Removal	548	1		549
Shade Tree Deposits	11,488	27	1,275	10,240
Recycling	14,219	966	12,325	2,860
	<u>1,907,297</u>	<u>645,919</u>	<u>670,654</u>	<u>1,882,562</u>
	\$			

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for COAH Development Expenditures

Other Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018		\$	925,696
Increased by:			
Development Fees	\$	376,800	
Interest		<u>7,351</u>	
			<u>384,151</u>
			1,309,847
Decreased by:			
Development Expenditures			<u>312,222</u>
Balance - December 31, 2019		\$	<u><u>997,625</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for DEA Forfeiture Expenditures

Other Trust Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	70,701
Increased by:		
Interest on Investments		<u>552</u>
Balance - December 31, 2019	\$	<u><u>71,253</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Statement of Service Award Contributions Receivable

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2019

Balance - December 31, 2018	\$	16,740
Increased by:		
2019 Service Award Contribution		<u>15,345</u>
		32,085
Decreased by:		
Contributions Paid		<u>16,740</u>
Balance - December 31, 2019	\$	<u><u>15,345</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Statement of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2019

Balance - December 31, 2018		\$	910,741
Increased by:			
Borough Contributions	\$	15,345	
Interest		2,290	
Investment Income		<u>219,839</u>	
			<u>237,474</u>
Balance - December 31, 2019		\$	<u><u>1,148,215</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Cash - Collector-Treasurer

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018		\$	1,123,770
Increased by:			
Fund Balance	\$	16,992	
Interest Earnings		2,615	
Interfunds		989,881	
Bond Anticipation Notes		3,780,000	
Boswell Settlement		<u>185,000</u>	
			<u>4,974,488</u>
			6,098,258
Decreased by:			
Interfunds		1,650,000	
Encumbrances Payable		383,341	
Improvement Authorizations		<u>2,937,611</u>	
			<u>4,970,952</u>
Balance - December 31, 2019		\$	<u><u>1,127,306</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Analysis of Cash

General Capital Fund

Year ended December 31, 2019

Grants Receivable -	
State of New Jersey Department of Transportation	\$ (215,760)
Bergen County ADA Grant	(46,000)
Due to/(from) Ambulance Corp.	(100,000)
Due to/(from) Payroll Fund	(650,000)
Encumbrances Payable	785,182
Capital Improvement Fund	87,339
Reserve for Cost of Issuance	4,086
Reserve for Boswell Settlement	185,000
Fund Balance	16,993

Improvement authorizations:

<u>Ordinance number</u>	<u>Improvement description</u>	
2013-9	Road and Parking Lot Reconstruction and Improvements to the Firehouse	7,063
2013-11	Acquisition of Generators, Garbage Truck and related expenses	278,342
2013-15	Tax Appeal Refunds	9,361
2014-10	Various Acquisitions and Improvements	133,585
2015-09	Various Acquisitions and Improvements	95,121
2015-12	Tax Appeal Refunds	21,078
2015-13	Various Acquisitions and Improvements	198,005
2016-07	Various Acquisitions and Improvements	89,089
2017-06	Various Acquisitions and Improvements	442,091
2018-01	5th Street Improvements (Special Assessment)	(3,964)
2018-02	Various Acquisitions and Improvements	438,819
2019-10	Refunding Bond Ordinance - Tax Appeals	18,989
2019-11	Road Imps., Acquisition of Equipment & Vehicles	(667,113)
		<u>\$ 1,127,306</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Grants Receivable - New Jersey Department of Transportation

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018 \$ 215,760

Balance - December 31, 2019 \$ 215,760

Analysis of Balance

Ord. 2013-09: Reconstruction of Summit Street	3,760
Ord. 2018-02: Various Acquisitions & Improvements	<u>212,000</u>
	\$ <u><u>215,760</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

**Schedule of Due from Bergen County
Ordinance 2014-10**

General Capital Fund

Year ended December 31,

Balance - December 31, 2018	\$ <u>46,000</u>
Balance - December 31, 2019	\$ <u><u>46,000</u></u>

**Schedule of Due from Ambulance Corp.
Ordinance 2011-11/2012-15**

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$ <u>100,000</u>
Balance - December 31, 2019	\$ <u><u>100,000</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2019

	Balance Dec. 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2019</u>
Current Fund	\$ (76)	1,060,000	1,059,924	
Payroll Fund		650,000		650,000
	<u>(76)</u>	<u>1,710,000</u>	<u>1,059,924</u>	<u>650,000</u>
Due from General Capital Fund		650,000		650,000
Due to General Capital Fund	<u>(76)</u>	<u>1,060,000</u>	<u>1,059,924</u>	
	<u>\$ (76)</u>	<u>1,710,000</u>	<u>1,059,924</u>	<u>650,000</u>
		Receipts \$	989,881	
		Disbursements	1,650,000	
		Capital Improvement Fund	60,000	
		Current Fund Anticipated Revenue	67,428	
		Interest Earnings	2,615	
		<u>\$ 1,710,000</u>	<u>1,059,924</u>	

BOROUGH OF ENGLEWOOD CLIFFS

**Schedule of Deferred Charges to Future
Taxation - Funded**

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018		\$ 11,208,000
Decreased by:		
2019 Budget Appropriation:		
Serial Bonds	\$ 1,245,000	
Capital Lease	<u>80,000</u>	
		<u>1,325,000</u>
Balance - December 31, 2019		<u><u>\$ 9,883,000</u></u>

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2019

Ordinance number	Improvement description	Balance, Dec. 31, 2018	Authorizations 2019	Decreased By:	Balance, Dec. 31, 2019	Financed by bond anticipation notes	Expenditures	Unexpended improvement authorizations
2013-11	Acquisition of Generators, Garbage Truck and related expenses	\$ 451,420		23,665	427,755	427,755		
2013-15	Tax Appeal Refunds	21,667			21,667			21,667
2014-10	Various Acquisitions and Improvements	1,707,363		80,537	1,626,826	1,626,826		
2015-09	Various Acquisitions and Improvements	958,075		46,151	911,924	911,924		
2015-12	Tax Appeal Refunding Ordinance	810,000		255,000	555,000	555,000		
2016-07	Various Acquisitions and Improvements	980,000			980,000	980,000		
2017-06	Various Acquisitions and Improvements	937,000			937,000	937,000		
2018-01	5th Street Improvements (Special Assessment)	133,300			133,300		3,964	129,336
2018-02	Various Acquisitions and Improvements	855,000			855,000	855,000		
2019-10	Refunding Bond Ordinance - Tax Appeals		3,000,000		3,000,000	2,925,000		75,000
2019-11	Road Imps. Acquisition of Equipment & Vehicles		950,000		950,000		667,113	282,887
		<u>\$ 6,853,825</u>	<u>3,950,000</u>	<u>405,353</u>	<u>10,398,472</u>	<u>9,218,505</u>	<u>671,077</u>	<u>508,890</u>
			<u>Budget Appropriations \$ 405,353</u>			<u>Improvement Authorizations Unfunded</u>		<u>2,026,004</u>
						Less: Unexpended proceeds of Bond Anticipation Notes		
						Ord. 2013-11	278,342	
						Ord. 2014-10	133,585	
						Ord. 2015-09	95,121	
						Ord. 2015-12	21,078	
						Ord. 2016-07	89,089	
						Ord. 2017-06	442,091	
						Ord. 2018-12	438,819	
						Ord. 2019-10	18,989	
								<u>1,517,114</u>
								<u>\$ 508,890</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2019</u>
2013-11	Acquisition of Generators, Garbage Truck and Related Expenses	Feb. 28, 2014	Feb. 22, 2019	Feb. 21, 2020	2.300%	451,420	427,755	451,420	427,755
2014-10	Various Acquisitions and Improvements	Feb. 27, 2015	Feb. 22, 2019	Feb. 21, 2020	2.300%	1,707,363	1,626,826	1,707,363	1,626,826
2015-12	Tax Appeal Refunds	Feb. 26, 2016	Feb. 22, 2019	Feb. 21, 2020	2.300%	810,000	555,000	810,000	555,000
2015-09	Various Acquisitions and Improvements	Feb. 26, 2016	Feb. 22, 2019	Feb. 21, 2020	2.300%	958,075	911,924	958,075	911,924
2016-07	Various Acquisitions and Improvements	Feb. 23, 2017	Feb. 22, 2019	Feb. 21, 2020	2.300%	980,000	980,000	980,000	980,000
2017-06	Various Acquisitions and Improvements	Feb. 22, 2018	Feb. 22, 2019	Feb. 21, 2020	2.300%	937,000	937,000	937,000	937,000
2018-02	Various Acquisitions and Improvements	Feb. 22, 2018	Feb. 22, 2019	Feb. 21, 2020	2.300%		855,000		855,000
2019-10	Refunding Bond Ordinance - Tax Appeals	Nov. 14, 2019	Nov. 14, 2019	Nov. 13, 2020	1.620%		2,925,000		2,925,000
						<u>\$ 5,843,858</u>	<u>9,218,505</u>	<u>5,843,858</u>	<u>9,218,505</u>
							Cash \$ 3,780,000		
							Budget Appropriation	405,353	
							Renewals	<u>5,438,505</u>	<u>5,438,505</u>
							\$	<u>9,218,505</u>	<u>5,843,858</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2019</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2018</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds of 2014	March 15, 2014	9,885,000	March 15, 2020	600,000	2.00	8,035,000	575,000	7,460,000
			March 15, 2021	635,000	2.00			
			March 15, 2022	650,000	2.00			
			March 15, 2023	675,000	2.00			
			March 15, 2024	700,000	3.00			
			March 15, 2025	700,000	3.00			
			March 15, 2026	700,000	3.00			
			March 15, 2027	700,000	3.00			
			March 15, 2028	700,000	3.00			
			March 15, 2029	700,000	3.00			
			March 15, 2030	700,000	3.00			
General Improvement Refunding Bonds of 2016	April 1, 2016	3,205,000	July 15, 2020	665,000	1.55	2,685,000	670,000	2,015,000
			July 15, 2021	670,000	1.55			
			July 15, 2022	680,000	1.55			
						<u>\$ 10,720,000</u>	<u>1,245,000</u>	<u>9,475,000</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Capital Leases Payable

General Capital Fund

Year ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities Outstanding at</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2018</u>	<u>Balance, Dec. 31, 2019</u>
			<u>Date</u>	<u>Amount</u>			
Refund of Unfunded Pension Obligation	May 17, 2012	804,000	Mar. 15, 2020	88,000	2.659	488,000	408,000
			Mar. 15, 2021	97,000	2.959		
			Mar. 15, 2022	106,000	3.109		
			Mar. 15, 2023	117,000	3.259		
						<u>\$ 488,000</u>	<u>80,000</u>
							<u>408,000</u>

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2019

Ordinance Number	Improvement description	Ordinance Date	Amount	Balance, December 31, 2018		2019 Authorizations	Authorizations Expended	Balance, December 31, 2019	
				Funded	Unfunded			Funded	Unfunded
2013-9	Road and Parking Lot Reconstruction and Improvements to the Firehouse	Aug. 14, 2013	1,555,000	6,882			(181)	7,063	
2013-11	Acquisition of Generators, Garbage Truck and related expenses	Sept. 11, 2013	525,000		309,599				278,342
2013-15	Tax Appeal Refunds	Dec. 11, 2013	590,000	9,361	21,667		31,257	9,361	21,667
2014-10	Various Acquisitions and Improvements	July 22, 2014	1,928,000		133,798		213		133,585
2015-09	Various Acquisitions and Improvements	June 10, 2015	1,008,500		95,121				95,121
2015-12	Tax Appeal Refunds	Nov. 9, 2015	1,460,000		21,078				21,078
2015-13	Various Acquisitions and Improvements	Nov. 9, 2015	682,500	273,833			75,828	198,005	
2016-07	Various Acquisitions and Improvements	July 13, 2016	1,030,000		93,393		4,304		89,089
2017-06	Various Acquisitions and Improvements	June 14, 2017	984,560		452,616		10,525		442,091
2018-01	5th Street Improvements (Special Assessment)	March 20, 2018	140,000		129,336				129,336
2018-02	Various Acquisitions and Improvements	June 26, 2018	1,110,000		416,542		(22,277)		438,819
2019-10	Refunding Bond Ordinance - Tax Appeals	Sept. 11, 2019	3,000,000			3,000,000	2,906,011		93,989
2019-11	Road Imps., Acquisition of Equipment & Vehicles	Oct. 19, 2019	1,000,000			1,000,000	717,113		282,887
				\$ 290,076	1,673,150	4,000,000	3,722,793	214,429	2,026,004
					Deferred Charges Unfunded \$	3,950,000			
					Capital Improvement Fund	50,000			
					\$	4,000,000			
					Cash \$	2,937,611			
					Encumbrances Payable	785,182			
					\$	3,722,793			

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Encumbrances Payable

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	383,341
Increased by:		
Transfer from Improvement Authorizations		<u>785,182</u>
		1,168,523
Decreased by:		
Cash Disbursement		<u>383,341</u>
Balance - December 31, 2019	\$	<u><u>785,182</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	77,339
Increased by:		
Budget Appropriation		<u>60,000</u>
		137,339
Decreased by:		
Appropriated to Finance		
Improvement Authorizations		<u>50,000</u>
Balance - December 31, 2019	\$	<u><u>87,339</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for Cost of Issuance

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$ <u>4,086</u>
Balance - December 31, 2019	\$ <u><u>4,086</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for Boswell Settlement

General Capital Fund

Year ended December 31, 2019

Increased by:	
Cash Receipts	\$ <u>185,000</u>
Balance - December 31, 2019	\$ <u><u>185,000</u></u>

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance Dec. 31, <u>2018</u>	2019 <u>Authorizations</u>	<u>Decreased</u>	Balance Dec. 31, <u>2019</u>
2013-15	Tax Appeal Refunds	\$ 21,667			21,667
2018-01	5th Street Improvements (Special Assessment)	133,300			133,300
2018-02	Various Acquisitions and Improvements	855,000		855,000	
2019-10	Refunding Bond Ordinance - Tax Appeals		3,000,000	2,925,000	75,000
2019-11	Road Imps., Acquisition of Equipment & Vehicles		950,000		950,000
		<u>\$ 1,009,967</u>	<u>3,950,000</u>	<u>3,780,000</u>	<u>1,179,967</u>

BOROUGH OF ENGLEWOOD CLIFFS

PART II

**LETTER ON INTERNAL CONTROL AND ON COMPLIANCE
AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019



WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor and
Members of the Borough Council
Borough of Englewood Cliffs
Englewood Cliffs, New Jersey 07632

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Englewood Cliffs in the County of Bergen as of and for the year ended December 31, 2019 and the related notes to the financial statements, and have issued our report thereon dated October 14, 2020 which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Englewood Cliffs's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Englewood Cliffs's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Englewood Cliffs's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Englewood Cliffs in the accompany comments and recommendations section of this report.


Compliance and Other Matters

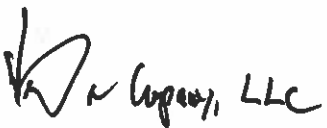
As part of obtaining reasonable assurance about whether the Borough of Englewood Cliffs's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Englewood Cliffs in the accompanying comments and recommendations section of this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Englewood Cliffs's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Englewood Cliffs's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.


Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413


WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

BOROUGH OF ENGLEWOOD CLIFFS

GENERAL COMMENTS

Effective April 17, 2000 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500.00 and \$25,000.00 with a qualified purchasing agent. On July 1, 2010, the threshold was increased to \$36,000.00 with a qualified purchasing agent. On July 1, 2015, the threshold was increased to \$40,000.00 with a qualified purchasing agent.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500 or \$21,000 after July 1, 2005 the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

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

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

- Witte Field Maintenance Services
- Tree Pruning and Removal Contract
- Witte Field Renovations
- Disposal of Leaves

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

BOROUGH OF ENGLEWOOD CLIFFS

GENERAL COMMENTS, (continued)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 3, 2019 adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW, THEREFORE, BE IT RESOLVED that the Mayor and Council of the Borough of Englewood Cliffs do hereby fix the rate of 8% (eight percent) interest per annum up to \$1,500.00; 18% (eighteen percent) per annum thereafter to be charged for delinquent payment of any installments made within 10 days from the date upon which taxes become payable.

BE IT FURTHER RESOLVED that any installment received after the expiration of the grace period shall bear interest from the due date.

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

Delinquent Taxes and Tax Title Liens

There was no tax sale held in 2019.

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

<u>Year</u>	<u>Number of liens</u>
2019	1
2018	1
2017	0

**BOROUGH OF ENGLEWOOD CLIFFS
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2019**

COMMENTS:

FINANCE:

1. There are numerous purchase orders included as open encumbrances in the General Capital Fund that are greater than one year old.
2. The Current Fund and Payroll Account bank reconciliations contains long outstanding reconciling items which should be reviewed and voided, if applicable.
3. There is a deficit in the Payroll Account resulting in a deferred charge in the amount of \$8,015.
4. There is an unallocated balance remaining in the Trust Fund Reserve for Tax Title Liens and Premiums in the amount of \$1,642 and Current Fund Reserve for Outside Tax Title Lien Redemption in the amount of \$10,233.
5. There is property that is owned by the Borough which is not included on the fixed asset report.
6. Taxes were billed for properties that are owned by the Borough which were not cancelled in the tax system.

MUNICIPAL COURT:

1. There are 4 tickets eligible for FTA over 14 days on the December Monthly Management Report.
2. There are 5 tickets eligible for dismissal on the December Monthly Management Report.
3. There are 9 tickets assigned over 180 days on the December Monthly Management Report.
4. There was one instance in which a check cleared the bank from the General Account which contained no authorizing signatures.
5. The check for December 2019 "Collections" was not turned over to the proper agency by the 15th of the following month.

**BOROUGH OF ENGLEWOOD CLIFFS
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2019**

RECOMMENDATIONS:

FINANCE:

1. Open purchase orders should be reviewed prior to year-end to determine validity.
2. More care should be taken to ensure long outstanding items are reviewed and valid.
3. More care should be taken to ensure that the Payroll Account is properly funded for each pay period and any deficits should be properly funded.
4. Any unallocated amounts in the reserves for tax title liens should be reviewed and returned to the respective parties, or turned over to the Current Fund.
5. All property owned by the Borough should be included in the fixed asset report.
6. Borough owned property should not have taxes assessed.

MUNICIPAL COURT:

1. All tickets eligible for FTA should be processed in a timely manner.
2. The court should dismiss all eligible tickets within a timely manner.
3. All tickets assigned over 180 days should be recalled and re-issued by the Court Administrator.
4. More care should be taken to ensure all checks contain proper authorizing signatures prior to disbursement.
5. More care should be taken to ensure that all receipts due to other agencies are properly turned over in the subsequent month.

BOROUGH OF ENGLEWOOD CLIFFS

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATION

A review was performed on all prior year recommendations and corrective action was taken on all, except for the findings/recommendations marked with an “*”.

ACKNOWLEDGMENT

We received the complete cooperation of all the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,



Steven D. Wielkocz
Registered Municipal Accountant
No. CR00413



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

October 14, 2020