

BOROUGH OF ENGLEWOOD CLIFFS

**Financial Statements With
Supplementary Information**

December 31, 2020

(With Independent Auditor's Report Thereon)

BOROUGH OF ENGLEWOOD CLIFFS

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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, 2020 and 2019, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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.



The Honorable Mayor and
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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, 2020, 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 \$1,388,885 and \$1,148,215 for 2020 and 2019, respectively, were not audited and, therefore, we express no opinion on the LOSAP program. As described in Finding 2020-01 some legal response concerning litigation, claims and assessments, in accordance with Section 337, has not been received creating a scope limitation.



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Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters 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, 2020, 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, 2020 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.

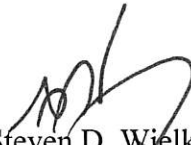
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2021 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

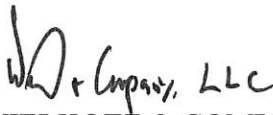


The Honorable Mayor and
Members of the Borough Council
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reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit 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. CROO413



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

August 9, 2021



BOROUGH OF ENGLEWOOD CLIFFS

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2020 and 2019

| <u>Assets</u> | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|---|-------------|---------------------|------------------|
| Current Fund: | | | |
| Cash | A-4 | \$ 4,050,271 | 4,008,456 |
| Change Fund | A-5 | 300 | 300 |
| Petty Cash Fund | A-6 | 300 | 300 |
| Due from State of New Jersey - Senior Citizens' and Veterans' deductions | A-7 | | 348 |
| | | <u>4,050,871</u> | <u>4,009,404</u> |
| Receivables with full reserves: | | | |
| Delinquent property taxes receivable | A-8 | 454,353 | 484,915 |
| Property acquired for taxes - assessed valuation | A-9 | 39,528 | 39,528 |
| Tax Title Liens Receivable | A-10 | 485 | 322 |
| Revenue accounts receivable | A-11 | 2,988 | 2,988 |
| Interfunds | A-12 | 8,626 | 3,096 |
| | | <u>505,980</u> | <u>530,849</u> |
| Deferred Charges: | | | |
| Emergency Authorizations | A-13 | 335,000 | 900,000 |
| Special Emergency Authorization | A-14 | 1,149,500 | 667,540 |
| | | <u>1,484,500</u> | <u>1,567,540</u> |
| Total Current Fund | | 6,041,351 | 6,107,793 |
| Federal and State Grant Fund: | | | |
| Federal and State Grants Receivable | A-24 | 25,394 | 27,594 |
| Due From Current Fund | A-25 | 216,318 | 250,113 |
| Total Federal and State Grant Fund | | <u>241,712</u> | <u>277,707</u> |
| | | <u>\$ 6,283,063</u> | <u>6,385,500</u> |

BOROUGH OF ENGLEWOOD CLIFFS
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2020 and 2019

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|---|-------------|--------------|-------------|
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Regular Fund: | | | |
| Liabilities: | | | |
| Appropriation reserves | A-3, A-15 | 807,440 | 1,238,698 |
| Encumbrances | A-16 | 246,511 | 466,573 |
| Due to State of New Jersey - Senior Citizens' and Veterans' deductions | A-7 | 152 | |
| Prepaid taxes | A-17 | 323,250 | 544,613 |
| Tax overpayments | A-18 | 6,957 | 273 |
| County Taxes Payable | A-19 | 231,534 | 15,964 |
| Interfunds | A-12 | 217,780 | 252,261 |
| Reserve for Miscellaneous Reserves | A-21 | 338,241 | 372,203 |
| Emergency Note Payable | A-22 | | 900,000 |
| Special Emergency Notes Payable | A-23 | 496,400 | 667,540 |
| | | 2,668,265 | 4,458,125 |
| Reserve for receivables | | 505,980 | 530,849 |
| Fund balance | A-1 | 2,867,106 | 1,118,819 |
| Total Current Fund | | 6,041,351 | 6,107,793 |
| Federal and State Grant Fund: | | | |
| Appropriated Reserves | A-26 | 227,242 | 256,629 |
| Unappropriated Reserves | A-27 | 14,470 | 21,078 |
| Total Federal and State Grant Fund | | 241,712 | 277,707 |
| | | \$ 6,283,063 | 6,385,500 |

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, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| Revenue and Other Income: | | |
| Fund Balance Utilized | \$ 221,200 | 1,217,114 |
| Miscellaneous Revenues Anticipated | 2,038,740 | 2,599,272 |
| Receipts from Delinquent Taxes | 485,076 | 324,059 |
| Receipts from Current Taxes | 39,714,767 | 36,195,677 |
| Non-budget Revenue | 54,287 | 85,698 |
| Other Credits to Income: | | |
| Prior Year's Interfunds Returned | | 112 |
| Animal License Fund Excess | 1,672 | |
| Unexpended Balance of Appropriation Reserves | <u>1,273,136</u> | <u>351,535</u> |
| Total Revenue and Other Income | <u>43,788,878</u> | <u>40,773,467</u> |
| Expenditures: | | |
| Budget and Emergency Appropriations: | | |
| Operations: | | |
| Salaries and Wages | 5,536,342 | 6,611,826 |
| Other Expenses | 7,816,871 | 8,660,076 |
| Municipal Debt Service | 2,697,889 | 2,138,785 |
| Deferred Charges and Statutory Expenditures | 3,651,758 | 1,598,897 |
| Capital Improvement Fund | 25,000 | 60,000 |
| Local District School Taxes | 14,066,171 | 13,517,786 |
| County Taxes | 8,750,392 | 8,739,823 |
| Due County for Added Taxes | 231,534 | 15,964 |
| Interfund Advanced | 4,012 | 1,652 |
| Prior Year Refunds | <u>27,522</u> | <u>1,175</u> |
| Total Expenditures | <u>42,807,491</u> | <u>41,345,984</u> |
| Excess/(Deficit) in Revenue | 981,387 | (572,517) |
| Adjustments to Income Before Fund Balance: | | |
| Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years | <u>988,100</u> | <u>1,520,500</u> |
| Statutory Excess to Surplus | 1,969,487 | 947,983 |
| Fund Balance, January 1 | <u>1,118,819</u> | <u>1,387,950</u> |
| Decreased by utilization as anticipated revenue | <u>221,200</u> | <u>1,217,114</u> |
| Fund balance, December 31 | <u>\$ 2,867,106</u> | <u>1,118,819</u> |

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2020

| | <u>Budget</u> | <u>Realized</u> | <u>Excess (deficit)</u> |
|---|----------------------|----------------------|-----------------------------|
| Surplus Anticipated | \$ 221,200 | 221,200 | |
| Miscellaneous Revenues: | | | |
| Licenses - Alcoholic Beverages | 22,240 | 19,440 | (2,800) |
| Fees and Permits: | | | |
| Construction Code Official | 448,100 | 246,669 | (201,431) |
| Other | 43,495 | 43,649 | 154 |
| Municipal Court - Fines and Costs | 47,059 | 20,920 | (26,139) |
| Interest and Costs on Taxes | 113,407 | 102,929 | (10,478) |
| Interest on Investments | 11,529 | 14,796 | 3,267 |
| Commercial Sewer User Fees | 259,200 | 244,029 | (15,171) |
| Cable TV - Annual Fees | 33,000 | 18,224 | (14,776) |
| Cell Tower - Annual Leases | 354,000 | 390,011 | 36,011 |
| Burglar Alarm Fees | 250 | 125 | (125) |
| Elevator Fees | 35,000 | 31,813 | (3,187) |
| Energy Receipts Tax | 691,474 | 691,474 | |
| Public and Private Revenues Offset with Appropriations: | | | |
| Recycling Tonnage Grant | 7,631 | 7,631 | |
| Alcohol Education Rehabilitation Fund | | | |
| Clean Communities Grant | 13,447 | 13,447 | |
| Body Armor Grant | | | |
| General Capital Fund Balance | 16,993 | 16,993 | |
| Sewer Hook Up Fees | 224,000 | 116,000 | (108,000) |
| Recreation Fees | 72,700 | 5,398 | (67,302) |
| Police - Outside Duty | 150,000 | 55,182 | (94,818) |
| Total Miscellaneous Revenues | <u>2,543,525</u> | <u>2,038,730</u> | <u>(504,795)</u> |
| Receipts from Delinquent Taxes | <u>510,000</u> | <u>485,076</u> | <u>(24,924)</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes | <u>16,287,333</u> | <u>17,423,761</u> | <u>1,136,428</u> |
| Budget Totals | <u>\$ 19,562,058</u> | <u>20,168,767</u> | <u>606,709</u> |
| Nonbudget Revenue | | <u>54,287</u> | |
| | | <u>\$ 20,223,054</u> | |

BOROUGH OF ENGLEWOOD CLIFFS
Comparative Statement of Revenues - Regulatory Basis
Current Fund
Year ended December 31, 2020

Analysis of Realized Revenue

| | |
|--|---------------------------------|
| Allocation of Current Tax Collections: | |
| Revenue from Collections | \$ 39,714,767 |
| Less: Allocated to School and County Taxes | <u>23,111,006</u> |
| Balance for Support of Municipal Budget | 16,603,761 |
| Add Reserve for Uncollected Taxes | <u>820,000</u> |
| Amount for Support of Municipal Budget | \$ <u><u>17,423,761</u></u> |
| Receipts from: | |
| Delinquent Tax Collections | <u>485,076</u> |
| | \$ <u><u>485,076</u></u> |
| <u>Analysis of non-budget revenue:</u> | |
| Fire Prevention Fees | 3,300 |
| Rent | 1 |
| Miscellaneous | 12,900 |
| Bus Shelter | 406 |
| JIF Dividend | 15,935 |
| Elections | 60 |
| Maintenance | 3,245 |
| On Line Fees | 3,428 |
| LEA Rebates | 13,642 |
| Fines | 950 |
| Penalties | <u>420</u> |
| | \$ <u><u>54,287</u></u> |

See accompanying notes to financial statements.

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| | <u>Budget</u> | Total for 2020 as Modified by all <u>Transfers</u> | <u>Paid or Charged</u> | <u>Expended 2020</u> | <u>Reserved</u> | <u>Cancelled</u> |
|---------------------------------------|---------------|---|----------------------------|----------------------|-----------------|------------------|
| Operations-within "CAPS" | | | | | | |
| General Government: | | | | | | |
| Administrative and Executive: | | | | | | |
| Salaries and Wages | \$ 158,940 | 174,540 | 174,465 | 174,465 | 75 | |
| Other Expenses | 75,700 | 75,700 | 69,054 | 69,054 | 6,646 | |
| Governing Body | | | | | | |
| Salaries and Wages | 18,000 | 18,000 | 18,000 | 18,000 | | |
| Financial administration: | | | | | | |
| Salaries and Wages | 7,800 | 7,880 | 7,879 | 7,879 | 1 | |
| Other Expenses | 86,300 | 86,300 | 66,185 | 66,185 | 20,115 | |
| Collection of Taxes: | | | | | | |
| Salaries and Wages | 171,500 | 171,500 | 159,621 | 159,621 | 11,879 | |
| Other Expenses | 47,550 | 47,550 | 41,258 | 41,258 | 6,292 | |
| Assessment of Taxes: | | | | | | |
| Salaries and Wages | 19,000 | 19,001 | 19,001 | 19,001 | | |
| Other Expenses | 9,300 | 9,300 | 1,601 | 1,601 | 7,699 | |
| Legal services and costs: | | | | | | |
| Other Expenses | 750,000 | 492,000 | 458,127 | 458,127 | 33,873 | |
| Appraisal Fees | 30,000 | 31,000 | 30,050 | 30,050 | 950 | |
| Engineering services and costs | | | | | | |
| Other Expenses | 40,000 | 40,000 | 34,346 | 34,346 | 5,654 | |
| Municipal Land Use Law (NJSA40:55D-1) | | | | | | |
| Planning Board | | | | | | |
| Salaries and Wages | 10,000 | 10,900 | 10,900 | 10,900 | | |
| Other Expenses | 242,415 | 212,415 | 126,156 | 126,156 | 86,259 | |
| Insurance | | | | | | |
| Other Insurance Premiums | 630,544 | 630,544 | 546,881 | 546,881 | 83,663 | |
| Group Insurance Plan for Employees | 1,518,000 | 1,358,418 | 1,296,401 | 1,296,401 | 62,017 | |
| COAH | | | | | | |

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| | <u>Budget</u> | Total for 2020 as Modified by <u>all Transfers</u> | <u>Expended 2020</u> | | <u>Cancelled</u> |
|--|---------------|---|----------------------------|-----------------|------------------|
| | | | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Other Expenses | 1,335,000 | 1,770,000 | 1,766,538 | 3,462 | |
| Public Safety: | | | | | |
| Police: | | | | | |
| Salaries and Wages | 3,974,000 | 3,874,000 | 3,751,937 | 122,063 | |
| Other Expenses | 296,250 | 296,250 | 286,281 | 9,969 | |
| Fire Official: | | | | | |
| Salaries and Wages | 77,000 | 77,000 | 44,450 | 32,550 | |
| Fire Hydrant Services | 100,000 | 100,000 | 89,112 | 10,888 | |
| Other Expenses | 76,917 | 76,917 | 37,783 | 39,134 | |
| Clothing Expenses | 23,000 | 23,000 | 22,750 | 250 | |
| Municipal Court: | | | | | |
| Salaries and Wages- Prosc/Pub Defender | 14,000 | 14,000 | 14,000 | | |
| Public Works Function: | | | | | |
| Road Repairs and Maintenance: | | | | | |
| Salaries and Wages | 934,000 | 934,000 | 870,133 | 63,867 | |
| Other Expenses | 116,700 | 116,700 | 109,303 | 7,397 | |
| Gasoline | 80,000 | 80,000 | 40,935 | 39,065 | |
| Garbage and Trash Removal: | | | | | |
| Other Expenses | 420,000 | 480,000 | 457,264 | 22,736 | |
| Public Buildings and Grounds: | | | | | |
| Other Expenses | 52,250 | 62,250 | 60,880 | 1,370 | |
| Sewer System: | | | | | |
| Other Expenses | 12,000 | 18,000 | 17,110 | 890 | |

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| | <u>Budget</u> | <u>Total for 2020 as Modified by all Transfers</u> | <u>Paid or Charged</u> | <u>Expended 2020 Reserved</u> | <u>Cancelled</u> |
|--|---------------|--|----------------------------|-----------------------------------|------------------|
| Shade Tree: | | | | | |
| Other Expenses | 60,000 | 78,000 | 77,645 | 355 | |
| Health and Welfare: | | | | | |
| Board of Health: | | | | | |
| Other Expenses | 43,799 | 43,799 | 42,310 | 1,489 | |
| Environmental Commission: | | | | | |
| Other Expenses | 1,250 | 1,250 | 384 | 866 | |
| Senior Citizens Committee: | | | | | |
| Other Expenses | 15,600 | 15,600 | 13,569 | 2,031 | |
| Parks and Playgrounds: | | | | | |
| Salaries and Wages | 1,300 | 1,300 | 1,238 | 62 | |
| Other Expenses | 74,500 | 44,500 | 39,262 | 5,238 | |
| Celebration of Public Event, Anniversary or Holiday | | | | | |
| Other Expenses | 8,000 | 8,000 | 5,811 | 2,189 | |
| Municipal Court | | | | | |
| Salaries and Wages | 52,800 | 52,800 | 41,974 | 10,826 | |
| Other Expenses | 11,150 | 11,150 | 8,086 | 3,064 | |
| Appropriations Offset by Dedicated Revenues | | | | | |
| Construction Official | | | | | |
| Salaries and Wages | 99,520 | 115,520 | 113,845 | 1,675 | |
| Other Expenses | 42,250 | 42,250 | 33,667 | 8,583 | |
| Plumbing Inspector | | | | | |
| Salaries and Wages | 9,900 | 9,900 | 9,862 | 38 | |
| Fire Sub-Code Official: | | | | | |
| Salaries and Wages | 10,000 | 10,000 | 8,880 | 1,120 | |

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| | Budget | Total for 2020 as Modified by all Transfers | Paid or Charged | Expended 2020 | Reserved | Cancelled |
|--|------------|--|--------------------|---------------|----------|-----------|
| Sewer Inspection | | | | | | |
| Salaries and Wages | 6,000 | 6,000 | 6,000 | | | |
| Fire Prevention | | | | | | |
| Salaries and Wages | 17,000 | 17,000 | 17,000 | | 2,042 | |
| Other Expenses | 4,700 | 4,700 | 2,658 | | | |
| Electrical Inspections | | | | | | |
| Salaries and Wages | 23,000 | 23,001 | 23,001 | | | |
| Unclassified: | | | | | | |
| Utilities: | | | | | | |
| Electricity and Heating Oil | 120,000 | 120,000 | 96,859 | | 23,141 | |
| Telephone and Fax | 97,500 | 97,500 | 92,246 | | 5,254 | |
| Street Lighting | 146,500 | 161,500 | 149,112 | | 12,388 | |
| Water | 35,000 | 35,000 | 19,933 | | 15,067 | |
| Total Operations within "CAPS" | 12,205,935 | 12,205,935 | 11,431,743 | | 774,192 | |
| Detail: | | | | | | |
| Salaries and Wages | 5,603,760 | 5,536,342 | 5,292,186 | | 244,156 | |
| Other Expenses (Including Contingent) | 6,602,175 | 6,669,593 | 6,139,557 | | 530,036 | |
| (E) Deferred Charges and Statutory Expenditures- | | | | | | |
| Municipal within "CAPS" | | | | | | |
| Public Employees' Retirement System | 181,591 | 181,591 | 181,591 | | | |
| Social Security System (O.A.S.I.) | 212,000 | 212,000 | 196,171 | | 15,829 | |
| Police and Firemen's Retirement System of NJ | 1,193,927 | 1,193,927 | 1,193,927 | | | |
| DCRP | 5,000 | 5,000 | 3,389 | | 1,611 | |
| Total Deferred Charged and Statutory Expenditures- | | | | | | |
| Municipal within "CAPS" | 1,592,518 | 1,592,518 | 1,575,078 | | 17,440 | |

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| | <u>Budget</u> | <u>Total for 2020 as Modified by all Transfers</u> | <u>Paid or Charged</u> | <u>Expended 2020</u> | <u>Reserved</u> | <u>Cancelled</u> |
|---|-------------------|--|----------------------------|----------------------|-----------------|------------------|
| Total General Appropriations for Municipal Purposes within "CAPS" | <u>13,798,453</u> | <u>13,798,453</u> | <u>13,006,821</u> | <u>791,632</u> | | |
| Operations - Excluded from "CAPS" | | | | | | |
| Bergen County Utilities Authority | | | | | | |
| Sewer Charges - Contractual | 896,000 | 896,000 | 889,847 | 6,153 | | |
| Sewer Charges - Borough of Tenafly | 15,200 | 15,200 | 15,200 | | | |
| Sewer Charges - City of Englewood | 40,000 | 40,000 | 40,000 | | | |
| LOSAP | 25,000 | 25,000 | 15,345 | 9,655 | | |
| Library Services | | | | | | |
| Maintenance of Free Public Library | 150,000 | 150,000 | 150,000 | | | |
| Public and Private Programs Offset by Revenues: | | | | | | |
| Recycling Tonnage Grant | 7,631 | 7,631 | 7,631 | | | |
| Clean Communities Grant | 13,447 | 13,447 | 13,447 | | | |
| Total Operations-Excluded from "CAPS" | <u>1,147,278</u> | <u>1,147,278</u> | <u>1,131,470</u> | <u>15,808</u> | | |
| Detail: | | | | | | |
| Other Expenses | 1,147,278 | 1,147,278 | 1,131,470 | 15,808 | | |
| Capital Improvements - Excluded from "CAPS" | | | | | | |
| Capital Improvement Fund | 25,000 | 25,000 | 25,000 | | | |
| Total Capital Improvements Excluded from "CAPS" | <u>25,000</u> | <u>25,000</u> | <u>25,000</u> | | | |

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| | Budget | Total for 2020 as Modified by all Transfers | Paid or Charged | Expended 2020 Reserved | Cancelled |
|---|----------------------|--|--------------------|---------------------------|--------------|
| Municipal Debt Service-Excluded from "CAPS" | | | | | |
| Payment of Bond Principal | 1,265,000 | 1,265,000 | 1,265,000 | | |
| Payment of Bond Anticipation Notes and Capital Notes | 896,987 | 896,987 | 896,987 | | |
| Interest on Bonds | 224,000 | 224,040 | 224,037 | | 3 |
| Interest on Notes | 215,000 | 215,000 | 212,789 | | 2,211 |
| Bergen County Improvement Authority | | | | | |
| Principal on Capital Leases | 88,000 | 88,000 | 88,000 | | |
| Interest on Capital Leases | 11,200 | 11,160 | 11,149 | | 11 |
| Total Municipal Debt Service-Excluded from "CAPS" | <u>2,700,187</u> | <u>2,700,187</u> | <u>2,697,962</u> | | <u>2,225</u> |
| Deferred Charges: | | | | | |
| Emergency Authorization | 900,000 | 1,235,000 | 1,235,000 | | |
| Special Emergency Authorizations- 5 years (N.J.S. 40A:4-55) | 171,140 | 824,240 | 824,240 | | |
| Total Deferred Charges - Municipal - Excluded from "CAPS" | <u>1,071,140</u> | <u>2,059,240</u> | <u>2,059,240</u> | | |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | <u>4,943,605</u> | <u>5,931,705</u> | <u>5,913,672</u> | <u>15,808</u> | <u>2,225</u> |
| Total General Appropriations-Excluded from "CAPS" | <u>4,943,605</u> | <u>5,931,705</u> | <u>5,913,672</u> | <u>15,808</u> | <u>2,225</u> |
| Subtotal General Appropriations | 18,742,058 | 19,730,158 | 18,920,493 | 807,440 | 2,225 |
| Reserve for Uncollected Taxes | 820,000 | 820,000 | 820,000 | | |
| Total General Appropriations | <u>\$ 19,562,058</u> | <u>20,550,158</u> | <u>19,740,493</u> | <u>807,440</u> | <u>2,225</u> |

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| | <u>Budget</u> | Total for 2020 as Modified by all <u>Transfers</u> | <u>Expended 2020</u> | <u>Reserved</u> | <u>Cancelled</u> |
|---------------------------------|----------------------|---|----------------------|----------------------|------------------|
| | | | Paid or Charged | | |
| Emergency Appropriation \$ | 335,000 | | | | |
| Special Emergency Appropriation | 653,100 | | | | |
| Adopted Budget | <u>19,562,058</u> | | | | |
| | <u>\$ 20,550,158</u> | | | | |
| Enteumbrances \$ | | | 246,511 | | |
| Capital Improvement Fund | | | 25,000 | | |
| Federal and State Grant Fund | | | 21,078 | | |
| Deferred Charges | | | 1,071,140 | | |
| Reserve for Uncollected Taxes | | | 820,000 | | |
| Cash | | | <u>17,556,764</u> | | |
| | | | | <u>\$ 19,740,493</u> | |

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2020 and 2019

| <u>Assets</u> | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|-------------|---------------------|------------------|
| Dog License Trust Fund: | | | |
| Cash | B-1 | 6,894 | 5,039 |
| | | <u>6,894</u> | <u>5,039</u> |
| Other Trust Fund: | | | |
| Cash | B-1 | 2,994,077 | 2,962,895 |
| Tax Sale Receivable | B-2 | 50 | 50 |
| Due from Other Funds | B-3 | 81,565 | 81,631 |
| | | <u>3,075,692</u> | <u>3,044,576</u> |
| Emergency Services Volunteer Length of Service Award Program (unaudited): | | | |
| Cash in Plan | B-1 | 1,377,385 | 1,132,870 |
| Contributions Receivable | B-10 | 11,500 | 15,345 |
| | | <u>1,388,885</u> | <u>1,148,215</u> |
| | | <u>\$ 4,471,471</u> | <u>4,197,830</u> |

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2020 and 2019

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|-------------|---------------------|------------------|
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Dog License Fund: | | | |
| Due to Current | B-3 | 2,633 | 961 |
| Due to State of New Jersey | B-4 | | 1 |
| Reserve for Dog Fund expenditures | B-5 | 4,261 | 4,077 |
| | | <u>6,894</u> | <u>5,039</u> |
| Other Trust Fund: | | | |
| Due to Other Funds | B-3 | 86,073 | 81,618 |
| Due to State of New Jersey | B-6 | 9,645 | 11,518 |
| Reserve For: | | | |
| Other Trust Deposits | B-7 | 1,814,167 | 1,882,562 |
| COAH Development | B-8 | 1,094,323 | 997,625 |
| DEA Forfeiture Expenditures | B-9 | 71,484 | 71,253 |
| | | <u>3,075,692</u> | <u>3,044,576</u> |
| Emergency Services Volunteer Length of Service Award Program (unaudited): | | | |
| Net Assets available for Benefits | B-11 | 1,388,885 | 1,148,215 |
| | | <u>\$ 4,471,471</u> | <u>4,197,830</u> |

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2020 and 2019

| <u>Assets</u> | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|---|-------------|----------------------|-------------------|
| Cash | C-2,C-3 | \$ 1,990,877 | 1,127,306 |
| 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 | 8,530,000 | 9,883,000 |
| Unfunded | C-9 | 10,878,985 | 10,398,472 |
| | | <u>\$ 21,761,622</u> | <u>22,420,538</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Due to Current Fund | C-7 | 23 | |
| Bond Anticipation Notes | C-10 | 9,271,518 | 9,218,505 |
| General Serial Bonds | C-11 | 8,210,000 | 9,475,000 |
| Capital Leases Payable | C-12 | 320,000 | 408,000 |
| Improvement Authorizations: | | | |
| Funded | C-13 | 262,085 | 214,429 |
| Unfunded | C-13 | 3,212,735 | 2,026,004 |
| Encumbrances Payable | C-14 | 190,088 | 785,182 |
| Capital Improvement Fund | C-15 | 39,839 | 87,339 |
| Reserve for Cost of Issuance | C-16 | 4,086 | 4,086 |
| Reserve for Boswell Settlement | C-17 | 185,000 | 185,000 |
| Fund Balance | C-1 | 66,248 | 16,993 |
| | | <u>\$ 21,761,622</u> | <u>22,420,538</u> |

There were \$1,607,467 and \$1,179,967 of Bonds and Notes Authorized But Not Issued on December 31, 2020 and 2019 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, 2020

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|------------------|---------------|
| Balance - December 31, | \$ 16,993 | 67,429 |
| Increased by: | | |
| Premium Received on Note Sale | <u>66,248</u> | <u>16,992</u> |
| | 83,241 | 84,421 |
| Decreased by: | | |
| Current Fund Budget Revenue | <u>16,993</u> | <u>67,428</u> |
| Balance - December 31, | <u>\$ 66,248</u> | <u>16,993</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, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|----------------------|-------------------|
| General fixed assets: | | |
| Land | \$ 73,839,615 | 73,817,090 |
| Buildings | 9,360,673 | 9,360,673 |
| Vehicles and equipment | <u>7,818,375</u> | <u>7,656,236</u> |
| | <u>91,018,663</u> | <u>90,833,999</u> |
| Investment in general fixed assets | <u>\$ 91,018,663</u> | <u>90,833,999</u> |

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS, N.J.

Comparative Balance Sheet-Regulatory Basis

Payroll Account

December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|----------------------------|-----------------|----------------|
| <u>Assets</u> | | |
| Cash | \$ 756 | 641,985 |
| Deficit in Payroll Reserve | <u>8,015</u> | <u>8,015</u> |
| | <u>\$ 8,771</u> | <u>650,000</u> |
| <u>Liabilities</u> | | |
| Due to Capital Fund | \$ | 650,000 |
| Payroll Agency Payable | <u>8,771</u> | <u></u> |
| | <u>\$ 8,771</u> | <u>650,000</u> |

See accompanying notes to financial statements.

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

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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 and 2019, the Governing Body approved \$988,100 and \$1,520,500, respectively, in emergency appropriations for terminal leave and legal fees. In addition, several budget transfers were approved by the governing body in 2020 and 2019.

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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 was \$173,351.

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, 2020 AND 2019
(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> |
|-------------|-------------|-------------|-------------|
| 2020 | \$181,591 | \$1,193,927 | \$3,389 |
| 2019 | 169,565 | 1,117,155 | 3,904 |
| 2018 | 176,310 | 1,038,602 | |

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, 2020, the Borough had a liability of \$2,834,217 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Borough's proportion was .0173799603 percent, which was an increase/(decrease) of (.00038821) percent from its proportion measured as of June 30, 2019.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020, the Borough recognized pension expense of \$190,128. At December 31, 2020, 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 | \$51,606 | \$10,023 |
| Changes of assumptions | 91,945 | 1,186,713 |
| Net difference between projected and actual earnings on pension plan investments | 96,876 | |
| Changes in proportion and differences between the Borough's contributions and proportionate share of contributions | <u>236,708</u> | <u>272,011</u> |
| Total | <u>\$477,135</u> | <u>\$1,468,747</u> |

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2020) 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: | |
|---------------------|-------------|
| 2021 | \$(355,642) |
| 2022 | (324,238) |
| 2023 | (185,294) |
| 2024 | (74,930) |
| 2025 | (16,206) |

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 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020 and June 30, 2019 are as follows:

| | <u>June 30, 2020</u> | <u>June 30, 2019</u> |
|---|----------------------|----------------------|
| Collective deferred outflows of resources | \$2,347,583,337 | \$3,149,522,616 |
| Collective deferred inflows of resources | 7,849,949,467 | 7,645,087,574 |
| Collective net pension liability | 16,435,616,426 | 18,018,482,972 |
| Borough's Proportion | 0.0173799603% | 0.0177681746% |

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. 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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2019. 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, 2020 AND 2019
(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-2020.

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, 2020) 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, 2020 are summarized in the following table:

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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> |
|----------------------------------|--------------------------|---|
| U.S. Equity | 27.00% | 7.71% |
| Non-U.S. Developed Market Equity | 13.50% | 8.57% |
| Emerging Market Equity | 5.50% | 10.23% |
| Private Equity | 13.00% | 11.42% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Investment Grade Credit | 8.00% | 2.67% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020 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:

| | <u>June 30, 2020</u> | | |
|--|-----------------------|------------------------------------|-----------------------|
| | <u>1%</u> Decrease | <u>At Current</u> Discount Rate | <u>1%</u> Increase |
| | <u>6.00%</u> | <u>7.00%</u> | <u>8.00%</u> |
| Borough's proportionate share of the pension liability | \$3,573,575 | \$2,834,217 | \$2,206,852 |

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, 2020, the Borough had a liability of \$12,585,672 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Borough's proportion was 0.0974023800 percent, which was an increase/(decrease) of (0.00148979) percent from its proportion measured as of June 30, 2019.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020, the Borough recognized pension expense of \$563,661. At December 31, 2020, 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 | \$126,885 | \$45,168 |
| Changes of assumptions | 31,672 | 3,374,143 |
| Net difference between projected and actual earnings on pension plan investments | 737,957 | |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | <u>748,638</u> | <u>2,155,110</u> |
| Total | <u>\$1,645,152</u> | <u>\$5,574,421</u> |

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2020) 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: | |
|---------------------|-------------------|
| 2021 | \$(1,208,700,565) |
| 2022 | (815,726,399) |
| 2023 | (332,087,897) |
| 2024 | (125,450,959) |
| 2025 | (108,112,902) |

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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 5.90, 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2020, 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, 2020 and June 30, 2019 are as follows:

| | <u>June 30, 2020</u> | <u>June 30, 2019</u> |
|---|----------------------|----------------------|
| Collective deferred outflows of resources | \$1,601,195,680 | \$1,198,936,924 |
| Collective deferred inflows of resources | 4,191,274,402 | 4,874,748,912 |
| Collective net pension liability | 14,926,648,722 | 12,237,818,793 |
| Borough's Proportion | 0.0974023800% | 0.1123002773% |

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. 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, 2020 AND 2019
(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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 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, 2020) 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, 2020 are summarized in the following table:

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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> |
|----------------------------------|--------------------------|---|
| U.S. Equity | 27.00% | 7.71% |
| Non-U.S. Developed Market Equity | 13.50% | 8.57% |
| Emerging Market Equity | 5.50% | 10.23% |
| Private Equity | 13.00% | 11.42% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Investment Grade Credit | 8.00% | 2.67% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020 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, 2020 | | |
|---|---------------|---------------|--------------|
| | 1% | At Current | 1% |
| | Decrease | Discount Rate | Increase |
| | <u>6.00%</u> | <u>7.00%</u> | <u>8.00%</u> |
| Borough's proportionate share of the pension liability | \$17,380,520 | \$12,585,672 | \$8,603,184 |

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, 2020 AND 2019
(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, 2020 and 2019, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,953,239 and \$2,170,062, respectively. For the years ended December 31, 2020 and 2019, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$221,361 and \$252,143, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$150,301 and \$146,217, 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, 2020 AND 2019
(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.

Total OPEB Liability

The following Other Post Employment Benefit information is as of June 30, 2019 which is the latest information available as of the date of this report. This information is eighteen months prior to December 31, 2020. GASB Statement No. 75 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of County Affairs, State of New Jersey is permitting the regulator basis financial statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current Other Post Employment Benefit information is available.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)

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

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, 2020 AND 2019
(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, 2020 AND 2019
(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 | Healthcare Cost Trend Rate | 1% Increase |
| 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, 2020 AND 2019
(CONTINUED)**

NOTE 4. MUNICIPAL DEBT

Long-term debt as of December 31, 2020 and 2019 consisted of the following:

| | <u>Balance</u> <u>Dec. 31, 2019</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 | \$9,475,000 | \$ | \$1,265,000 | \$8,210,000 | \$1,305,000 |
| Total Bonds Payable | <u>9,475,000</u> | <u> </u> | <u>1,265,000</u> | <u>8,210,000</u> | <u>1,305,000</u> |
| Other Liabilities: | | | | | |
| Pension Deferral | 214,250 | | 40,899 | 173,351 | 44,513 |
| General Capital: | | | | | |
| BCIA Leases Payable | 408,000 | | 88,000 | 320,000 | 97,000 |
| Compensated Absences Payable | <u>2,926,677</u> | <u>379,328</u> | <u>1,038,039</u> | <u>2,267,966</u> | <u> </u> |
| Total Other Liabilities | <u>3,548,927</u> | <u>379,328</u> | <u>1,166,938</u> | <u>2,761,317</u> | <u>141,513</u> |
| | <u>\$13,023,927</u> | <u>\$379,328</u> | <u>\$2,431,938</u> | <u>\$10,971,317</u> | <u>\$1,446,513</u> |
| | | | | | |
| | <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 | \$10,720,000 | \$ | \$1,245,000 | \$9,475,000 | \$1,265,000 |
| 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> |

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|---------------------|
| Issued: | | | |
| General - Bonds, Notes and Loans | \$17,481,518 | \$18,693,505 | \$16,563,858 |
| Authorized But Not Issued - General Bonds and Notes | <u>1,607,467</u> | <u>1,179,967</u> | <u>1,009,967</u> |
| Total Bonds, Notes and Loans Issued and Authorized Not Issued | 19,088,985 | 19,873,472 | 17,573,825 |
| Less: Deductions | | | |
| Net Debt | <u>\$19,088,985</u> | <u>\$19,873,472</u> | <u>\$17,573,825</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 .529% for 2020.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-------------------|---------------------|-------------------|---------------------|
| General Debt | \$19,088,985 | \$ | \$19,088,985 |
| Local School Debt | <u>340,000</u> | <u>340,000</u> | <u>0</u> |
| | <u>\$19,428,985</u> | <u>\$340,000</u> | <u>\$19,088,985</u> |

Net debt of \$19,088,985 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$3,610,659,409 equals .529%.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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 .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%.

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

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| 3-1/2% of Equalized Valuation Basis (Municipal) | \$126,373,079 | \$126,187,203 |
| Net Debt | <u>19,088,985</u> | <u>19,873,472</u> |
| Remaining Borrowing Power | <u>\$107,284,094</u> | <u>\$106,313,731</u> |

The Borough's long-term debt consisted of the following at December 31, 2020:

Paid by Current Fund:

| | <u>2020</u> | <u>2019</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 | \$6,860,000 | \$7,460,000 |
| \$3,205,000 General Improvement Refunding Bonds - with an interest rate of 1.550% issued March 3, 2016, due through July 15, 2022 | <u>1,350,000</u> | <u>2,015,000</u> |
| Total General Serial Bonds | <u>\$8,210,000</u> | <u>\$9,475,000</u> |

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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> |
|-------------|--------------------|--------------------|--------------------|
| 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 | 815,500 | 700,000 | 115,500 |
| 2026-2030 | <u>3,762,500</u> | <u>3,500,000</u> | <u>262,500</u> |
| | <u>\$9,256,565</u> | <u>\$8,210,000</u> | <u>\$1,046,565</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, 2020, the Borough had authorized but not issued debt of \$1,607,467.

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, 2020:

| <u>Year</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|------------------|------------------|-----------------|
| 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>\$335,912</u> | <u>\$320,000</u> | <u>\$15,912</u> |

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020 and 2019, the Borough had \$9,271,518 and \$9,218,505, respectively, in outstanding General Capital bond anticipation notes.

The following activity related to bond anticipation notes occurred during the periods ended December 31, 2020 and 2019:

| | <u>Balance</u> <u>Dec. 31, 2019</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2020</u> |
|---------------------------------|--|--------------------|--------------------|--|
| General Capital Notes Payable: | | | | |
| TD Securities LLC | \$6,293,505 | \$ | \$6,293,505 | \$0 |
| Amboy Bank | 2,925,000 | | 2,925,000 | 0 |
| BNY Mellon Capital Markets, LLC | | 6,766,518 | | 6,766,518 |
| TD Securities LLC | | <u>2,505,000</u> | | <u>2,505,000</u> |
| | <u>\$9,218,505</u> | <u>\$9,271,518</u> | <u>\$9,218,505</u> | <u>\$9,271,518</u> |

| | <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> |

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, 2020 and 2019, the Borough had \$496,400 and \$667,540, respectively, in outstanding Current Fund Special Emergency notes.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 7. SPECIAL EMERGENCY NOTES, (continued)

The following activity related to special emergency notes occurred during the calendar years ended December 31, 2020 and 2019:

| | <u>Balance</u> <u>Dec. 31, 2019</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2020</u> |
|----------------------------|--|------------------|-------------------|--|
| Amboy Bank | \$620,500 | \$ | \$620,500 | \$0 |
| Township of East Brunswick | 47,040 | | 47,040 | 0 |
| TD Securities LLC | | <u>496,400</u> | | <u>496,400</u> |
| | <u>\$667,540</u> | <u>\$496,400</u> | <u>\$667,540</u> | <u>\$496,400</u> |
| | | | | |
| | <u>Balance</u> <u>Dec. 31, 2018</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>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> |

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, 2020 and 2019, the Borough had \$-0- and \$900,000, respectively, in outstanding Current Fund Emergency notes.

The following activity related to emergency notes occurred during the calendar years ended December 31, 2020 and 2019:

| | <u>Balance</u> <u>Dec. 31, 2019</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2020</u> |
|------------|--|------------------|-------------------|--|
| Amboy Bank | <u>\$900,000</u> | <u>\$</u> | <u>\$900,000</u> | <u>\$0</u> |
| | | | | |
| | <u>Balance</u> <u>Dec. 31, 2018</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>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, 2020 AND 2019
(CONTINUED)**

NOTE 9. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020 and 2019, the following deferred charges are shown on the balance sheet of the various funds:

| | Balance December 31, <u>2020</u> | 2021 Budget Appropriation | Balance to Succeeding Budget |
|---------------------------------------|--|------------------------------|------------------------------------|
| <u>Current Fund:</u> | | | |
| Special Emergency - N.J.S.A. 40A:4-55 | \$1,149,500 | \$124,100 | \$1,025,400 |
| Emergency Authorization | 335,000 | 335,000 | |
| Deficit in Payroll Account Reserve | <u>8,015</u> | | <u>8,015</u> |
| | <u>\$1,492,515</u> | <u>\$459,100</u> | <u>\$1,033,415</u> |
| | | | |
| | Balance December 31, <u>2019</u> | 2020 Budget Appropriation | Balance to Succeeding Budget |
| <u>Current Fund:</u> | | | |
| Special Emergency - N.J.S.A. 40A:4-55 | \$667,540 | \$171,140 | \$496,400 |
| Emergency Authorization | 900,000 | 900,000 | |
| Deficit in Payroll Account Reserve | <u>8,015</u> | | <u>8,015</u> |
| | <u>\$1,575,555</u> | <u>\$1,071,140</u> | <u>\$504,415</u> |

NOTE 10. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2020 and December 31, 2019 which has been appropriated as revenue in the 2021 and 2020 budgets is as follows:

| | <u>2021</u> | <u>2020</u> |
|--------------|--------------------|------------------|
| Current Fund | <u>\$1,146,950</u> | <u>\$221,200</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, 2020 and 2019 was \$2,267,996 and \$2,926,677, respectively.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020 and 2019, \$-0- of the Borough's bank balance of \$9,794,384 and \$9,281,319, 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, 2020 AND 2019
(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, 2020 and 2019 amounted to \$1,377,485 and \$1,132,870, respectively.

The following investments represent the total invested with AIG on December 31, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|-----------------------------|--------------------|--------------------|
| Asset Allocation Fund | \$52,421 | \$44,984 |
| Blue Chip Growth Fund | 108,817 | 79,610 |
| Capital Conservation | 1,694 | 1,581 |
| Dividend Value | 48,216 | 48,444 |
| Emerging Economies | 2,936 | 2,332 |
| Fixed Account Plus | 96,304 | 91,495 |
| Global Strategy | 8,116 | 7,911 |
| Government Money Market I | 49,168 | 53,873 |
| Government Securities Fund | 1,027 | 973 |
| Growth Fund | 7,495 | 5,339 |
| Growth & Income Fund | | 3,612 |
| Health Sciences | 39,224 | 30,123 |
| High Yield Bond Fund | 2,589 | 2,444 |
| International Equities Fund | 9,545 | 8,917 |
| International Opportunities | 2,625 | 2,263 |
| Large CAP CORE | 1,915 | 1,731 |
| Large CAP Value Fund | 1,056 | 958 |
| Mid Cap Growth Fund | 1,473 | 1,190 |
| Mid Cap Index Fund | 106,184 | 91,779 |
| Mid Cap Value Fund | 253,028 | 237,877 |
| Moderate Growth Lifestyle | 5,566 | 4,987 |
| NASDAQ-100R Index Fund | 8,167 | 5,576 |
| Science & Technology Fund | 356,956 | 227,251 |
| Small Cap Index Fund | 13,786 | 11,694 |
| Small Cap Value Fund | 3,273 | 3,150 |
| Stock Index Fund | 188,096 | 159,963 |
| Strategic Bond Fund | 3,120 | 2,813 |
| Strategic Core Fund | 4,688 | |
| | <u>\$1,377,485</u> | <u>\$1,132,870</u> |

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020 and 2019 as follows:

| | <u>2020</u> | <u>2019</u> |
|----------------|------------------|------------------|
| Balance of tax | \$6,932,759 | \$6,869,850 |
| Deferred | <u>6,932,759</u> | <u>6,869,850</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, 2020 and 2019:

| | Restated Balance <u>Dec. 31, 2019</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>Dec. 31, 2020</u> |
|------------------------|---|------------------|-------------------|---------------------------------|
| Land | \$73,817,090 | \$22,525 | \$ | \$73,839,615 |
| Buildings | 9,360,673 | | | 9,360,673 |
| Vehicles and Equipment | <u>7,656,236</u> | <u>162,139</u> | <u> </u> | <u>7,818,375</u> |
| | <u>\$90,833,999</u> | <u>\$184,664</u> | <u>\$0</u> | <u>\$91,018,663</u> |

| | 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> |

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 15. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2020 consist of the following:

| | |
|------------------|--|
| \$216,318 | Due to the Federal and State Grant Fund from the Current Fund for grant awards received less cash disbursements made. |
| 23 | Due to the Current Fund from the General Capital Fund for interest earnings not turned over. |
| 2,633 | 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 over. |
| 1,462 | Due to the Other Trust Fund from the Current Fund for reimbursement of expenses paid less interest earnings not turned over. |
| 3,835 | Due to the Current Fund from the Recycling Trust Fund for reimbursement of expenses paid. |
| 79,483 | Due to the Escrow Trust Fund from the Other Trust Fund for reimbursement of expenditures paid. |
| 468 | Due to the Recycling Trust Fund from the Shade Tree Trust Fund for deposits in error. |
| <u>152</u> | Due to the Recycling Trust Fund from the Other Trust Fund for deposits in error. |
| <u>\$306,509</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, 2020 AND 2019
(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, 2020 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 2020 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, 2020 AND 2019
(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, 2020</u> | <u>Balance Dec 31, 2019</u> |
|--|---------------------------------|---------------------------------|
| Prepaid Taxes | <u>\$323,250</u> | <u>\$544,613</u> |
| Cash Liability for Taxes Collected in Advance | <u>\$323,250</u> | <u>\$544,613</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 trial 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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(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 2021.

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, 2020 AND 2019
(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 ratables). 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**

On or about the December 2020, there were about 100 tax appeal docket items. Most of these matters had not progressed to a point where it is possible to form a realistic estimate of the Borough's exposure. The various tax appeals that have sufficiently progressed have an estimated potential exposure totaling \$1,575,000 as of December 2020. Please keep in mind that the settlement terms are, for the most part, estimates. Further, the potential exposure is not necessarily for 2020 as some of the tax appeals might not be settled until the subsequent of later years.

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, 2020 AND 2019
(CONTINUED)**

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

(b) Miscellaneous Tax Appeals, (continued)

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> |

NOTE 20: OTHER MATTERS

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 State of Emergency and Public Health Emergency remains in effect. 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 taxpayers 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 collections.

In addition, during 2020 revenues of the Borough were not materially affected.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 21: SUBSEQUENT EVENTS

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The amount of federal aid available to the Borough of Englewood Cliffs is \$525,935 which will be available for use until December 31, 2024. This amount will be distributed to the Borough in two installments. The first installment within 120 days of the State receiving the funding from the Federal government and the second installment one year after the receipt of the first installment.

The Borough has evaluated subsequent events through August 9, 2021, the date which the financial statements were available to be issued. No items were noted.

SUPPLEMENTARY DATA

BOROUGH OF ENGLEWOOD CLIFFS

Supplementary data

Comparative Schedule of Tax Rate Information

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|----------------------------|-------------|-------------|-------------|
| Tax rate | 1.151 | 1.081 | 1.043 |
| Apportionment of tax rate: | | | |
| Municipal | 0.479 | 0.418 | 0.401 |
| School | 0.415 | 0.405 | 0.251 |
| County | 0.257 | 0.258 | 0.391 |

Assessed Value

| | |
|------|------------------|
| 2020 | \$ 3,403,273,632 |
| 2019 | 3,398,134,192 |
| 2018 | 3,400,524,332 |

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> |
| 2020 | \$ 40,208,628 | 39,714,767 | 98.77% |
| 2019 | 36,800,703 | 36,195,677 | 98.36% |
| 2018 | 35,613,790 | 34,816,744 | 97.76% |

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> |
|----------------|-----------------------------------|------------------------|-------------------------|-------------------------------|
| 2020 | \$ 454,353 | 485 | 454,838 | 1.13% |
| 2019 | 484,915 | 322 | 485,237 | 1.32% |
| 2018 | 340,809 | 168 | 340,977 | 0.96% |

BOROUGH OF ENGLEWOOD CLIFFS

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2020 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> |
|-------------|----|---------------|
| 2020 | \$ | 39,528 |
| 2019 | | 39,528 |
| 2018 | | 39,528 |

Comparative Schedule of Fund Balance

| | <u>Year</u> | | <u>Dec. 31</u> | Utilized in budget of succeeding <u>year</u> |
|--------------|-------------|----|----------------|---|
| Current Fund | 2020 | \$ | 2,867,273 | 1,146,950 |
| | 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 |

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 | | |
| Ramon Ferro | Councilman | | |
| William Woo | Councilman | | |
| Deborah Tsabari | Councilwoman | | |
| Jimmy Song | Councilman (1/1/2020-12/9/2020) | | |
| David DiGregorio | Councilman (12/9/2020-12/31/2020) | | |
| Ed Aversa | Councilman | | |
| Lisette M. Duffy | Borough Clerk/Administrator | | |
| Vincent Buono | Tax Collector | \$ 1,000,000 | (A) |
| Chris Battaglia | Chief Financial Officer | | |
| Janice Romano | Deputy Tax Collector | | |
| Joseph Mariniello, Esq. | Borough Attorney | | |
| Neglia Engineering Associates | Borough Engineer | | |
| Gino Tessaro | Construction Code Official | | |
| Marc Saperstein, Esq. | Municipal Judge | 1,000,000 | (A) |
| Marc D. Ramundo, Esq. | Prosecutor | | |
| Jill Cadre, Esq. | Public Defender | | |
| Sarah Holbig | Tax Assessor | | |
| William Henkelman | Police Chief | | |

(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

Schedule of Cash - Collector-Treasurer

Current Fund

Year ended December 31, 2020

| | | | |
|---|----|------------|-------------------|
| Balance - December 31, 2019 | | \$ | 4,006,521 |
| Increased by: | | | |
| Veterans' and Senior Citizens' Deductions | \$ | 21,000 | |
| Taxes Receivable | | 39,634,257 | |
| Prepaid Taxes | | 323,250 | |
| Emergency Notes | | | |
| Special Emergency Notes | | | |
| Tax Overpayments | | 17,452 | |
| Interfunds | | 3,058,558 | |
| Petty Cash | | | |
| Revenue Accounts Receivable | | 2,000,669 | |
| Miscellaneous Revenue Not Anticipated | | 54,287 | |
| Miscellaneous Reserves | | | |
| Grants Receivable | | 2,200 | |
| Unappropriated Reserves | | 14,470 | |
| | | | <u>45,126,143</u> |
| | | | 49,132,664 |
| Decreased by: | | | |
| Budget Appropriations | | 17,556,764 | |
| Appropriation Reserves | | 432,135 | |
| County Taxes Payable | | 8,766,356 | |
| School Taxes Payable | | 14,066,171 | |
| Tax Overpayments | | 10,456 | |
| Transfer to Cash | | 34,274 | |
| Interfunds | | 3,034,508 | |
| Miscellaneous Reserves | | 34,274 | |
| Emergency Notes | | 900,000 | |
| Special Emergency Notes | | 171,140 | |
| Prior Year Refunds | | 25,850 | |
| Appropriated Grant Reserves | | 50,465 | |
| | | | <u>45,082,393</u> |
| Balance - December 31, 2020 | | \$ | <u>4,050,271</u> |

Exhibit A-5

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Change Funds

Current Fund

Year ended December 31, 2020

| | |
|-----------------------------|----------------------|
| Balance - December 31, 2019 | \$ <u>300</u> |
| Balance - December 31, 2020 | \$ <u><u>300</u></u> |

Exhibit A-6

Schedule of Petty Cash

Current Fund

Year ended December 31, 2020

| | |
|-----------------------------|----------------------|
| Balance - December 31, 2019 | \$ <u>300</u> |
| Balance - December 31, 2020 | \$ <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, 2020

| | | | |
|---|----|---------------|---------------|
| Balance - December 31, 2019 | | \$ | 348 |
| Increased by: | | | |
| Veterans' deductions per duplicate | \$ | 18,750 | |
| Senior Citizens' deductions per duplicate | | <u>2,250</u> | |
| | | | <u>21,000</u> |
| | | | 21,348 |
| Decreased by: | | | |
| Senior Citizens' deductions disallowed | | 500 | |
| Cash Received | | <u>21,000</u> | |
| | | | <u>21,500</u> |
| Balance - December 31, 2020 | | \$ | <u>(152)</u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2020

| Year | Balance, Dec. 31, 2019 | 2020 Tax Levy | Collections | | Veterans and Senior Citizens | Transferred to tax title liens | Remitted, Abated or Cancelled | Balance, Dec. 31, 2020 |
|------|------------------------|---------------|-------------|------------|------------------------------|--------------------------------|-------------------------------|------------------------|
| | | | 2019 | 2020 | | | | |
| 2019 | 484,915 | | | 484,915 | | | | |
| 2020 | | 40,208,628 | 544,613 | 39,149,654 | 20,500 | 163 | 39,345 | 454,353 |
| | \$ 484,915 | 40,208,628 | 544,613 | 39,634,569 | 20,500 | 163 | 39,345 | 454,353 |

Overpayments Applied
Cash Receipts 312
39,634,257
\$ 39,634,569

Analysis of 2020 Property Tax Levy

Tax yield:
General Property Tax \$ 39,171,681
Added Tax (R.S. 54:4-63.1 et seq.) 1,036,947
\$ 40,208,628

Tax levy:
Local District School Tax 14,129,080
County Tax \$ 8,369,708
County Open Space Preservation 380,684
County Added and Omitted Taxes 231,534
8,981,926

Local Tax for Municipal Purposes \$ 16,287,333
Add: Additional Taxes Levied 810,289
17,097,622
Local Tax for Municipal Purposes \$ 40,208,628

BOROUGH OF ENGLEWOOD CLIFFS

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

Current Fund

Year ended December 31, 2020

| | |
|-----------------------------|-------------------------|
| Balance - December 31, 2019 | \$ <u>39,528</u> |
| Balance - December 31, 2020 | \$ <u><u>39,528</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Tax Title Liens Receivable

Current Fund

Year ended December 31, 2020

| | | |
|-----------------------------|----|-------------------|
| Balance - December 31, 2019 | \$ | 322 |
| Increased by: | | |
| Interest and Costs | | <u>163</u> |
| Balance - December 31, 2020 | \$ | <u><u>485</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2020

| | Balance, Dec. 31, <u>2019</u> | Accrued in 2020 | <u>Collected</u> | Balance, Dec. 31, <u>2020</u> |
|-----------------------------------|-------------------------------------|-----------------------|------------------|-------------------------------------|
| Miscellaneous Revenues: | | | | |
| Licenses - Alcoholic Beverages | \$ | 19,440 | 19,440 | |
| Fees and Permits: | | | | |
| Construction Code Official | | 246,669 | 246,669 | |
| Other | | 43,649 | 43,649 | |
| Municipal Court - Fines and Costs | 2,988 | 22,226 | 20,920 | 4,294 |
| Interest and Costs on Taxes | | 102,929 | 102,929 | |
| Interest on Investments | | 14,806 | 14,806 | |
| Commercial Sewer User Fees | | 244,029 | 244,029 | |
| Cable TV - Annual Fees | | 18,224 | 18,224 | |
| Cell Tower - Annual Leases | | 390,011 | 390,011 | |
| Burglar Alarm Fees | | 125 | 125 | |
| Elevator Fees | | 31,813 | 31,813 | |
| Energy Receipts Tax | | 691,474 | 691,474 | |
| General Capital Fund Balance | | 16,993 | 16,993 | |
| Sewer Hook Up Fees | | 116,000 | 116,000 | |
| Recreation Fees | | 5,398 | 5,398 | |
| Police - Outside Duty | | 55,182 | 55,182 | |
| | <u>\$ 2,988</u> | <u>2,018,968</u> | <u>2,017,662</u> | <u>4,294</u> |
| | | Interfunds \$ 16,993 | | |
| | | Cash <u>2,000,669</u> | | |
| | | <u>\$ 2,017,662</u> | | |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

Current Fund

Year ended December 31, 2020

| | Due from/(to) Balance <u>Dec. 31, 2019</u> | <u>Increased</u> | <u>Decreased</u> | Due from/(to) Balance <u>Dec. 31, 2020</u> |
|------------------------------|--|---------------------------------------|----------------------------|--|
| Federal and State Grant Fund | \$ (250,113) | 35,995 | 2,200 | (216,318) |
| General Capital Fund | | 3,083,581 | 3,083,558 | 23 |
| Dog License Trust Fund | 961 | 1,672 | | 2,633 |
| Assessment/Other Trust Fund | | | | |
| Other Trust Fund | (2,148) | 863 | 177 | (1,462) |
| Escrow Trust Fund | 2,135 | | | 2,135 |
| Recycling Trust Fund | | 3,835 | | 3,835 |
| | <u>(249,165)</u> | <u>3,125,946</u> | <u>3,085,935</u> | <u>(209,154)</u> |
| Interfunds due from | 3,096 | 3,089,088 | 3,083,558 | 8,626 |
| Interfunds (due to) | <u>(252,261)</u> | <u>36,858</u> | <u>2,377</u> | <u>(217,780)</u> |
| | <u>\$ (249,165)</u> | <u>3,125,946</u> | <u>3,085,935</u> | <u>(209,154)</u> |
| | | | | |
| | | | Cash Receipts \$ 3,058,558 | |
| | | Cash Disbursements 3,034,508 | | |
| | | Anticipated Revenue 16,993 | | |
| | | Interest on Investments 3,822 | | |
| | | Statutory Excess 1,672 | | |
| | | Reimbursement for Expense Paid 32,956 | 177 | |
| | | Capital Improvement Fund | 25,000 | |
| | | Grants Receivable 6,608 | | |
| | | Appropriated Grant Reserves 29,387 | | |
| | | Unappropriated Grant Reserves | 2,200 | |
| | | <u>\$ 3,125,946</u> | <u>3,085,935</u> | |

BOROUGH OF ENGLEWOOD CLIFFS

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

Current Fund

Year ended December 31, 2020

| <u>Date Authorized</u> | <u>Purpose</u> | <u>Net Amount Authorized</u> | <u>Balance Dec. 31, 2019</u> | <u>Increased by: 2020 Authorization</u> | <u>Reduced by: 2020 Budget Appropriation</u> | <u>Balance Dec. 31, 2020</u> |
|------------------------|-----------------------------|------------------------------|------------------------------|---|--|------------------------------|
| December 11, 2019 | Emergency - COAH Legal Fees | 900,000 | \$ 900,000 | | 900,000 | |
| December 9, 2020 | Emergency - COAH Legal Fees | 335,000 | | 335,000 | | 335,000 |
| | | | | <u>335,000</u> | | <u>335,000</u> |
| | | | | <u>\$ 335,000</u> | | <u>335,000</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, 2020

| <u>Date Authorized</u> | <u>Purpose</u> | <u>Net Amount Authorized</u> | <u>1/5 of net Amount Authorized</u> | <u>Balance Dec. 31, 2019</u> | <u>Increased by: 2020 Authorization</u> | <u>Reduced by: 2020 Budget Appropriation</u> | <u>Balance Dec. 31, 2020</u> |
|------------------------|------------------------------------|------------------------------|-------------------------------------|------------------------------|---|--|------------------------------|
| December 16, 2015 | Special Emergency - Terminal Leave | 235,200 | 47,040 | 47,040 | | 47,040 | |
| November 17, 2019 | Special Emergency - Terminal Leave | 620,500 | 124,100 | 620,500 | | 124,100 | 496,400 |
| November 23, 2020 | Special Emergency - Terminal Leave | 653,100 | 130,620 | | 653,100 | | 653,100 |
| | | | | <u>\$ 667,540</u> | <u>653,100</u> | <u>171,140</u> | <u>1,149,500</u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2020

| | Balance, Dec.31, <u>2019</u> | Balance after transfers and <u>encumbrances</u> | <u>Paid</u> | Balance <u>lapsed</u> |
|-------------------------------------|------------------------------------|---|-------------|--------------------------|
| Salaries and Wages: | | | | |
| Administrative and Executive | 5,127 | 5,127 | | 5,127 |
| Financial Administration | 149 | 149 | | 149 |
| Collection of taxes | 12,921 | 12,921 | 244 | 12,677 |
| Assessment of taxes | 2,467 | 2,467 | | 2,467 |
| Police | 148,720 | 148,720 | 12,853 | 135,867 |
| Fire Official | 11,034 | 11,034 | 7,500 | 3,534 |
| Prosecutor/Public Defender | 170 | 170 | | 170 |
| Road Repairs and Maintenance | 139,676 | 139,676 | 1,700 | 137,976 |
| Shade Tree | 2 | 2 | | 2 |
| Board of Health | 200 | 200 | | 200 |
| Parks and playgrounds | 23,504 | 23,504 | | 23,504 |
| Construction Official | 49 | 49 | | 49 |
| Plumbing Inspector | 198 | 198 | | 198 |
| Fire Sub-Code Official | 200 | 200 | | 200 |
| Municipal Court | 4,267 | 4,267 | | 4,267 |
| Sewer Inspection | 20 | 120 | | 120 |
| Fire Prevention | 340 | 340 | | 340 |
| Electrical Inspection | 460 | 460 | | 460 |
| Other Expenses: | | | | |
| Administrative and Executive | 6,004 | 17,533 | 8,688 | 8,845 |
| Financial Administration | 4,677 | 31,127 | 21,200 | 9,927 |
| Collection of Taxes | 4,559 | 5,118 | | 5,118 |
| Assessment of taxes | 8,111 | 8,111 | | 8,111 |
| Legal Services and Costs | | | | |
| Other Expenses | 28,146 | 222,753 | 53,432 | 169,321 |
| Appraisal Fees | 1,425 | 2,325 | | 2,325 |
| Engineering Services and Costs | 7,928 | 8,421 | | 8,421 |
| Insurance (N.J.S.A. 40A:4-45.3(00)) | | | | |
| Other Insurance Premiums | 26,983 | 26,983 | | 26,983 |
| Group Insurance Plan for Employee | 160,475 | 169,235 | | 169,235 |
| COAH - Legal Fees | 203,315 | 223,515 | 215,878 | 7,637 |
| Planning Board | 7,953 | 9,022 | | 9,022 |
| Police | | | | |
| Other Expenses | 25,944 | 59,047 | 28,211 | 30,836 |
| Terminal Lease | 232,043 | 232,043 | | 232,043 |
| Fire | | | | |
| Hydrant Services | 3,316 | 8,088 | 824 | 7,264 |
| Other Expenses | 2,096 | 7,054 | 1,597 | 5,457 |
| Clothing Expenses | 500 | 500 | | 500 |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2020

| | Balance, Dec.31, <u>2019</u> | Balance after transfers and <u>encumbrances</u> | <u>Paid</u> | Balance <u>lapsed</u> |
|--|------------------------------------|---|----------------|--------------------------|
| Road Repairs and Maintenance | | | | |
| Other Expenses | 4,132 | 26,485 | 4,903 | 21,582 |
| Gasoline | 9,450 | 20,772 | 7,011 | 13,761 |
| Garbage and Trash Removal | 8,389 | 57,684 | 40,120 | 17,564 |
| Recycling | | | | |
| Public Buildings and Grounds | 22,492 | 38,937 | 8,844 | 30,093 |
| Sewer System | 3,672 | 7,570 | | 7,570 |
| Shade Tree | 13,490 | 13,490 | | 13,490 |
| Board of Health | 1,903 | 2,068 | | 2,068 |
| Environmental Commission | 405 | 405 | | 405 |
| Senior Citizens Committee | 841 | 1,618 | 204 | 1,414 |
| Parks and playgrounds | 7,710 | 24,153 | 5,380 | 18,773 |
| Celebration of Public Events | 2,861 | 5,093 | | 5,093 |
| Construction Official | 12,114 | 12,232 | | 12,232 |
| Fire Prevention | 1,733 | 1,733 | | 1,733 |
| Municipal Court | 2,305 | 3,247 | 209 | 3,038 |
| Electricity and Heating Oil | 14,853 | 23,281 | 170 | 23,111 |
| Telephone and Fax | 7,763 | 13,362 | 651 | 12,711 |
| Street Lighting | 1,500 | 22,656 | 12,423 | 10,233 |
| Water | 17,538 | 17,538 | | 17,538 |
| Social Security System (O.A.S.I.) | 18,618 | 18,618 | | 18,618 |
| DCRP | 1,096 | 1,096 | 93 | 1,003 |
| Sewer - Contractual - BCUA Service Charges | 745 | 745 | | 745 |
| Sewer Charges - Borough of Tenafly | 41 | 41 | | 41 |
| Sewer Charges - City of Englewood | 3,708 | 3,708 | | 3,708 |
| LOSAP | 8,260 | 8,260 | | 8,260 |
| | <u>\$ 1,238,598</u> | <u>1,705,271</u> | <u>432,135</u> | <u>1,273,136</u> |
| Appropriation Reserves | \$ 1,238,698 | | | |
| Encumbrances | | <u>466,573</u> | | |
| | | <u>\$ 1,705,271</u> | | |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Encumbrances Payable

Current Fund

Year ended December 31, 2020

| | | |
|--|----|-----------------------|
| Balance - December 31, 2019 | \$ | 466,573 |
| Increased by: | | |
| Charges to 2020 Budget Appropriations | | <u>246,511</u> |
| | | 713,084 |
| Decreased by : | | |
| Transferred to 2019 Appropriation Reserves | | <u>466,573</u> |
| Balance - December 31, 2020 | \$ | <u><u>246,511</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2020

| | | |
|-----------------------------|----|-----------------------|
| Balance - December 31, 2019 | \$ | 544,613 |
| Increased by: | | |
| Collection of 2020 Taxes | | <u>323,250</u> |
| | | 867,863 |
| Decreased by : | | |
| Applied to 2020 Taxes | | <u>544,613</u> |
| Balance - December 31, 2020 | \$ | <u><u>323,250</u></u> |

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2020

| | | |
|-----------------------------|----|---------------------|
| Balance - December 31, 2019 | \$ | 273 |
| Increased by: | | |
| Cash Receipts | | <u>17,452</u> |
| | | 17,725 |
| Decreased by: | | |
| Cash Disbursements | \$ | 10,456 |
| Reserve for Tax Appeals | | <u>312</u> |
| | | <u>10,768</u> |
| Balance - December 31, 2020 | \$ | <u><u>6,957</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2020

| | | | |
|---|----|----------------|-----------------------|
| Balance - December 31, 2019 | | \$ | 15,964 |
| Increased by: | | | |
| County Share of 2020 Levy | \$ | 8,369,708 | |
| County Open Space Preservation of 2020 Levy | | 380,684 | |
| County Share of 2020 Levy - Added Taxes | | <u>231,534</u> | |
| | | | <u>8,981,926</u> |
| | | | 8,997,890 |
| Decreased by: | | | |
| Cash Disbursements | | | <u>8,766,356</u> |
| Balance - December 31, 2020 | \$ | | <u><u>231,534</u></u> |

Schedule of Local District School Taxes Payable

Current Fund

Year ended December 31, 2020

| | | | |
|--|----|----|--------------------------|
| Balance - December 31, 2019 | | \$ | <u>6,869,850</u> |
| School Taxes Deferred | | | |
| Increased by: | | | |
| Local School Share of Fiscal Year 2020 Levy | | | <u>14,129,080</u> |
| | | | 20,998,930 |
| Decreased by: | | | |
| Cash Disbursement | | | <u>14,066,171</u> |
| Balance - December 31, 2020 | \$ | | <u><u>6,932,759</u></u> |
| | | | |
| School Taxes Deferred | \$ | | <u><u>6,932,759</u></u> |
| <u>2020 Liability for Local School District Taxes:</u> | | | |
| Amount Charged to 2020 Operations | \$ | | <u><u>14,066,171</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Miscellaneous Reserves

Current Fund

Year Ended December 31, 2020

| <u>Reserve for</u> | Balance, Dec. 31, <u>2019</u> | <u>Increased by:</u> | <u>Decreased by:</u> | Balance, Dec. 31, <u>2020</u> |
|-------------------------------------|-------------------------------------|----------------------|----------------------|-------------------------------------|
| State Library Aid | \$ 5,518 | | | 5,518 |
| Tax Appeal Reserve | 315,912 | 312 | 34,274 | 281,950 |
| 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>27,420</u> | | | <u>27,420</u> |
| | <u>\$ 372,203</u> | <u>312</u> | <u>34,274</u> | <u>338,241</u> |
| Tax Overpayments | | \$ 312 | | |
| Cash Disbursement | | | <u>34,274</u> | |
| | | <u>\$ 312</u> | <u>34,274</u> | |

BOROUGH OF ENGLEWOOD CLIFFS

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

Current Fund

Year ended December 31, 2020

| <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, 2019</u> | <u>Decreased</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**

Current Fund

Year ended December 31, 2020

| <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, 2019</u> | <u>Decreased</u> | <u>Balance, Dec. 31, 2020</u> |
|---|-------------------------------|----------------------|-------------------------|----------------------|-------------------------------|------------------|-------------------------------|
| Special Emergency - Terminal Leave 2015 | Dec. 30, 2015 | Feb. 22, 2019 | Jan. 15, 2020 | 2.590% \$ | 47,040 | 47,040 | |
| Special Emergency - Terminal Leave 2019 | Dec. 30, 2019 | Nov. 12, 2020 | Nov. 12, 2021 | 0.886% | 620,500 | 124,100 | 496,400 |
| | | | | \$ | <u>667,540</u> | <u>171,140</u> | <u>496,400</u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Grants Receivable

Federal and State Grant Fund

Year ended December 31, 2020

| | Balance, Dec. 31, <u>2019</u> | 2020 <u>Revenue</u> | Decreased <u>By:</u> | Balance, Dec. 31, <u>2020</u> |
|---|-------------------------------------|------------------------|-------------------------|-------------------------------------|
| Bulletproof Vest Fund | \$ 7,986 | | | 7,986 |
| Community Development Block Grant | 9,710 | | | 9,710 |
| Municipal Alliance on Alcoholism and Drug Abuse | 9,898 | | 2,200 | 7,698 |
| Recycling Tonnage Grant - 2020 | | 7,631 | 7,631 | |
| Clean Communities Grant - 2019 | | <u>13,447</u> | <u>13,447</u> | |
| | <u>\$ 27,594</u> | <u>21,078</u> | <u>23,278</u> | <u>25,394</u> |

| | | |
|-------------------------------------|-----------------|---------------|
| | Cash Receipt \$ | 2,200 |
| Transfer from Unappropriated Grants | | <u>21,078</u> |
| | \$ | <u>23,278</u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

Federal and State Grant Funds

Year ended December 31, 2020

| | Due from/(to) Balance <u>Dec. 31, 2019</u> | <u>Increased</u> | <u>Decreased</u> | Due from/(to) Balance <u>Dec. 31, 2020</u> |
|--------------|--|------------------|------------------------------------|--|
| Current Fund | \$ <u>250,113</u> | <u>2,200</u> | <u>35,995</u> | <u>216,318</u> |
| | \$ <u>250,113</u> | <u>2,200</u> | <u>35,995</u> | <u>216,318</u> |
| | | | Grants Receivable \$ 6,608 | |
| | | | Appropriated Grant Reserves 29,387 | |
| | | <u>2,200</u> | | |
| | | <u>\$ 2,200</u> | <u>35,995</u> | |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Appropriated Grant Reserves

Federal and State Grant Funds

Year ended December 31, 2020

| <u>Grant</u> | Balance Dec. 31, 2019 | from 2020 Budget <u>Appropriations</u> | Decreased by: | Balance Dec. 31, 2020 |
|---|-----------------------------|---|------------------|-----------------------------|
| Community Development Block Grant | \$ 12,331 | | | 12,331 |
| BCUA Recycling Grant | 10,483 | | | 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 | 4,837 | | 4,837 | |
| Clean Communities - 2012 | 9,688 | | 4,145 | 5,543 |
| 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 | 7,170 | | | 7,170 |
| Clean Communities - 2018 | 12,047 | | | 12,047 |
| Clean Communities - 2019 | | 13,447 | | 13,447 |
| 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 | | 11,728 | 9,137 |
| 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 |
| Recycling Tonnage Grant - 2020 | | 7,631 | | 7,631 |
| 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>\$ 256,629</u> | <u>21,078</u> | <u>50,465</u> | <u>227,242</u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year Ended December 31, 2020

| <u>Grant</u> | Balance, Dec. 31, <u>2019</u> | Realized as 2020 Budget <u>Revenue</u> | <u>Cash Received</u> | Balance, Dec. 31, <u>2020</u> |
|--------------------------------|-------------------------------------|---|--------------------------|-------------------------------------|
| Clean Communities - 2019 | \$ 13,447 | 13,447 | | |
| Recycling Tonnage Grant - 2019 | 7,631 | 7,631 | | |
| Clean Communities - 2020 | | | 12,123 | 12,123 |
| Body Armor | | | 2,347 | 2,347 |
| | <u>\$ 21,078</u> | <u>21,078</u> | <u>14,470</u> | <u>14,470</u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Cash - Collector-Treasurer

Trust Funds

Year ended December 31, 2020

| | Other Trust | Dog License | Emergency Services Trust LOSAP |
|-------------------------------|---------------------|----------------|---|
| Balance - December 31, 2019 | \$ 2,962,895 | 5,039 | 1,132,870 |
| Increased by: | | | |
| Other Trust Reserves | 328,877 | | |
| Dog License Fees | | 2,108 | |
| Dog License State Fees | | 341 | |
| State Fees | 17,222 | | |
| COAH Development Fees | 167,869 | | |
| DEA Forfeiture Deposits | 231 | | |
| Interfunds | 863 | | |
| Investment Earnings/Interest | | | 231,886 |
| Borough Contributions | | | 15,345 |
| | <u>515,062</u> | <u>2,449</u> | <u>247,231</u> |
| | 3,477,957 | 7,488 | 1,380,101 |
| Decreased by: | | | |
| Other Trust Reserves | 393,437 | | |
| State fees | 19,272 | | |
| COAH Development Expenditures | 71,171 | | |
| Interfunds | | | |
| Dog License Fund Expenditures | | 252 | |
| Dog License State Fees | | 342 | |
| | <u>483,880</u> | <u>594</u> | <u>2,716</u> |
| Balance - December 31, 2020 | \$ <u>2,994,077</u> | <u>6,894</u> | <u>1,377,385</u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Tax Sale Receivable

Other Trust Fund

Year ended December 31, 2020

Balance - December 31, 2019 \$ 50

Balance - December 31, 2020 \$ 50

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

Year ended December 31, 2020

| | Due from/(to) Balance Dec. 31, <u>2019</u> | <u>Increased</u> | <u>Decreased</u> | Due from/(to) Balance Dec. 31, <u>2020</u> |
|---|---|------------------|---------------------------------|---|
| <u>INTERFUNDS:</u> | | | | |
| Dog License Trust Fund: | | | | |
| Current Fund | \$ (961) | | 1,672 | (2,633) |
| Other Trust Fund: | | | | |
| Current Fund - Other Trust | 2,148 | 177 | 863 | 1,462 |
| Current Fund - Escrow Trust | (2,135) | | | (2,135) |
| Current Fund - Recycling Trust | | | 3,835 | (3,835) |
| <u>INTRAFUNDS:</u> | | | | |
| Due to Escrow - Other Trust | (79,483) | | | (79,483) |
| Due to Recycling Trust - Shade Tree Trust | | | 468 | (468) |
| Due to Recycling Trust - Other Trust | | | 152 | (152) |
| Due from Other Trust - Escrow Trust | 79,483 | | | 79,483 |
| Due from Other Trust - Recycling Trust | | 468 | | 468 |
| Due from Shade Tree Trust - Recycling Trust | | 152 | | 152 |
| | <u>(948)</u> | <u>797</u> | <u>6,990</u> | <u>(7,141)</u> |
| Interfunds due from | 81,631 | 797 | 863 | 81,565 |
| Interfunds (due to) | <u>(82,579)</u> | | <u>6,127</u> | <u>(88,706)</u> |
| | <u>\$ (948)</u> | <u>797</u> | <u>6,990</u> | <u>(7,141)</u> |
| | | | Cash Receipts | 5,318 |
| | | 620 | Deposit Errors | |
| | | 177 | Reimbursement for Expenses Paid | |
| | | | Statutory Excess | 1,672 |
| | | <u>\$ 797</u> | | <u>6,990</u> |

BOROUGH OF ENGLEWOOD CLIFFS

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

Dog License Trust Fund

Year ended December 31, 2020

| | | |
|-----------------------------|----|-------------------|
| Balance - December 31, 2019 | \$ | (1) |
| Increased by: | | |
| State Fees collected | | <u>341</u> |
| Decreased by: | | |
| Paid to State of New Jersey | \$ | <u><u>342</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Reserve for Dog Fund Expenditures
Dog License Trust Fund
Year ended December 31, 2020

| | | |
|------------------------------------|----|---------------------|
| Balance - December 31, 2019 | \$ | 4,077 |
| Increased by: | | |
| Dog license fees | \$ | 1,843 |
| Late fees/Interest | | <u>265</u> |
| | | <u>2,108</u> |
| | | 6,185 |
| Decreased by: | | |
| Statutory Excess due Current Fund | | 1,672 |
| Expenditures under R.S. 4:19-15:11 | | <u>252</u> |
| | | <u>1,924</u> |
| Balance - December 31, 2020 | \$ | <u><u>4,261</u></u> |

| <u>License Fees Collected</u> | | |
|-------------------------------|----|---------------------|
| <u>Year</u> | \$ | <u>Amount</u> |
| 2018 | | 2,136 |
| 2019 | | <u>2,125</u> |
| | \$ | <u><u>4,261</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Due to State of New Jersey

Other Trust Fund

Year ended December 31, 2020

| | | | |
|-----------------------------|----|---------------|---------------------|
| Balance - December 31, 2019 | | \$ | 11,518 |
| Increased by: | | | |
| Marriage License Fees | \$ | 275 | |
| Interfunds | | 177 | |
| DCA Fees | | <u>16,947</u> | |
| | | | <u>17,399</u> |
| | | | 28,917 |
| Decreased by: | | | |
| Disbursements | | | <u>19,272</u> |
| Balance - December 31, 2020 | | \$ | <u><u>9,645</u></u> |

Analysis of Balance

| | | | |
|-----------------------------|----|---------------------|--|
| Due to State of New Jersey: | | | |
| DCA Fees | \$ | <u><u>9,645</u></u> | |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserves - Other Trust Funds

Other Trust Fund

Year ended December 31, 2020

| Reserve for: | Balance | Increased | Decreased | Balance |
|------------------------------|-------------------------|-------------------|----------------|-------------------------|
| | Dec. 31, <u>2019</u> | | | Dec. 31, <u>2020</u> |
| Escrow Deposits | 1,569,273 | 314,422 | 385,132 | 1,498,563 |
| Tax Title Liens and Premiums | 1,642 | | | 1,642 |
| Accumulated Absences | 131,000 | | | 131,000 |
| Other Trust Deposits: | | | | |
| P.O.A.A. | 575 | 40 | | 615 |
| Law Enforcement Trust | 1,171 | | | 1,171 |
| Public Defender | 300 | | | 300 |
| 5K Run | 34,760 | | | 34,760 |
| Donations: | | | | |
| Police | 17,348 | 4,650 | 945 | 21,053 |
| Police in Car/Body Camera | 25 | | | 25 |
| Community Night | 517 | | | 517 |
| Recreation | 5,505 | 1,000 | | 6,505 |
| Fire Department | 100 | | | 100 |
| General Donations | 5,650 | | | 5,650 |
| Benches | 1,410 | | 295 | 1,115 |
| 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 |
| Parks and Recreation | 1,916 | 4 | | 1,920 |
| Snow Removal | 549 | | | 549 |
| Shade Tree Deposits | 10,240 | 23 | | 10,263 |
| Recycling | 2,860 | 8,738 | 10,900 | 698 |
| | <u>\$ 1,882,562</u> | <u>328,877</u> | <u>397,272</u> | <u>1,814,167</u> |
| Cash | \$ | 328,877 | 393,437 | |
| Interfund | | | 3,835 | |
| | | <u>\$ 328,877</u> | <u>397,272</u> | |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for COAH Development Expenditures

Other Trust Funds

Year ended December 31, 2020

| | | | |
|-----------------------------|----|--------------|-------------------------|
| Balance - December 31, 2019 | | \$ | 997,625 |
| Increased by: | | | |
| Development Fees | \$ | 164,458 | |
| Interest | | <u>3,411</u> | |
| | | | <u>167,869</u> |
| | | | 1,165,494 |
| Decreased by: | | | |
| Development Expenditures | | | <u>71,171</u> |
| Balance - December 31, 2020 | | \$ | <u><u>1,094,323</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for DEA Forfeiture Expenditures

Other Trust Fund

Year ended December 31, 2020

| | | |
|-----------------------------|----|----------------------|
| Balance - December 31, 2019 | \$ | 71,253 |
| Increased by: | | |
| Interest on Investments | | <u>231</u> |
| Balance - December 31, 2020 | \$ | <u><u>71,484</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Statement of Service Award Contributions Receivable

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2020

| | | |
|---------------------------------|----|----------------------|
| Balance - December 31, 2019 | \$ | 15,345 |
| Increased by: | | |
| 2020 Service Award Contribution | | <u>11,500</u> |
| | | 26,845 |
| Decreased by: | | |
| Contributions Paid | | <u>15,345</u> |
| Balance - December 31, 2020 | \$ | <u><u>11,500</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, 2020

| | | | |
|-----------------------------|----|----------------|-------------------------|
| Balance - December 31, 2019 | | \$ | 1,148,215 |
| Increased by: | | | |
| Borough Contributions | \$ | 11,500 | |
| Interest | | 2,231 | |
| Investment Income | | <u>229,655</u> | |
| | | | <u>243,386</u> |
| | | | 1,391,601 |
| Decreased by: | | | |
| Distributions | | | <u>2,716</u> |
| Balance - December 31, 2020 | | \$ | <u><u>1,388,885</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Cash - Collector-Treasurer

General Capital Fund

Year ended December 31, 2020

| | | | |
|-----------------------------|----|----------------|-------------------------|
| Balance - December 31, 2019 | | \$ | 1,127,306 |
| Increased by: | | | |
| Fund Balance | \$ | 66,248 | |
| Interest Earnings | | 3,822 | |
| Interfunds | | 3,712,766 | |
| Bond Anticipation Notes | | <u>950,000</u> | |
| | | | <u>4,732,836</u> |
| | | | 5,860,142 |
| Decreased by: | | | |
| Interfunds | | 3,058,558 | |
| Encumbrances Payable | | 785,182 | |
| Improvement Authorizations | | <u>25,525</u> | |
| | | | <u>3,869,265</u> |
| Balance - December 31, 2020 | | \$ | <u><u>1,990,877</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Analysis of Cash

General Capital Fund

Year ended December 31, 2020

| | | |
|--|----|-----------|
| 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) Current Fund | | 23 |
| Encumbrances Payable | | 190,088 |
| Capital Improvement Fund | | 39,839 |
| Reserve for Cost of Issuance | | 4,086 |
| Reserve for Boswell Settlement | | 185,000 |
| Fund Balance | | 66,248 |

Improvement authorizations:

| <u>Ordinance number</u> | <u>Improvement description</u> | |
|-----------------------------|--|---------------------|
| 2013-9 | Road and Parking Lot Reconstruction and Improvements to the Firehouse | 551 |
| 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 | 103,807 |
| 2015-09 | Various Acquisitions and Improvements | 95,121 |
| 2015-12 | Tax Appeal Refunds | 21,078 |
| 2015-13 | Various Acquisitions and Improvements | 182,959 |
| 2016-07 | Various Acquisitions and Improvements | 61,258 |
| 2017-06 | Various Acquisitions and Improvements | 384,991 |
| 2018-01 | 5th Street Improvements (Special Assessment) | (3,964) |
| 2018-02 | Various Acquisitions and Improvements | 438,676 |
| 2019-10 | Refunding Bond Ordinance - Tax Appeals | 14,332 |
| 2019-11 | Road Imps., Acquisition of Equipment & Vehicles | 211,627 |
| 2020-10 | Contribution for the Construction of Affordable Housing | 69,214 |
| | | <u>\$ 1,990,877</u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Grants Receivable - New Jersey Department of Transportation

General Capital Fund

Year ended December 31, 2020

| | |
|-----------------------------|-------------------|
| Balance - December 31, 2019 | \$ <u>215,760</u> |
|-----------------------------|-------------------|

| | |
|-----------------------------|--------------------------|
| Balance - December 31, 2020 | \$ <u><u>215,760</u></u> |
|-----------------------------|--------------------------|

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> |

Exhibit C-5

BOROUGH OF ENGLEWOOD CLIFFS

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

General Capital Fund

Year ended December 31,

| | |
|-----------------------------|-------------------------|
| Balance - December 31, 2019 | \$ <u>46,000</u> |
| Balance - December 31, 2020 | \$ <u><u>46,000</u></u> |

Exhibit C-6

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

General Capital Fund

Year ended December 31, 2020

| | |
|-----------------------------|--------------------------|
| Balance - December 31, 2019 | \$ <u>100,000</u> |
| Balance - December 31, 2020 | \$ <u><u>100,000</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2020

| | Balance Dec. 31, <u>2019</u> | <u>Increased</u> | <u>Decreased</u> | Balance Dec. 31, <u>2020</u> |
|----------------------------------|------------------------------------|---------------------|------------------|------------------------------------|
| Current Fund | \$ | 3,083,558 | 3,083,581 | (23) |
| Payroll Fund | <u>650,000</u> | | <u>650,000</u> | |
| | <u>650,000</u> | <u>3,083,558</u> | <u>3,733,581</u> | <u>(23)</u> |
| Due from General Capital Fund | <u>650,000</u> | <u>3,083,558</u> | <u>3,733,581</u> | <u>(23)</u> |
| | \$ <u>650,000</u> | <u>3,083,558</u> | <u>3,733,581</u> | <u>(23)</u> |
| Receipts | \$ | | 3,712,766 | |
| Disbursements | | 3,058,558 | | |
| Capital Improvement Fund | | 25,000 | | |
| Current Fund Anticipated Revenue | | | 16,993 | |
| Interest Earnings | | | <u>3,822</u> | |
| | | \$ <u>3,083,558</u> | <u>3,733,581</u> | |

BOROUGH OF ENGLEWOOD CLIFFS

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

General Capital Fund

Year ended December 31, 2020

| | | | |
|-----------------------------|----|---------------|-------------------------|
| Balance - December 31, 2019 | | \$ | 9,883,000 |
| Decreased by: | | | |
| 2019 Budget Appropriation: | | | |
| Serial Bonds | \$ | 1,265,000 | |
| Capital Lease | | <u>88,000</u> | |
| | | | <u>1,353,000</u> |
| Balance - December 31, 2020 | | \$ | <u><u>8,530,000</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2020

| Ordinance number | Improvement description | Balance, Dec. 31, 2019 | Authorizations 2020 | Decreased By | Balance, Dec. 31, 2020 | Financed by bond anticipation notes | Expenditures | Unexpended improvement authorizations |
|------------------|---|------------------------|--------------------------|--------------|------------------------|-------------------------------------|--------------|---------------------------------------|
| 2013-11 | Acquisition of Generators, Garbage Truck and related expenses | \$ 427,755 | | 23,665 | 404,090 | 404,090 | | |
| 2013-15 | Tax Appeal Refunds | 21,667 | | | 21,667 | | | 21,667 |
| 2014-10 | Various Acquisitions and Improvements | 1,626,826 | | 80,537 | 1,546,289 | 1,546,289 | | |
| 2015-09 | Various Acquisitions and Improvements | 911,924 | | 46,151 | 865,773 | 865,773 | | |
| 2015-12 | Tax Appeal Refunding Ordinance | 555,000 | | 275,000 | 280,000 | 280,000 | | |
| 2016-07 | Various Acquisitions and Improvements | 980,000 | | 51,634 | 928,366 | 928,366 | | |
| 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 | | 420,000 | 2,580,000 | 2,505,000 | | 75,000 |
| 2019-11 | Road Imps. Acquisition of Equipment & Vehicles | 950,000 | | | 950,000 | 950,000 | | |
| 2020-10 | Contribution for the Construction of Affordable Housing | | 1,377,500 | | 1,377,500 | | | 1,377,500 |
| | | \$ 10,398,472 | 1,377,500 | 896,987 | 10,878,985 | 9,271,518 | 3,964 | 1,603,503 |
| | | | Budget Appropriations \$ | 896,987 | | Improvement Authorizations Unfunded | | 3,212,735 |

Less: Unexpended proceeds of Bond Anticipation Notes

| | |
|--------------|---------|
| Ord. 2013-11 | 278,342 |
| Ord. 2014-10 | 103,808 |
| Ord. 2015-09 | 95,121 |
| Ord. 2015-12 | 21,078 |
| Ord. 2016-07 | 61,258 |
| Ord. 2017-06 | 384,991 |
| Ord. 2018-12 | 438,676 |
| Ord. 2019-10 | 14,332 |
| Ord. 2019-11 | 211,626 |

1,609,232

\$ 1,603,503

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2020

| Ordinance Number | Improvement Description | Date of Original Issue | Date of Issue | Date of Maturity | Interest Rate | Balance, Dec. 31, 2019 | Increased | Decreased | Balance, Dec. 31, 2020 |
|------------------|---|------------------------|---------------|------------------|---------------|-------------------------------|-----------|-----------|------------------------|
| 2013-11 | Acquisition of Generators, Garbage Truck and Related Expenses | Feb. 28, 2014 | Feb. 20, 2020 | Feb. 19, 2021 | 2.0000% | 427,755 | 404,090 | 427,755 | 404,090 |
| 2014-10 | Various Acquisitions and Improvements | Feb. 27, 2015 | Feb. 20, 2020 | Feb. 19, 2021 | 2.0000% | 1,626,826 | 1,546,289 | 1,626,826 | 1,546,289 |
| 2015-12 | Tax Appeal Refunds | Feb. 26, 2016 | Feb. 20, 2020 | Feb. 19, 2021 | 2.0000% | 555,000 | 280,000 | 555,000 | 280,000 |
| 2015-09 | Various Acquisitions and Improvements | Feb. 26, 2016 | Feb. 20, 2020 | Feb. 19, 2021 | 2.0000% | 911,924 | 865,773 | 911,924 | 865,773 |
| 2016-07 | Various Acquisitions and Improvements | Feb. 23, 2017 | Feb. 20, 2020 | Feb. 19, 2021 | 2.0000% | 980,000 | 928,366 | 980,000 | 928,366 |
| 2017-06 | Various Acquisitions and Improvements | Feb. 22, 2018 | Feb. 20, 2020 | Feb. 19, 2021 | 2.0000% | 937,000 | 937,000 | 937,000 | 937,000 |
| 2018-02 | Various Acquisitions and Improvements | Feb. 22, 2018 | Feb. 20, 2020 | Feb. 19, 2021 | 2.0000% | 855,000 | 855,000 | 855,000 | 855,000 |
| 2019-11 | Road Impr., Acquisition of Equipment & Vehicles | Feb. 20, 2020 | Feb. 20, 2020 | Feb. 19, 2021 | 2.0000% | | 950,000 | | 950,000 |
| 2019-10 | Refunding Bond Ordinance - Tax Appeals | Nov. 14, 2019 | Nov. 14, 2019 | Nov. 12, 2021 | 1.0000% | 2,925,000 | 2,505,000 | 2,925,000 | 2,505,000 |
| | | | | | | \$ 9,218,505 | 9,271,518 | 9,218,505 | 9,271,518 |
| | | | | | | Cash \$ 950,000 | | 896,987 | |
| | | | | | | Budget Appropriation Renewals | 8,321,518 | 8,321,518 | |
| | | | | | | \$ 9,271,518 | 9,218,505 | 9,218,505 | |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2020

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding December 31, 2020 | | Interest Rate | Balance, Dec. 31, 2019 | Decreased | Balance, Dec. 31, 2020 |
|---|----------------|----------------|---|---------|---------------|------------------------|-----------|------------------------|
| | | | Date | Amount | | | | |
| General Improvement Bonds of 2014 | March 15, 2014 | 9,885,000 | March 15, 2021 | 635,000 | 2.00 | 7,460,000 | 600,000 | 6,860,000 |
| | | | 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, 2021 | 670,000 | 1.55 | 2,015,000 | 665,000 | 1,350,000 |
| | | | July 15, 2022 | 680,000 | 1.55 | | | |
| | | | | | | \$ 9,475,000 | 1,265,000 | 8,210,000 |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Capital Leases Payable

General Capital Fund

Year ended December 31, 2020

| <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, 2019</u> | <u>Decreased</u> | <u>Balance, Dec. 31, 2020</u> |
|---------------------------------------|----------------------|-----------------------|----------------------------------|---------------|----------------------|-------------------------------|------------------|-------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| Refund of Unfunded Pension Obligation | May 17, 2012 | 804,000 | Mar. 15, 2021 | 97,000 | 2.959 | 408,000 | 88,000 | 320,000 |
| | | | Mar. 15, 2022 | 106,000 | 3.109 | | | |
| | | | Mar. 15, 2023 | 117,000 | 3.259 | | | |
| | | | | | | <u>\$ 408,000</u> | <u>88,000</u> | <u>320,000</u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2020

| Ordinance Number | Improvement description | Ordinance Date | Amount | Balance, December 31, 2019 | | 2020 Authorizations | Balance, December 31, 2020 | |
|------------------|---|----------------|------------|----------------------------|----------|---------------------|----------------------------|-----------|
| | | | | Funded | Unfunded | | Funded | Unfunded |
| 2013-9 | Road and Parking Lot Reconstruction and Improvements to the Firehouse | Aug. 14, 2013 | 1,555,000 | 7,063 | | 6,512 | 551 | |
| 2013-11 | Acquisition of Generators, Garbage Truck and related expenses | Sept. 11, 2013 | 525,000 | 278,342 | | | | 278,342 |
| 2013-15 | Tax Appeal Refunds | Dec. 11, 2013 | 590,000 | 21,667 | | | 9,361 | 21,667 |
| 2014-10 | Various Acquisitions and Improvements | July 22, 2014 | 1,928,000 | 133,585 | | 29,778 | | 103,807 |
| 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 | 198,005 | | 15,046 | 182,959 | |
| 2016-07 | Various Acquisitions and Improvements | July 13, 2016 | 1,030,000 | | 89,089 | 27,831 | | 61,258 |
| 2017-06 | Various Acquisitions and Improvements | June 14, 2017 | 984,560 | 442,091 | | 57,100 | | 384,991 |
| 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 | 438,819 | | 143 | | 438,676 |
| 2019-10 | Refunding Bond Ordinance - Tax Appeals | Sept. 11, 2019 | 3,000,000 | 93,989 | | 4,657 | | 89,332 |
| 2019-11 | Road Imps., Acquisition of Equipment & Vehicles | Oct. 19, 2019 | 1,000,000 | 282,887 | | 71,260 | | 211,627 |
| 2020-10 | Contribution for the Construction of Affordable Housing | Nov. 23, 2020 | 1,450,000 | | | 3,286 | 69,214 | 1,377,500 |
| | | | \$ 214,429 | 2,026,004 | | 215,613 | 262,085 | 3,212,735 |

Deferred Charges Unfunded \$ 1,377,500
 Capital Improvement Fund 72,500
 \$ 1,450,000

Cash \$ 25,525
 Encumbrances Payable 190,088
 \$ 215,613

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Encumbrances Payable

General Capital Fund

Year ended December 31, 2020

| | |
|--|--------------------------|
| Balance - December 31, 2019 | \$ 785,182 |
| Increased by: | |
| Transfer from Improvement Authorizations | <u>190,088</u> |
| | 975,270 |
| Decreased by: | |
| Cash Disbursement | <u>785,182</u> |
| Balance - December 31, 2020 | <u><u>\$ 190,088</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2020

| | | |
|---|----|----------------------|
| Balance - December 31, 2019 | \$ | 87,339 |
| Increased by: | | |
| Budget Appropriation | | <u>25,000</u> |
| | | 112,339 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | <u>72,500</u> |
| Balance - December 31, 2020 | \$ | <u><u>39,839</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for Cost of Issuance

General Capital Fund

Year ended December 31, 2020

| | |
|-----------------------------|------------------------|
| Balance - December 31, 2019 | \$ <u>4,086</u> |
| Balance - December 31, 2020 | \$ <u><u>4,086</u></u> |

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for Boswell Settlement

General Capital Fund

Year ended December 31, 2020

| | |
|-----------------------------|--------------------------|
| Balance - December 31, 2019 | \$ <u>185,000</u> |
| Balance - December 31, 2020 | \$ <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, 2020

| <u>Ordinance Number</u> | <u>Improvement Description</u> | Balance Dec. 31, <u>2019</u> | 2020 <u>Authorizations</u> | <u>Decreased</u> | Balance Dec. 31, <u>2020</u> |
|-----------------------------|---|------------------------------------|-------------------------------|------------------|------------------------------------|
| 2013-15 | Tax Appeal Refunds | \$ 21,667 | | | 21,667 |
| 2018-01 | 5th Street Improvements (Special Assessment) | 133,300 | | | 133,300 |
| 2019-10 | Refunding Bond Ordinance - Tax Appeals | 75,000 | | | 75,000 |
| 2019-11 | Road Imps., Acquisition of Equipment & Vehicles | 950,000 | | 950,000 | |
| 2020-10 | Contribution for the Construction of Affordable Housing | | <u>1,377,500</u> | | <u>1,377,500</u> |
| | | <u>\$ 1,179,967</u> | <u>1,377,500</u> | <u>950,000</u> | <u>1,607,467</u> |

BOROUGH OF ENGLEWOOD CLIFFS

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020



WIELKOTZ & COMPANY ^{CPA}

CERTIFIED PUBLIC ACCOUNTANTS

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MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
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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, 2020 and the related notes to the financial statements, and have issued our report thereon dated August 9, 2021 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.



Honorable Mayor and
Members of the Borough Council
Page 2.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as item 2020-01.

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.

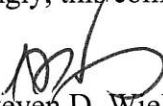
Purpose of this Report

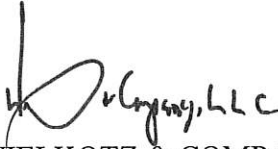
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Englewood Cliffs's internal control or on compliance. This report is an integral part of an audit performed



Honorable Mayor and
Members of the Borough Council
Page 3.

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

August 9, 2021

BOROUGH OF ENGLEWOOD CLIFFS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Section II - Financial Statement Findings

FINDING 2020-01

Statement of Condition

Attorney responses for audit inquiry of a client's lawyer concerning litigation, claims and assessments, in accordance with Section 337, were not received from a number of attorneys.

Criteria

Response to an audit inquiry letter should be sent between the specified date of the lawyer's response and the expected completion date of the audit.

Effect

Responses were not received within the requested timeframe and beyond a reasonable period after the latest response date specified, creating a scope limitation.

Cause

The Borough was not able to provide full legal disclosure of outstanding litigation, claims and assessments through the effective date of the audit period.

Recommendation

Management should maintain communication with active and terminated legal professionals through the audit effective date in order to communicate outstanding litigation, claims and assessments in accordance with Section 337 to complete the audit.

Response

Management believes that communication with some legal counsel is futile since outstanding litigation is present between the Borough and nonresponsive outside counsel.

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. On July 1, 2020, the threshold was increased to \$44,000.00 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:

- Tree Pruning & Removal
- Fence Installation
- Solid Waste Management
- Leaf Disposal
- Bathroom Renovations
- Locker Room Renovations
- Elevator Sub-Code Official and Inspection Services

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, 2020 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

A tax sale was held on December 10, 2020.

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

| <u>Year</u> | <u>Number of liens</u> |
|-------------|------------------------|
| 2020 | 1 |
| 2019 | 1 |
| 2018 | 1 |

**BOROUGH OF ENGLEWOOD CLIFFS
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2020**

COMMENTS:

FINANCE:

1. *There is a purchase order included as open encumbrances in the General Capital Fund that is 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 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.
4. Budget transfers were made prior to approval by the Board, as distinguished by N.J.S.A. 40A:4-58(a).

MUNICIPAL COURT:

1. There were multiple instances in which checks were not turned over to the proper agency by the 15th of the following month.
2. The General Account contained reconciling items greater than one year old.
3. Monthly management reports were not available at the time of audit.

**BOROUGH OF ENGLEWOOD CLIFFS
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2020**

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. 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.
4. That all budget transfers be made subsequent to the Board's approval.

MUNICIPAL COURT:

1. More care should be taken to ensure that all receipts due to other agencies are properly turned over in the subsequent month.
2. More care should be taken to ensure long outstanding items are reviewed and valid.
3. That all items be available for review at the time of audit.

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 “*”.

SUGGESTIONS TO MANAGEMENT:

1. More care should be taken to ensure payments are remitted to agencies in a timely manner.

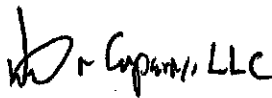
ACKNOWLEDGMENT

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. Wielkotz
Registered Municipal Accountant
No. CR00413



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

August 9, 2021