

**BOROUGH OF ENGLEWOOD CLIFFS**

**Financial Statements With  
Supplementary Information**

**December 31, 2012**

**(With Independent Auditor's Report Thereon)**

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# 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, as of December 31, 2012, 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, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents. The financial statements for the year ended December 31, 2011 were audited by other auditors whose report dated March 9, 2012 expressed a qualified opinion. The qualification relates to the Borough not having certified minutes and adopted resolutions available for inspection.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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



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

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

The Length of Service Awards Program of the Borough of Englewood Cliffs has not been audited, and we were not engaged to audit the Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

***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, 2012, or changes in financial position for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above, with the exception of the Length of Service Awards Program, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012, 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, 2012 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.

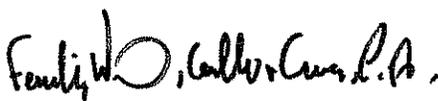
The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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.

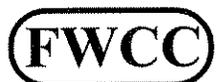
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2013 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 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. Wielkocz, C.P.A.  
Registered Municipal Accountant  
No. CRO0413

  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

April 24, 2013



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## BOROUGH OF ENGLEWOOD CLIFFS

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Current Fund:			
Cash	A-4	\$ 2,714,788	1,811,002
Change Fund	A-5	200	200
Petty Cash Fund	A-6	300	300
Due from State of New Jersey - Senior Citizens' and Veterans' deductions	A-8	<u>1,653</u>	<u>1,223</u>
		<u>2,716,941</u>	<u>1,812,725</u>
Receivables with full reserves:			
Delinquent property taxes receivable	A-9	417,225	432,229
Property acquired for taxes - assessed valuation	A-10	39,528	39,528
Revenue accounts receivable	A-11	218,160	69,383
Tax Title Liens Receivable	A-12	15,926	12,725
Due from:			
General Capital Fund	A-21	1,072	12
Assessment/Other Trust Fund	A-21	917	5,040
Dog License Trust Fund	A-21	1,341	4,064
Payroll Account	A-21	<u>200</u>	<u>200</u>
		<u>694,169</u>	<u>563,181</u>
Deferred Charges:			
Emergency Authorizations	A-24	200,000	339,129
Overexpenditure of Appropriated Reserve	A-24	1,852	
Special Emergency Authorization	A-22,25	<u>812,966</u>	<u>665,875</u>
		<u>1,014,818</u>	<u>1,005,004</u>
Total Current Fund		4,425,928	3,380,910
State and Federal Grants Fund:			
Federal and State Grants Receivable	A-7	39,867	32,012
Due From Current Fund	A-21	<u>153,527</u>	<u>164,933</u>
		<u>193,394</u>	<u>196,945</u>
		<u>\$ 4,619,322</u>	<u>3,577,855</u>

## BOROUGH OF ENGLEWOOD CLIFFS

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation reserves	A-3, A-12	619,418	716,113
Encumbrances	A-14	151,522	105,233
Prepaid taxes	A-17	286,637	295,683
Tax overpayments	A-18	103,601	183,914
Due to county for added taxes	A-19	30,194	11,797
Due to State and Federal Grant Fund	A-21	153,527	164,933
Reserve for:			
State Library Aid	A-23	3,675	2,740
Sale of Municipal Assets	A-23		18,407
Master Plan	A-23	1,675	1,675
BCUA Recycling Grant	A-23	11,445	11,445
Reserve for Police Salaries	A-23		43,466
Outside Tax Title Lien Redemption	A-23	10,233	
Emergency Note Payable	A-25	1,012,966	930,004
		<u>2,384,893</u>	<u>2,485,410</u>
Reserve for receivables		694,169	563,181
Fund balance	A-1	1,346,866	332,319
		<u>4,425,928</u>	<u>3,380,910</u>
State and Federal Grant Fund:			
Appropriated Reserves	A-15	137,870	163,381
Encumbrances Payable	A-15	820	
Unappropriated Reserves	A-16	54,704	33,564
		<u>193,394</u>	<u>196,945</u>
		<u>\$ 4,619,322</u>	<u>3,577,855</u>

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, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Revenue and other income:		
Fund balance utilized	\$	955,000
Miscellaneous revenues anticipated	2,458,336	1,749,245
Receipts from delinquent taxes	423,646	282,591
Receipts from current taxes	27,832,086	26,730,752
Non-budget revenue	180,991	203,083
Other credits to income:		
Canceled School Taxes		3
Animal License Fund Excess	1,341	2,048
Prior year's interfunds returned	9,316	5,144
Tax Overpayments Cancelled	164,140	
Unexpended Balance of Appropriation Reserves	175,376	345,921
Total revenue and other income	<u>31,245,232</u>	<u>30,273,787</u>
Expenditures:		
Budget appropriations:		
Operations:		
Salaries and wages	5,321,726	5,301,453
Other expenses	5,315,913	5,517,725
Municipal debt service	1,540,815	1,613,516
Deferred charges and statutory expenditures - municipal	1,272,088	1,388,232
Capital Improvements	100,000	84,250
Tax Appeals		145,383
Bank Service Charges		1,142
Interest on Outside Tax Title Liens		66
Local district school taxes	10,094,292	10,014,006
County taxes	6,922,156	6,704,903
County share of added taxes	30,194	11,797
County share of added taxes - 2010		30,000
Interfund Advanced	3,330	2,048
Prior Year Refunds	154,329	
Total expenditures	<u>30,754,843</u>	<u>30,814,521</u>
Excess in revenue	490,389	(540,734)
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years	<u>524,158</u>	<u>689,204</u>
Statutory Excess to Surplus	1,014,547	148,470
Fund balance, January 1	<u>332,319</u>	<u>1,138,849</u>
	1,346,866	1,287,319
Decreased by utilization as anticipated revenue		<u>955,000</u>
Fund balance, December 31	<u>\$ 1,346,866</u>	<u>332,319</u>

See accompanying notes to financial statements.

## BOROUGH OF ENGLEWOOD CLIFFS

## Comparative Statement of Revenues - Regulatory Basis

## Current Fund

Year ended December 31, 2012

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Miscellaneous revenues:			
Licenses - alcoholic beverages	\$ 16,200	16,400	200
Fees and permits:			
Construction Code Official	230,900	263,500	32,600
Other	13,300	27,344	14,044
Municipal Court - fines and costs	67,700	409,218	341,518
Interest and costs on taxes	81,100	93,889	12,789
Interest on Investments	2,100	3,147	1,047
Fire inspection fees	20,900		(20,900)
Commercial Sewer User Fees	193,000	279,717	86,717
Cable TV - Annual Fees	16,500	15,372	(1,128)
Cell Tower - Annual Leases	228,000	242,331	14,331
Burglar Alarm Fees	10,000	12,700	2,700
Elevator Fees	29,000	40,449	11,449
Consolidated Municipal Property Tax Relief Aid	8,718	8,718	
Energy Receipts Tax	682,756	682,756	
Municipal Alliance on Alcoholism and Drug Abuse	10,356	10,356	
JIF - Police Accreditation	25,000	25,000	
General Capital Fund Balance	223,810	223,810	
Reserve for Sale of Assets	18,407	18,407	
Recreation Fees	95,000	85,222	(9,778)
Total miscellaneous revenues	<u>1,972,747</u>	<u>2,458,336</u>	<u>485,589</u>
Receipts from delinquent taxes	<u>435,000</u>	<u>423,646</u>	<u>(11,354)</u>
Amount to be raised by taxes for support of municipal budget - local tax for municipal purposes	<u>11,099,363</u>	<u>11,158,516</u>	<u>59,153</u>
Budget totals	<u>\$ 13,507,110</u>	14,040,498	<u>533,388</u>
Nonbudget revenue		<u>180,991</u>	
		<u>\$ 14,221,489</u>	

**BOROUGH OF ENGLEWOOD CLIFFS**  
**Comparative Statement of Revenues - Regulatory Basis**

**Current Fund**

**Year ended December 31, 2012**

Allocation of current tax collections:	
Revenue from collections	27,832,086
Less: Allocated to school and county taxes	<u>17,088,770</u>
Balance for support of municipal budget	10,743,316
Add reserve for uncollected taxes	<u>415,200</u>
Amount for support of municipal budget	<u>\$ 11,158,516</u>
<u>Analysis of non-budget revenue:</u>	
Board of Health	5,265
Miscellaneous	11,051
FEMA Reimbursements	115,439
Fire Prevention Fees	450
Sewer Hookups	44,000
Police Reports	3,131
Bus Shelter	1,194
Fines	300
Polling Rental	160
Rent	<u>1</u>
	<u>\$ 180,991</u>

See accompanying notes to financial statements.

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	Budget	Total for 2012 as Modified by all Transfers	Expended 2012		Cancelled
			Paid or Charged	Reserved	
Operations-within "CAPS"					
General government:					
Administrative and executive:					
Salaries and wages	\$ 123,100	106,100	102,301	3,799	
Other expenses	71,000	71,000	63,362	7,638	
Governing Body					
Salaries and wages	12,250	12,500	12,500		
Financial administration:					
Other expenses	54,500	4,000	1,046	2,954	
Collection of Taxes:					
Salaries and wages	180,201	184,298	183,407	891	
Other expenses	22,000	25,077	25,077		
Assessment of Taxes:					
Salaries and wages	18,980	19,980	19,740	240	
Other expenses	2,750	2,875	2,874	1	
Legal services and costs:					
Other expenses	100,000	137,220	137,219	1	
Appraisal Fees	60,000	60,000	55,904	4,096	
Engineering services and costs					
Other expenses	40,000	40,000	32,761	7,239	
Insurance					
Other insurance premiums	410,825	410,825	408,630	2,195	
Group insurance plan for employees	1,105,700	1,177,887	1,157,719	20,168	
Municipal Land Use Law (NJSA40:55D-1)					
Zoning Officer	13,000	13,000	13,000		
Salaries and wages					
Planning Board:					
Other expenses	37,950	37,950	29,112	8,838	
Board of Adjustment:					

**Borough of Englewood Cliffs  
Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2012**

	Total for 2012 as Modified by all Transfers	Expended 2012 Paid or Charged	Reserved	Cancelled
Salaries and wages	5,000	4,999	1	
Other expenses	8,650	13,150		
Public safety:				
Police:				
Salaries and wages	3,349,699	3,264,805	84,894	
Other expenses	239,266	232,867	6,399	
First Aid Organization				
Salaries and wages	60,000	43,313	1,687	
Contribution	20,000	13,811	6,189	
Fire Official:				
Salaries and wages	68,000	55,515	12,485	
Fire Hydrant Services	91,079	77,346	13,733	
Other expenses	79,192	77,170	2,022	
Clothing expenses	23,000	22,073	927	
Municipal Court:				
Salaries and Wages- Prosc/Pub Defender	19,173	15,286	3,887	
Public Works Function:				
Road repairs and maintenance:				
Salaries and wages	745,955	745,954	1	
Other expenses	93,050	57,452	35,598	
Gasoline	90,100	84,564	5,536	
Garbage and Trash Removal:				
Other expenses	471,250	310,169	111,081	
Recycling:				
Other expenses	3,100	100	3,000	
Public Buildings and Grounds:				
Other expenses	43,300	53,264	36	
Sewer System:				
Other expenses	31,500	15,824	15,676	

**Borough of Englewood Cliffs**  
**Statement of Expenditures - Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2012**

	Budget	Total for 2012 as Modified by all Transfers	Expended 2012		Cancelled
			Paid or Charged	Reserved	
Shade Tree:					
Salaries and wages	7,201	7,201	2,697	4,504	
Other expenses	100,850	100,850	92,887	7,963	
Health and Welfare:					
Board of Health:					
Salaries and wages	10,000	10,187	10,187		
Other expenses	39,615	39,615	35,174	4,441	
Environmental Commission:					
Other expenses	2,160	2,160		2,160	
Senior Citizens Committee:					
Other expenses	33,000	33,000	27,855	5,145	
Parks and Playgrounds:					
Salaries and wages	112,900	112,900	99,715	13,185	
Other expenses	86,200	86,200	63,649	22,551	
Library service - contract					
Maint. of Free Public Library	225,000	225,000	225,000		
Celebration of public event, anniversary or holiday					
Other expenses	2,000	2,000	1,897	103	
Rental of Building	7,500	7,500	3,750	3,750	
Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
State Uniform Construction Code Official:					
Construction official					
Salaries and wages	84,325	92,558	91,829	729	
Other expenses	10,850	10,850	5,522	5,328	
Plumbing inspector					
Salaries and wages	9,862	9,862	9,862		
Fire Sub-Code Official:					

**Borough of Englewood Cliffs**

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2012**

	<u>Budget</u>	Total for 2012 as Modified by all Transfers	<u>Expended 2012</u>		<u>Cancelled</u>
			<u>Paid or Charged</u>	<u>Reserved</u>	
Salaries and wages	10,000	10,000	7,500	2,500	
Sewer Inspection					
Salaries and wages	6,000	6,000	6,000		
Fire Prevention					
Salaries and Wages	12,746	12,746	12,746		
Other Expenses	5,300	5,300	2,861	2,439	
Elevator Inspections					
Other expenses	29,000	29,000	28,383	617	
Electrical Inspections					
Salaries and wages	10,123	10,123	10,123		
Municipal Court					
Salaries & Wages	141,638	159,138	158,899	239	
Other Expenses	14,925	14,925	11,066	3,859	
Terminal Leave					
Salaries & Wages		322,306	322,306		
Unclassified:					
Utilities:					
Gasoline, electricity, heating oil	145,000	127,585	97,353	30,232	
Telephone and fax	120,000	120,000	98,045	21,955	
Street lighting	146,000	146,000	126,836	19,164	
Water	16,000	25,884	25,884		
Salary and Wage Adjustment	43,000	200,000	125,331	74,669	
Hurricane Sandy					
	<u>9,090,115</u>	<u>9,622,416</u>	<u>9,035,671</u>	<u>586,745</u>	
Total Operations within "CAPS"					
Detail:					
Salaries & Wages	5,008,503	5,321,726	5,192,684	129,042	
Other Expenses (Including Contingent)	4,081,612	4,300,690	3,842,987	457,703	

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	Budget	Total for 2012 as Modified by all Transfers	Expended 2012		Cancelled
			Paid or Charged	Reserved	
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
(1) DEFERRED CHARGES					1,951
Prior Years Bills - Boswell Engineering	1,951	1,951			
(2) STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	134,580	134,580	126,974	7,606	
Social Security System (O.A.S.I.)	225,000	215,000	205,177	9,823	
Police and Firemen's Retirement System of NJ	707,293	707,293	699,682	7,611	
Total Deferred Charged and Statutory Expenditures- Municipal within "CAPS"	1,068,824	1,058,824	1,031,833	25,040	1,951
Total General Appropriations for Municipal Purposes within "CAPS"	10,158,939	10,681,240	10,067,504	611,785	1,951
Operations - Excluded from "CAPS"					
Bergen County Utilities Authority					
Services charges	885,000	885,000	885,000		
Sewer charges - Borough of Tenafly	12,000	12,000	11,356	644	
Sewer charges - City of Englewood	45,273	45,278	45,278		
LOSAP	35,000	35,000	30,600	4,400	
Municipal Alliance on Alcoholism and Drug Abuse	10,356	10,356	10,356		
Local Match	2,589	2,589		2,589	

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	Budget	Total for 2012 as Modified by all Transfers	Paid or Charged	Reserved	Cancelled
JIF - Police Accreditation	25,000	25,000	25,000		
Total Operations-Excluded from "CAPS"	<u>1,015,218</u>	<u>1,015,223</u>	<u>1,007,590</u>	<u>7,633</u>	
Detail:					
Other Expenses	1,015,218	1,015,223	1,007,590	7,633	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	100,000	100,000	100,000		
Total Capital Improvements Excluded from "CAPS"	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>		
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	705,000	705,000	705,000		48,475
Interest on Bonds	336,732	336,732	288,257		
Payment of Notes	403,346	403,346	403,346		
Interest on Notes	90,610	90,610	90,609		1
Bergen County Improvement Authority					
Principal on Capital Leases	26,000	26,000	26,000		13,247
Interest on Capital Leases	40,850	40,850	27,603		
Total Municipal Debt Service-Excluded from "CAPS"	<u>1,602,538</u>	<u>1,602,538</u>	<u>1,540,815</u>		<u>61,723</u>
Deferred Charges:					
Emergency Authorizaton	40,000	40,000	40,000		
Special Emergency Authorizations- 5 years (N.J.S. 40A:4-55)	175,215	175,215	175,215		
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>215,215</u>	<u>215,215</u>	<u>215,215</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,932,971</u>	<u>2,932,976</u>	<u>2,863,620</u>	<u>7,633</u>	<u>61,723</u>

**Borough of Englewood Cliffs  
Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2012**

	Budget	Total for 2012 as Modified by all Transfers	Expended 2012 Paid or Charged	Reserved	Cancelled
Total General Appropriations-Excluded from "CAPS"	<u>2,932,971</u>	<u>2,932,976</u>	<u>2,863,620</u>	<u>7,633</u>	<u>61,723</u>
Subtotal General Appropriations	13,091,910	13,614,216	12,931,124	619,418	63,674
Reserve for Uncollected Taxes	<u>415,200</u>	<u>415,200</u>	<u>415,200</u>		
Total General Appropriations	<u>\$ 13,507,110</u>	<u>14,029,416</u>	<u>13,346,324</u>	<u>619,418</u>	<u>63,674</u>
Appropriation by 40:A4-87 \$		25,000			
Emergency Appropriation		522,306			
Adopted Budget		<u>13,482,110</u>			
		<u>\$ 14,029,416</u>			
Encumbrances			151,522		
Deferred Charges			215,215		
Reserve for uncollected taxes			415,200		
Transfer to Grant Fund			35,356		
Cash			<u>12,529,031</u>		
			<u>\$ 13,346,324</u>		

See accompanying notes to financial statements.

**BOROUGH OF ENGLEWOOD CLIFFS**  
**Comparative Balance Sheet - Regulatory Basis**

**Trust Funds**

**December 31, 2012 and 2011**

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Assessment/Other Trust Fund:			
Cash	B-1	736,662	883,499
Assessment liens receivable	B-2	78	78
Tax Sale Receivable	B-3	50	50
Due from Recycling Trust	B-6	26,325	
		<u>763,115</u>	<u>883,627</u>
Dog License Trust Fund:			
Cash	B-1	4,873	7,656
Due from State of New Jersey	B-5	113	85
		<u>4,986</u>	<u>7,741</u>
Recycling Trust Fund:			
Cash	B-1	<u>108,005</u>	<u>88,665</u>
Shade Tree Trust Fund:			
Cash	B-1	<u>21,995</u>	<u>9,293</u>
COAH Development Trust:			
Cash	B-1	<u>1,066,768</u>	<u>926,593</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	485,341	423,688
Contributions Receivable	B-4	28,010	30,600
		<u>513,351</u>	<u>454,288</u>
DEA Forfeiture Trust:			
Cash	B-1	10,917	167,434
Due from General Capital Fund	B-6	50,000	
		<u>60,917</u>	<u>167,434</u>
		<u>\$ 2,539,137</u>	<u>2,537,641</u>

**BOROUGH OF ENGLEWOOD CLIFFS**  
**Comparative Balance Sheet - Regulatory Basis**

**Trust Funds**

**December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Assessment/Other Trust Fund:			
Due to Current Fund:			
Assessment/Other Trust	B-6	736	740
Escrow Trust Fund	B-6	181	4,300
Due to Capital Fund	B-6		175,000
Due to State of New Jersey	B-7	6,749	12,229
Reserve for Assessments and Liens	B-8	78	78
Reserve For:			
Other Trust Deposits	B-9	755,371	691,280
		<u>763,115</u>	<u>883,627</u>
 Dog License Fund:			
Due to Current	B-6	1,341	4,064
Reserve for Dog Fund expenditures	B-10	3,645	3,677
		<u>4,986</u>	<u>7,741</u>
 Recycling Trust Fund:			
Reserve for Recycling expenditures	B-11	81,680	
Due to Other Trust Fund	B-6	26,325	88,665
		<u>108,005</u>	<u>88,665</u>
 Shade Tree Trust Fund:			
Reserve for Shade Tree expenditures	B-12	21,995	9,293
 COAH Development Trust:			
Reserve for COAH Development expenditures	B-13	1,066,768	926,593
 Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets available for Benefits	B-14	513,351	454,288
 DEA Forfeiture Trust			
Due to Capital Fund	B-6		75,000
Reserve for Expenditures	B-15	60,917	92,434
		<u>60,917</u>	<u>167,434</u>
		<u>\$ 2,539,137</u>	<u>2,537,641</u>

See accompanying notes to financial statements.

**BOROUGH OF ENGLEWOOD CLIFFS**  
**Comparative Balance Sheet - Regulatory Basis**  
**General Capital Fund**  
**December 31, 2012 and 2011**

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Cash	C-2,C-3	\$ 807,931	812,505
Grants Receivable			
New Jersey Department of Transportation	C-4	23,074	23,074
Bergen County Open Space Trust Fund	C-5	10,051	10,051
Due from Ambulance Corp.		100,000	100,000
Due from Other Trust Fund	C-6		175,000
Due from DEA Trust Fund	C-6		75,000
Deferred Charges to Future Taxation:			
Funded	C-7	8,480,000	9,083,000
Unfunded	C-8	10,604,430	8,735,076
		<u>\$ 20,025,486</u>	<u>19,013,706</u>
 <u>Liabilities, Reserves and Fund Balance</u> 			
Due to Current Fund	C-6	1,072	12
Bond Anticipation Notes	C-9	8,170,633	6,794,779
General Serial Bonds	C-10	7,645,000	8,280,000
Capital Leases Payable	C-11	835,000	803,000
Due to DEA Trust Fund		50,000	
Improvement Authorizations:			
Funded	C-12	13,975	165,513
Unfunded	C-12	3,208,207	2,725,176
Capital Improvement Fund	C-13	40,090	9,390
Reserve for Payment of Debt	C-14	12,026	12,026
Fund Balance	C-1	49,483	223,810
		<u>\$ 20,025,486</u>	<u>19,013,706</u>

There were \$2,433,797 and \$1,940,297 of Bonds and Notes Authorized But Not Issued on December 31, 2012 and 2011 respectively (Exhibit C-15).

See accompanying notes to financial statements.

**BOROUGH OF ENGLEWOOD CLIFFS**  
**Statement of Fund Balance - Regulatory Basis**  
**General Capital Fund**  
**Year ended December 31, 2012**

Balance - December 31, 2011	\$ 223,810
Increased by:	
Premium received on Note Sale	<u>49,483</u>
	273,293
Decreased by:	
Current Fund Budget Revenue	<u>223,810</u>
Balance - December 31, 2012	<u><u>\$ 49,483</u></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, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
General fixed assets:		
Land	\$ 73,800,228	73,758,416
Buildings	9,237,137	9,207,106
Vehicles and equipment	<u>5,192,939</u>	<u>4,549,162</u>
	<u>88,230,304</u>	<u>87,514,684</u>
Investment in general fixed assets	<u>\$ 88,230,304</u>	<u>87,514,684</u>

See accompanying notes to financial statements.

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**BOROUGH OF ENGLEWOOD CLIFFS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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, 2012 AND 2011  
(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 the Trust Funds.

Other 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.

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.

Shade Tree Trust Fund - This fund is used to account for all fees and donations collected for the removal and replacement of trees.

Recycling Trust Fund - This fund is used to account for all fees collected from the sale of Recyclable materials.

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, 2012 AND 2011**  
**(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 April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a 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, 2012 AND 2011**  
**(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 2012, the Mayor and Council approved additional revenues and appropriations of \$25,000 in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body. The Mayor and Council also approved \$322,306 of special emergency appropriations for accumulated sick and vacation payments and \$200,000 of special emergency appropriations for Hurricane Sandy expenditures.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless 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, 2012 AND 2011**  
**(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, 2012 AND 2011  
(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, 2012 AND 2011  
(CONTINUED)**

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

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:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

*Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**BOROUGH OF ENGLEWOOD CLIFFS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 2. PENSION PLANS, (continued)**

Description of Systems, (continued)

*Public Employees' Retirement System (PERS), (continued)*

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

**BOROUGH OF ENGLEWOOD CLIFFS  
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(CONTINUED)**

**NOTE 2. PENSION PLANS, (continued)**

Description of Systems, (continued)

*Police and Firemens' Retirement System (PFRS)*

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

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 for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

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

**BOROUGH OF ENGLEWOOD CLIFFS  
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**NOTE 2. PENSION PLANS, (continued)**

Significant Legislation, (continued)

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.

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 defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. 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 Ended December 31,</u>	<u>PERS Amount</u>	<u>PFRS Amount</u>
2012	\$134,580	\$707,293
2011	148,819	928,136
2010	129,991	836,899

**BOROUGH OF ENGLEWOOD CLIFFS**  
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**NOTE 2. PENSION PLANS, (continued)**

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

**BOROUGH OF ENGLEWOOD CLIFFS**  
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**(CONTINUED)**

**NOTE 3. OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 2, the Borough provides post employment health care benefits as follows:

**Plan Description**

The Borough of Englewood Cliffs contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-july2011.pdf>.

**Plan Coverage**

Any employee who retires after twenty-five (25) years or more of service within a state administered retirement system shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Borough. This does not include dental benefits.

**Funding Policy**

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

**BOROUGH OF ENGLEWOOD CLIFFS  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

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

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough of Englewood Cliffs on a monthly basis. The rates charges by the system for the year ended December 31, 2012 were as follows:

The Borough of Englewood Cliffs contributions to SHBP for post-retirement benefits for the years ended December 31, 2012 and 2011 were \$435,592 and \$425,254, respectively, which equaled the required contribution for each year.

**NOTE 4. MUNICIPAL DEBT**

Long-term debt as of December 31, 2012 consisted of the following:

	Balance Dec. 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$8,280,000	\$2,495,000	\$3,130,000	\$7,645,000	\$770,000
Other Liabilities:					
Pension Deferral	436,241		18,207	418,034	21,457
General Capital:					
BCIA Leases Payable	803,000	804,000	772,000	835,000	44,000
Compensated Absences Payable	<u>2,004,573</u>	<u>733,536</u>	<u>95,708</u>	<u>2,642,401</u>	
Total Other Liabilities	<u>\$3,243,814</u>	<u>\$1,537,536</u>	<u>\$885,915</u>	<u>\$3,895,435</u>	<u>\$109,457</u>

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.

**BOROUGH OF ENGLEWOOD CLIFFS  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

**NOTE 4. MUNICIPAL DEBT, (continued)**

The Borough's debt is summarized as follows:

**Summary of Municipal Debt (Excluding Current Operating Debt)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Issued:			
General - Bonds, Notes and Loans	\$15,815,633	\$15,074,779	\$15,012,125
Authorized But Not Issued - General Bonds and Notes	<u>2,433,797</u>	<u>1,940,297</u>	<u>1,505,547</u>
Total Bonds, Notes and Loans Issued and Authorized Not Issued	18,249,430	17,015,076	16,517,672
Less Deductions	<u>12,026</u>	<u>12,026</u>	<u>12,206</u>
Net Debt	<u>\$18,237,404</u>	<u>\$17,003,050</u>	<u>\$16,505,466</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 .56%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$2,696,190	\$2,696,190	\$ -0-
Local School Debt	<u>18,249,430</u>	<u>12,026</u>	<u>18,237,404</u>
	<u>\$20,945,620</u>	<u>\$2,708,216</u>	<u>\$18,237,404</u>

Net debt of \$18,237,404 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$3,245,224,254 equals .56%.

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

3-1/2% of equalized valuation basis (municipal)	\$113,582,849
Less net debt	<u>\$18,237,404</u>
Remaining Borrowing Power	<u>\$95,345,445</u>

**BOROUGH OF ENGLEWOOD CLIFFS  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

**NOTE 4. MUNICIPAL DEBT, (continued)**

The Borough's long-term debt consisted of the following at December 31, 2012:

Paid by Current Fund:

\$5,325,000 General Serial Bonds - with an interest rate of 3.625% to 4.00% issued August 15, 2003, due through August 15, 2003	\$425,000
\$5,370,000 General Serial Bonds - with an interest rate of 4.15% to 4.2% issued July 15, 2007, due through July 15, 2022	4,725,000
\$2,495,000 Refunding Bonds - with an interest rate of 1.50% to 3.00% issued June 28, 2012, due through October 15, 2018	<u>2,495,000</u>
Total General Serial Bonds	<u>\$7,645,000</u>

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

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2013	\$1,058,010	\$770,000	\$288,010
2014	1,062,718	810,000	252,718
2015	1,059,315	830,000	229,315
2016	1,045,505	845,000	200,505
2017	1,031,188	860,000	171,188
2018-2022	<u>3,949,650</u>	<u>3,530,000</u>	<u>419,650</u>
	<u>\$9,206,386</u>	<u>\$7,645,000</u>	<u>\$1,561,386</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, 2012, the Borough had authorized but not issued debt of \$2,433,797.

**BOROUGH OF ENGLEWOOD CLIFFS  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

**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, 2012:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2013	\$63,162	\$44,000	\$19,162
2014	68,165	50,000	18,165
2015	72,780	55,000	17,780
2016	76,185	59,000	17,185
2017	83,271	67,000	16,271
2018-2022	496,379	443,000	53,379
2023	<u>118,907</u>	<u>117,000</u>	<u>1,907</u>
	<u>\$978,849</u>	<u>\$835,000</u>	<u>\$143,849</u>

**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, 2012, the Borough had \$8,170,633 in outstanding bond anticipation notes consisting of \$6,391,433 maturing on March 29, 2013 with an interest rate of 1.25%, \$700,000 maturing on March 29, 2013 with an interest rate of .66% and \$1,079,200 maturing on December 20, 2013 with an interest rate of .67%.

**BOROUGH OF ENGLEWOOD CLIFFS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6. BOND ANTICIPATION NOTES, (continued)**

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2012.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes Payable:				
Oppenheimer & Co., Inc.	\$6,794,779	\$	\$6,794,779	\$0
Bank of New Jersey		1,779,200		1,779,200
Jeffries & Company		<u>6,391,433</u>		<u>6,391,433</u>
	<u>\$6,794,779</u>	<u>\$8,170,633</u>	<u>\$6,794,779</u>	<u>\$8,170,633</u>

**NOTE 7. FUND BALANCE APPROPRIATED**

The fund balance at December 31, 2012 which has been appropriated as revenue in the 2013 budget is as follows:

Current Fund	<u>\$500,000</u>
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**NOTE 8. 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. It is estimated that the current cost of such unpaid compensation would approximate \$2,642,401 as of December 31, 2012. This amount is not reported either as an expenditure or liability.

**NOTE 9. 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, 2012, \$-0- of the Borough's bank balance of \$6,642,331 was exposed to custodial credit risk.

**BOROUGH OF ENGLEWOOD CLIFFS  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

**NOTE 9. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**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.

**Unaudited Investments**

As more fully described in Note 14, 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, 2012 and 2011 amounted to \$485,341 and \$423,688, respectively.

**BOROUGH OF ENGLEWOOD CLIFFS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)**

The following investments represent the total invested with AIG on December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Aggressive Growth Lifestyle	\$5,581	\$5,636
Asset Allocation Fund	21,380	17,279
Blue Chip Growth Fund	20,140	15,881
Capital Conservation	2,402	2,058
Core Value		18,952
Fixed Account Plus	46,651	40,824
Dividend Value	22,539	
Global Strategy	10,842	8,451
Government Securities Fund	11,597	9,421
Growth Fund	2,526	744
Growth & Income Fund	2,498	
High Yield Bond Fund	1,823	1,615
International Equities Fund	1,283	3,375
International Opportunities	1,332	1,100
Large CAP CORE		923
Large CAP Value Fund		1,066
Mid Cap Growth Fund	559	506
Mid Cap Index Fund	43,696	40,437
Mid Cap Value Fund	104,669	82,667
Moderate Growth Lifestyle	3,160	2,800
Money Market I Fund	51,110	51,299
NASDAQ-100R Index Fund	2,546	1,832
Science & Technology Fund	52,954	44,920
SM CAP Aggressive Growth		273
Small CAP Fund		1,144
Small CAP Index Fund		3,923
Small Cap Value Fund	1,798	2,577
Stock Index Fund	74,255	63,985
	<u>\$485,341</u>	<u>\$423,688</u>

**BOROUGH OF ENGLEWOOD CLIFFS  
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**NOTE 10. 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, 2012 and 2011 as follows:

	<u>2012</u>	<u>2011</u>
Balance of tax	\$5,068,207	\$5,026,079
Deferred	<u>5,068,207</u>	<u>5,026,079</u>
Tax payable	<u>\$ -0-</u>	<u>\$ -0-</u>

**NOTE 11. FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2012.

	<u>Balance Dec. 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2012</u>
Land	\$73,758,416	\$41,812	\$	\$73,800,228
Buildings	9,207,106	30,031		9,237,137
Vehicles and Equipment	<u>4,549,162</u>	<u>643,777</u>	<u>          </u>	<u>5,192,939</u>
	<u>\$87,514,684</u>	<u>\$715,620</u>	<u>\$          </u>	<u>\$88,230,304</u>

**BOROUGH OF ENGLEWOOD CLIFFS  
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**NOTE 12. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at December 31, 2012 consist of the following:

\$153,527	Due to Federal and State Grant Fund from the Current Fund for grant awards not turned over.
1,072	Due to Current Fund from the General Capital Fund for interest earnings not turned over.
1,341	Due to the current Fund from the Animal License Fund for statutory excess.
181	Due to the Current Fund from the Escrow Trust Fund for interest earnings not turned over.
736	Due to Current Fund from the Other Trust Fund for deposits made in error.
50,000	Due to the DEA Trust Fund from the General Capital Fund for reimbursement of expenditures paid.
<u>26,325</u>	Due to the Other Trust Fund from the Recycling Trust Fund for reimbursement of expenditures paid.
<u>\$233,182</u>	

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

**NOTE 13. 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.

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.

**BOROUGH OF ENGLEWOOD CLIFFS  
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**NOTE 13. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)**

We have reviewed the plan for the year ended December 31, 2012 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

**NOTE 14. 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 2012 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.

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.

**BOROUGH OF ENGLEWOOD CLIFFS  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2012 AND 2011  
 (CONTINUED)**

**NOTE 15. 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, 2012</u>	<u>Balance Dec 31, 2011</u>
Prepaid Taxes	<u>\$286,637</u>	<u>\$295,683</u>
Cash Liability for Taxes Collected in Advance	<u>\$286,637</u>	<u>\$295,683</u>

**NOTE 16. 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) **Miscellaneous Tax Appeals**

There are over 40 commercial appeals and 20 residential appeals pending in the Tax Court, which challenge the 2008 revaluation assessments. Ten of these cases were settled in late 2009 and are due refunds in excess of \$96,000. The amounts are to be funded as part of a 2010 refunding bond ordinance.

Those matters pending for years prior to the 2008 revaluation, and have been settled in December of 2009, are as follows:

**Tealand**

The former Thomas J. Lipton headquarters site was tried in the Tax Court for tax years 2004, 2005 and 2006. The Tax Court has rendered its Decision and reduced the assessment from \$74,285,000 to \$68,525,000 for 2004, \$65,173,600 for 2005 and \$60,136,000 for 2006. There is a refund due of \$300,464 which will also be a part of a 2010 refunding bond ordinance.

While the 2008 revaluation appeal will not be tried during 2009, such a finding would obviously have some affect on our ability to hold the line at the newly determined revaluation assessment of \$120 million.

**BOROUGH OF ENGLEWOOD CLIFFS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(CONTINUED)**

**NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**Citibank**

A settlement has been reached with Citibank for the years 2005 to 2009 which results in a refund due to Citibank of \$1,059,561 which will also be a part of the 2010 refunding bond ordinance.

The following matters are still pending:

**Palestroni Office Building Appeals**

Appeals are pending on the properties located at 600 Sylvan Avenue, 385 Sylvan Avenue and 375 Sylvan Avenue for years 2005, 2006 and 2007. The assessments on these three offices are approximately \$150 per foot, which we believe are sustainable for tax years 2005 and 2006. In 2007, the Borough's ratio is approximately 66% and, hence, even were the Court to find fair market value at approximately \$170 per square foot, the taxpayer would be entitled to a substantial reduction for that year. The anticipated losses are \$40,000 for 600 Sylvan; \$15,000 for 375 Sylvan; \$15,000 for 385 Sylvan. These estimates do not include any amounts with respect to the 2008 revaluation appeals.

**Palestroni Foundation**

5 acre vacant tract at Sage Road was assessed at \$2.8 million for tax years 2006 and 2007. The revaluation assessment is \$3.6 million. At issue is the quantum of wetlands versus the developable uplands. If the uplands are found to be 2 acres, the fair market value would be approximately \$4 million, and there would be no reduction for the pre-revaluation years. If, however, the wetlands limits development to one acre, the anticipated refund would approximate \$30,000 for tax years 2007 and 2008.

**Bally's Total Fitness Corp.**

This mixed use property was assessed at \$7,359,800 for the tax year 2007. The property was revalued for 2008 in the total amount of \$12,508,000. Even assuming a fair market value of \$10 million, the 2007 refund would be approximately \$10,000. However, a more likely scenario would be a minor reduction in 2007 in exchange for a larger reduction in 2008. In any case, we don't anticipate a refund of more than \$25,000, inclusive of both years.

**BOROUGH OF ENGLEWOOD CLIFFS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(CONTINUED)**

**NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**Kalman (PNC Bank)**

The assessment for 2007 is \$1,064,500 for this branch bank located on one-third of an acre. The revaluation assessment is \$1,759,200. Any adjustment would be of relatively minor consequence.

**325 Sylvan Avenue**

This small multi-tenanted office building was assessed at \$1,075,000 for 2007. Even if the taxpayer is entitled to a reduction, the amount would approximate \$2,500.

**C&R Realty and T. Browning**

This economic unit of two separate lots located at 140 Sylvan Avenue is comprised of a multi-tenanted office and a parking lot, a portion of which is separately leased to Bally's (an adjacent user). The 2005 through 2007 assessment on this 91,000 square foot building, including the parking lot, is \$17,419,000. If the Court finds value at \$175/foot for the office and another \$1.5 million for the lot, the Borough would still lose the 2007 appeal and have to refund almost \$75,000. However, if value is determined to be \$160/foot, the refund amount would approximate \$120,000 for 2006 and 2007.

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

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

The Mayor and Council adopted the ordinance and plans to issue bond anticipation notes to pay the refunds due by March 31, 2010.

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**SUPPLEMENTARY DATA**

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## 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>
Joseph Parisi, Jr.	Mayor		
Joseph Favaro	Council President		
Ilan Plawker	Councilman		
Melanie Simon	Councilwoman		
Edward Aversa	Councilman		
Carol McMorrow	Councilwoman		
Gloria Oh	Councilwoman		
Lisette M. Duffy	Acting Borough Clerk/Administrator		
Joseph Iannaconi	Tax Collector - Treasurer	\$ 1,000,000	(A)
Janice Romano	Deputy Tax Collector		
E. Carter Corrison	Borough Attorney		
Boswell McClave	Borough Engineer		
Paul Renaud	Construction Code Official		
Marc Saperstein	Municipal Judge	1,000,000	(A)
Walter Skrod	Prosecutor		
Albert Wunsch III	Public Defender		
Mary McSpirit	Court Administrator	1,000,000	(A)
George Reggo	Tax Assessor		
Michael Cioffi	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**

**Supplementary data**

Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax rate	<u>0.825</u>	<u>0.795</u>	<u>0.795</u>
Apportionment of tax rate:			
Municipal	0.324	0.305	0.307
School	0.297	0.197	0.196
County	<u>0.204</u>	<u>0.293</u>	<u>0.292</u>

Assessed Value

2012	\$ 3,416,882,638
2011	3,428,644,542
2010	3,424,443,979

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>
2012	\$ 28,311,393	27,832,086	98.31%
2011	27,271,226	26,725,283	98.00%
2010	27,462,264	27,092,550	98.65%

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>
2012	\$ 417,225	15,926	433,151	1.53%
2011	433,675	8,664	442,339	1.62%
2010	286,709	9,643	296,352	1.08%

**BOROUGH OF ENGLEWOOD CLIFFS**

**Supplementary data**

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2012 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>
2012	\$	39,528
2011		39,528
2010		39,528

Comparative Schedule of Fund Balance

	<u>Year</u>		<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2012	\$	1,346,866	500,000
	2011		325,945	
	2010		1,138,849	955,000
	2009		731,467	604,000
	2008		829,274	668,000

**BOROUGH OF ENGLEWOOD CLIFFS**  
**Schedule of Expenditures of State Awards**

Year ended December 31, 2012

State grantor	Program	Grant number	Grant year	Grant award	Balance Dec. 31, 2011	Cash Received	Expended	Deferred Revenue/ (Accounts Receivable) at Dec. 31 2012	MEMO Cumulative Total Expenditures
Current Fund: Division of Criminal Justice	Body Armor	1020-718-066-1020-001-YCJS-6120	2001	2,558	1,411		1,411	*	2,558
	Body Armor	1020-718-066-1020-001-YCJS-6120	2003	2,647	2,524		2,524	*	2,647
	Body Armor	1020-718-066-1020-001-YCJS-6120	2004	2,603	2,603		2,603	*	2,603
	Body Armor	1020-718-066-1020-001-YCJS-6120	2005	4,973	4,973		4,973	*	4,973
	Body Armor	1020-718-066-1020-001-YCJS-6120	2006	2,267	2,267		2,267	*	2,267
	Body Armor	1020-718-066-1020-001-YCJS-6120	2007	2,894	2,894		2,894	*	2,894
	Body Armor	1020-718-066-1020-001-YCJS-6120	2008	2,528	2,528		2,528	*	2,528
	Body Armor	1020-718-066-1020-001-YCJS-6120	2009	3,527	3,527		3,527	*	3,527
	Body Armor	1020-718-066-1020-001-YCJS-6120	2010	2,460	2,460			2,460	*
	Body Armor	1020-718-066-1020-001-YCJS-6120	2011	2,777	2,777			2,777	*
	Body Armor	1020-718-066-1020-001-YCJS-6120	2012	1,349	1,349			1,349	*
	Alcohol Education and Rehabilitation	9735-760-098-Y900-001-X100-6021	2007	603	510			510	*
	Alcohol Education and Rehabilitation	9735-760-098-Y900-001-X100-6021	2012	1,349	25,697	4,120	22,727	7,096	*
Division of Motor Vehicles	Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2003	509	371			371	*
	Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2004	1,141	1,141			1,141	*
	Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2005	279	279			279	*
	Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2009	378	378			378	*
					2,169			2,169	*
Department of Health	Hepatitis B	4230-100-046-4781-241-1002-3890	2002	756	735			735	*
	Domestic Violence Grant		2006	1,000	1,000			1,000	*
Department of Environmental Protection	Clean Communities Act	4900-765-042-4900-004-VCMC-6020	2001	8,458	1,225		1,225	*	8,458
	Clean Communities Act	4900-765-042-4900-004-VCMC-6020	2002	1,502	1,502		1,502	*	1,502
	Clean Communities Act	4900-765-042-4900-004-VCMC-6020	2003	5,539	5,539		3,288	2,251	*
	Clean Communities Act	4900-765-042-4900-004-VCMC-6020	2004	5,744	5,744			5,744	*
	Clean Communities Act	4900-765-042-4900-004-VCMC-6020	2005	5,709	5,709			5,709	*
	Clean Communities Act	4900-765-042-4900-004-VCMC-6020	2006	5,985	5,985			5,985	*
	Clean Communities Act	4900-765-042-4900-004-VCMC-6020	2007	6,921	5,362			5,362	*
	Clean Communities Act	4900-765-042-4900-004-VCMC-6020	2008	7,702	1,472			1,472	*
	Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2010	9,861	9,861			9,861	*
	Clean Communities Act	4900-765-042-4900-004-V42Y-6021	2012	9,688		9,688		9,688	*
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2004	4,826	3,685			3,685	*
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2005	5,160	5,160			5,160	*
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2006	4,179	4,179			4,179	*
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2007	3,078	3,078			3,078	*
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2008	1,776	1,776			1,776	*
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2009	13,777	13,777			13,777	*
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6021	2010	20,865	20,865			20,865	*
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6022	2011	7,326	7,326			7,326	*	
				94,919		6,015		105,918	*
				\$ 124,520		21,140		116,918	*
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**BOROUGH OF ENGLEWOOD CLIFFS**  
**Schedule of Expenditures of State Awards**

Year ended December 31, 2012

State grantor	Program	Grant number	Grant year	Grant award	Balance Dec. 31, 2011	Cash Received	Expended	Deferred Revenue/ (Accounts Receivable) at Dec. 31 2012	MEMO Cumulative Total Expenditures
<u>Other Financial Assistance</u>									
The Heritage Program (Firemen's Fund Insurance Company)	Fireman's Fund Grant	N/A	2011	12,774	3,468			3,468	9,306
South Bergen Municipal Joint Ins. Fund	Police Accreditation Grant	N/A	2012	25,000	3,468	25,000	25,000	3,468	25,000
						25,000	25,000		34,306
County of Bergen	Municipal Recycling Assistance Program		PY 2005	11,163	11,163			11,163	-
			PY 2007	10,211	10,211			10,211	-
				4,008	3,508			3,508	500
				2,549	2,549			2,549	
				27,431	27,431			27,431	500
County of Bergen	Municipal Open Space - Trust Fund Rehab. Of Woodland Park Basketball Courts	Ord. 2009-5	2008	92,500	(10,051)			(10,051)	92,500
Passed through - County of Bergen	Municipal Alliance on Alcoholism and Drug Abuse		2009	11,500	6,349	2,201		8,550	2,950
	Municipal Alliance on Alcoholism and Drug Abuse		2010	10,356	(1,426)	300		(1,126)	2,036
	Municipal Alliance on Alcoholism and Drug Abuse		2011	10,356	88		742	(654)	742
	Municipal Alliance on Alcoholism and Drug Abuse		2012	10,356			4,532	(4,532)	4,532
					5,011	2,501	5,274	2,238	10,260
					25,859	27,501	30,274	23,086	137,566
					\$ 150,379	48,641	59,016	140,004	177,671
	Total State and Other Financial Assistance		Total Other Financial Assistance						

Note: This schedule was not subject to an audit in accordance with N.J.OMB 04-04.

Schedule 2

BOROUGH OF ENGLEWOOD CLIFFS  
 Schedule of Federal Financial Assistance  
 Year ended December 31, 2012

Federal grantor	Program	Grant year	Grant award	Balance Dec. 31, 2011	Cash Received	Expended	Deferred Revenue (Accounts Receivable) at Dec. 31 2012	MEMO Cumulative Total Expenditures
Department of Housing and Urban Development	Community Development Block Grant	2000	\$ 20,000	4,502			4,502 (a)	5,789
Total Department of Housing and Urban Development				4,502			4,502	5,789
Department of Transportation	Improvements to Pershing Road	2009	150,000	(23,074)			(23,074)	150,000
Total Department of Transportation				(23,074)			(23,074)	150,000
Department of Law and Public Safety	FEMA - Severe Snowstorm	2012	115,439		115,439	115,439		115,439
Total Department of Law and Public Safety					115,439	115,439		115,439
Total Federal Assistance			\$ (18,572)		115,439	115,439	(18,572)	271,228

Note: This schedule was not subject to an audit in accordance with OMB Circular A-133

(a) - Accounts Receivable of \$9,709, Appropriated Reserve of \$14,211.

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Cash - Collector-Treasurer**

**Current Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011		\$ <u>1,811,002</u>
Increased by:		
Veterans' and senior citizens' deductions	\$ 40,320	
Taxes receivable	27,919,299	
Prepaid taxes	286,637	
Emergency Notes Issued	522,306	
Tax Overpayments	124,443	
Interfunds	1,447,921	
Revenue accounts receivable	2,404,802	
Miscellaneous revenue not anticipated	180,991	
Miscellaneous Reserves	11,369	
Grants Receivable	27,501	
Unappropriated Reserves	<u>21,140</u>	
		<u>32,986,729</u>
		34,797,731
Decreased by:		
Appropriation reserves	645,970	
County taxes payable	6,933,953	
School taxes payable	10,094,292	
Appropriations	12,529,031	
Tax Overpayments	204,756	
Interfunds	1,272,099	
Special Emergency Notes	299,129	
Miscellaneous Reserves	43,667	
Appropriated Reserves	58,194	
Overexpenditure of Appropriated Reserves	<u>1,852</u>	
		<u>32,082,943</u>
Balance - December 31, 2012		\$ <u><u>2,714,788</u></u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Change Funds**

**Current Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011	\$ <u>200</u>
Balance - December 31, 2012	\$ <u><u>200</u></u>

**Schedule of Petty Cash**

**Current Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011	\$ <u>300</u>
Balance - December 31, 2012	\$ <u><u>300</u></u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Grants Receivable**

**State and Federal Grant Fund**

**Year ended December 31, 2012**

	Balance, Dec. 31, <u>2011</u>	2012 <u>Revenue</u>	Decreased <u>By:</u>	Balance, Dec. 31, <u>2012</u>
Community Development Block Grant	\$ 9,709			9,709
Municipal Alliance	22,303	10,356	2,501	30,158
JIF Police Accreditation		25,000	25,000	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>\$ 32,012</u>	<u>35,356</u>	<u>27,501</u>	<u>39,867</u>

**BOROUGH OF ENGLEWOOD CLIFFS**

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

**Current Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011		\$	1,223
Increased by:			
Veterans' deductions per duplicate	\$	3,750	
Senior Citizens' deductions per duplicate		<u>37,000</u>	
			<u>40,750</u>
			41,973
Decreased by:			
Cash Received			<u>40,320</u>
Balance - December 31, 2012		\$	<u><u>1,653</u></u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Taxes Receivable and Analysis of Property Tax Levy**

**Current Fund**

**Year Ended December 31, 2012**

Year	Balance, Dec. 31, 2011	2012 Tax Levy	Collections		Veterans and Senior Citizens	Transferred to tax title liens	Remitted, Abated or Cancelled	Balance, Dec. 31, 2012
			2011	2012				
2010	93			93				
2011	432,136			423,553			8,583	
	432,229			423,646			8,583	
2012		28,311,393	295,684	27,495,653	40,750	3,201	58,880	417,225
	\$ 432,229	28,311,393	295,684	27,919,299	40,750	3,201	67,463	417,225

**Analysis of 2012 Property Tax Levy**

<b>Tax yield:</b>	
General purpose tax	28,189,287
Added taxes	122,106
	<u>\$ 28,311,393</u>
<b>Tax levy:</b>	
Local district school tax - per abstract	10,136,420
County taxes:	
County tax - per abstract	6,922,156
Added county tax	30,194
	<u>17,088,770</u>
Local tax for municipal purposes - per abstract	11,099,363
Additional tax levied	123,260
	<u>\$ 28,311,393</u>

**BOROUGH OF ENGLEWOOD CLIFFS**

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

**Current Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011	\$ <u>39,528</u>
Balance - December 31, 2012	\$ <u><u>39,528</u></u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Revenue Accounts Receivable**

**Current Fund**

**Year ended December 31, 2012**

	Balance, Dec. 31, <u>2011</u>	Accrued in 2012	<u>Collected</u>	Balance, Dec. 31, <u>2012</u>
Borough Clerk - licenses:				
Alcoholic beverages	\$	16,400	16,400	
Fees and permits:				
Construction Code Official		263,500	263,500	
Other		27,573	27,573	
Municipal Court - fines and costs	4,540	551,530	409,218	146,852
Interest and cost on taxes		93,889	93,889	
Interest on investments		3,147	3,147	
Commercial Sewer Use Fees	64,843	286,182	279,717	71,308
Cable TV - Annual Fees		15,372	15,372	
Cell Tower - Annual Leases		242,331	242,331	
Burglar Alarm Fees		12,700	12,700	
Elevator Fees		40,449	40,449	
Consolidated Municipal Property Tax Relief Act		8,718	8,718	
Energy receipts taxes		682,756	682,756	
General Capital Fund Balance		223,810	223,810	
Reserve for Sale of Assets		18,407	18,407	
Recreation Fees		85,222	85,222	
	<u>\$ 69,383</u>	<u>2,571,986</u>	<u>2,423,209</u>	<u>218,160</u>
			Reserve for Sale of Municipal Assets 18,407	
			Cash <u>2,404,802</u>	
			<u>\$ 2,423,209</u>	

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Tax Title Liens Receivable**

**Current Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011	\$	12,725
Increased by:		
Transfers from Taxes Receivable		<u>3,201</u>
Balance - December 31, 2012	\$	<u><u>15,926</u></u>

## BOROUGH OF ENGLEWOOD CLIFFS

## Schedule of 2011 Appropriation Reserves

## Current Fund

Year ended December 31, 2012

	Balance, Dec.31, <u>2011</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid</u>	Balance <u>lapsed</u>
Salaries and wages:				
Administrative and Executive	\$ 982	982		982
Collection of taxes	21	21		21
Zoning Board of Adjustment	680	680		680
Police	159,229	338,267	338,266	1
First Aid Organization	91	91		91
Fire Official	4,798	394	76	318
Public Defender	3,887	887		887
Road Repairs and Maintenance	1,906	1,906		1,906
Shade Tree	1,083	1,083		1,083
Board of Health	6,860	860		860
Parks and playgrounds	2,994	1,194	1,139	55
Construction Official	707	707		707
Plumbing Inspector	759	759		759
Terminal Leave	2	2		2
Other expenses:				
Administrative and executive	7,812	8,211	8,054	157
Financial Administration	43	1,000	1,000	
Collection of taxes	4,506	1,836	1,200	636
Assessment of taxes	754	754	36	718
Legal Services and Costs	24,108	28,474	28,474	
Appraisal Fees	3,758	20,364	20,363	1
Engineering	309	13,734	13,734	
Planning Board	27,115	2,865	2,737	128
Board of Adjustment	445	2,578	2,133	445
Other Insurance Premiums	2,197	2,197		2,197
Group Insurance for Employees	46,687	46,687		46,687
Police	467	14,481	(8,901)	23,382
First Aid Organization	2,918	2,918	1,271	1,647
Fire Hydrant Services	44,281	24,281	23,342	939
Fire Official	12,741	14,212	1,529	12,683
Fire - Clothing Expenses	29	29		29
Streets and Roads	49,888	8,526	4,107	4,419
Gasoline	3,022	7,511	7,511	
Garbage and Trash	65,087	129,590	128,581	1,009
Recycling	1,122	2,185	1,442	743
Sewer System	18,554	2,814	1,260	1,554
Public building and grounds	289	6,538	6,537	1
Shade Tree	26,064	28,309	28,309	
Board of Health	2,404	2,619	250	2,369
Environmental Commission	2,025	2,025	1,861	164

## BOROUGH OF ENGLEWOOD CLIFFS

## Schedule of 2011 Appropriation Reserves

## Current Fund

Year ended December 31, 2012

	Balance, Dec.31, <u>2011</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid</u>	<u>Balance lapsed</u>
Senior Citizens	4,054	4,054	1,750	2,304
Parks and playgrounds	35,294	16,894	14,873	2,021
Celebration of Public Events	4,500	2,500		2,500
Construction Official	6,534	534		534
Fire Prevention	2,766	2,766	2,550	216
Elevator Inspections	17	17		17
Gasoline, electricity and heating oil	18,680	18,743	10,002	8,741
Street lighting	27,836	836		836
Telephone	38,154	4,348	1,891	2,457
Water	334	334		334
Municipal Court	2,885	3,314	593	2,721
Public Employee's Retirement System of NJ	4,038	4,038		4,038
Sewer - Contractual - BCUA Service Charges	1	1		1
Sewer Charges - Borough of Tenefly	2,708	2,708		2,708
LOSAP	3,899	3,899		3,899
Tax Appeals	33,789	33,789		33,789
	<u>\$ 716,113</u>	<u>821,346</u>	<u>645,970</u>	<u>175,376</u>
Appropriation reserves		716,113		
Encumbrances		<u>105,233</u>		
		<u>\$ 821,346</u>		

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Encumbrances Payable**

**Current Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011	\$	105,233
Increased by:		
Charges to 2012 Budget Appropriations		<u>151,522</u>
		256,755
Decreased by :		
Transferred to 2011 Appropriation Reserves		<u>105,233</u>
Balance - December 31, 2012	\$	<u><u>151,522</u></u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Appropriated Reserves**

**Federal and State Grant Funds**

**Year ended December 31, 2012**

<u>Grant</u>	Balance Dec. 31, 2011	Transferred from 2012 Budget Appropriations	Decreased by:	Balance Dec. 31, 2012
Community Development Block Grant	\$ 14,211			14,211
BCUA Recycling Grant	11,163			11,163
BCUA Recycling Grant	10,211			10,211
BCUA Recycling Grant	3,508			3,508
BCUA Recycling Grant	2,549			2,549
Clean Communities - 2001	1,225		1,225	
Clean Communities - 2002	1,502		1,502	
Clean Communities - 2003	5,539		3,287	2,252
Clean Communities - 2004	5,744			5,744
Clean Communities - 2005	5,709			5,709
Clean Communities - 2006	5,985			5,985
Clean Communities - 2007	5,362			5,362
Clean Communities - 2011	1,472			1,472
Recycling Tonnage Grant - 2004	3,685			3,685
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 - 2010	1,776			1,776
Recycling Tonnage Grant - 2011	13,777			13,777
Alcohol Education Rehabilitation - 2011	510			510
Municipal Alliance	8,550			8,550
Municipal Alliance	8,320			8,320
Municipal Alliance - 2011	10,444		742	9,702
Municipal Alliance - 2012		10,356	4,531	5,825
Drunk Driving Enforcement Fund - 2003	371			371
Drunk Driving Enforcement Fund - 2004	1,141			1,141
Drunk Driving Enforcement Fund - 2005	279			279
Hepatitis B	735			735
Body Armor - 2001	1,411		1,411	
Body Armor - 2003	2,524		2,524	
Body Armor - 2004	2,603		2,603	
Body Armor - 2005	4,973		4,973	
Body Armor - 2006	2,267		2,267	
Body Armor - 2007	2,894		2,894	
Body Armor - 2008	2,528		2,528	
Body Armor - 2009	3,527		3,527	
Domestic Violence	1,000			1,000
Fireman's Fund Grant	3,468			3,468
JIF Police Accreditation		25,000	25,000	
	<u>\$ 163,380</u>	<u>35,356</u>	<u>59,014</u>	<u>139,722</u>
			Cash Disbursements 56,342	
			Interfunds 1,852	
			Encumbrances Payable 820	
			<u>\$ 59,014</u>	

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Unappropriated Reserves**

**Federal and State Grant Fund**

**Year Ended December 31, 2012**

<u>Grant</u>	Balance, Dec. 31, <u>2011</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2012</u>
Recycling Tonnage Grant - 2010	\$ 20,865		20,865
Recycling Tonnage Grant - 2011		7,326	7,326
Clean Communities - 2011	9,861		9,861
Clean Communities - 2012		9,688	9,688
Body Armor - 2011	2,460		2,460
Body Armor - 2012		2,777	2,777
Alcohol Education & Rehabilitation - 2012		1,349	1,349
Drunk Driving Enforcement Fund - 2009	<u>378</u>		<u>378</u>
	<u>\$ 33,564</u>	<u>21,140</u>	<u>54,704</u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Prepaid Taxes**

**Current Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011	\$ 295,683
Increased by:	
Collection of 2013 Taxes	<u>286,637</u>
	582,320
Decreased by :	
Applied to 2012 Taxes	<u>295,683</u>
Balance - December 31, 2012	<u><u>\$ 286,637</u></u>

**Schedule of Tax Overpayments**

**Current Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011	\$ 183,914
Increased by:	
2012 Collections	<u>124,443</u>
	308,357
Decreased by:	
Cash Disbursements	\$ 40,616
Canceled	<u>164,140</u>
	<u>204,756</u>
Balance - December 31, 2012	<u><u>\$ 103,601</u></u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of County Taxes Payable**

**Current Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011		\$	11,797
Increased by:			
County Share of 2012 Levy	\$	6,841,903	
County Open Space Preservation of 2012 Levy		80,253	
County Share of 2012 Levy - Added Taxes		<u>30,194</u>	
			<u>6,952,350</u>
			6,964,147
Decreased by:			
Payments			<u>6,933,953</u>
Balance - December 31, 2012		\$	<u><u>30,194</u></u>

**BOROUGH OF ENGLEWOOD CLIFFS**  
**Schedule of Local District School Taxes Payable**

**Current Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011	
School Taxes Deferred	\$ <u>5,026,079</u>
Increased by:	
Local School Share of Fiscal Year 2012 Levy	<u>10,136,420</u>
	15,162,499
Decreased by:	
Payments	<u>10,094,292</u>
Balance - December 31, 2012	\$ <u><u>5,068,207</u></u>
School Taxes Deferred	\$ <u><u>5,068,207</u></u>
<u>2012 Liability for Local School District Taxes:</u>	
Amount Charged to 2012 Operations	\$ <u><u>10,094,292</u></u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Interfunds**

**Current Fund**

**Year ended December 31, 2012**

	Due from/(to) Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2012</u>
Federal and State Grant Fund	\$ (164,933)	96,223	84,817	(153,527)
General Capital Fund	12	1,110,777	1,109,717	1,072
Payroll Account	200		200	
Dog License Trust Fund	4,064	1,341	4,064	1,341
Assessment/Other Trust Fund				
Other Trust Fund	740	434,960	434,964	736
Escrow Trust Fund	4,300	181	4,300	181
	<u>(155,617)</u>	<u>1,643,482</u>	<u>1,638,062</u>	<u>(150,197)</u>
Interfunds due from	9,316			3,330
Interfunds (due to)	<u>(164,933)</u>			<u>(153,527)</u>
	<u>\$ (155,617)</u>			<u>(150,197)</u>
			1,447,921	
Cash Receipts				
Cash Disbursements		1,272,099		
Budget Revenue Realized		223,810		
Interest on Investments		1,253		
Reimbursement for expenditures paid		107,773	106,144	
Statutory Excess		1,341		
Grant Receivable			27,501	
Overexpenditure of appropriated reserves		1,852		
Unappropriated Grants			21,140	
Grant Revenue Anticipated		35,356	35,356	
		<u>\$ 1,643,484</u>	<u>1,638,062</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, 2012**

Date Authorized	Purpose	Net Amount Authorized	1/5 of net Amount Authorized	Balance Dec. 31, 2011	Increased by: 2012 Authorization	Reduced in 2012	Balance Dec. 31, 2012
May 16, 2007	Revaluation of Real Property	\$ 175,000	\$ 35,000	\$ 35,000		35,000	
December 14, 2011	Special Emergency - Terminal Leave	350,075	70,015	350,075		70,015	280,060
November 22, 2010	Special Emergency - Terminal Leave	351,000	70,200	280,800		70,200	210,600
December 3, 2012	Special Emergency - Terminal Leave	322,306	64,461		322,306		322,306
November 21, 2011	Emergency Appropriation	339,129	67,826	339,129		339,129	
				<u>\$ 1,005,004</u>	<u>322,306</u>	<u>514,344</u>	<u>812,966</u>

Interfund 299,129  
Budget 215,215  
\$ 514,344

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Miscellaneous Reserves**

**Current Fund**

**Year Ended December 31, 2012**

<u>Reserve for</u>	Balance, Dec. 31, <u>2011</u>	<u>Increased by:</u>	<u>Decreased by:</u>	Balance, Dec. 31, <u>2012</u>
State Library Aid	\$ 2,740	935		3,675
Sale of Municipal Assets Master Plan	18,407 1,675		18,407	1,675
Lien Redemption		10,434	201	10,233
BCUA Recycling Grant	11,445			11,445
Reserve for Police Salaries	<u>43,466</u>		<u>43,466</u>	
	<u>\$ 77,733</u>	<u>11,369</u>	<u>62,074</u>	<u>27,028</u>
		Cash Receipts 11,369		
		Cash Disbursements 43,667		
		Budget Revenue Realized <u>18,407</u>		
		<u>\$ 11,369</u>	<u>62,074</u>	

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2012

	Added in <u>2012</u>	Balance Dec. 31, <u>2012</u>
Emergency Authorization	\$ 200,000	200,000
Overexpenditure of Appropriated Reserve - Body Armor Grant	<u>1,852</u>	<u>1,852</u>
	<u>\$ 201,852</u>	<u>201,852</u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Special Emergency and  
Emergency Notes Payable**

**Current Fund**

**Year ended December 31, 2012**

<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, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2012</u>
Special Emergency - Terminal Leave 2010	December 30, 2010	3/30/12	3/29/13	1.25% \$	280,800	210,600	280,800	210,600
Special Emergency - Terminal Leave 2011	December 29, 2011	3/30/12	3/29/13	1.25%	350,075	280,060	350,075	280,060
Special Emergency - Terminal Leave 2012	December 27, 2012	12/27/12	12/20/13	0.67%		322,306		322,306
Emergency Note	December 29, 2011	3/30/12	3/29/13	1.25%	299,129	299,129	598,258	
Emergency Note	December 27, 2012	12/27/12	12/20/13	0.67%		200,000		200,000
					<u>\$ 930,004</u>	<u>1,312,095</u>	<u>1,229,133</u>	<u>1,012,966</u>

Cash \$	299,129
Budget Appropriations	140,215
Renewed	789,789
<b>\$</b>	<b><u>1,312,095</u></b>

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## BOROUGH OF ENGLEWOOD CLIFFS

## Schedule of Cash - Collector-Treasurer

## Trust Funds

Year ended December 31, 2012

	Assessment/ Other	Dog license	Recycling	Shade Tree	COAH Development	DEA Forfeiture	Emergency Services Trust LOSAP
Balance - December 31, 2011	\$ 883,499	7,656	88,665	9,293	926,593	167,434	423,688
Increased by:							
Other Trust Reserves	867,328						
Dog License Fees		1,465					
Dog License State Fees		409					
State Fees	20,217						
Sale of Recyclable Material			32,283				
Shade Tree Fees				4,650			
Shade Tree Grant				6,870			
COAH Development Fees					148,871		
DEA Forfeiture Deposits						301,203	
Interfunds	433,935					25,000	
Donations - Shade Tree				5,300			
Donations - Police							
Investment Earnings/Interest	180	201	243	46	1,006	265	51,615
Borough Contributions							30,600
	<u>1,321,660</u>	<u>2,075</u>	<u>32,526</u>	<u>16,866</u>	<u>149,877</u>	<u>326,468</u>	<u>82,215</u>
	2,205,159	9,731	121,191	26,159	1,076,470	493,902	505,903
Decreased by:							
Other Trust Reserves	933,811						
State fees	25,747						
Recycling Expenditures			13,186				
Shade Tree Expenditures				4,164			
COAH Development Expenditures					9,702		
DEA Forfeiture Expenditures						407,985	
Interfunds	508,939	4,064				75,000	
Due to Capital Fund							
Dog License Fund Expenditures		357					
Dog License State Fees		437					
Distributions/Losses							20,562
	<u>1,468,497</u>	<u>4,858</u>	<u>13,186</u>	<u>4,164</u>	<u>9,702</u>	<u>482,985</u>	<u>20,562</u>
Balance - December 31, 2012	\$ <u>736,662</u>	<u>4,873</u>	<u>108,005</u>	<u>21,995</u>	<u>1,066,768</u>	<u>10,917</u>	<u>485,341</u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Assessment Liens**

**Assessment/Other Trust Fund**

**Year ended December 31, 2012**

<u>Ordinance number</u>	<u>Description</u>	Balance Dec. 31 <u>2012</u>	Balance Dec. 31 <u>2011</u>
6612	Irving Avenue trunk sewer	\$ <u>78</u>	<u>78</u>

**Schedule of Tax Sale Receivable**

**Assessment/Other Trust Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011	\$ <u>50</u>
Balance - December 31, 2012	\$ <u><u>50</u></u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Statement of Service Award Contributions Receivable**

**Emergency Services Volunteer Length of Service Award Program**

**Year ended December 31, 2012**

Balance - December 31, 2011	\$	30,600
Increased by:		
2012 Service Award Contribution		<u>28,010</u>
		58,610
Decreased by:		
Contributions Paid		<u>30,600</u>
Balance - December 31, 2012	\$	<u><u>28,010</u></u>

**BOROUGH OF ENGLEWOOD CLIFFS**

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

**Dog License Trust Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011	\$	(85)
Increased by:		
State Fees collected		409
		<u>324</u>
Decreased by:		
Paid to State of New Jersey		437
		<u>437</u>
Balance - December 31, 2012	\$	<u><u>(113)</u></u>

## BOROUGH OF ENGLEWOOD CLIFFS

## Schedule of Interfunds

Year ended December 31, 2012

	Due from/(to) Balance Dec. 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance Dec. 31, <u>2012</u>
Dog License Trust Fund:				
Current Fund	\$ (4,064)	4,064	1,341	(1,341)
Assessment/Other Trust Fund:				
Current Fund - Other Trust	(740)	434,964	434,960	(736)
Current Fund - Escrow Trust	(4,300)	4,300	181	(181)
Capital Fund - Other Trust	(175,000)	175,000		
Recycling Trust - Other Trust		26,325		26,325
Recycling Trust:				
Other Trust Fund			26,325	(26,325)
DEA Forfeiture Trust:				
General Capital Fund	<u>(75,000)</u>	<u>150,000</u>	<u>25,000</u>	<u>50,000</u>
	<u>(259,104)</u>	<u>794,653</u>	<u>487,807</u>	<u>47,742</u>
Interfunds due from				76,325
Interfunds (due to)	<u>(259,104)</u>			<u>(28,623)</u>
	<u>\$ (259,104)</u>			<u>47,702</u>
			458,935	
Cash Receipts				
Cash Disbursements		588,003		
Interest on Investments			181	
Reimbursement for expenditures paid		206,650	27,350	
Statutory Excess			1,341	
		<u>\$ 794,653</u>	<u>487,807</u>	

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Due to State of New Jersey**

**Assessment/Other Trust Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011		\$	12,229
Increased by:			
Marriage License Fees	\$	425	
DCA Fees		<u>19,842</u>	
			<u>20,267</u>
			32,496
Decreased by:			
Disbursements		<u>25,747</u>	
Balance - December 31, 2012		\$	<u><u>6,749</u></u>

Analysis of Balance

Due to State of New Jersey:			
Marriage License Fees	\$	50	
DCA Fees		3,512	
Prior Year Balance - Unallocated		<u>3,187</u>	
	\$	<u><u>6,749</u></u>	

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Reserve for Assessments Liens**

**Assessment/Other Trust Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011 \$ 78

Balance - December 31, 2012 \$ 78

Analysis of Balance

Assessment liens - Ordinance 6612 -  
Irving Avenue trunk sewer \$ 78

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Reserve - Other Trust Funds**

**Assessment/Other Trust Fund**

**Year ended December 31, 2012**

	Balance Dec. 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2012</u>
Reserve for:				
Escrow Deposits	583,777	305,454	310,141	579,090
Tax Title Liens and Premiums	1,642	55,000		56,642
Recycling Deposits	9,478	24,302	33,780	
Other Trust Deposits:				
Street Opening Fees	1,320			1,320
P.O.A.A.	793	114		907
Law Enforcement Trust	1,171			1,171
Donations:				
Police	32,096	6,300	18,384	20,012
9/11 Memorial		24,870	17,500	7,370
Recreation	3,338			3,338
Other	2,000			2,000
Sign	1,085			1,085
Downstream Improvements	23,676	28,500		52,176
SLA HEOP Grant	2,406			2,406
Cell Tower Relocation	8,000			8,000
Shade Tree Fees	1,140			1,140
Sewer Maintenance	7,100			7,100
Sale of Borough Property	4,532			4,532
Parks and Recreation	6,158	15	625	5,548
Municipal Court REDFLEX		553,347	553,347	
Miscellaneous	1,568		34	1,534
	<u>\$ 691,280</u>	<u>997,902</u>	<u>933,811</u>	<u>755,371</u>
Cash		\$ 867,328	933,811	
Interfund		<u>130,574</u>		
		<u>\$ 997,902</u>	<u>933,811</u>	

**BOROUGH OF ENGLEWOOD CLIFFS**  
**Schedule of Reserve for Dog Fund Expenditures**  
**Dog License Trust Fund**  
**Year ended December 31, 2012**

Balance - December 31, 2011	\$	3,677
Increased by:		
Dog license fees	\$	1,465
Late fees/Interest		201
		1,666
		5,343
Decreased by:		
Statutory Excess due Current Fund		1,341
Expenditures under R.S. 4:19-15:11		357
		1,698
Balance - December 31, 2012	\$	3,645

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2011	\$ 1,523
2010	2,122
	\$ 3,645

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Reserve for Recycling Trust Deposits**

**Recycling Trust Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011		\$	88,665
Increased by:			
Recycling Receipts	\$	32,283	
Interest		<u>243</u>	
			<u>32,526</u>
			121,191
Decreased by:			
Recycling Expenditures		26,325	
Interfunds		<u>13,186</u>	
			<u>39,511</u>
Balance - December 31, 2012		\$	<u><u>81,680</u></u>

**Schedule of Reserve for Shade Tree Trust Deposits**

**Shade Tree Trust Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011		\$	9,293
Increased by:			
Shade Tree Fees	\$	4,650	
Grants		6,870	
Donations		5,300	
Interest		<u>46</u>	
			<u>16,866</u>
			26,159
Decreased by:			
Shade Tree Expenditures		<u>4,164</u>	
Balance - December 31, 2012		\$	<u><u>21,995</u></u>

Exhibit B-13

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Reserve for COAH Development Expenditures**

**COAH Development Trust Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011		926,593
Increased by:		
Development Fees	\$	148,871
Interest		<u>1,006</u>
		<u>149,877</u>
		1,076,470
Decreased by:		
Development Expenditures		<u>9,702</u>
Balance - December 31, 2012	\$	<u>1,066,768</u>

Exhibit B-14

**Statement of Net Assets Available for Benefits**

**Emergency Services Volunteer Length of Service Award Program**

**Year ended December 31, 2012**

Balance - December 31, 2011	\$	454,288
Increased by:		
Borough Contributions	\$	28,010
Interest		1,244
Investment Income		<u>50,371</u>
		<u>79,625</u>
		533,913
Decreased by:		
Distributions		<u>20,562</u>
Balance - December 31, 2012	\$	<u>513,351</u>

**BOROUGH OF ENGLEWOOD CLIFFS**  
**Schedule of Reserve for DEA Forfeiture Expenditures**  
**DEA Forfeiture Trust Fund**  
**Year ended December 31, 2012**

Balance - December 31,		\$ 92,434
Increased by:		
Receipts	\$ 301,203	
Interfunds	75,000	
Interest on Investments	<u>265</u>	
		<u>376,468</u>
		468,902
Decreased by:		
Expenditures		<u>407,985</u>
Balance - December 31, 2012		<u><u>\$ 60,917</u></u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Cash - Collector-Treasurer**

**General Capital Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011		\$	812,505
Increased by:			
Interfunds	\$	860,388	
Budget Appropriations		403,346	
Bond Anticipation Notes		1,779,200	
Capital Improvement Fund		<u>100,000</u>	
			<u>3,142,934</u>
			3,955,439
Decreased by:			
Interfunds		1,212,001	
Improvement Authorizations		<u>1,935,507</u>	
			<u>3,147,508</u>
Balance - December 31, 2012		\$	<u><u>807,931</u></u>

## BOROUGH OF ENGLEWOOD CLIFFS

## Schedule of Analysis of Cash

## General Capital Fund

Year ended December 31, 2012

Grants Receivable -	
State of New Jersey Department of Transportation	\$ (23,074)
Bergen County Open Space Trust Fund	(10,051)
Due to/(from) Ambulance Corp.	(100,000)
Due to/(from) Other Trust Fund	50,000
Due to/(from) Current Fund	1,072
Capital Improvement Fund	40,090
Reserve for Payment of Debt	12,026
Fund Balance	49,483

## Improvement authorizations:

<u>Ordinance number</u>	<u>Improvement description</u>	
98-08	Various Street Improvements	(136)
03-01	Refund unfunded pension obligation	(272)
03-09	Tax Appeal Refunds	(22,603)
05-20	2005 Road Improvement Program	(410)
05-27	Imps. to Bayview Avenue Park	(376)
06-19/07-05/07-24	Various Improvements	10,823
07-20	Various Improvements	116,780
08-01	Various Capital Improvements	560,441
08-09	Improvements to Clendenin Place/Kahn Terrace	4,280
09-05	Rehabilitation of Woodland Park Basketball Courts	36,415
09-12	Dredging and restoration of Pershing Pond	(26,124)
09-13	Improvements to Pershing Road	38,975
09-14	Various Capital Improvements	6,768
10-14	Various Acquisitions and Improvements	227,935
11-10	2011 Road Resurfacing Program	(586,893)
11-11/12-15	Various Impr./Acquisition of New Communication Equip. & Various Vehicles	(608,180)
12-6	Tax Appeal Refunds	21,373
12-19	Road Impr./Acquisition of Equipment	1,009,589
		<u>\$ 807,931</u>

**Exhibit C-4**

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Grants Receivable - New Jersey Department of Transportation**

**General Capital Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011 \$ 23,074

Balance - December 31, 2012 \$ 23,074

Analysis of Balance

Ord. 09-13: Impr. to Pershing Road 23,074  
\$ 23,074

**Exhibit C-5**

**Schedule of Grants Receivable - Bergen County Open Space Trust Fund,  
Ordinance 2009-5**

**General Capital Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011 \$ 10,051

Balance - December 31, 2012 \$ 10,051

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Interfunds**

**General Capital Fund**

**Year ended December 31, 2012**

	Balance Dec. 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2012</u>
Other Trust Fund	\$ 175,000		175,000	
DEA Trust Fund	75,000	25,000	150,000	(50,000)
Current Fund	<u>(12)</u>	<u>1,236,484</u>	<u>1,237,544</u>	<u>(1,072)</u>
	<u>249,988</u>	<u>1,261,484</u>	<u>1,562,544</u>	<u>(51,072)</u>
Due from	250,000		250,000	
Due to	<u>(12)</u>	<u>1,261,484</u>	<u>1,312,544</u>	<u>(51,072)</u>
	<u>\$ 249,988</u>	<u>1,261,484</u>	<u>1,562,544</u>	<u>(51,072)</u>
Receipts		\$	860,388	
Disbursements		1,212,001		
Reimbursement for expenses paid			75,000	
Current Fund Anticipated Revenue			223,810	
Paydown on notes			403,346	
Premium on note sale		<u>49,483</u>		
		<u>\$ 1,261,484</u>	<u>1,562,544</u>	

**BOROUGH OF ENGLEWOOD CLIFFS**

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

**General Capital Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011		\$	9,083,000
Increased by:			
Capital Leases Payable	804,000		
Refunding Bonds Issued	<u>2,495,000</u>		
			<u>3,299,000</u>
			12,382,000
Decreased by:			
2012 Budget Appropriation:			
Serial Bonds	\$	705,000	
Capital Lease		26,000	
Serial Bond Principal		2,425,000	
Capital Lease Principal		<u>746,000</u>	
			<u>3,902,000</u>
Balance - December 31, 2012		\$	<u><u>8,480,000</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2012

Ordinance number	Improvement description	Balance, Dec. 31, 2011	Authorizations 2012	Decreased By:	Balance, Dec. 31, 2012	Financed by bond anticipation notes	Expenditures	Unexpended improvement authorizations
98-08	Various Improvements	\$ 136			136		136	
03-01	Refund of unfunded pension obligations	272			272		272	
03-09	Tax Appeal Refunds	22,603			22,603		22,603	
05-20	2005 Road Improvement Program	410			410		410	
05-27	Imps. to West Bayview Avenue Park	376			376		376	
06-19/07-05/07-24	Various Improvements	275,000		9,828	265,172	265,172		
07-20	Various Improvements	1,363,000		84,673	1,278,327	1,278,327		
08-01	Various Capital Improvements	2,304,404		29,899	2,274,505	2,273,781	724	
08-09	Improvements to Clendenin Place/Kahn Terrace	75,000		3,946	71,054	71,028	26	
09-05	Rehabilitation of Woodland Park Basketball Courts	149,625			149,625	149,625		
09-12	Dredging and restoration of Pershing Pond	315,000			315,000		26,124	288,876
09-13	Improvements to Pershing Road	25,000			25,000	25,000		
09-14	Various Capital Improvements	237,500			237,500	237,500		
10-01	Tax Refunding Ordinances	1,200,000		275,000	925,000	925,000		
10-14	Various Acquisitions and Improvements	1,166,000			1,166,000	1,166,000		
11-10	2011 Road Resurfacing Program	606,350			606,350		586,893	19,457
11-11	Various Improvements & Acq. of New Comm. & Automotive Vehicles	994,400	250,000	12,500	1,231,900		608,180	623,720
12-2	Refunding Bond Ordinance		2,750,000	2,495,000	255,000			255,000
12-3	Refunding Bond Ordinance		805,000	804,000	1,000			1,000
12-6	Tax Appeal Refunds		700,000		700,000	700,000		
12-19	Road Improvements/Acquisition of Equipment		1,136,000	56,800	1,079,200	1,079,200		
		\$ 8,735,076	5,641,000	3,771,646	10,604,430	8,170,633	1,245,744	1,188,033

**BOROUGH OF ENGLEWOOD CLIFFS**  
**Schedule of Deferred Charges to Future Taxation - Unfunded**  
**General Capital Fund**  
**Year ended December 31, 2012**

Budget Appropriations\$	403,346		
Capital Improvement Fund	69,300	Improvement Authorizations Unfunded	<u>3,208,207</u>
Capital Leases Payable	804,000		
Refunding Bond Issued	<u>2,495,000</u>		
	<u>\$ 3,771,646</u>		
Less: Unexpended proceeds of Bond			
		Anticipation Notes	
		Ord. 06-19/07-05/07-24	10,823
		Ord. 07-20	116,780
		Ord. 08-01	561,165
		Ord. 08-09	4,306
		Ord. 09-05	36,415
		Ord. 09-13	25,000
		Ord. 09-14	6,768
		Ord. 10-14	227,935
		Ord. 12-06	21,373
		Ord. 12-19	<u>1,009,589</u>
			<u>2,020,154</u>
			<u>\$ 1,188,053</u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Bond Anticipation Notes**

**General Capital Fund**

**Year ended December 31, 2012**

Ordinance number	Improvement description	Date of original issue	Date of issue	Date of maturity	Interest rate	Balance, Dec. 31, 2011	Increased	Decreased	Balance, Dec. 31, 2012
06-19/07-05/07-24	Various Improvements	May 9, 2005	March 30, 2012	March 29, 2013	1.25%	275,000	265,172	275,000	265,172
07-20	Various Improvements	May 9, 2005	March 30, 2012	March 29, 2013	1.25%	1,363,000	1,278,327	1,363,000	1,278,327
08-01	Various Capital Improvements	May 9, 2005	March 30, 2012	March 29, 2013	1.25%	2,303,680	2,273,781	2,303,680	2,273,781
08-09	Imps. to Clendenin Place/Kahn Terrace	May 8, 2009	March 30, 2012	March 29, 2013	1.25%	74,974	71,028	74,974	71,028
09-05	Rehabilitation of Woodland Park Basketball Court	May 7, 2010	March 30, 2012	March 29, 2013	1.25%	149,625	149,625	149,625	149,625
09-13	Improvements to Pershing Road	May 7, 2010	March 30, 2012	March 29, 2013	1.25%	25,000	25,000	25,000	25,000
09-14	Various Capital Improvements	May 7, 2010	March 30, 2012	March 29, 2013	1.25%	237,500	237,500	237,500	237,500
10-01	Tax Refunding Bond	March 30, 2010	March 30, 2012	March 29, 2013	1.25%	1,200,000	925,000	1,200,000	925,000
10-14	Various Acquisitions and Improvements	March 30, 2011	March 30, 2012	March 29, 2013	1.25%	1,166,000	1,166,000	1,166,000	1,166,000
12-06	Tax Appeal Refunds	June 27, 2012	March 30, 2012	March 29, 2013	0.66%		700,000		700,000
12-19	Road Improvements/Acq. of Equipment	Dec. 27, 2012	Dec. 27, 2012	Dec. 20, 2013	0.67%		1,079,200		1,079,200
						\$ 6,794,779	8,170,633	6,794,779	8,170,633

Cash	1,779,200
Budget Appropriations - Cash Renewals	6,391,433
	\$ 8,170,633

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of General Serial Bonds**

**General Capital Fund**

**Year ended December 31, 2012**

Purpose	Date of issue	Original issue	Maturities of bonds outstanding December 31, 2012		Interest rate	Balance, Dec. 31, 2011	Increased	Decreased	Balance, Dec. 31, 2012	
			Date	Amount						
General Obligations of 2003	Aug. 15, 2003	5,325,000	Aug. 15, 2013	425,000	3.75	3,250,000		2,825,000	425,000	
			July 15, 2013	330,000	4.15					
General Obligations of 2007	July 15, 2007	5,370,000	July 15, 2014	335,000	4.15	5,030,000		305,000	4,725,000	
			July 15, 2015	340,000	4.15					
			July 15, 2016	345,000	4.15					
			July 15, 2017	355,000	4.15					
			July 15, 2018	400,000	4.15					
			July 15, 2019	630,000	4.15					
			July 15, 2020	640,000	4.15					
			July 15, 2021	660,000	4.20					
			July 15, 2022	690,000	4.20					
			General Obligations of 2007	July 15, 2007	5,370,000	Aug. 15, 2013	15,000	1.50		2,495,000
			Aug. 15, 2014	475,000	2.00					
			Aug. 15, 2015	490,000	3.00					
			Aug. 15, 2016	500,000	3.00					
			Aug. 15, 2017	505,000	3.00					
			Aug. 15, 2018	510,000	3.00					
						<u>\$ 8,280,000</u>	<u>2,495,000</u>	<u>3,130,000</u>	<u>7,645,000</u>	
						Cash \$		705,000		
						Refunding Bond		2,425,000		
						<u>\$</u>		<u>3,130,000</u>		

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Capital Leases Payable**

**General Capital Fund**

**Year ended December 31, 2012**

Purpose	Date of issue	Original issue	Maturities outstanding at December 31, 2012		Interest rate	Balance, Dec. 31, 2011	Increased	Decreased	Balance, Dec. 31, 2012
			Date	Amount					
Refund of unfunded Pension Obligation	Mar. 1, 2003	870,000	Mar. 1, 2013	31,000	5.25	\$ 803,000	772,000		31,000
Refund of unfunded Pension Obligation	May 17, 2012	804,000	Mar. 15, 2013	13,000	0.430		804,000		804,000
			Mar. 15, 2014	50,000	0.620				
			Mar. 15, 2015	55,000	0.838				
			Mar. 15, 2016	59,000	1.237				
			Mar. 15, 2017	67,000	1.637				
			Mar. 15, 2018	72,000	2.108				
			Mar. 15, 2019	80,000	2.358				
			Mar. 15, 2020	88,000	2.659				
			Mar. 15, 2021	97,000	2.959				
			Mar. 15, 2022	106,000	3.109				
			Mar. 15, 2023	117,000	3.259				

\$ 803,000      804,000      772,000      835,000

Cash \$ 26,000  
Refunding 746,000

\$ 772,000

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Improvement Authorizations**

**General Capital Fund**

Year ended December 31, 2012

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, December 31, 2011		2012 authorizations	Authorizations Expended		Balance, December 31, 2012	
				Funded	Unfunded		Funded	Unfunded	Funded	Unfunded
06-19/07-05/07-24	Various Improvements	Sept. 20, 2006	500,000	10,823					10,823	
07-20	Various Improvements	July 18, 2007	1,525,000	116,780					116,780	
08-01	Various Capital Improvements	Jan. 23, 2008	2,460,000	562,619			1,454		561,165	
08-09	Improvements to Clendenin Place/Kahn Terrace	Aug. 20, 2008	225,000	4,306					4,306	
09-05	Rehabilitation of Woodland Park Basketball Courts	May 13, 2009	250,000	37,900			1,485		36,415	
09-12	Dredging and restoration of Pershing Pond	Aug. 12, 2009	315,000	300,298			11,422		288,876	
09-13	Improvements to Pershing Road	Sept. 9, 2009	175,000	13,975				13,975	25,000	
09-14	Various Capital Improvements	Oct. 14, 2009	250,000	7,018			250		6,768	
10-14	Various Acquisitions and Improvements	Oct. 13, 2010	1,300,000	543,043			315,108		227,935	
11-10	2011 Road Resurfacing Program	June 23, 2011	638,250	122,989			103,532		19,457	
11-11/15-12	Various Impr./Acquisition of new Communication Equip. & Various Vehicles	June 23, 2011	1,146,750	151,538		250,000	772,218		623,720	
12-2	Refunding Bond Ordinance	April 18, 2012	2,750,000	994,400		2,750,000	2,495,000		255,000	
12-3	Refunding Bond Ordinance	April 18, 2012	805,000			805,000	804,000		1,000	
12-6	Tax Appeal Refunds	May 9, 2012	700,000			700,000	678,627		21,373	
12-19	Road Impr./Acquisition of Equipment	Sept. 27, 2012	1,136,000			1,136,000	126,411		1,009,589	
				\$ 165,513	2,725,176	\$ 5,641,000	5,309,507		13,975	3,208,207

Deferred Charges Unfunded Capital Improvement Fund

	\$ 5,641,000
Cash	\$ 1,935,507
Refunding Bonds	3,299,000
Interfunds	75,000
	\$ 5,234,507

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Capital Improvement Fund**

**General Capital Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011	\$	9,390
Increased by:		
Budget Appropriation		<u>100,000</u>
		109,390
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>69,300</u>
Balance - December 31, 2012	\$	<u><u>40,090</u></u>

**BOROUGH OF ENGLEWOOD CLIFFS**

**Schedule of Reserve for Payment of Debt**

**General Capital Fund**

**Year ended December 31, 2012**

Balance - December 31, 2011	\$ <u>12,026</u>
Balance - December 31, 2012	\$ <u><u>12,026</u></u>

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

**General Capital Fund**

**Year ended December 31, 2012**

<u>Ordinance number</u>	<u>Improvement description</u>	Balance Dec. 31, <u>2011</u>	2012 <u>Authorizations</u>	<u>Decreased</u>	Balance Dec. 31, <u>2012</u>
98-08	Various Street Improvements	\$ 136			136
03-01	Refund of unfunded pension obligations	272			272
03-09	Tax Appeal Refunds	22,603			22,603
05-20	2005 Road Improvement Program	410			410
05-27	Imps. to West Bayview Avenue Park	376			376
08-01	Various Capital Improvements	724			724
08-09	Imps. to Clendenin Place/Kahn Terrace	26			26
09-12	Dredging and restoration of Pershing Pond	315,000			315,000
11-10	2011 Road Resurfacing Program	606,350			606,350
11-11	Various Impr./Acquisition of New Communication and Vehicles	994,400			994,400
12-2	Refunding Bond Ordinance		2,750,000	2,495,000	255,000
12-3	Refunding Bond Ordinance		805,000	804,000	1,000
12-6	Tax Appeal Refunds		700,000	700,000	
12-15	Amend 2011-11		237,500		237,500
12-19	Road Impr./Acquisition of Equipment		1,079,200	1,079,200	
		<u>\$ 1,940,297</u>	<u>5,571,700</u>	<u>5,078,200</u>	<u>2,433,797</u>
			Notes Issued	1,779,200	
			BCIA Refunding Bonds Issued	804,000	
			2012 General Obligation Refunding Bonds	<u>2,495,000</u>	
				<u>\$ 5,078,200</u>	

**BOROUGH OF ENGLEWOOD CLIFFS**

**PART II**

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

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**

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# Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

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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  
East Hanover, New Jersey 07442

We have audited 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, 2012, and have issued our report thereon dated April 24, 2013. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Borough of Englewood Cliffs prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit 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.

### **Internal Control Over Financial Reporting**

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



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

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

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

### **Compliance and Other Matters**

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

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

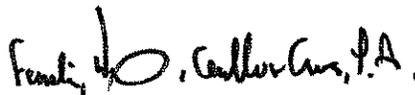
Honorable Mayor and  
Members of the Borough Council  
Page 3.

### **Purpose of this Report**

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



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



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

April 24, 2013



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## 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.

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:

Solid Waste Collection	2012 Road Improvement Program
2012 Ford Explorer XLT	Placement of Temporary Wireless Telecommunication
Galvanized Metal Berm Trop	Equipment
NJ Law Enforcement Accreditation	Shooting Range Equipment
Program	Leaf Removal Services
Garage Doors	Wood Chipper

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any 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.

**BOROUGH OF ENGLEWOOD CLIFFS**

**GENERAL COMMENTS, (continued)**

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 governing body on January 7, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, in accordance with the provisions of New Jersey Statute 54:4-67, the governing body of each municipality may, by resolution, fix the rate of interest to be charged for nonpayment of taxes or assessments, on or before the date on which they would become delinquent;

WHEREAS, R.S. 54:4-67 provides that the governing body by resolution, may provide that no interest shall be charged if payment of any installment is made within ten days after the date upon which the same become payable;

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 ten 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.  
able for expenditure.

## **BOROUGH OF ENGLEWOOD CLIFFS**

### **GENERAL COMMENTS**

#### **Finance:**

- 1.\* Goods and services are, in some instances, being ordered prior to encumbrance in violation of Technical Accounting Directive #1.
- 2.\* There are five capital ordinances with cash deficits, totaling \$23,797 over five years old, are unfunded.
- 3.\* There exists a substantial amount of appropriated grant reserves that are available for expenditure.
4. There was an over-expenditure of appropriated grant reserves for the Body Armor Grant in the amount of \$1,852.
5. There was one instance in which a refund resulting from a Tax Court Judgment was calculated incorrectly.
6. Transfers made to 2012 appropriations did not agree to the approved resolution.
7. There is an outstanding balance being carried on P.S.E.&G. invoices from December 2011.
8. Tax stubs are not being validated when payment is received making it impossible to determine if deposits are being made in a timely manner.

#### **Departments:**

##### **Board of Health**

- 1.\* State fees remitted for both marriage and dog licenses were not always in agreement with the amounts collected resulting in both over and under payments.

##### **Municipal Court**

1. There are stale outstanding checks classified as reconciling items in the fines account that are over one year old.
2. There are 180 tickets Assigned over 180 days on the December Management Report.
3. The bail on account per ATS/ACS does not agree to the reconciled cash balance at year end.

## **BOROUGH OF ENGLEWOOD CLIFFS**

### **RECOMMENDATIONS**

#### **Finance:**

- 1.\* That an encumbrance be made prior to goods and services being ordered in accordance with Technical Accounting Directive #1.
- 2.\* That all ordinances with cash deficits over five years old should be funded through budget appropriation.
- 3.\* That a greater effort be made to charge allowable grant expenditures to applicable appropriated grant reserves.
4. That more care be taken to ensure adequate funds are available prior to expending appropriated grant reserves.
5. That more care be taken when calculating refunds resulting from Tax Court Judgments.
6. That all transfers made agree to the approved resolution.
7. That invoice balances be reviewed and payments be made to eliminate any outstanding balance.
8. That all receipts be validated upon collection.

#### **Departments:**

##### **Board of Health**

- 1.\* A review of state fees collected be made prior to remittance to ensure an accurate reporting and disbursement of funds.

##### **Municipal Court**

1. Outstanding checks older than one year be cancelled by resolution.
2. Tickets Assigned over 180 days be recalled and reissued.
3. Court personnel review the bail on account per ATS/ACS and take steps to ensure it is in agreement with monthly cash reconciliations.

**BOROUGH OF ENGLEWOOD CLIFFS**

**STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATION**

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

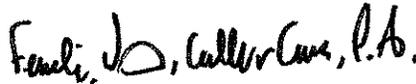
**ACKNOWLEDGMENT**

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

Respectfully submitted,



Steven D. Wielkocz  
Registered Municipal Accountant  
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

April 24, 2013