

BOROUGH OF ENGLEWOOD CLIFFS

**Financial Statements With
Supplementary Information**

December 31, 2013

(With Independent Auditor's Report Thereon)

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF ENGLEWOOD CLIFFS

Table of Contents

Part I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<u>FINANCIAL STATEMENTS</u>	
	<u>Current Fund</u>	
A	Balance Sheet-Regulatory Basis	5
A-1	Statement of Operations and Changes in Fund Balance-Regulatory Basis	7
A-2	Statement of Revenues-Regulatory Basis	8
A-3	Statement of Expenditures-Regulatory Basis	10
	<u>Trust Funds</u>	
B	Balance Sheet-Regulatory Basis	17
	<u>General Capital Fund</u>	
C	Balance Sheet-Regulatory Basis	19
C-1	Statement of Fund Balance - Regulatory Basis	20
	<u>General Fixed Assets Account Group</u>	
E	Statement of General Fixed Assets-Regulatory Basis	21
	Notes to Financial Statements	22
	Supplementary Data	46
	<u>Current Fund</u>	
A-4	Schedule of Cash - Collector-Treasurer	52
A-5	Schedule of Change Funds	53
A-6	Schedule of Petty Cash	53
A-7	Schedule of Grants Receivable	54

BOROUGH OF ENGLEWOOD CLIFFS

Table of Contents, Continued Part I, (continued)

<u>Exhibit</u>		<u>Page</u>
	<u>Current Fund</u>	
A-8	Schedule of Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	55
A-9	Schedule of Taxes Receivable and Analysis of Property Tax Levy	56
A-10	Schedule of Property Acquired for Taxes (at Assessed Valuation)	57
A-11	Schedule of Revenue Accounts Receivable	58
A-12	Schedule of Tax Title Liens Receivable	59
A-13	Schedule of 2012 Appropriation Reserves	60
A-14	Schedule of Encumbrances Payable	62
A-15	Schedule of Appropriated Reserves-Federal and State Grant Fund	63
A-16	Schedule of Unappropriated Reserves-Federal and State Grant Fund	64
A-17	Schedule of Prepaid Taxes	65
A-18	Schedule of Tax Overpayments	65
A-19	Schedule of County Taxes Payable	66
A-20	Schedule of Local District School Taxes Payable	67
A-21	Schedule of Interfunds	68
A-22	Schedule of Deferred Charges – N.J.S.A. 40A:4-53 Special Emergency Authorizations	69
A-23	Schedule of Miscellaneous Reserves	70
A-24	Schedule of Deferred Charges	71
A-25	Schedule of Special Emergency And Emergency Notes Payable	72
	<u>Trust Funds</u>	
B-1	Schedule of Cash - Collector-Treasurer	73
B-2	Schedule of Assessment Liens	74
B-3	Schedule of Tax Sale Receivable	74
B-4	Statement of Service Award Contribution Receivable	75
B-5	Schedule of Due to/(from) State Department of Health	76
B-6	Schedule of Interfunds	77
B-7	Schedule of Due to State of New Jersey-Assessment/Other Trust Fund	78
B-8	Schedule of Reserve for Assessment Liens	79
B-9	Schedule of Reserve – Other Trust Funds	80
B-10	Schedule of Reserve for Dog Fund Expenditures	81
B-11	Schedule of Reserve for Recycling Trust Deposits	82
B-12	Schedule of Reserve for Shade Tree Trust Deposits	82
B-13	Schedule of Reserve for COAH Development Expenditures COAH Development Trust Fund	83
B-14	Schedule of Reserve for DEA Forfeiture Expenditures DEA for Trust Fund	84
B-15	Statement of Net Assets Available for Benefits Emergency Volunteer Length of Service Award Program	85

BOROUGH OF ENGLEWOOD CLIFFS

Table of Contents, Continued

Part I, (continued)

<u>Exhibit</u>		<u>Page</u>
	<u>General Capital Fund</u>	
C-2	Schedule of Cash-Collector-Treasurer	86
C-3	Schedule of Analysis of Cash	87
C-4	Schedule of Grants Receivable - New Jersey Department of Transportation	88
C-5	Schedule of Grants Receivable - Bergen County Open Space Trust	88
C-6	Schedule of Due from Ambulance Corp.	88
C-7	Schedule of Interfunds	89
C-8	Schedule of Deferred Charges to Future Taxation – Funded	90
C-9	Schedule of Deferred Charges to Future Taxation – Unfunded	91
C-10	Schedule of Bond Anticipation Notes	93
C-11	Schedule of General Serial Bonds	94
C-12	Schedule of Capital Leases Payable	95
C-13	Schedule of Improvement Authorizations	96
C-14	Schedule of Capital Improvement Fund	97
C-15	Schedule of Reserve for Payment of Debt	98
C-16	Schedule of Bonds and Notes Authorized but not Issued	99

Part II

Independent Auditor's Report on Internal Control over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	100
General Comments	102
Recommendations	105
Status of Prior Year Audit Findings/Recommendations	106
Acknowledgment	106

THIS PAGE INTENTIONALLY LEFT BLANK

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Englewood Cliffs in the County of Bergen, New Jersey, as of December 31, 2013 and 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, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Englewood Cliffs on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Englewood Cliffs as of December 31, 2013, or changes in financial position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 13 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$654,315 and \$513,351 for 2013 and 2012, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2013 and 2012, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2013 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 July 15, 2014 on our consideration of the Borough of Englewood Cliffs’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

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

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



Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CROO413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

July 15, 2014



BOROUGH OF ENGLEWOOD CLIFFS

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2013 and 2012

<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Current Fund:			
Cash	A-4	\$ 3,043,634	2,714,788
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	898	1,653
		<u>3,045,032</u>	<u>2,716,941</u>
Receivables with full reserves:			
Delinquent property taxes receivable	A-9	484,184	417,225
Property acquired for taxes - assessed valuation	A-10	39,528	39,528
Revenue accounts receivable	A-11	82,978	218,160
Tax Title Liens Receivable	A-12	19,222	15,926
Due from:			
General Capital Fund	A-21	78,336	1,072
Assessment/Other Trust Fund	A-21	5,750	917
Dog License Trust Fund	A-21	3,340	1,341
Shade Tree Trust Fund	A-21	8	
Payroll Account	A-21	14,500	
		<u>727,846</u>	<u>694,169</u>
Deferred Charges:			
Emergency Authorizations	A-24		200,000
Overexpenditure of Appropriated Reserve	A-24	1,852	1,852
Expenditures without Appropriations	A-24	12,658	
Special Emergency Authorization	A-22	608,289	812,966
		<u>622,799</u>	<u>1,014,818</u>
Total Current Fund		4,395,677	4,425,928
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-7	36,310	39,867
Due From Current Fund	A-21	152,494	153,527
		<u>188,804</u>	<u>193,394</u>
		<u>\$ 4,584,481</u>	<u>4,619,322</u>

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation reserves	A-3, A-12	596,813	619,418
Encumbrances	A-14	122,411	151,522
Prepaid taxes	A-17	411,899	286,637
Tax overpayments	A-18	109,349	103,601
Due to county for added taxes	A-19	19,587	30,194
Due to State and Federal Grant Fund	A-21	152,494	153,527
Reserve for:			
State Library Aid	A-23	4,600	3,675
Master Plan	A-23	1,675	1,675
BCUA Recycling Grant	A-23	11,445	11,445
Outside Tax Title Lien Redemption	A-23	10,233	10,233
Special Emergency Notes Payable	A-25	608,289	812,966
Emergency Note Payable	A-25	590,000	200,000
		<u>2,638,795</u>	<u>2,384,893</u>
Reserve for receivables		727,846	694,169
Fund balance	A-1	<u>1,029,036</u>	<u>1,346,866</u>
		<u>4,395,677</u>	<u>4,425,928</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-15	111,756	137,870
Encumbrances Payable	A-15		820
Unappropriated Reserves	A-16	77,048	54,704
		<u>188,804</u>	<u>193,394</u>
		<u>\$ 4,584,481</u>	<u>4,619,322</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenue and other income:		
Fund balance utilized	\$ 850,000	
Miscellaneous revenues anticipated	3,014,934	2,458,336
Receipts from delinquent taxes	409,335	423,646
Receipts from current taxes	28,395,527	27,832,086
Non-budget revenue	124,434	180,991
Other credits to income:		
Animal License Fund Excess		1,341
Prior year's interfunds returned	917	9,316
Tax Overpayments Cancelled		164,140
Unexpended Balance of Appropriation Reserves	205,231	175,376
Total revenue and other income	33,000,378	31,245,232
Expenditures:		
Budget appropriations:		
Operations:		
Salaries and wages	5,465,529	5,321,726
Other expenses	6,504,313	5,315,913
Municipal debt service	1,843,128	1,540,815
Deferred charges and statutory expenditures - municipal	1,494,038	1,272,088
Capital Improvement Fund	129,100	100,000
Local district school taxes	10,235,576	10,094,292
County taxes	7,262,752	6,922,156
County share of added taxes	19,587	30,194
Interfund Advanced	89,613	3,330
Expenditures without appropriations	12,658	
Prior Year Refunds	14,572	154,329
Total expenditures	33,070,866	30,754,843
Excess/(Deficit) in revenue	(70,488)	490,389
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years	602,658	524,158
Statutory Excess to Surplus	532,170	1,014,547
Fund balance, January 1	1,346,866	332,319
	1,879,036	1,346,866
Decreased by utilization as anticipated revenue	850,000	
Fund balance, December 31	\$ 1,029,036	1,346,866

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus anticipated	\$ 850,000	850,000	
Miscellaneous revenues:			
Licenses - alcoholic beverages	\$ 16,400	16,800	400
Fees and permits:			
Construction Code Official	263,500	361,245	97,745
Other	15,000	19,586	4,586
Municipal Court - fines and costs	1,000,000	938,041	(61,959)
Interest and costs on taxes	85,000	106,160	21,160
Interest on Investments	3,000	9,458	6,458
Commercial Sewer User Fees	195,000	300,403	105,403
Cable TV - Annual Fees	15,000	14,965	(35)
Cell Tower - Annual Leases	230,000	283,316	53,316
Burglar Alarm Fees	12,000	12,150	150
Elevator Fees	30,000	32,841	2,841
Energy Receipts Tax	691,474	684,893	(6,581)
General Capital Fund Balance	49,483	49,483	
FEMA Reimbursement	100,000	92,768	(7,232)
Recreation Fees	85,000	92,825	7,825
Total miscellaneous revenues	<u>2,790,857</u>	<u>3,014,934</u>	<u>224,077</u>
Receipts from delinquent taxes	<u>415,000</u>	<u>409,335</u>	<u>(5,665)</u>
Amount to be raised by taxes for support of municipal budget - local tax for municipal purposes	<u>11,323,637</u>	<u>11,207,951</u>	<u>(115,686)</u>
Budget totals	<u>\$ 15,379,494</u>	15,482,220	<u>102,726</u>
Nonbudget revenue		<u>124,434</u>	
		<u>\$ 15,606,654</u>	

BOROUGH OF ENGLEWOOD CLIFFS
Comparative Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2013

Allocation of current tax collections:	
Revenue from collections	28,395,527
Less: Allocated to school and county taxes	<u>17,617,076</u>
Balance for support of municipal budget	10,778,451
 Add reserve for uncollected taxes	 <u>429,500</u>
 Amount for support of municipal budget	 \$ <u><u>11,207,951</u></u>
 <u>Analysis of non-budget revenue:</u>	
Board of Health	6,550
Miscellaneous	7,226
Closed Accounts	27,168
JIF Reimbursement	2,500
Sewer Hookups	62,100
Police Reports	1,982
Bus Shelter	885
Fines	700
Auction Proceeds	10,200
Stormwater Contribution	4,802
Rent	<u>321</u>
	\$ <u><u>124,434</u></u>

See accompanying notes to financial statements.

Borough of Englewood Cliffs
 Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Total for 2013 as Modified by all Transfers	Expended 2013		Cancelled
			Paid or Charged	Reserved	
Operations-within "CAPS"					
General government:					
Administrative and executive:					
Salaries and wages	\$ 110,100	110,100	107,254	2,846	
Other expenses	81,350	81,350	79,105	2,245	
Governing Body					
Salaries and wages	12,500	12,500	10,625	1,875	
Financial administration:					
Other expenses	52,000	52,000	39,250	12,750	
Collection of Taxes:					
Salaries and wages	212,364	212,364	203,268	9,096	
Other expenses	25,000	25,246	25,245	1	
Assessment of Taxes:					
Salaries and wages	19,740	22,025	22,024	1	
Other expenses	2,920	3,542	3,541	1	
Legal services and costs:					
Other expenses	150,000	150,000	139,587	10,413	
Appraisal Fees	60,000	60,000	26,528	33,472	
Engineering services and costs					
Other expenses	45,000	45,000	26,356	18,644	
Insurance					
Other insurance premiums	431,105	431,105	429,742	1,363	
Group insurance plan for employees	1,294,150	1,323,179	1,317,348	5,831	
Municipal Land Use Law (NJSA40:55D-1)					
Zoning Officer	18,000	18,000	18,000		
Salaries and wages					
Planning Board:					
Other expenses	90,000	90,000	25,975	64,025	

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<u>Budget</u>	Total for 2013 as Modified by all <u>Transfers</u>	<u>Expended 2013</u>		<u>Cancelled</u>
			<u>Paid or Charged</u>	<u>Reserved</u>	
Public safety:					
Police:					
Salaries and wages	3,594,500	3,746,500	3,742,634	3,866	
Other expenses	266,456	266,456	242,552	23,904	
First Aid Organization					
Salaries and wages	63,000	63,000	54,362	8,638	
Fire Hydrant Services	92,815	92,815	85,080	7,735	
Other expenses	77,932	77,932	71,216	6,716	
Clothing expenses	23,000	23,650	23,650		
Municipal Court:					
Salaries and Wages- Prosc/Pub Defender	14,911	15,136	15,136		
Public Works Function:					
Road repairs and maintenance:					
Salaries and wages	834,881	834,881	807,101	27,780	
Other expenses	83,750	83,750	83,280	470	
Gasoline	90,000	90,000	71,135	18,865	
Garbage and Trash Removal:					
Other expenses	413,250	350,881	272,040	78,841	
Recycling:					
Other expenses	1,200	1,200	125	1,075	
Public Buildings and Grounds:					
Other expenses	51,600	70,600	70,070	530	
Sewer System:					
Other expenses	31,500	31,500	25,906	5,594	
Shade Tree:					
Salaries and wages	5,001	5,001	4,187	814	
Other expenses	87,650	87,650	87,632	18	

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<u>Budget</u>	Total for 2013 as Modified by all <u>Transfers</u>	<u>Expended 2013</u>		<u>Cancelled</u>
			<u>Charged</u>	<u>Reserved</u>	
Health and Welfare:					
Board of Health:					
Salaries and wages	10,000	10,000	10,000		
Other expenses	41,062	41,062	36,568	4,494	
Other expenses	1,000	1,000	292	708	
Senior Citizens Committee:					
Other expenses	28,000	28,000	24,953	3,047	
Parks and Playgrounds:					
Salaries and wages	105,200	95,200	84,392	10,808	
Other expenses	57,700	63,200	63,101	99	
Library service - contract					
Main. of Free Public Library	225,000	225,012	225,012		
Celebration of public event, anniversary or holiday					
Other expenses	7,500	7,500	3,573	3,927	
Rental of Building	2,500	2,500	2,500		
Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
State Uniform Construction Code Official:					
Construction official					
Salaries and wages	102,907	102,907	101,645	1,262	
Other expenses	10,750	10,750	8,451	2,299	
Plumbing inspector					
Salaries and wages	9,862	9,862	9,862		
Fire Sub-Code Official:					
Salaries and wages	10,000	10,000	5,000	5,000	
Sewer Inspection					
Salaries and wages	6,000	6,000	6,000		

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Total for 2013 as Modified by all Transfers	Expended 2013		Cancelled
			Paid or Charged	Reserved	
Fire Prevention					
Salaries and Wages	12,746	12,746	12,746		
Other Expenses	3,850	3,850	2,045	1,805	
Elevator Inspections					
Other expenses	29,000	29,000	28,383	617	
Electrical Inspections					
Salaries and wages	10,123	10,123	9,585	538	
Municipal Court					
Salaries & Wages	137,884	144,184	144,107	77	
Other Expenses	19,600	19,600	19,600		
Red Light Camera- Other Expenses	550,000	550,000	449,107	20,893	80,000
Terminal Leave					
Salaries & Wages	25,000	25,000	25,000		
Unclassified:					
Utilities:					
Gasoline, electricity, heating oil	145,000	145,000	105,596	39,404	
Telephone and fax	120,000	120,000	85,899	34,101	
Street lighting	146,000	146,000	126,911	19,089	
Water	26,000	26,000	23,497	2,503	
Salary and Wage Adjustment	143,500				
Emergency - Tax Appeal Refunds		590,000	590,000		
Total Operations within "CAPS"	10,321,859	10,911,859	10,333,778	498,081	80,000
Contingent					
Total Operations Including Contingent-within "CAPS"	10,321,859	10,911,859	10,333,778	498,081	80,000
Detail:					
Salaries & Wages	5,458,219	5,465,529	5,392,928	72,601	
Other Expenses (Including Contingent)	4,863,640	5,446,330	4,940,850	425,480	

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Total for 2013 as Modified by all Transfers	Expended 2013		Reserved	Cancelled
			Paid or Charged			
(E) Deferred Charges and Statutory Expenditures-Municipal within "CAPS"						
(2) STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees' Retirement System	139,219	139,219	138,179		1,040	
Social Security System (O.A.S.I.)	225,000	225,000	204,869		20,131	
Police and Firemen's Retirement System of NJ	724,152	724,152	705,922		18,230	
DCRP	1,000	1,000			1,000	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	1,089,371	1,089,371	1,048,970		40,401	
Total General Appropriations for Municipal Purposes within "CAPS"	11,411,230	12,001,230	11,382,748		538,482	80,000
Operations - Excluded from "CAPS"						
Bergen County Utilities Authority						
Service charges	1,013,959	1,013,959	1,013,957		2	
Sewer charges - Borough of Tenafly	12,000	12,000	8,554		3,446	
Sewer charges - City of Englewood	30,000	30,000			30,000	
LOSAP	20,774	20,774	17,407		3,367	
Health Insurance Exclusion	61,250	61,250	61,250			

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Total for 2013 as Modified by all Transfers	Expended 2013 Paid or Charged	Reserved	Cancelled
Total Operations-Excluded from "CAPS"	1,137,983	1,137,983	1,101,168	36,815	
Detail:					
Other Expenses	1,137,983	1,137,983	1,101,168	36,815	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	129,100	129,100	107,584	21,516	
Total Capital Improvements Excluded from "CAPS"	129,100	129,100	107,584	21,516	
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	770,000	770,000	770,000		
Payment of Bond Anticipation Notes and Capital Notes	622,014	622,014	622,014		1,990
Interest on Bonds	290,000	290,000	288,010		1,162
Interest on Notes	101,000	101,000	99,838		
Bergen County Improvement Authority					
Principal on Capital Leases	44,000	44,000	31,000		13,000
Interest on Capital Leases	40,000	40,000	32,266		7,734
Total Municipal Debt Service-Excluded from "CAPS"	1,867,014	1,867,014	1,843,128		23,886
Deferred Charges:					
Emergency Authorizaton	200,000	200,000	200,000		
Special Emergency Authorizations- 5 years (N.J.S. 40A:4-55)	204,667	204,667	204,667		
Total Deferred Charges - Municipal - Excluded from "CAPS"	404,667	404,667	404,667		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,538,764	3,538,764	3,456,547	58,331	23,886

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Total for 2013 as Modified by all Transfers	Expended 2013		Cancelled
			Paid or Charged	Reserved	
Total General Appropriations-Excluded from "CAPS"	<u>3,538,764</u>	<u>3,538,764</u>	<u>3,456,547</u>	<u>58,331</u>	<u>23,886</u>
Subtotal General Appropriations	14,949,994	15,539,994	14,839,295	596,813	103,886
Reserve for Uncollected Taxes	<u>429,500</u>	<u>429,500</u>	<u>429,500</u>		
Total General Appropriations	<u>\$ 15,379,494</u>	<u>15,969,494</u>	<u>15,268,795</u>	<u>596,813</u>	<u>103,886</u>

Emergency Appropriation	590,000
Adopted Budget	<u>15,379,494</u>
	<u>\$ 15,969,494</u>

Encumbrances	122,411
Deferred Charges	404,667
Reserve for uncollected taxes	429,500
Due to General Capital Fund	10,521
Emergency Funded by Improvement Authorization	590,000
Cash	<u>13,711,696</u>
	<u>\$ 15,268,795</u>

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2013 and 2012

<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Assessment/Other Trust Fund:			
Cash	B-1	1,137,782	736,662
Assessment liens receivable	B-2	78	78
Tax Sale Receivable	B-3	50	50
Due from Recycling Trust	B-6	600	26,325
		<u>1,138,510</u>	<u>763,115</u>
Dog License Trust Fund:			
Cash	B-1	6,411	4,873
Due from State of New Jersey	B-5	118	113
		<u>6,529</u>	<u>4,986</u>
Recycling Trust Fund:			
Cash	B-1	<u>34,184</u>	<u>108,005</u>
Shade Tree Trust Fund:			
Cash	B-1	<u>31,264</u>	<u>21,995</u>
COAH Development Trust:			
Cash	B-1	<u>1,281,950</u>	<u>1,066,768</u>
DEA Forfeiture Trust:			
Cash	B-1	29,642	10,917
Due from General Capital Fund	B-6		50,000
		<u>29,642</u>	<u>60,917</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	635,247	485,341
Contributions Receivable	B-4	19,068	28,010
		<u>654,315</u>	<u>513,351</u>
		<u>\$ 3,176,394</u>	<u>2,539,137</u>

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Assessment/Other Trust Fund:			
Due to Current Fund:			
Assessment/Other Trust	B-6	1,218	736
Escrow Trust Fund	B-6	4,532	181
Due to State of New Jersey	B-7	7,307	6,749
Reserve for Assessments and Liens	B-8	78	78
Reserve For:			
Other Trust Deposits	B-9	1,125,375	755,371
		<u>1,138,510</u>	<u>763,115</u>
Dog License Fund:			
Due to Current	B-6	3,340	1,341
Reserve for Dog Fund expenditures	B-10	3,189	3,645
		<u>6,529</u>	<u>4,986</u>
Recycling Trust Fund:			
Reserve for Recycling expenditures	B-11	33,584	81,680
Due to Other Trust Fund	B-6	600	26,325
		<u>34,184</u>	<u>108,005</u>
Shade Tree Trust Fund:			
Due to Current Fund	B-6	8	
Reserve for Shade Tree expenditures	B-12	31,256	21,995
		<u>31,264</u>	<u>21,995</u>
COAH Development Trust:			
Reserve for COAH Development expenditures	B-13	1,281,950	1,066,768
DEA Forfeiture Trust			
Reserve for Expenditures	B-14	29,642	60,917
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets available for Benefits	B-15	654,315	513,351
		<u>\$ 3,176,394</u>	<u>2,539,137</u>

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash	C-2,C-3	\$ 82,556	807,931
Overexpenditures of Improvement Authorization, Ord. 2012-06		3,524	
Grants Receivable			
New Jersey Department of Transportation	C-4	173,074	23,074
Bergen County Open Space Trust Fund	C-5	10,051	10,051
Due from Ambulance Corp.	C-6	100,000	100,000
Deferred Charges to Future Taxation:			
Funded	C-8	7,666,000	8,480,000
Unfunded	C-9	12,407,166	10,604,430
		<u>\$ 20,442,371</u>	<u>20,025,486</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Due to Current Fund	C-7	78,336	1,072
Due to DEA Trust Fund	C-7		50,000
Bond Anticipation Notes	C-10	9,149,369	8,170,633
General Serial Bonds	C-11	6,875,000	7,645,000
Capital Leases Payable	C-12	791,000	835,000
Improvement Authorizations:			
Funded	C-13	40,688	13,975
Unfunded	C-13	3,392,333	3,208,207
Capital Improvement Fund	C-14	52,424	40,090
Reserve for Payment of Debt	C-15	12,026	12,026
Fund Balance	C-1	51,195	49,483
		<u>\$ 20,442,371</u>	<u>20,025,486</u>

There were \$3,257,797 and \$2,433,797 of Bonds and Notes Authorized But Not Issued on December 31, 2013 and 2012 respectively (Exhibit C-16).

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Statement of Fund Balance - Regulatory Basis

General Capital Fund

Year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
Balance - December 31, 2012	\$ 49,483	223,810
Increased by:		
Premium received on Note Sale	<u>51,195</u>	<u>49,483</u>
	100,678	273,293
Decreased by:		
Current Fund Budget Revenue	<u>49,483</u>	<u>223,810</u>
Balance - December 31, 2013	<u>\$ 51,195</u>	<u>49,483</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
General fixed assets:		
Land	\$ 73,800,228	73,800,228
Buildings	9,242,637	9,242,637
Vehicles and equipment	<u>5,433,266</u>	<u>5,433,266</u>
	<u>88,476,131</u>	<u>88,476,131</u>
Investment in general fixed assets	<u>\$ 88,476,131</u>	<u>88,476,131</u>

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 AND 2012
(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, 2013 AND 2012
(CONTINUED)

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

Basis of Accounting

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month in the fiscal year when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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 2013, the Mayor and Council approved \$590,000 in emergency appropriations for tax appeal refunds. This emergency appropriation was subsequently funded by the adoption of Improvement Authorization 2013-15. In addition, several budget transfers were approved by the governing body.

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, 2013 AND 2012
(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, 2013 AND 2012
(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, 2013 AND 2012
(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 Firemen's 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 Firemen's 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, 2013 AND 2012
(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 $\frac{1}{4}$ 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
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

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</u> <u>December 31,</u>	<u>PERS</u> <u>Amount</u>	<u>PFRS</u> <u>Amount</u>
2013	\$138,179	\$705,922
2012	134,580	707,293
2011	148,819	928,136

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.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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 remain 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.

The Borough's contribution to the DCRP were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>DCRP Amount</u>
2013	\$1,000
2012	-0-
2011	-0-

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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, 2013 were as follows:

The Borough of Englewood Cliffs contributions to SHBP for post-retirement benefits for the years ended December 31, 2013 and 2012 were \$511,408 and \$435,592, respectively, which equaled the required contribution for each year.

NOTE 4. MUNICIPAL DEBT

Long-term debt as of December 31, 2013 consisted of the following:

	Balance Dec. 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$7,645,000	\$	\$770,000	\$6,875,000	\$1,235,000
Other Liabilities:					
Pension Deferral	418,034		21,457	396,577	23,932
General Capital:					
BCIA Leases Payable	835,000		44,000	791,000	50,000
Compensated Absences Payable	<u>2,642,401</u>	<u>144,145</u>	<u>752,367</u>	<u>2,034,179</u>	
Total Long Term debt	<u>\$3,895,435</u>	<u>\$144,145</u>	<u>\$1,587,824</u>	<u>\$10,096,756</u>	<u>\$1,308,932</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
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 4. MUNICIPAL DEBT, (continued)

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Issued:			
General - Bonds, Notes and Loans	\$16,024,369	\$15,815,633	\$15,074,779
Authorized But Not Issued - General Bonds and Notes	<u>3,257,797</u>	<u>2,433,797</u>	<u>1,940,297</u>
Total Bonds, Notes and Loans Issued and Authorized Not Issued	19,282,166	18,249,430	17,015,076
Less Deductions	<u>12,026</u>	<u>12,026</u>	<u>12,026</u>
Net Debt	<u>\$19,270,140</u>	<u>\$18,237,404</u>	<u>\$17,003,050</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 .605%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
			19,270,140
General Debt	\$19,282,166	\$12,026	
Local School Debt	<u>2,451,190</u>	<u>2,451,190</u>	<u>0</u>
	<u>\$21,733,356</u>	<u>\$2,463,216</u>	<u>\$19,270,140</u>

Net debt of \$19,270,140 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$3,185,424,220 equals .605%.

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

3-1/2% of equalized valuation basis (municipal)	\$111,489,848
Less net debt	<u>\$19,270,140</u>
Remaining Borrowing Power	<u>\$92,219,708</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 4. MUNICIPAL DEBT, (continued)

The Borough's long-term debt consisted of the following at December 31, 2013:

Paid by Current Fund:

\$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	\$4,395,000
\$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>2,480,000</u>
 Total General Serial Bonds	 <u>\$6,875,000</u>

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

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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	1,051,305	910,000	141,305
2019-2022	<u>2,898,345</u>	<u>2,620,000</u>	<u>278,345</u>
	<u>\$8,148,376</u>	<u>\$6,875,000</u>	<u>\$1,273,376</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, 2013, the Borough had authorized but not issued debt of \$3,257,797.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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, 2013:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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	86,964	72,000	14,964
2019-2023	<u>528,322</u>	<u>488,000</u>	<u>40,322</u>
	<u>\$915,687</u>	<u>\$791,000</u>	<u>\$124,687</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, 2013, the Borough had \$9,149,369 in outstanding bond anticipation notes maturing on March 21, 2014 with an interest rate of 1.00%. Bond Anticipation Notes of \$7,999,369 were funded by the sale of \$9,885,000 in General Obligation Bonds on March 15, 2014.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 6. BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2013.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes Payable:				
TD Securities (USA) LLC	\$0	\$8,070,169	\$	\$8,070,169
Bank of New Jersey	1,779,200		1,779,200	0
Jeffries & Company LLC	<u>6,391,433</u>	<u>1,079,200</u>	<u>6,391,433</u>	<u>1,079,200</u>
	<u>\$8,170,633</u>	<u>\$9,149,369</u>	<u>\$8,170,633</u>	<u>\$9,149,369</u>

NOTE 7. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheet of the various funds:

	<u>Balance December 31, 2013</u>	<u>2014 Budget Appropriation</u>	<u>Balance to Succeeding Budget</u>
<u>Current Fund:</u>			
Special Emergency - N.J.S.A. 40A:4-53	\$608,289	\$204,677	403,612
Overexpenditure of Appropriate Reserve	1,852	1,852	-0-
Expenditures without Appropriations	<u>12,658</u>	<u>12,658</u>	<u>-0-</u>
Total Current Fund	<u>622,799</u>	<u>219,187</u>	<u>403,612</u>
<u>General Capital Fund:</u>			
Overexpenditure of Improvement Authorization	<u>3,524</u>	<u>3,524</u>	<u>-0-</u>
Total General Capital Fund	<u>3,524</u>	<u>3,524</u>	<u>-0-</u>
Total Deferred Charges	<u>\$626,323</u>	<u>\$222,711</u>	<u>\$403,612</u>

NOTE 8. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2013 which has been appropriated as revenue in the 2014 budget is as follows:

Current Fund	<u>\$850,000</u>
--------------	------------------

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 9. 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 \$2,034,179 as of December 31, 2013. This amount is not reported either as an expenditure or liability.

NOTE 10. 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, 2013 and 2012, \$-0- of the Borough's bank balance of \$7,413,915 and \$6,642,331, respectively, were exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 10. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

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, 2013 and 2012 amounted to \$635,247 and \$485,341, respectively.

The following investments represent the total invested with AIG on December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Aggressive Growth Lifestyle	\$	\$5,581
Asset Allocation Fund	1,506	21,380
Blue Chip Growth Fund	1,585	20,140
Capital Conservation		2,402
Emerging Economies	158	
Fixed Account Plus	4,651	46,651
Dividend Value	989	22,539
Global Strategy		10,842
Government Securities Fund	1,481	11,597
Growth Fund		2,526
Growth & Income Fund	158	2,498
Health Sciences	317	
High Yield Bond Fund		1,823
International Equities Fund		1,283
International Opportunities		1,332
Mid Cap Growth Fund		559
Mid Cap Index Fund	2,742	43,696
Mid Cap Value Fund	5,548	104,669
Moderate Growth Lifestyle		3,160
Money Market I Fund	3,066	51,110
NASDAQ-100R Index Fund		2,546
Science & Technology Fund	3,091	52,954
Short Term Fixed Account	1,481	
Small Cap Value Fund		1,798
Stock Index Fund	1,237	74,255
	<u>\$28,010</u>	<u>\$485,341</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 11. 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, 2013 and 2012 as follows:

	<u>2013</u>	<u>2012</u>
Balance of tax	\$5,167,368	\$5,068,207
Deferred	<u>5,167,368</u>	<u>5,068,207</u>
Tax payable	<u>\$ -0-</u>	<u>\$ -0-</u>

NOTE 12. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2013.

	<u>Balance Dec. 31, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2013</u>
Land	\$73,800,228	\$	\$	\$73,800,228
Buildings	9,237,137	5,500		9,242,637
Vehicles and Equipment	<u>5,192,939</u>	<u>240,327</u>		<u>5,433,266</u>
	<u>\$88,230,304</u>	<u>\$245,827</u>	<u>\$</u>	<u>\$88,476,131</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 13. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2013 consist of the following:

\$14,500	Due to the Current Fund from the Payroll Account for advances made in error.
152,494	Due to Federal and State Grant Fund from the Current Fund for grant awards received less cash disbursements made.
78,336	Due to Current Fund from the General Capital Fund for interest earnings, budget revenue realized and reimbursement of tax appeals paid.
3,340	Due to the current Fund from the Animal License Fund for statutory excess.
4,532	Due to the Current Fund from the Escrow Trust Fund for interest earnings not turned over.
1,218	Due to Current Fund from the Other Trust Fund for deposits made in error and interest earned on investments
8	Due to the Current Fund from the Shade Tree Trust Fund for reimbursement of expenditures paid.
<u>600</u>	Due to the Other Trust Fund from the Recycling Trust Fund for reimbursement of expenditures paid.
<u>\$255,028</u>	

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

NOTE 14. 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
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 14. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

We have reviewed the plan for the year ended December 31, 2013 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 15. 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 2013 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, 2013 AND 2012
(CONTINUED)**

NOTE 16. 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, 2013</u>	<u>Balance Dec 31, 2012</u>
Prepaid Taxes	\$411,899	\$286,637
Cash Liability for Taxes Collected in Advance	<u>\$411,899</u>	<u>\$286,637</u>

NOTE 17. 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**

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

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

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>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 18. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

(a) **Miscellaneous Tax Appeals, (continued)**

On May 9, 2012, the Mayor and Council adopted a \$700,000 refunding bond ordinance for tax appeal refunds. This ordinance was introduced by the Mayor and Council at their meeting on April 18, 2012 and the application was heard by the Local Finance Board at their meeting of April 11, 2012. The Local Finance Board approved the application at this meeting for a repayment of 3 years as follows:

2013	\$225,000
2014	235,000
2015	<u>240,000</u>
	<u>\$700,000</u>

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

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

NOTE 19. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through July 15, 2014, the date which the financial statements were available to be issued. The following items were noted for disclosure:

The Borough issued \$9,885,00 in General Obligation Bonds on March 15, 2014 to permanently finance \$7,999,369 in outstanding Bond Anticipate Notes to fund \$1,885,631 of previously unfunded projects.

SUPPLEMENTARY DATA

THIS PAGE INTENTIONALLY LEFT BLANK

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 (1/1/13-7/11/13)		
Melanie Simon	Councilwoman		
Edward Aversa	Councilman		
Gloria Oh	Councilwoman		
Nora Jobson	Councilwoman (7/13-12/31/13)		
Lisette M. Duffy	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		
Antoinette Ceccone	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>2013</u>	<u>2012</u>	<u>2011</u>
Tax rate	<u>0.849</u>	<u>0.825</u>	<u>0.795</u>
Apportionment of tax rate:			
Municipal	0.332	0.324	0.305
School	0.303	0.297	0.197
County	<u>0.214</u>	<u>0.204</u>	<u>0.293</u>

Assessed Value

2013	\$ 3,406,511,537
2012	3,416,882,638
2011	3,428,644,542

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>
2013	\$ 28,999,117	28,395,527	97.92%
2012	28,311,393	27,832,086	98.31%
2011	27,271,226	26,725,283	98.00%

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>
2013	\$ 484,184	19,222	503,406	1.74%
2012	417,225	15,926	433,151	1.53%
2011	433,675	8,664	442,339	1.62%

BOROUGH OF ENGLEWOOD CLIFFS

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2013 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>
2013	\$	39,528
2012		39,528
2011		39,528

Comparative Schedule of Fund Balance

	<u>Year</u>		<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2013	\$	1,029,036	850,000
	2012		1,346,866	500,000
	2011		325,945	
	2010		1,138,849	955,000
	2009		731,467	604,000

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Expenditures of State Awards
Year ended December 31, 2013

State grantor	Program	Grant number	Grant year	Grant award	Cash Received	Expended	MEMO
							Cumulative Total Expenditures
<u>Current Fund:</u> Division of Criminal Justice	Body Armor	1020-718-066-1020-001-YCJS-6120	2010	2,460	-	-	-
	Body Armor	1020-718-066-1020-001-YCJS-6120	2011	2,777	-	-	-
	Body Armor	1020-718-066-1020-001-YCJS-6120	2013	3,468	3,468	-	-
	Alcohol Education and Rehabilitation	9735-760-098-Y900-001-X100-6021	2007	603	-	-	-
	Alcohol Education and Rehabilitation	9735-760-098-Y900-001-X100-6020	2012	1,349	-	-	-
	Alcohol Education and Rehabilitation	9735-760-098-Y900-001-X100-6020	2013	581	581	-	-
				4,049			
Division of Motor Vehicles	Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2003	509	-	-	138
	Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2004	1,141	-	-	-
	Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2005	279	-	-	-
	Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2009	378	-	-	-
							138
Department of Health	Hepatitis B	4230-100-046-4781-241-J002-3890	2002	756	-	-	21
	Domestic Violence Grant		2006	1,000	-	-	21
Department of Environmental Protection	Clean Communities Act	4900-765-042-4900-004-VCMC-6020	2003	5,539	-	2,252	5,539
	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	-	2,283	2,283
	Clean Communities Act	4900-765-042-4900-004-VCMC-6020	2007	6,921	-	-	1,560
	Clean Communities Act	4900-765-042-4900-004-VCMC-6020	2008	7,702	-	-	-
	Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2010	9,861	-	-	-
	Clean Communities Act	4900-765-042-4900-004-V42Y-6021	2012	9,688	-	-	-
	Clean Communities Act	4900-765-042-4900-004-V42Y-6021	2013	11,375	11,375	-	-
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2004	4,826	-	-	1,141
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2005	5,160	-	-	-
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2006	4,179	-	-	-
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2007	3,078	-	-	-
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2008	1,776	-	-	-

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Expenditures of State Awards

Year ended December 31, 2013

State grantor	Program	Grant number	Grant year	Grant award	Cash Received	Expended	MEMO Cumulative Total Expenditures
Department of Environmental Protection, (cont.)	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2009	13,777	-	-	-
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6021	2010	20,865	-	-	-
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6022	2011	7,326	-	-	-
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6022	2013	6,920	6,920	-	-
					<u>18,295</u>	<u>15,988</u>	<u>21,976</u>
				\$	<u>22,344</u>	<u>15,988</u>	<u>22,135</u>
	Total State Financial Assistance						
Other Financial Assistance							
The Heritage Program (Firemen's Fund Insurance Company)	Fireman's Fund Grant	N/A	2011	12,774	-	1,901	11,207
						<u>1,901</u>	<u>11,207</u>
County of Bergen	Municipal Recycling Assistance Program		PY 2005	11,163	-	-	-
			PY 2007	10,211	-	-	-
				4,008	-	-	500
				2,549	-	-	-
							<u>500</u>
County of Bergen	Municipal Open Space - Trust Fund		2008	92,500	-	-	92,500
	Rehab. Of Woodland Park Basketball Courts	Ord. 2009-5					
Passed through - County of Bergen	Municipal Alliance on Alcoholism and Drug Abuse		2009	11,500	-	2,400	5,351
	Municipal Alliance on Alcoholism and Drug Abuse		2010	10,356	-	-	2,036
	Municipal Alliance on Alcoholism and Drug Abuse		2011	10,356	-	-	742
	Municipal Alliance on Alcoholism and Drug Abuse		2012	10,356	3,557	5,825	10,356
					<u>3,557</u>	<u>8,225</u>	<u>18,485</u>
					<u>3,557</u>	<u>10,126</u>	<u>122,692</u>
	Total State and Other Financial Assistance			\$	<u>25,901</u>	<u>26,114</u>	<u>144,827</u>

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

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Federal Financial Assistance
Year ended December 31, 2013

	Program	CEDA #	Grant year	Grant award	Cash Received	Expended	MEMO Cumulative Total Expenditures
<u>Federal grantor</u> Federal and State Grant Fund: Department of Housing and Urban Development	Community Development Block Grant	14.219	2000	\$ 20,000	\$	\$	5,789
<i>Total Federal and State Grant Fund</i>							
<u>Current Fund:</u> Department of Homeland Security	Disaster Grants - Public Assistance (Presidentially Declared Disasters Hurricane Sandy - DR 4086)	97.036	97.036	92,768	92,768	92,768	92,768
<i>Total Current Fund</i>							
<u>General Capital Fund:</u> Department of Transportation Federal Highway Planning and (passed through State Department of Transportation)	Imps. to Pershing Road, Ord. 2009-13 Summit Street, Ord. 2013-09	20.205 20.205	2009 2013	150,000 150,000			150,000
<i>Total General Capital Fund</i>							
<u>Trust Funds:</u> U.S. Department of Justice Criminal Division	Equitable Sharing Program	16.922	2013	307,766	307,766	352,302	
<i>Total Trust Funds</i>							
Total Federal Assistance				\$ 400,534	445,070	248,557	

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

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Cash - Collector-Treasurer

Current Fund

Year ended December 31, 2013

Balance - December 31, 2012		\$ <u>2,714,788</u>
Increased by:		
Veterans' and senior citizens' deductions	\$ 38,505	
Taxes receivable	28,415,109	
Prepaid taxes	411,899	
Emergency Notes	590,000	
Special Emergency Notes	608,289	
Tax Overpayments	125,998	
Interfunds	927	
Revenue accounts receivable	2,965,451	
Miscellaneous revenue not anticipated	124,434	
Miscellaneous Reserves	925	
Grants Receivable	3,557	
Unappropriated Reserves	<u>22,344</u>	
		<u>33,307,438</u>
		36,022,226
Decreased by:		
Appropriation reserves	565,709	
Expenditures without Appropriations	12,658	
County taxes payable	7,292,946	
School taxes payable	10,235,576	
Appropriations	13,711,696	
Tax Overpayments	54,884	
Interfunds	572,957	
Special Emergency Notes	490,660	
Prior year revenue refunds	14,572	
Appropriated grant reserves	26,114	
Prior year grant encumbrances paid	<u>820</u>	
		<u>32,978,592</u>
Balance - December 31, 2013		\$ <u><u>3,043,634</u></u>

Exhibit A-5

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Change Funds

Current Fund

Year ended December 31, 2013

Balance - December 31, 2012 \$ 200

Balance - December 31, 2013 \$ 200

Exhibit A-6

Schedule of Petty Cash

Current Fund

Year ended December 31, 2013

Balance - December 31, 2012 \$ 300

Balance - December 31, 2013 \$ 300

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Grants Receivable

Federal and State Grant Fund

Year ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Decreased By:	Balance, Dec. 31, <u>2013</u>
Community Development Block Grant	\$ 9,709		9,709
Municipal Alliance	<u>30,158</u>	<u>3,557</u>	<u>26,601</u>
	<u>\$ 39,867</u>	<u>3,557</u>	<u>36,310</u>
		Cash <u>3,557</u>	
		<u>\$ 3,557</u>	

BOROUGH OF ENGLEWOOD CLIFFS

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

Current Fund

Year ended December 31, 2013

Balance - December 31, 2012		\$	1,653
Increased by:			
Veterans' deductions per duplicate	\$	3,500	
Senior Citizens' deductions per duplicate		<u>34,250</u>	
			<u>37,750</u>
			39,403
Decreased by:			
Cash Received			<u>38,505</u>
Balance - December 31, 2013		\$	<u><u>898</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2013

Year	Balance, Dec. 31, 2012	2013 Tax Levy	2012 Collections	2013 Collections	Veterans and Senior Citizens	Transferred to tax title liens	Remitted, Abated or Cancelled	Balance, Dec. 31, 2013
2012	417,225			409,335			7,890	
	417,225			409,335			7,890	
2013		28,999,117	286,637	28,071,140	37,750	3,296	116,110	484,184
\$	417,225	28,999,117	286,637	28,480,475	37,750	3,296	124,000	484,184

Overpayments Applied 65,366
 Cash Receipts 28,415,109
 \$ 28,480,475

Analysis of 2013 Property Tax Levy

Tax yield:	
General purpose tax	28,921,284
Added taxes	77,833
	\$ 28,999,117
Tax levy:	
Local district school tax - per abstract	10,334,737
County taxes:	
County tax - per abstract	7,262,752
Added county tax	19,587
	17,617,076
Local tax for municipal purposes - per abstract	11,323,637
Additional tax levied	58,404
	\$ 28,999,117

BOROUGH OF ENGLEWOOD CLIFFS

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

Current Fund

Year ended December 31, 2013

Balance - December 31, 2012	\$ <u>39,528</u>
Balance - December 31, 2013	\$ <u><u>39,528</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Accrued in <u>2013</u>	<u>Collected</u>	Balance, Dec. 31, <u>2013</u>
Borough Clerk - licenses:				
Alcoholic beverages	\$	16,800	16,800	
Fees and permits:				
Construction Code Official		361,245	361,245	
Other		19,586	19,586	
Municipal Court - fines and costs	146,852	852,567	938,041	61,378
Interest and cost on taxes		106,160	106,160	
Interest on investments		9,458	9,458	
Commercial Sewer Use Fees	71,308	250,695	300,403	21,600
Cable TV - Annual Fees		14,965	14,965	
Cell Tower - Annual Leases		283,316	283,316	
Burglar Alarm Fees		12,150	12,150	
Elevator Fees		32,841	32,841	
Energy receipts taxes		684,893	684,893	
General Capital Fund Balance		49,483	49,483	
FEMA Reimbursement		92,768	92,768	
Recreation Fees		92,825	92,825	
	<u>\$ 218,160</u>	<u>2,879,752</u>	<u>3,014,934</u>	<u>82,978</u>
		Due from General Capital	49,483	
		Cash	<u>2,965,451</u>	
		\$	<u>3,014,934</u>	

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Tax Title Liens Receivable

Current Fund

Year ended December 31, 2013

Balance - December 31, 2012	\$	15,926
Increased by:		
Transfers from Taxes Receivable		<u>3,296</u>
Balance - December 31, 2013	\$	<u><u>19,222</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of 2012 Appropriation Reserves

Current Fund

Year ended December 31, 2013

	Balance, Dec.31, <u>2012</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid</u>	Balance <u>lapsed</u>
Salaries and wages:				
Administrative and Executive	3,799	99		99
Collection of taxes	891	891	671	220
Assessment of taxes	240	240		240
Zoning Board of Adjustment	1	1		1
Police	84,894	895		895
First Aid Organization	1,687	1,687		1,687
Fire Official	12,485	485		485
Public Defender	3,887	442		442
Road Repairs and Maintenance	1	1		1
Shade Tree	4,504	504		504
Parks and playgrounds	13,185			
Construction Official	729	729		729
Fire Sub-Code Official	2,500	2,500		2,500
Municipal Court	239	681		681
Recreation		6,185	6,100	85
Other expenses:				
Administrative and executive	7,638	8,487	4,779	3,708
Financial Administration	2,954	2,954		2,954
Collection of taxes		330	330	
Assessment of taxes	1	1		1
Legal Services and Costs	1	14,328	14,327	1
Appraisal Fees	4,096	4,096	3,150	946
Engineering	7,239	13,921	13,920	1
Planning Board	8,838	16,001	16,000	1
Board of Adjustment		4,045	4,044	1
Other Insurance Premiums	2,195	2,195	1,462	733
Group Insurance for Employees	20,168	25,410	25,409	1
Police	6,399	13,782	11,299	2,483
First Aid Organization	6,189	189		189
Fire Hydrant Services	13,733	9,250	7,735	1,515
Fire Misc.		2,396	1,564	832
Fire Official	2,022			
Fire - Clothing Expenses	927	927		927
Streets and Roads	35,598	15,683	15,633	50
Streets and Roads		22,048	22,047	1
Streets and Roads		5,676	1,260	4,416
Gasoline	5,536			
Recreation		10,601	6,331	4,270
Garbage and Trash	111,081	162,630	153,010	9,620
Recycling	3,000	3,000		3,000

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of 2012 Appropriation Reserves

Current Fund

Year ended December 31, 2013

	Balance, Dec.31, <u>2012</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid</u>	Balance <u>lapsed</u>
Sewer System	15,676	7,773	7,773	
Public building and grounds	36			
Shade Tree	7,963	31,969	18,804	13,165
Board of Health	4,441	5,674	5,673	1
Environmental Commission	2,160	2,160		2,160
Senior Citizens	5,145	5,145	854	4,291
Parks and playgrounds	22,551			
Celebration of Public Events	103	796	796	
Rental of Building	3,750	3,750		3,750
Construction Official	5,328	379	51	328
Fire Prevention	2,439	2,439	32	2,407
Elevator Inspections	617	617		617
Gasoline, electricity and heating oil	30,232	35,882	11,055	24,827
Street lighting	19,164	31,433	12,268	19,165
Telephone	21,955	23,477	7,016	16,461
Water		404	404	
Municipal Court	3,859	4,189	2,555	1,634
Hurricane Sandy	74,669	117,344	72,450	44,894
Drug and Alcohol		6,644		6,644
Public Employee's Retirement System of NJ	7,606			
Social Security System (O.A.S.I.)	9,823	9,824		9,824
Police and Fireman's Retirement System of NJ	7,611	7,611		7,611
Sewer - Contractual - BCUA Service Charges		109,502	109,502	
Sewer Charges - Borough of Tenafly	644	644		644
Local Match	2,589	2,589		2,589
LOSAP	4,400	7,405	7,405	
	<u>\$ 619,418</u>	<u>770,940</u>	<u>565,709</u>	<u>205,231</u>
Appropriation reserves		619,418		
Encumbrances		<u>151,522</u>		
		<u>\$ 770,940</u>		

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Encumbrances Payable

Current Fund

Year ended December 31, 2013

Balance - December 31, 2012	\$ 151,522
Increased by:	
Charges to 2013 Budget Appropriations	<u>122,411</u>
	273,933
Decreased by :	
Transferred to 2012 Appropriation Reserves	<u>151,522</u>
Balance - December 31, 2013	<u><u>\$ 122,411</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Appropriated Grant Reserves

Federal and State Grant Funds

Year ended December 31, 2013

<u>Grant</u>	Balance Dec. 31, <u>2012</u>	Decreased by:	Balance Dec. 31, <u>2013</u>
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 - 2003	2,252	2,252	
Clean Communities - 2004	5,744	5,744	
Clean Communities - 2005	5,709	5,709	
Clean Communities - 2006	4,133	2,283	1,850
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	2,400	6,150
Municipal Alliance	8,320		8,320
Municipal Alliance - 2011	9,702		9,702
Municipal Alliance - 2012	5,825	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
Domestic Violence	1,000		1,000
Fireman's Fund Grant	3,468	1,901	1,567
	<u>\$ 137,870</u>	<u>26,114</u>	<u>111,756</u>
		26,114	
Cash Disbursements		<u>\$ 26,114</u>	

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year Ended December 31, 2013

<u>Grant</u>	Balance, Dec. 31, <u>2012</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2013</u>
Recycling Tonnage Grant - 2010	\$ 20,865		20,865
Recycling Tonnage Grant - 2011	7,326		7,326
Recycling Tonnage Grant - 2013		6,920	6,920
Clean Communities - 2011	9,861		9,861
Clean Communities - 2012	9,688		9,688
Clean Communities - 2013		11,375	11,375
Body Armor - 2011	2,460		2,460
Body Armor - 2012	2,777		2,777
Body Armor - 2013		3,468	3,468
Alcohol Education & Rehabilitation - 2012	1,349		1,349
Alcohol Education & Rehabilitation - 2013		581	581
Drunk Driving Enforcement Fund - 2009	378		378
	<u>\$ 54,704</u>	<u>22,344</u>	<u>77,048</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2013

Balance - December 31, 2012	\$ 286,637
Increased by:	
Collection of 2014 Taxes	<u>411,899</u>
	698,536
Decreased by :	
Applied to 2013 Taxes	<u>286,637</u>
Balance - December 31, 2013	<u><u>\$ 411,899</u></u>

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2013

Balance - December 31, 2012	\$ 103,601
Increased by:	
2013 Collections	<u>125,998</u>
	229,599
Decreased by:	
Cash Disbursements	\$ 54,884
Overpayments Applied	<u>65,366</u>
	<u>120,250</u>
Balance - December 31, 2013	<u><u>\$ 109,349</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2013

Balance - December 31, 2012		\$	30,194
Increased by:			
County Share of 2013 Levy	\$	7,181,468	
County Open Space Preservation of 2013 Levy		81,284	
County Share of 2013 Levy - Added Taxes		<u>19,587</u>	
			<u>7,282,339</u>
			7,312,533
Decreased by:			
Payments			<u>7,292,946</u>
Balance - December 31, 2013		\$	<u><u>19,587</u></u>

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Local District School Taxes Payable

Current Fund

Year ended December 31, 2013

Balance - December 31, 2012	
School Taxes Deferred	\$ <u>5,068,207</u>
Increased by:	
Local School Share of Fiscal Year 2013 Levy	<u>10,334,737</u>
	15,402,944
Decreased by:	
Payments	<u>10,235,576</u>
Balance - December 31, 2013	\$ <u><u>5,167,368</u></u>
School Taxes Deferred	\$ <u><u>5,167,368</u></u>
<u>2013 Liability for Local School District Taxes:</u>	
Amount Charged to 2013 Operations	\$ <u><u>10,235,576</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

Current Fund

Year ended December 31, 2013

	Due from/(to) Balance <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2013</u>
Federal and State Grant Fund	\$ (153,527)	26,934	25,901	(152,494)
General Capital Fund	1,072	610,091	532,827	78,336
Payroll Account		14,500		14,500
Dog License Trust Fund	1,341	1,999		3,340
Assessment/Other Trust Fund				
Other Trust Fund	736	689	207	1,218
Escrow Trust Fund	181	4,351		4,532
Shade Tree Trust Fund		8		8
	<u>(150,197)</u>	<u>658,572</u>	<u>558,935</u>	<u>(50,560)</u>
Interfunds due from	3,330	631,638	533,034	101,934
Interfunds (due to)	<u>(153,527)</u>	26,934	25,901	<u>(152,494)</u>
	<u>\$ (150,197)</u>			<u>(50,560)</u>
Special Emergency and Emergency Notes paid by Capital			\$ 522,306	
Reimburse General Capital for Interest paid			10,521	
Deposit errors due Trust Funds			207	
Cash Disbursements - Tax Appeals		558,449		
Budget Revenue Realized		49,483		
Cash Receipts		927		
Interest on Investments		6,272		
Cash Disbursements		14,508		
Statutory Excess		1,999		
Grants Receivable			3,557	
Unappropriated Grants			22,344	
Prior Year Grant Encumbrances Paid		820		
Grant Expenditures		26,114		
		<u>\$ 658,572</u>	<u>558,935</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, 2013

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of net Amount Authorized</u>	<u>Balance Dec. 31, 2012</u>	<u>Reduced by: 2013 Budget Appropriation</u>	<u>Balance Dec. 31, 2013</u>
December 14, 2011	Special Emergency - Terminal Leave \$	350,075	70,015	280,060	70,016	210,044
November 22, 2010	Special Emergency - Terminal Leave	351,000	70,200	210,600	70,200	140,400
December 3, 2012	Special Emergency - Terminal Leave	322,306	64,461	322,306	64,461	257,845
				<u>\$ 812,966</u>	<u>204,677</u>	<u>608,289</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Miscellaneous Reserves

Current Fund

Year Ended December 31, 2013

<u>Reserve for</u>	Balance, Dec. 31, <u>2012</u>	Increased by: Cash <u>Receipts</u>	Balance, Dec. 31, <u>2013</u>
State Library Aid	\$ 3,675	925	4,600
Master Plan	1,675		1,675
Lien Redemption	10,233		10,233
BCUA Recycling Grant	<u>11,445</u>		<u>11,445</u>
	<u>\$ 27,028</u>	<u>925</u>	<u>27,953</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2013

	Balance Dec. 31, <u>2012</u>	Added in <u>2013</u>	Reduced in <u>2013</u>	Balance Dec. 31, <u>2013</u>
Emergency Authorization	\$ 200,000		200,000	
Emergency Authorization - State Tax Court Judgment		590,000	590,000	
Overexpenditure of Appropriated Reserve - Body Armor Grant	1,852			1,852
Expenditures without Appropriation	<u> </u>	<u>12,658</u>	<u> </u>	<u>12,658</u>
	<u>\$ 201,852</u>	<u>602,658</u>	<u>790,000</u>	<u>14,510</u>

BOROUGH OF ENGLEWOOD CLIFFS

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

Current Fund

Year ended December 31, 2013

<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, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2013</u>
Special Emergency - Terminal Leave 2010	Dec. 30, 2010	Mar. 22, 2013	Mar. 21, 2014	1.00% \$	210,600	140,400	210,600	140,400
Special Emergency - Terminal Leave 2011	Dec. 29, 2011	Mar. 22, 2013	Mar. 21, 2014	1.00%	280,060	210,045	280,060	210,045
Special Emergency - Terminal Leave 2012	Dec. 27, 2012	Dec. 20, 2013	Mar. 21, 2014	0.67%	322,306	257,844	322,306	257,844
Emergency Note	Dec. 27, 2012	Dec. 27, 2012	Dec. 20, 2013	0.67%	200,000	590,000	200,000	590,000
Emergency Note	Dec. 20, 2013	Dec. 20, 2013	Mar. 21, 2014	1.00%				
					<u>\$ 1,012,966</u>	<u>1,198,289</u>	<u>1,012,966</u>	<u>1,198,289</u>

Cash \$	1,198,289	490,660
Due to General Capital Fund		522,306
	<u>\$ 1,198,289</u>	<u>1,012,966</u>

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Cash - Collector-Treasurer

Trust Funds

Year ended December 31, 2013

	Assessment/ Other	Dog license	Recycling	Shade Tree	COAH Development	DEA Forfeiture	Emergency Services Trust LOSAP
Balance - December 31, 2012	\$ 736,662	4,873	108,005	21,995	1,066,768	10,917	485,341
Increased by:							
Other Trust Reserves	637,879						
Dog License Fees		1,718					
Dog License State Fees		435					
State Fees	26,244						
Sale of Recyclable Material			26,612				
Shade Tree Fees				5,800			
COAH Development Fees					224,581		
DEA Forfeiture Deposits						320,798	
Interfunds	26,325					50,000	
Donations - Shade Tree				7,340			
Investment Earnings/Interest	876		182	64	1,126	229	125,094
Borough Contributions							28,010
	<u>691,324</u>	<u>2,153</u>	<u>26,794</u>	<u>13,204</u>	<u>225,707</u>	<u>371,027</u>	<u>153,104</u>
	1,427,986	7,026	134,799	35,199	1,292,475	381,944	638,445
Decreased by:							
Other Trust Reserves	263,717						
State fees	25,887						
Recycling Expenditures			74,290				
Shade Tree Expenditures				3,935			
COAH Development Expenditures					10,525		
DEA Forfeiture Expenditures						352,302	
Interfunds	600		26,325				
Dog License Fund Expenditures		175					
Dog License State Fees		440					
Distributions/Losses							3,198
	<u>290,204</u>	<u>615</u>	<u>100,615</u>	<u>3,935</u>	<u>10,525</u>	<u>352,302</u>	<u>3,198</u>
Balance - December 31, 2013	\$ <u>1,137,782</u>	<u>6,411</u>	<u>34,184</u>	<u>31,264</u>	<u>1,281,950</u>	<u>29,642</u>	<u>635,247</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Assessment Liens

Assessment/Other Trust Fund

Year ended December 31, 2013

<u>Ordinance number</u>	<u>Description</u>	Balance Dec. 31 <u>2013</u>	Balance Dec. 31 <u>2012</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, 2013

Balance - December 31, 2012	\$ <u>50</u>
Balance - December 31, 2013	\$ <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, 2013

Balance - December 31, 2012	\$	28,010
Increased by:		
2013 Service Award Contribution		<u>19,068</u>
		47,078
Decreased by:		
Contributions Paid		<u>28,010</u>
Balance - December 31, 2013	\$	<u><u>19,068</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

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

Dog License Trust Fund

Year ended December 31, 2013

Balance - December 31, 2012	\$	(113)
Increased by:		
State Fees collected		<u>435</u>
		322
Decreased by:		
Paid to State of New Jersey		<u>440</u>
Balance - December 31, 2013	\$	<u><u>(118)</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

Year ended December 31, 2013

	Due from/(to) Balance Dec. 31, <u>2012</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance Dec. 31, <u>2013</u>
Dog License Trust Fund:				
Current Fund	\$ (1,341)		1,999	(3,340)
Assessment/Other Trust Fund:				
Current Fund - Other Trust	(736)	207	689	(1,218)
Current Fund - Escrow Trust	(181)		4,351	(4,532)
Recycling Trust - Other Trust	26,325	600	26,325	600
Recycling Trust:				
Other Trust Fund	(26,325)	26,325	600	(600)
Shade Tree Trust:				
Current Fund			8	(8)
DEA Forfeiture Trust:				
General Capital Fund	<u>50,000</u>		<u>50,000</u>	
	<u>47,742</u>	<u>27,132</u>	<u>83,972</u>	<u>(9,098)</u>
Interfunds due from	76,325	600	76,325	600
Interfunds (due to)	<u>(28,583)</u>	<u>26,532</u>	<u>7,647</u>	<u>(9,698)</u>
	<u>\$ 47,742</u>	<u>27,132</u>	<u>83,972</u>	<u>(9,098)</u>
		Cash Receipts	26,325	50,000
		Cash Disbursements	600	26,325
		Interest on Investments		876
		Deposit Errors	207	
		Reimbursement for expenses paid		608
		Administrative interest - Escrow Trust		4,164
		Statutory Excess		1,999
		<u>\$ 27,132</u>	<u>83,972</u>	

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Due to State of New Jersey

Assessment/Other Trust Fund

Year ended December 31, 2013

Balance - December 31, 2012		\$	6,749
Increased by:			
Marriage License Fees	\$	325	
DCA Fees		25,919	
Due from Current Fund		<u>201</u>	
			<u>26,445</u>
			33,194
Decreased by:			
Disbursements			<u>25,887</u>
Balance - December 31, 2013		\$	<u><u>7,307</u></u>

Analysis of Balance

Due to State of New Jersey:			
Marriage License Fees	\$	175	
DCA Fees		3,945	
Prior Year Balance - Unallocated		<u>3,187</u>	
	\$		<u><u>7,307</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for Assessments Liens

Assessment/Other Trust Fund

Year ended December 31, 2013

Balance - December 31, 2012 \$ 78

Balance - December 31, 2013 \$ 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, 2013

	Balance Dec. 31, <u>2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2013</u>
Reserve for:				
Escrow Deposits	579,090	350,065	258,731	670,424
Tax Title Liens and Premiums	56,642	262,000		318,642
Other Trust Deposits:				
Street Opening Fees	1,320			1,320
P.O.A.A.	907	82		989
Law Enforcement Trust	1,171			1,171
Donations:				
Police	20,012	7,836	9,150	18,698
9/11 Memorial	7,370			7,370
Recreation	3,338			3,338
Other	2,000			2,000
Sign	1,085			1,085
Downstream Improvements	52,176	2,229		54,405
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	5,548	14		5,562
Recreation - Summer Camp		8,258		8,258
Snow Removal		7,401		7,401
Miscellaneous	1,534			1,534
	<u>\$ 755,371</u>	<u>637,885</u>	<u>267,881</u>	<u>1,125,375</u>
Cash	\$	637,879	263,717	
Interfund		<u>6</u>	<u>4,164</u>	
		<u>\$ 637,885</u>	<u>267,881</u>	

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Reserve for Dog Fund Expenditures
Dog License Trust Fund
Year ended December 31, 2013

Balance - December 31, 2012		\$	3,645
Increased by:			
Dog license fees	\$	1,537	
Late fees/Interest		181	
			1,718
			5,363
Decreased by:			
Statutory Excess due Current Fund		1,999	
Expenditures under R.S. 4:19-15:11		175	
			2,174
Balance - December 31, 2013		\$	3,189

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2012	\$ 1,666
2011	1,523
	\$ 3,189

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for Recycling Trust Deposits

Recycling Trust Fund

Year ended December 31, 2013

Balance - December 31, 2012		\$	81,680
Increased by:			
Recycling Receipts	\$	26,612	
Interest		<u>182</u>	
			<u>26,794</u>
			108,474
Decreased by:			
Recycling Expenditures		74,290	
Interfunds		<u>600</u>	
			<u>74,890</u>
Balance - December 31, 2013		\$	<u><u>33,584</u></u>

Schedule of Reserve for Shade Tree Trust Deposits

Shade Tree Trust Fund

Year ended December 31, 2013

Balance - December 31, 2012		\$	21,995
Increased by:			
Shade Tree Fees	\$	5,800	
Donations		7,340	
Interest		<u>64</u>	
			<u>13,204</u>
			35,199
Decreased by:			
Shade Tree Expenditures		3,935	
Due to Current Fund		<u>8</u>	
			<u>3,943</u>
Balance - December 31, 2013		\$	<u><u>31,256</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for COAH Development Expenditures

COAH Development Trust Fund

Year ended December 31, 2013

Balance - December 31, 2012		1,066,768
Increased by:		
Development Fees	\$ 224,581	
Interest	<u>1,126</u>	
		<u>225,707</u>
		1,292,475
Decreased by:		
Development Expenditures		<u>10,525</u>
Balance - December 31, 2013	\$	<u><u>1,281,950</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for DEA Forfeiture Expenditures

DEA Forfeiture Trust Fund

Year ended December 31, 2013

Balance - December 31, 2012		\$	60,917
Increased by:			
Department of Justice Forfeitures	\$	307,766	
Other Income		13,032	
Interest on Investments		<u>229</u>	
			<u>321,027</u>
			381,944
Decreased by:			
Salaries and Wages	\$	228,216	
Other Expenditures		<u>124,086</u>	
			<u>352,302</u>
Balance - December 31, 2013		\$	<u><u>29,642</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Statement of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2013

Balance - December 31, 2012		\$	513,351
Increased by:			
Borough Contributions	\$	19,068	
Interest		1,390	
Investment Income		<u>123,704</u>	
			<u>144,162</u>
			657,513
Decreased by:			
Distributions			<u>3,198</u>
Balance - December 31, 2013		\$	<u><u>654,315</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Cash - Collector-Treasurer

General Capital Fund

Year ended December 31, 2013

Balance - December 31, 2012		\$	807,931
Increased by:			
Premium on Note Sale	\$	51,195	
Interfunds		2,159	
Bond Anticipation Notes		1,600,750	
Capital Improvement Fund		<u>107,584</u>	
			<u>1,761,688</u>
			2,569,619
Decreased by:			
Interfunds		582,827	
Overexpenditure of Improvement Authorizations		3,524	
Improvement Authorizations		<u>1,900,712</u>	
			<u>2,487,063</u>
Balance - December 31, 2013		\$	<u><u>82,556</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Analysis of Cash

General Capital Fund

Year ended December 31, 2013

Grants Receivable -		
State of New Jersey Department of Transportation	\$	(173,074)
Bergen County Open Space Trust Fund		(10,051)
Due to/(from) Ambulance Corp.		(100,000)
Overexpenditure of Ord. 2012-6		(3,526)
Due to/(from) Current Fund		78,336
Capital Improvement Fund		52,424
Reserve for Payment of Debt		12,026
Fund Balance		51,195

Improvement authorizations:

<u>Ordinance</u>	<u>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	9,461
	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	31,477
	09-12	Dredging and restoration of Pershing Pond	(26,124)
	09-13	Improvements to Pershing Road	38,801
	09-14	Various Capital Improvements	6,768
	10-14	Various Acquisitions and Improvements	227,029
	11-10	2011 Road Resurfacing Program	5,977
	11-11/12-15	Various Impr./Acquisition of New Communication Equip. & Various Vehicles	144,801
	12-6	Tax Appeal Refunds	
	12-19	Road Impr./Acquisition of Equipment	121,850
	13-9	Road and Parking Lot Reconstruction and Improvements to the Firehouse	(509,642)
	13-11	Acquisition of Generators, Garbage Truck and related expenses	25,573
	13-15	Tax Appeal Refunds	(558,449)
			<u>\$ 82,556</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Grants Receivable - New Jersey Department of Transportation

General Capital Fund

Year ended December 31, 2013

Balance - December 31, 2012	\$ 23,074
Increased by:	
Grant Awards	<u>150,000</u>
Balance - December 31, 2013	<u>\$ 173,074</u>

Analysis of Balance

Ord. 09-13: Impr. to Pershing Road	23,074
Ord. 2013-09: Reconstruction of Summit Street	<u>150,000</u>
	<u>\$ 173,074</u>

Exhibit C-5

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

General Capital Fund

Year ended December 31, 2013

Balance - December 31, 2012	\$ <u>10,051</u>
Balance - December 31, 2013	<u>\$ 10,051</u>

Exhibit C-6

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

General Capital Fund

Year ended December 31, 2013

Balance - December 31, 2012	\$ <u>100,000</u>
Balance - December 31, 2013	<u>\$ 100,000</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2013

	Balance Dec. 31, <u>2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2013</u>
DEA Trust Fund	\$ (50,000)	50,000		
Current Fund	<u>(1,072)</u>	<u>532,827</u>	<u>610,091</u>	<u>(78,336)</u>
	<u>(51,072)</u>	<u>582,827</u>	<u>610,091</u>	<u>(78,336)</u>
Due to	<u>(51,072)</u>	<u>582,827</u>	<u>610,091</u>	<u>(78,336)</u>
	<u>\$ (51,072)</u>	<u>582,827</u>	<u>610,091</u>	<u>(78,336)</u>
		Disbursements \$ 582,827		
Reimbursement Current for Tax Appeals Paid			558,449	
Current Fund Anticipated Revenue			49,483	
Interest earned on Investments			<u>2,159</u>	
		<u>\$ 582,827</u>	<u>610,091</u>	

BOROUGH OF ENGLEWOOD CLIFFS

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

General Capital Fund

Year ended December 31, 2013

Balance - December 31, 2012		\$	8,480,000
Increased by:			
Decreased by:			
2013 Budget Appropriation:			
Serial Bonds	\$	770,000	
Capital Lease		<u>44,000</u>	
			<u>814,000</u>
Balance - December 31, 2013		\$	<u><u>7,666,000</u></u>

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

General Capital Fund

Year ended December 31, 2013

Ordinance number	Improvement description	Balance, Dec. 31, 2012	Authorizations 2013	Decreased By:	Balance, Dec. 31, 2013	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	265,172		9,828	255,344	255,344		
07-20	Various Improvements	1,278,327		84,673	1,193,654	1,193,654		
08-01	Various Capital Improvements	2,274,505		29,899	2,244,606	2,243,882		724
08-09	Improvements to Clendenin Place/Kahn Terrace	71,054		3,946	67,108	67,082		26
09-05	Rehabilitation of Woodland Park Basketball Courts	149,625		5,160	144,465	144,465		
09-12	Dredging and restoration of Pershing Pond	315,000			315,000		26,124	288,876
09-13	Improvements to Pershing Road	25,000		1,316	23,684	23,684		
09-14	Various Capital Improvements	237,500		12,192	225,308	225,308		
10-01	Tax Refunding Ordinances	925,000		250,000	675,000	675,000		
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	606,350		
11-11	Various Improvements & Acq. of New Comm. & Automotive Vehicles	1,231,900			1,231,900	994,400		237,500
12-2	Refunding Bond Ordinance	255,000			255,000			255,000
12-3	Refunding Bond Ordinance	1,000			1,000			1,000
12-6	Tax Appeal Refunds	700,000		225,000	475,000	475,000		
12-19	Road Improvements/Acquisition of Equipment	1,079,200			1,079,200	1,079,200		
2013-9	Road and Parking Lot Reconstruction and Improvements to the Firehouse		1,336,000		1,336,000		509,642	826,358

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

General Capital Fund

Year ended December 31, 2013

Ordinance number	Improvement description	Balance, Dec. 31, 2012	Authorizations 2013	Decreased By:	Balance, Dec. 31, 2013	Financed by bond anticipation notes	Expenditures	Unexpended improvement authorizations
2013-11	Acquisition of Generators, Garbage Truck and related expenses		498,750		498,750			498,750
2013-15	Tax Appeal Refunds		590,000		590,000		558,449	31,551
		\$ 10,604,430	2,424,750	622,014	12,407,166	9,149,369	1,118,012	2,139,785
			Budget Appropriations \$	622,014		Improvement Authorizations Unfunded		3,392,333

Less: Unexpended proceeds of Bond

Anticipation Notes	
Ord. 06-19/07-05/07-24	9,461
Ord. 07-20	116,780
Ord. 08-01	560,441
Ord. 08-09	4,280
Ord. 09-05	31,477
Ord. 09-13	23,684
Ord. 09-14	6,768
Ord. 10-14	227,029
Ord. 12-19	121,850
Ord. 11-10	5,977
Ord. 11-11/12-15	144,801

1,252,548

\$ 2,139,785

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2013

Ordinance number	Improvement description	Date of original issue	Date of issue	Date of maturity	Interest rate	Balance, Dec. 31, 2012	Increased	Decreased	Balance, Dec. 31, 2013
06-19/07-05/07-24	Various Improvements	May 9, 2005	March 22, 2013	March 21, 2014	1.00%	265,172	255,344	265,172	255,344
07-20	Various Improvements	May 9, 2005	March 22, 2013	March 21, 2014	1.00%	1,278,327	1,193,654	1,278,327	1,193,654
08-01	Various Capital Improvements	May 9, 2005	March 22, 2013	March 21, 2014	1.00%	2,273,781	2,243,882	2,273,781	2,243,882
08-09	Imps. to Clendenin Place/Kahn Terrace	May 8, 2009	March 22, 2013	March 21, 2014	1.00%	71,028	67,082	71,028	67,082
09-05	Rehabilitation of Woodland Park Basketball Court	May 7, 2010	March 22, 2013	March 21, 2014	1.00%	149,625	144,465	149,625	144,465
09-13	Improvements to Pershing Road	May 7, 2010	March 22, 2013	March 21, 2014	1.00%	25,000	23,684	25,000	23,684
09-14	Various Capital Improvements	May 7, 2010	March 22, 2013	March 21, 2014	1.00%	237,500	225,308	237,500	225,308
10-01	Tax Refunding Bond	March 30, 2010	March 22, 2013	March 21, 2014	1.00%	925,000	675,000	925,000	675,000
10-14	Various Acquisitions and Improvements	March 30, 2011	March 22, 2013	March 21, 2014	1.00%	1,166,000	1,166,000	1,166,000	1,166,000
12-06	Tax Appeal Refunds	June 27, 2012	March 22, 2013	March 21, 2014	1.00%	700,000	475,000	700,000	475,000
12-19	Road Improvements/Acq. of Equipment	Dec. 27, 2012	Dec. 20, 2013	March 21, 2014	1.00%	1,079,200	1,079,200	1,079,200	1,079,200
2011-10	2011 Road Resurfacing Program	Mar. 22, 2013	Mar. 22, 2013	March 21, 2014	1.00%		606,350		606,350
2011-11	Various Imps./Acquisition of new Communication Equipment and Vehicles	Mar. 22, 2013	Mar. 22, 2013	March 21, 2014	1.00%		994,400		994,400
						<u>\$ 8,170,633</u>	<u>9,149,369</u>	<u>8,170,633</u>	<u>9,149,369</u>

Cash	1,600,750
Budget Appropriation	622,014
Renewals	7,548,619
	<u>\$ 9,149,369</u>
	<u>8,170,633</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2013

Purpose	Date of issue	Original issue	Maturities of bonds outstanding December 31, 2013		Interest rate	Balance, Dec. 31, 2012	Decreased	Balance, Dec. 31, 2013
			Date	Amount				
General Obligations of 2003	Aug. 15, 2003	5,325,000				425,000	425,000	4,395,000
General Obligations of 2007	July 15, 2007	5,370,000	July 15, 2014	335,000	4.15	4,725,000	330,000	4,395,000
			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 Refunding Bonds of 2012	June 28, 2012	2,495,000	Aug. 15, 2014	475,000	2.00	2,495,000	15,000
			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			
								\$ 7,645,000
								770,000
								6,875,000

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2013

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, December 31, 2012		2013 authorizations	Balance, December 31, 2013	
				Funded	Unfunded		Expended	Unfunded
06-19/07-05/07-24	Various Improvements	Sept. 20, 2006	500,000	10,823		1,362	9,461	
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	561,165			561,165	
08-09	Improvements to Clendenin Place/Kahn Terrace	Aug. 20, 2008	225,000	4,306		4,938	4,306	
09-05	Rehabilitation of Woodland Park Basketball Courts	May 13, 2009	250,000	36,415			31,477	
09-12	Dredging and restoration of Pershing Pond	Aug. 12, 2009	315,000	288,876			288,876	
09-13	Improvements to Pershing Road	Sept. 9, 2009	175,000	25,000			23,684	
09-14	Various Capital Improvements	Oct. 14, 2009	250,000	6,768		176	6,768	
10-14	Various Acquisitions and Improvements	Oct. 13, 2010	1,300,000	227,935		906	227,029	
11-10	2011 Road Resurfacing Program	June 23, 2011	638,250	19,457		13,480	5,977	
11-11/15-12	Various Impr./Acquisition of new Communication Equip. & Various Vehicles	June 23, 2011	1,146,750	623,720		241,419	382,301	
12-2	Refunding Bond Ordinance	April 18, 2012	2,750,000	255,000			255,000	
12-3	Refunding Bond Ordinance	April 18, 2012	805,000	1,000			1,000	
12-6	Tax Appeal Refunds	May 9, 2012	700,000	21,373		21,373		
12-19	Road Impr./Acquisition of Equipment	Sept. 27, 2012	1,136,000	1,009,589		887,739	121,850	
2013-9	Road and Parking Lot Reconstruction and Improvements to the Firehouse	Aug. 14, 2013	1,555,000		1,555,000	728,642	826,358	
2013-11	Acquisition of Generators, Garbage Truck and related expenses	Sept. 11, 2013	525,000		525,000	677	498,750	
2013-15	Tax Appeal Refunds	Dec. 11, 2013	590,000		590,000	558,449	31,551	
			\$	13,975	3,208,207	2,459,161	40,688	
							3,392,333	

Deferred Charges Unfunded 2,424,750
 Grants Receivable 150,000
 Capital Improvement Fund 95,250
 \$ 2,670,000

Cash \$ 1,900,712
 Due to Current Fund 558,449
 \$ 2,459,161

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2013

Balance - December 31, 2012	\$	40,090
Increased by:		
Budget Appropriation		<u>107,584</u>
		147,674
Decreased by:		
Appropriated to Finance		
Improvement Authorizations		<u>95,250</u>
Balance - December 31, 2013	\$	<u><u>52,424</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for Payment of Debt

General Capital Fund

Year ended December 31, 2013

Balance - December 31, 2012	\$ <u>12,026</u>
Balance - December 31, 2013	\$ <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, 2013

Ordinance number	Improvement description	Balance Dec. 31, 2012	2013 Authorizations	Decreased	Balance Dec. 31, 2013
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 Communicati and Vehicles	994,400		994,400	
12-2	Refunding Bond Ordinance	255,000			255,000
12-3	Refunding Bond Ordinance	1,000			1,000
12-6	Tax Appeal Refunds				
12-15	Amend 2011-11	237,500			237,500
2013-9	Road and Parking Lot Reconstruction and Improvements to Firehouse		1,336,000		1,336,000
2013-11	Acquisition of Generators, Garbage Truck and related expenses		498,750		498,750
2013-15	Tax Appeal Refunds		590,000		590,000
		\$ 2,433,797	2,424,750	1,600,750	3,257,797
			Bond Anticipation Notes Issued	1,600,750	
				\$ 1,600,750	

BOROUGH OF ENGLEWOOD CLIFFS

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

THIS PAGE INTENTIONALLY LEFT BLANK

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Englewood Cliffs in the County of Bergen as of and for the year ended December 31, 2013 and the related notes to the financial statements, and have issued our report thereon dated July 15, 2014 which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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



Honorable Mayor and
Members of the Borough Council
Page 2.

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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


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


FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

July 15, 2014

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:

Wood Chipper	Garage Door Purchase and Installation
Tree Pruning and Removal	2014 March GU-713
2013 Road Improvement Program	Disposal of Leases

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 6, 2013 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.

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 unfunded capital ordinances with cash deficits totaling \$23,797 over five years old.
- 3.* There exists a substantial amount of appropriated grant reserves that are available for expenditure.
4. There were expenditures made in the amount of \$12,658 for which there was no budget appropriation.
- 5.* Tax stubs are not being validated when payment is received making it impossible to determine if deposits are being made in a timely manner.
6. Improvement Authorization 2012-06 was overexpended by \$3,524.

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 a substantial number of tickets that are assigned but not issued over 180 days on the December Monthly Management Report.

THIS PAGE INTENTIONALLY LEFT BLANK

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 a budget appropriation or the issuance of debt.
- 3.* That a greater effort be made to charge allowable grant expenditures being made.
4. That more care be taken to ensure adequate funds are available prior to expenditures being made.
- 5.* That all receipts be validated upon collection.
6. Balances of improvement authorizations be verified to ensure adequate funds are available prior to expenditures being made.

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.* Tickets Assigned but not issued over 180 days be recalled and either reissued or destroyed.

BOROUGH OF ENGLEWOOD CLIFFS

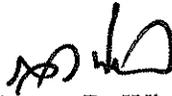
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATION

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. Wielkotz
Registered Municipal Accountant
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

July 15, 2014