

BOROUGH OF ENGLEWOOD CLIFFS

**Financial Statements With
Supplementary Information**

December 31, 2015

(With Independent Auditor's Report Thereon)

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BOROUGH OF ENGLEWOOD CLIFFS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Englewood Cliffs in the County of Bergen, New Jersey, as of December 31, 2015 and 2014, 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, 2015, 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.



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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Englewood Cliffs as of December 31, 2015, 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 \$727,681 and \$724,415 for 2015 and 2014, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.



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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, 2015 and 2014, 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, 2015 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 February 8, 2016 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

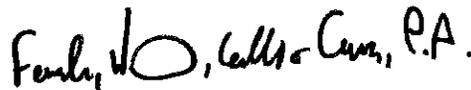


The Honorable Mayor and
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reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with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



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Registered Municipal Accountant
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Certified Public Accountants
Pompton Lakes, New Jersey

February 8, 2016



BOROUGH OF ENGLEWOOD CLIFFS

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Current Fund:			
Cash	A-4	\$ 2,457,314	3,037,670
Change Fund	A-5	200	200
Petty Cash Fund	A-6	300	300
Due from State of New Jersey - Senior Citizens' and Veterans' deductions	A-8	<u>1,278</u>	<u>693</u>
		<u>2,459,092</u>	<u>3,038,863</u>
Receivables with full reserves:			
Delinquent property taxes receivable	A-9	274,751	231,159
Property acquired for taxes - assessed valuation	A-10	39,528	39,528
Revenue accounts receivable	A-11	5,044	73,354
Tax Title Liens Receivable	A-12		22,598
Due from:			
General Capital Fund	A-21	496,728	
Assessment/Other Trust Fund	A-21	957	8,337
Dog License Trust Fund	A-21	590	2,155
Shade Tree Trust Fund	A-21	8	8
Payroll Account	A-21	<u>99,565</u>	<u>25,643</u>
		<u>917,171</u>	<u>402,782</u>
Deferred Charges:			
Emergency Authorizations	A-24		635,000
Overexpenditure of Appropriated Reserve	A-24	51,316	
Special Emergency Authorization	A-22	<u>618,935</u>	<u>634,612</u>
		<u>670,251</u>	<u>1,269,612</u>
Total Current Fund		4,046,514	4,711,257
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-7	51,298	30,703
Due From Current Fund	A-27	<u>237,214</u>	<u>182,681</u>
		<u>288,512</u>	<u>213,384</u>
		<u>\$ 4,335,026</u>	<u>4,924,641</u>

BOROUGH OF ENGLEWOOD CLIFFS
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation reserves	A-3, A-12	380,591	774,213
Encumbrances	A-14	437,974	77,785
Prepaid taxes	A-17	351,236	380,883
Tax overpayments	A-18	13,332	56,260
Due to county for added taxes	A-19	40,578	9,926
Due to:			
General Capital Fund	A-21		577,081
Assessment/Other Trust Fund	A-21	693	182,681
Federal and State Grant Fund	A-21	237,214	
Reserve for:			
State Library Aid	A-23	5,518	5,518
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	618,935	634,612
Emergency Note Payable	A-25		635,000
Accounts Payable	A-26	8,775	
		<u>2,118,199</u>	<u>3,357,312</u>
Reserve for receivables		917,171	402,782
Fund balance	A-1	<u>1,011,144</u>	<u>951,163</u>
		<u>4,046,514</u>	<u>4,711,257</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-15	224,398	181,475
Unappropriated Reserves	A-16	16,420	31,909
Due to General Capital Fund	A-27	47,694	
		<u>288,512</u>	<u>213,384</u>
		<u>\$ 4,335,026</u>	<u>4,924,641</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenue and other income:		
Fund balance utilized	\$ 850,000	850,000
Miscellaneous revenues anticipated	2,761,224	2,655,902
Receipts from delinquent taxes	252,714	474,947
Receipts from current taxes	31,049,883	28,895,076
Non-budget revenue	323,640	205,744
Other credits to income:		
Prior year's interfunds returned	10,493	102,126
Tax Overpayments Cancelled	19,212	
Cancellation of grants receivable	32,665	
Unexpended Balance of Appropriation Reserves	491,050	407,957
Total revenue and other income	<u>35,790,881</u>	<u>33,591,752</u>
Expenditures:		
Budget appropriations:		
Operations:		
Salaries and wages	5,701,299	5,660,981
Other expenses	6,138,506	6,883,550
Municipal debt service	2,400,813	1,819,650
Deferred charges and statutory expenditures - municipal	1,631,133	1,513,377
Capital Improvement Fund	50,000	50,000
Local district school taxes	10,883,383	10,437,558
County taxes	7,599,174	7,294,341
County share of added taxes	40,578	9,926
Interfund Advanced	638,549	
Cancellation of Appropriated Grants	32,665	
Overexpenditure of Appropriation Reserves	51,316	
Prior Year Refunds		16,242
Total expenditures	<u>35,167,416</u>	<u>33,685,625</u>
Excess/(Deficit) in revenue	623,465	(93,873)
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years	<u>286,516</u>	<u>866,000</u>
Statutory Excess to Surplus	909,981	772,127
Fund balance, January 1	<u>951,163</u>	<u>1,029,036</u>
	1,861,144	1,801,163
Decreased by utilization as anticipated revenue	<u>850,000</u>	<u>850,000</u>
Fund balance, December 31	<u>\$ 1,011,144</u>	<u>951,163</u>

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2015

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus anticipated	\$ 850,000	850,000	
Miscellaneous revenues:			
Licenses - alcoholic beverages	\$ 16,000	20,360	4,360
Fees and permits:			
Construction Code Official	365,000	444,300	79,300
Other	20,000	26,452	6,452
Municipal Court - fines and costs	111,000	168,663	57,663
Interest and costs on taxes	85,000	59,570	(25,430)
Interest on Investments	11,000	11,142	142
Commercial Sewer User Fees	255,000	263,623	8,623
Cable TV - Annual Fees	22,759	22,759	
Cell Tower - Annual Leases	250,000	294,367	44,367
Burglar Alarm Fees	10,000	9,875	(125)
Elevator Fees	40,000	6,874	(33,126)
Energy Receipts Tax	691,474	684,894	(6,580)
Drunk Driving Enforcement Fund	3,400	3,400	
Recycling Tonnage Grant	9,675	9,675	
Alcohol Education Rehabilitation Fund	473	473	
Clean Communities	10,668	10,668	
Body Armor Grant	2,693	2,693	
State Police Grant	37,665	37,665	
Mitigation Grant	75,000	75,000	
General Capital Fund Balance	433,138	433,138	
Cancelled Appropriation Reserves	108,823	108,823	
Recreation Fees	86,000	66,810	(19,190)
Total miscellaneous revenues	<u>2,644,768</u>	<u>2,761,224</u>	<u>116,456</u>
Receipts from delinquent taxes	<u>230,000</u>	<u>252,714</u>	<u>22,714</u>
Amount to be raised by taxes for support of municipal budget - local tax for municipal purposes	<u>12,466,818</u>	<u>12,679,750</u>	<u>212,932</u>
Budget totals	<u>\$ 16,191,586</u>	16,543,688	<u>352,102</u>
Nonbudget revenue		<u>323,640</u>	
		<u>\$ 16,867,328</u>	

BOROUGH OF ENGLEWOOD CLIFFS
Comparative Statement of Revenues - Regulatory Basis
Current Fund
Year ended December 31, 2015

Allocation of current tax collections:	
Revenue from collections	31,049,883
Less: Allocated to school and county taxes	<u>18,866,133</u>
Balance for support of municipal budget	12,183,750
Add reserve for uncollected taxes	<u>496,000</u>
Amount for support of municipal budget	<u>\$ 12,679,750</u>
<u>Analysis of non-budget revenue:</u>	
Miscellaneous	12,293
Sewer Hookup	203,960
Police Reports	6,304
Closed Accounts	80,467
Bus Shelter	504
Elections	160
Fines	3,300
Refunds	<u>16,652</u>
	<u>\$ 323,640</u>

See accompanying notes to financial statements.

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Budget</u>	Total for 2015 as Modified by <u>all Transfers</u>	<u>Expended 2015</u>		<u>Cancelled</u>
			<u>Paid or Charged</u>	<u>Reserved</u>	
Operations-within "CAPS"					
General government:					
Administrative and executive:					
Salaries and wages	\$ 141,450	139,027	139,027		
Other expenses	76,200	76,200	74,471	1,729	
Governing Body					
Salaries and wages	12,500	12,500	12,500		
Financial administration:					
Other expenses	53,000	55,700	55,660	40	
Collection of Taxes:					
Salaries and wages	151,300	155,601	155,601		
Other expenses	36,625	40,025	39,285	740	
Assessment of Taxes:					
Salaries and wages	22,000	22,000	21,777	223	
Other expenses	1,265	1,275	1,273	2	
Legal services and costs:					
Other expenses	137,000	187,000	181,459	5,541	
Appraisal Fees	60,000	16,000	13,050	2,950	
Engineering services and costs					
Other expenses	24,000	28,000	26,180	1,820	
Insurance					
Other insurance premiums	446,600	476,600	472,283	4,317	
Group insurance plan for employees	1,457,280	1,422,280	1,412,092	10,188	
Municipal Land Use Law (NJSA40:55D-1)					

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Budget</u>	Total for 2015 as Modified by <u>all Transfers</u>	<u>Expended 2015</u>		<u>Cancelled</u>
			<u>Paid or Charged</u>	<u>Reserved</u>	
Planning Board:					
Salaries and wages	10,000	10,000	10,000		
Other expenses	24,100	28,100	26,421	1,679	
Public safety:					
Police:					
Salaries and wages	4,014,482	3,965,171	3,850,868	114,303	
Other expenses	335,515	335,515	310,485	25,030	
Terminal leave	25,000	235,200	235,169	31	
Fire Official:					
Salaries and wages	59,000	62,202	62,202		
Fire Hydrant Services	77,000	87,350	87,099	251	
Other expenses	24,000	24,000	23,700	300	
Clothing expenses	93,400	93,400	93,230	170	
Municipal Court:					
Salaries and Wages- Prosc/Pub Defender	15,000	15,675	15,477	198	
Public Works Function:					
Road repairs and maintenance:					
Salaries and wages	965,893	965,893	932,191	33,702	
Other expenses	89,100	164,100	160,551	3,549	
Gasoline	80,150	80,150	64,033	16,117	
Garbage and Trash Removal:					
Other expenses	422,500	422,500	382,928	39,572	
Recycling:					
Other expenses	1,625	1,625		1,625	
Public Buildings and Grounds:					
Other expenses	53,500	68,500	66,299	2,201	

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Budget</u>	Total for 2015 as Modified by <u>all Transfers</u>	<u>Expended 2015</u>		<u>Cancelled</u>
			<u>Charged</u>	<u>Reserved</u>	
Sewer System:					
Other expenses	25,000	25,000	20,600	4,400	
Shade Tree:					
Salaries and wages	5,001	5,001	1,697	3,304	
Other expenses	96,875	96,875	92,271	4,604	
Health and Welfare:					
Board of Health:					
Salaries and wages	10,000	10,000	10,000		
Other expenses	41,229	41,229	40,197	1,032	
Senior Citizens Committee:					
Other expenses	26,000	26,800	26,738	62	
Parks and Playgrounds:					
Salaries and wages	83,300	65,300	61,692	3,608	
Other expenses	55,000	85,000	82,655	2,345	
Celebration of public event, anniversary or holiday					
Other expenses	7,500	7,500	4,206	3,294	
Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
State Uniform Construction Code Official:					
Construction official					
Salaries and wages	132,220	128,043	128,043		
Other expenses	8,550	8,550	6,040	2,510	
Plumbing inspector					
Salaries and wages	9,862	9,937	9,937		

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Budget	Total for 2015 as Modified by all Transfers	Expended 2015		
			Paid or Charged	Reserved	Cancelled
Fire Sub-Code Official:					
Salaries and wages	10,000	10,000	10,000		
Sewer Inspection					
Salaries and wages	6,000	6,000	6,000		
Fire Prevention					
Salaries and Wages	12,746	12,746	12,746		
Other Expenses	3,250	3,250	1,408	1,842	
Electrical Inspections					
Salaries and wages	10,123	10,123	10,075	48	
Municipal Court					
Salaries & Wages	96,080	96,080	85,519	10,561	
Other Expenses	16,800	16,800	9,835	6,965	
Unclassified:					
Utilities:					
Gasoline, electricity, heating oil	145,000	130,000	118,603	11,397	
Telephone and fax	110,000	110,000	97,211	12,789	
Street lighting	180,000	150,000	146,484	3,516	
Water	32,000	35,000	34,824	176	
Total Operations within "CAPS"	<u>10,032,021</u>	<u>10,280,823</u>	<u>9,942,092</u>	<u>338,731</u>	

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Budget</u>	Total for 2015 as Modified by all Transfers	<u>Expended 2015</u>	
			<u>Paid or Charged</u>	<u>Reserved Cancelled</u>
Detail:				
Salaries & Wages	5,766,957	5,701,299	5,535,352	165,947
Other Expenses (Including Contingent)	4,265,064	4,579,524	4,406,740	172,784
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"				
(2) STATUTORY EXPENDITURES:				
Contribution to:				
Public Employees' Retirement System	146,568	146,568	146,568	
Social Security System (O.A.S.I.)	220,000	200,897	200,897	
Police and Firemen's Retirement System of NJ	879,901	879,901	879,901	
DCRP	1,000	6,500	5,993	507
Police and Firemen's Retirement System of NJ-Retroactive Bill	2,921	2,921	2,921	
Public Employees' Retirement System-Retroactive Bill	3,469	3,469	3,469	
Total Deferred Charged and Statutory Expenditures- Municipal within "CAPS"	1,253,859	1,240,256	1,239,749	507
Total General Appropriations for Municipal Purposes within "CAPS"	11,285,880	11,521,079	11,181,841	339,238

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Budget</u>	Total for 2015 as Modified by all Transfers	<u>Expended 2015</u>	
			<u>Paid or Charged</u>	<u>Reserved Cancelled</u>
Operations - Excluded from "CAPS"				
Bergen County Utilities Authority				
Service charges	1,058,905	1,058,905	1,058,905	
Sewer charges - Borough of Tenafly	12,000	12,000		12,000
Sewer charges - City of Englewood	100,803	100,804	71,451	29,353
LOSAP	20,982	20,982	20,982	
Maintenance of Free Public Library	225,000	225,000	225,000	
Public and Private Programs Offset by Revenues:				
Clean Communities Program	10,669	10,669	10,669	
Recycling				
Alcohol Education Rehabilitation Fund	473	473	473	
Drunk Driving Enforcement Fund	3,400	3,400	3,400	
Recycling Tonnage Grant				
Other Expenses	9,675	9,675	9,675	
Body Armor Grant	2,693	2,693	2,693	
Hazard Mitigation Grant	75,000	75,000	75,000	
Local Match	1,716	1,716	1,716	
State Police Grant	37,665	37,665	37,665	
Total Operations-Excluded from "CAPS"	<u>1,558,981</u>	<u>1,558,982</u>	<u>1,517,629</u>	<u>41,353</u>
Detail:				
Other Expenses	1,558,981	1,558,982	1,517,629	41,353
Capital Improvements - Excluded from "CAPS"				
Capital Improvement Fund	50,000	50,000	50,000	
Total Capital Improvements Excluded from "CAPS"	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Budget</u>	Total for 2015 as Modified by all Transfers	Expended 2015 Paid or <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	1,180,000	1,180,000	1,180,000		
Payment of Bond Anticipation Notes and Capital Notes	648,333	648,333	648,333		
Interest on Bonds	472,515	472,515	472,515		
Interest on Notes	36,000	36,000	27,066		8,934
Bergen County Improvement Authority					
Principal on Capital Leases	55,000	55,000	55,000		
Interest on Capital Leases	18,000	18,000	17,899		101
Total Municipal Debt Service-Excluded from "CAPS"	<u>2,409,848</u>	<u>2,409,848</u>	<u>2,400,813</u>		<u>9,035</u>
Deferred Charges:					
Special Emergency Authorizations- 5 years (N.J.S. 40A:4-55)	250,877	250,877	250,877		
Deferred Charges to Future Taxation - Unfunded - 2013-15	140,000	140,000	140,000		
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>390,877</u>	<u>390,877</u>	<u>390,877</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,409,706	4,409,707	4,359,319	41,353	9,035
Total General Appropriations-Excluded from "CAPS"	<u>4,409,706</u>	<u>4,409,707</u>	<u>4,359,319</u>	<u>41,353</u>	<u>9,035</u>
Subtotal General Appropriations	15,695,586	15,930,786	15,541,160	380,591	9,035
Reserve for Uncollected Taxes	496,000	496,000	496,000		
Total General Appropriations	<u>\$ 16,191,586</u>	<u>16,426,786</u>	<u>16,037,160</u>	<u>380,591</u>	<u>9,035</u>

Borough of Englewood Cliffs

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>Budget</u>	Total for 2015 as Modified by all Transfers	Expended 2015	<u>Cancelled</u>
		Paid or <u>Charged</u>	<u>Reserved</u>
Emergency Appropriation	235,200		
Adopted Budget	<u>16,191,586</u>		
	<u>\$ 16,426,786</u>		
Encumbrances		437,974	
Deferred Charges		390,877	
Reserve for uncollected taxes		496,000	
Accounts Payable		8,775	
Cash		<u>14,703,534</u>	
		<u>\$ 16,037,160</u>	

See accompanying notes to financial statements.

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BOROUGH OF ENGLEWOOD CLIFFS
Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Assessment/Other Trust Fund:			
Cash	B-1	715,421	1,188,171
Assessment liens receivable	B-2	78	78
Tax Sale Receivable	B-3	50	50
Due from Recycling Trust	B-6	600	600
Due from Current Fund- Other Trust	B-6	693	600
		<u>716,842</u>	<u>1,188,899</u>
Dog License Trust Fund:			
Cash	B-1	4,715	5,422
Due from State of New Jersey	B-5	118	117
		<u>4,833</u>	<u>5,539</u>
Recycling Trust Fund:			
Cash	B-1	35,135	29,233
Shade Tree Trust Fund:			
Cash	B-1	34,609	27,355
COAH Development Trust:			
Cash	B-1	1,627,217	1,458,344
DEA Forfeiture Trust:			
Cash	B-1	107,624	108,740
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	705,085	703,433
Contributions Receivable	B-4	22,596	20,982
		<u>727,681</u>	<u>724,415</u>
		<u>\$ 3,253,941</u>	<u>3,542,525</u>

BOROUGH OF ENGLEWOOD CLIFFS
Comparative Balance Sheet - Regulatory Basis
Trust Funds
December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Assessment/Other Trust Fund:			
Due to Current Fund:			
Assessment/Other Trust	B-6	957	8,194
Escrow Trust Fund	B-6		143
Due to State of New Jersey	B-7	6,984	9,776
Reserve for Assessments and Liens	B-8	78	78
Reserve For:			
Other Trust Deposits	B-9	708,823	1,170,708
		<u>716,842</u>	<u>1,188,899</u>
 Dog License Fund:			
Due to Current	B-6	590	2,155
Reserve for Dog Fund expenditures	B-10	4,243	3,384
		<u>4,833</u>	<u>5,539</u>
 Recycling Trust Fund:			
Reserve for Recycling expenditures	B-11	34,535	28,633
Due to Other Trust Fund	B-6	600	600
		<u>35,135</u>	<u>29,233</u>
 Shade Tree Trust Fund:			
Due to Current Fund	B-6	8	8
Reserve for Shade Tree expenditures	B-12	34,601	27,347
		<u>34,609</u>	<u>27,355</u>
 COAH Development Trust:			
Reserve for COAH Development expenditures	B-13	1,627,217	1,458,344
 DEA Forfeiture Trust			
Reserve for Expenditures	B-14	107,624	108,740
 Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets available for Benefits	B-15	727,681	724,415
		<u>\$ 3,253,941</u>	<u>3,542,525</u>

See accompanying notes to financial statements.

BOROUGH OF ENGLEWOOD CLIFFS

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash	C-2,C-3	\$ 1,463,174	1,030,158
Grants Receivable			
New Jersey Department of Transportation	C-4	150,000	173,074
Bergen County Open Space Trust Fund	C-5		10,051
Bergen County ADA Grant	C-6	46,000	46,000
Due from Ambulance Corp.	C-7	100,000	100,000
Due from Current Fund	C-8		577,081
Due from Federal and State Grant Fund	C-8	47,694	
Deferred Charges to Future Taxation:			
Funded	C-9	15,456,000	16,691,000
Unfunded	C-10	9,419,058	3,655,066
		<u>\$ 26,681,926</u>	<u>22,282,430</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Due to Current Fund	C-8	496,728	
Bond Anticipation Notes	C-11	3,196,650	1,562,083
General Serial Bonds	C-12	14,770,000	15,950,000
Capital Leases Payable	C-13	686,000	741,000
Improvement Authorizations:			
Funded	C-14	837,585	1,909,389
Unfunded	C-14	6,146,006	2,028,496
Capital Improvement Fund	C-15	7,899	8,324
Fund Balance	C-1	541,058	83,138
		<u>\$ 26,681,926</u>	<u>22,282,430</u>

There were \$6,222,408 and \$2,092,983 of Bonds and Notes Authorized But Not Issued on December 31, 2015 and 2014 respectively (Exhibit C-16).

See accompanying notes to financial statements.

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BOROUGH OF ENGLEWOOD CLIFFS

Comparative Statement of General Fixed Assets - Regulatory Basis

General Fixed Assets Account Group

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
General fixed assets:		
Land	\$ 73,803,790	73,801,990
Buildings	9,357,648	9,274,237
Vehicles and equipment	<u>6,710,873</u>	<u>6,224,503</u>
	<u>89,872,311</u>	<u>89,300,730</u>
Investment in general fixed assets	<u>\$ 89,872,311</u>	<u>89,300,730</u>

See accompanying notes to financial statements.

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BOROUGH OF ENGLEWOOD CLIFFS, N.J.

Comparative Balance Sheet-Regulatory Basis

Payroll Account

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash	\$ <u>99,565</u>	<u>25,643</u>
	\$ <u><u>99,565</u></u>	<u><u>25,643</u></u>
<u>Liabilities</u>		
Due to Current Fund	\$ <u>99,565</u>	<u>25,643</u>
	\$ <u><u>99,565</u></u>	<u><u>25,643</u></u>

See accompanying notes to financial statements.

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**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 AND 2014
(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, 2015 AND 2014
(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, 2015 AND 2014
(CONTINUED)

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

Basis of Accounting, (continued)

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures of the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

General Capital Fund
Trust Funds

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. During the years ended December 31, 2015 and 2014, the Governing Body approved \$235,200 and \$866,000, respectively, in emergency appropriations for terminal leave (\$235,200 and \$231,000) and tax appeal refunds (\$-0- and \$635,000). In addition, several budget transfers were approved by the governing body in 2015 and 2014.

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, 2015 AND 2014
(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, 2015 AND 2014
(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, 2015 AND 2014
(CONTINUED)

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

Basis of Accounting, (continued)

Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity's financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this Statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

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

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

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

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

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.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 2. PENSION PLANS

Description of Systems:

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

Public Employees' Retirement System (PERS)

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

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.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 2. PENSION PLANS, (continued)

Description of Systems: (continued)

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

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.

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.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 2. PENSION PLANS, (continued)

Description of Systems: (continued)

Police and Firemens' Retirement System (PFRS), (continued)

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.

Defined Contribution Retirement Program

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

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waiver 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.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 2. PENSION PLANS, (continued)

Description of Systems: (continued)

Defined Contribution Retirement Program, (continued)

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 retain 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.

Significant Legislation

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

The Borough of Englewood Cliffs opted for this deferral in the amount of \$436,241. The amount outstanding at December 31, 2014 was \$346,298.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 2. PENSION PLANS, (continued)

Description of Systems: (continued)

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</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2015	\$146,568	\$879,901	\$5,993
2014	127,038	708,186	-0-
2013	138,179	705,922	1,000

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements. The following pension information is as of June 30, 2014 which is the latest information available. This information is eighteen months prior to December 31, 2015. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS)

At December 31, 2015, the Borough had a liability of \$3,148,604 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the Borough's proportion was .01681701 percent, which was an increase/(decrease) of .00098579 percent from its proportion measured as of June 30, 2013.

For the year ended December 31, 2015, the Borough recognized pension expense of \$146,568. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$99,009	\$
Net difference between projected and actual earnings on pension plan investments		187,640
Changes in proportion and differences between Borough contributions and proportionate share of contributions	159,149	
Borough contributions subsequent to the measurement date	<u>158,483</u>	<u> </u>
Total	<u>\$416,641</u>	<u>\$187,640</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$(28,710)
2017	(28,710)
2018	(28,710)
2019	18,200
Thereafter	8,008

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Collective deferred outflows of resources	\$952,194,675	Not Available
Collective deferred inflows of resources	1,479,224,662	Not Available
Collective net pension liability	18,722,735,003	\$19,111,986,111
Borough s Proportion	.01681701%	.01583122%

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bond	1.00%	2.49%
Intermediate Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Returns	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	<u>2.50%</u>	5.35%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2014		
	1% Decrease <u>4.39%</u>	At Current Discount Rate <u>5.39%</u>	1% Increase <u>6.39%</u>
Borough's proportionate share of the pension liability	\$3,961,051	\$3,148,604	\$2,466,355

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2015, the Borough had a liability of \$13,465,931 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the Borough's proportion was .10705027 percent, which was an increase/(decrease) of .09811864 percent from its proportion measured as of June 30, 2013.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

For the year ended December 31, 2015, the Borough recognized pension expense of \$879,901. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$505,557	\$
Net difference between projected and actual earnings on pension plan investments		1,374,153
Changes in proportion and differences between Borough contributions and proportionate share of contributions	1,975,467	
Borough contributions subsequent to the measurement date	<u>832,660</u>	<u> </u>
Total	<u>\$3,313,684</u>	<u>\$1,374,153</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	(\$245,752)
2017	(245,752)
2018	(245,752)
2019	97,787
Thereafter	16,624

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

Additional Information

Local Group Collective balances at June 30, 2014 and June 30, 2013 are as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Collective deferred outflows of resources	\$750,532,959	Not Available
Collective deferred inflows of resources	1,561,923,934	Not Available
Collective net pension liability	13,933,627,178	\$14,533,269,004
Borough's Proportion	.10705027%	.00893163%

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which rolled forward to June 30, 2014. The total pension liability for the July 1, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.01 Percent
Salary Increases:	
2012-2021	3.95-8.62 Percent (based on age)
Thereafter	4.95-9.62 Percent (based on age)
Investment Rate of Return	7.90 Percent

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bond	1.00%	2.49%
Intermediate Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Returns	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	<u>2.50%</u>	5.35%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.32% and 6.45% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2014		
	1% Decrease <u>5.32%</u>	At Current Discount Rate <u>6.32%</u>	1% Increase <u>7.32%</u>
Borough's proportionate share of the pension liability	\$18,651,154	\$13,465,931	\$9,180,472

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-July2014.pdf.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(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/pdf/financial/gasb-43-July2014.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, 2015 AND 2014
(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, 2015 were as follows:

The Borough of Englewood Cliffs contributions to SHBP for post-retirement benefits for the years ended December 31, 2015 and 2014 were \$589,726 and \$549,537, respectively, which equaled the required contribution for each year.

NOTE 4. MUNICIPAL DEBT

Long-term debt as of December 31, 2015 and 2014 consisted of the following:

	Balance Dec. 31, 2014	<u>Additions</u>	<u>Reductions</u>	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
General Obligation Debt	\$15,950,000	\$	\$1,180,000	\$14,770,000	\$1,220,000
Total Bonds Payable	<u>15,950,000</u>	<u> </u>	<u>1,180,000</u>	<u>14,770,000</u>	<u>1,220,000</u>
Other Liabilities:					
Pension Deferral	372,645		26,347	346,298	28,524
General Capital:					
BCIA Leases Payable	741,000		55,000	686,000	59,000
Compensated Absences Payable	<u>2,929,266</u>	<u>89,306</u>	<u>565,605</u>	<u>2,452,967</u>	<u>77,762</u>
Total Long Term debt	<u>4,042,911</u>	<u>89,306</u>	<u>646,952</u>	<u>3,485,265</u>	<u>165,286</u>
	<u>\$19,992,911</u>	<u>\$89,306</u>	<u>\$1,826,952</u>	<u>\$18,255,265</u>	<u>\$1,385,286</u>
	Balance Dec. 31, 2013	<u>Additions</u>	<u>Reductions</u>	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
General Obligation Debt	\$6,875,000	\$9,885,000	\$810,000	\$15,950,000	\$1,180,000
Total Bonds Payable	<u>6,875,000</u>	<u>9,885,000</u>	<u>810,000</u>	<u>15,950,000</u>	<u>1,180,000</u>
Other Liabilities:					
Pension Deferral	396,577		23,932	372,645	26,347
General Capital:					
BCIA Leases Payable	791,000		50,000	741,000	55,000
Compensated Absences Payable	<u>2,034,179</u>	<u>1,181,650</u>	<u>286,563</u>	<u>2,929,266</u>	<u> </u>
Total Long Term debt	<u>3,221,756</u>	<u>1,181,650</u>	<u>360,495</u>	<u>4,042,911</u>	<u>81,347</u>
	<u>\$10,096,756</u>	<u>\$11,066,650</u>	<u>\$1,170,495</u>	<u>\$19,992,911</u>	<u>\$1,261,347</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 4. MUNICIPAL DEBT, (continued)

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

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Issued:			
General - Bonds, Notes and Loans	\$17,966,650	\$17,512,083	\$16,024,369
Authorized But Not Issued - General Bonds and Notes	<u>6,222,408</u>	<u>2,092,983</u>	<u>3,257,797</u>
Total Bonds, Notes and Loans Issued and Authorized Not Issued	24,189,058	19,605,066	19,282,166
Less: Deductions			<u>12,026</u>
Net Debt	<u>\$24,189,058</u>	<u>\$19,605,066</u>	<u>\$19,270,140</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 .759% for 2015.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$24,189,058	\$	\$24,189,058
Local School Debt	<u>1,921,000</u>	<u>1,921,000</u>	<u>0</u>
	<u>\$26,110,058</u>	<u>\$1,921,000</u>	<u>\$24,189,058</u>

Net debt of \$24,189,058 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$3,185,351,849 equals .759%.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 4. MUNICIPAL DEBT, (continued)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .615% for 2014.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$19,605,066	\$	\$19,605,066
Local School Debt	<u>2,191,190</u>	<u>2,191,190</u>	<u>0</u>
	<u>\$21,796,256</u>	<u>\$2,191,190</u>	<u>\$19,605,066</u>

Net debt of \$19,605,066 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$3,187,452,523 equals .615%.

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

	<u>2015</u>	<u>2014</u>
3-1/2% of equalized valuation basis (municipal)	\$111,487,315	\$111,560,838
Less net debt	<u>24,189,058</u>	<u>19,605,066</u>
Remaining Borrowing Power	<u>\$87,298,257</u>	<u>\$91,955,772</u>

The Borough's long-term debt consisted of the following at December 31, 2015:

Paid by Current Fund:

	<u>2015</u>	<u>2014</u>
\$5,370,000 General Serial Bonds - with an interest rate of 4.15% to 4.20% issued July 15, 2007, due through July 15, 2022	\$3,720,000	\$4,060,000
\$2,495,000 Refunding Bonds - with an interest rate of 1.50% to 3.00% issued June 28, 2012, due through October 15, 2018	1,515,000	2,005,000
\$9,885,000 General Improvement Bonds - with an interest rate of 2.00% to 3.00% issued March 15, 2014, due through March 15, 2030	<u>9,535,000</u>	<u>9,885,000</u>
Total General Serial Bonds	<u>\$14,770,000</u>	<u>\$15,950,000</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 4. MUNICIPAL DEBT, (continued)

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

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2016	\$1,656,455	\$1,220,000	\$436,455
2017	1,832,638	1,435,000	397,638
2018	1,816,505	1,460,000	356,505
2019	1,518,355	1,205,000	313,355
2020	1,515,460	1,240,000	275,460
2020-2025	5,548,280	4,710,000	838,280
2026-2030	<u>3,762,500</u>	<u>3,500,000</u>	<u>262,500</u>
	<u>\$17,650,193</u>	<u>\$14,770,000</u>	<u>\$2,880,193</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, 2015, the Borough had authorized but not issued debt of \$6,222,408.

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, 2015:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2016	\$76,185	\$59,000	\$17,185
2017	83,271	67,000	16,271
2018	86,964	72,000	14,964
2019	93,262	80,000	13,262
2020	99,149	88,000	11,149
2021-2023	<u>335,911</u>	<u>320,000</u>	<u>15,911</u>
	<u>\$774,742</u>	<u>\$686,000</u>	<u>\$88,742</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 6. BOND ANTICIPATION NOTES

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

The following activity related to bond anticipation notes occurred during the periods ended December 31, 2015 and 2014:

	Balance Dec. 31, 2014	<u>Additions</u>	<u>Reductions</u>	Balance Dec. 31, 2015
General Capital Notes Payable:				
TD Securities LLC	\$	\$495,000	\$	\$495,000
Jeffries & Company LLC	1,562,083		1,562,083	0
1 st Constitution Bank		<u>2,701,650</u>		<u>2,701,650</u>
	<u>\$1,562,083</u>	<u>\$3,196,650</u>	<u>\$1,562,083</u>	<u>\$3,196,650</u>

	Balance Dec. 31, 2013	<u>Additions</u>	<u>Reductions</u>	Balance Dec. 31, 2014
General Capital Notes Payable:				
TD Securities LLC	\$8,070,169	\$	\$8,070,169	\$0
Jeffries & Company LLC	<u>1,079,200</u>	<u>1,562,083</u>	<u>1,079,200</u>	<u>1,562,083</u>
	<u>\$9,149,369</u>	<u>\$1,562,083</u>	<u>\$9,149,369</u>	<u>\$1,562,083</u>

NOTE 7. SPECIAL EMERGENCY NOTES

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

On December 31, 2015 and 2014, the Borough had \$235,200 and \$635,000, respectively, in outstanding Current Fund Special Emergency notes.

BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 7. SPECIAL EMERGENCY NOTES, (continued)

The following activity related to special emergency notes occurred during the calendar years ended December 31, 2015 and 2014:

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Jefferies & Company LLC	\$403,612	\$	\$403,612	\$
TD Bank, N.A.		184,000		184,000
1 st Constitution Bank		198,935		198,935
Bank of New Jersey	<u>231,000</u>	<u>235,200</u>	<u>231,000</u>	<u>235,200</u>
	<u>\$634,612</u>	<u>\$618,135</u>	<u>\$634,612</u>	<u>\$618,135</u>

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Bank of New Jersey	\$350,445	\$231,000	\$350,445	\$231,000
Jefferies & Company LLC		403,612		403,612
Jefferies & Company LLC	<u>257,844</u>		<u>257,844</u>	
	<u>\$608,289</u>	<u>\$634,612</u>	<u>\$608,289</u>	<u>\$634,612</u>

NOTE 8. EMERGENCY NOTES

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

On December 31, 2015 and 2014, the Borough had \$-0- and \$635,000, respectively, in outstanding Current Fund Emergency notes.

The following activity related to emergency notes occurred during the calendar years ended December 31, 2015 and 2014:

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Bank of New Jersey	<u>\$635,000</u>	<u>\$</u>	<u>\$635,000</u>	<u>\$</u>

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Bank of New Jersey	\$	\$635,000	\$	\$635,000
Jefferies & Company LLC	<u>590,000</u>		<u>590,000</u>	
	<u>\$590,000</u>	<u>\$635,000</u>	<u>\$590,000</u>	<u>\$635,000</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 9. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015 and 2014, the following deferred charges are shown on the balance sheet of the various funds:

	Balance December 31, <u>2015</u>	2016 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budget</u>
<u>Current Fund:</u>			
Special Emergency - N.J.S.A. 40A:4-55	\$618,935	\$227,717	\$391,218
Overexpenditure of Appropriation Reserves	<u>51,316</u>	<u>51,316</u>	<u> </u>
	<u>\$670,251</u>	<u>\$279,033</u>	<u>\$391,218</u>
	Balance December 31, <u>2014</u>	2016 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budget</u>
<u>Current Fund:</u>			
Special Emergency - N.J.S.A. 40A:4-55	<u>\$634,612</u>	<u>\$250,877</u>	<u>\$383,735</u>

NOTE 10. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2015 and December 31, 2014 which has been appropriated as revenue in the 2016 and 2015 budgets is as follows:

	<u>2016</u>	<u>2015</u>
Current Fund	<u>\$910,000</u>	<u>\$850,000</u>

NOTE 11. ACCRUED SICK AND VACATION BENEFITS

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

The estimated accumulated unpaid compensation as of December 31, 2015 and 2014 was \$2,452,967 and \$2,929,266, respectively.

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 12. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2015 and 2014, \$-0- of the Borough's bank balance of \$2,728,707 and \$7,369,014, 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, 2015 AND 2014
(CONTINUED)

NOTE 12. 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, 2015 and 2014 amounted to \$705,085 and \$703,433, respectively.

The following investments represent the total invested with AIG on December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Aggressive Growth Lifestyle	\$6,880	\$6,994
Asset Allocation Fund	28,868	28,194
Blue Chip Growth Fund	39,504	34,435
Capital Conservation	1,435	1,446
Dividend Value	32,553	33,097
Emerging Economies	1,077	1,114
Fixed Account Plus	71,022	64,455
Global Strategy	12,495	13,251
Government Securities Fund	916	4,999
Growth Fund	2,983	2,922
Growth & Income Fund	4,702	4,595
Health Sciences	19,858	17,529
High Yield Bond Fund	1,858	1,943
International Equities Fund	2,215	2,174
International Opportunities	1,622	1,507
Large CAP CORE	1,251	1,144
Large CAP Value Fund	682	1,117
Mid Cap Growth Fund	725	737
Mid Cap Index Fund	70,459	67,519
Mid Cap Value Fund	151,488	149,721
Moderate Growth Lifestyle	3,721	3,785
Money Market I Fund	46,009	43,233
NASDAQ-100R Index Fund	3,403	3,148
Science & Technology Fund	105,729	96,765
Short Term Fixed Account	1,525	1,510
Small Cap Index Fund	1,004	976
Small Cap Value Fund	2,363	2,547
Stock Index Fund	86,656	110,557
Strategic Bond Fund	2,082	2,019
	<u>\$705,085</u>	<u>\$703,433</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 13. LOCAL DISTRICT SCHOOL TAXES

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

The Borough has elected to defer school taxes as of December 31, 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Balance of tax	\$5,613,189	\$5,270,191
Deferred	<u>5,613,189</u>	<u>5,270,191</u>
 Tax payable	 <u>\$ -0-</u>	 <u>\$ -0-</u>

NOTE 14. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of December 31, 2015 and 2014:

	<u>Balance Dec. 31, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2015</u>
Land	\$73,801,990	\$1,800	\$	\$73,803,790
Buildings	9,274,237	83,411		9,357,648
Vehicles and Equipment	<u>6,224,503</u>	<u>486,370</u>		<u>6,710,873</u>
	<u>\$89,300,730</u>	<u>\$571,581</u>	<u>\$</u>	<u>\$89,872,311</u>
	 <u>Balance Dec. 31, 2013</u>	 <u>Additions</u>	 <u>Deletions</u>	 <u>Balance Dec. 31, 2014</u>
Land	\$73,800,228	\$1,762	\$	\$73,801,990
Buildings	9,242,637	31,600		9,274,237
Vehicles and Equipment	<u>5,433,266</u>	<u>791,237</u>		<u>6,224,503</u>
	<u>\$88,476,131</u>	<u>\$824,599</u>	<u>\$</u>	<u>\$89,300,730</u>

**BOROUGH OF ENGLEWOOD CLIFFS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 15. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2015 consist of the following:

\$99,565	Due to the Current Fund from the Payroll Account for advances made in error.
237,214	Due to Federal and State Grant Fund from the Current Fund for grant awards received less cash disbursements made.
47,694	Due to the General Capital Fund from the Federal and State Grant Fund for reimbursement of expenditures paid.
496,728	Due to the Current Fund from the General Capital Fund for proceeds of notes issued.
590	Due to the Current Fund from the Animal License Fund for statutory excess.
693	Due to the Escrow Trust Fund from the Current Fund for interest earnings not turned over less deposits made in error.
957	Due to Current Fund from the Other Trust Fund for deposits made in error and interest earnings not turned over.
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>\$884,049</u>	

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

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

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

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

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, 2015 AND 2014
(CONTINUED)**

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

We have reviewed the plan for the year ended December 31, 2015 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 17. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2015 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, 2015 AND 2014
(CONTINUED)

NOTE 18. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec 31, 2015</u>	<u>Balance</u> <u>Dec 31, 2014</u>
Prepaid Taxes	<u>\$351,236</u>	<u>\$380,883</u>
Cash Liability for Taxes Collected in Advance	<u>\$351,236</u>	<u>\$380,883</u>

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES

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

(a) **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, 2015 AND 2014
(CONTINUED)**

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

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

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

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

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

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

NOTE 20. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through February 8, 2016, the date which the financial statements were available to be issued. No items were noted.

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SUPPLEMENTARY DATA

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BOROUGH OF ENGLEWOOD CLIFFS

Supplementary data

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax rate	<u>0.930</u>	<u>0.870</u>	<u>0.849</u>
Apportionment of tax rate:			
Municipal	0.370	0.339	0.332
School	0.333	0.313	0.303
County	<u>0.227</u>	<u>0.218</u>	<u>0.214</u>

Assessed Value

2015	\$ 3,367,987,844
2014	\$ 3,364,896,744
2013	\$ 3,406,511,537

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>
2015	\$ 31,486,803	31,049,883	98.61%
2014	29,314,176	28,895,076	98.57%
2013	28,999,117	28,395,527	97.92%

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>
2015	\$ 274,751		274,751	0.87%
2014	231,159	22,598	253,757	0.87%
2013	484,184	19,222	503,406	1.74%

BOROUGH OF ENGLEWOOD CLIFFS

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2015 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>
2015	\$	39,528
2014		39,528
2013		39,528

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2015	\$ 1,011,144	910,000
	2014	951,163	850,000
	2013	1,029,036	850,000
	2012	1,346,866	500,000
	2011	325,945	

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Expenditures of State Awards
Year ended December 31, 2015

State grantor	Program	Grant number	Grant year	Grant award	Cash Received	Expended	MEMO Cumulative Total Expenditures	
Current Fund: Division of Criminal Justice	Body Armor	1020-718-066-1020-001-YCJS-6120	2010	2,460		875	1,772	
	Body Armor	1020-718-066-1020-001-YCJS-6120	2011	2,777				
	Body Armor	1020-718-066-1020-001-YCJS-6120	2013	3,468				
	Body Armor	1020-718-066-1020-001-YCJS-6120	2014	2,693				
	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				
	Alcohol Education and Rehabilitation	9735-760-098-Y900-001-X100-6020	2014	472				
	Alcohol Education and Rehabilitation	9735-760-098-Y900-001-X100-6020	2015	1,179	1,179			
					1,179	875	1,772	
	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			
		Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2014	3,400			
Drunk Driving Enforcement Fund		6400-100-078-6400-YYYY	2015	2,278	2,278		138	
					2,278			
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	2006	5,985		1,568	5,985	
	Clean Communities Act	4900-765-042-4900-004-VCMC-6020	2007	6,921		4,018	5,578	
	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-6020	2012	9,688				
	Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2013	11,375				
	Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2014	10,669				
	Clean Communities Act	4900-765-042-4900-004-V42Y-6020	2015	12,963	12,963			
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2004	4,826		1,900	3,041	
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2005	5,160				
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2006	4,179				
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2007	3,078				
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2008	1,776				

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Expenditures of State Awards
Year ended December 31, 2015

<u>State grantor</u>	<u>Program</u>	<u>Grant number</u>	<u>Grant year</u>	<u>Grant award</u>	<u>Cash Received</u>	<u>Expended</u>	<u>MEMO Cumulative Total Expenditures</u>
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-6020	2010	20,865			*
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2011	7,326			*
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2013	6,921			*
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2014	9,675	12,963	7,486	14,604
		Total State Financial Assistance			16,420	8,361	16,535
Other Financial Assistance The Heritage Program (Firemen's Fund Insurance Company)	Fireman's Fund Grant	N/A	2011	12,774			11,207
							11,207
County of Bergen	Municipal Recycling Assistance Program		PY	11,163			*
			PY	10,211			*
			2005	4,008			500
			2007	2,549			500
County of Bergen	Municipal Open Space - Trust Fund	Ord. 2009-5	2008	92,500			92,500
	Rehab. Of Woodland Park Basketball Courts						
County of Bergen	ADA Cooperative Curb Ramp Construction Grant	Ord. 2014-10	2014	46,000			
Passed through - County of Bergen	Municipal Alliance on Alcoholism and Drug Abuse		2009	11,500			11,500
	Municipal Alliance on Alcoholism and Drug Abuse		2010	10,356		9,647	8,037
	Municipal Alliance on Alcoholism and Drug Abuse		2011	10,356			654
	Municipal Alliance on Alcoholism and Drug Abuse		2012	10,356	6,711		10,356
					6,711	9,647	30,547
		Total Other Financial Assistance			6,711	9,647	134,754
		Total State and Other Financial Assistance			23,131	18,008	151,289

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, 2015

	Program	CFDA #	Grant year	Grant award	Cash Received	Expended	MEMO Cumulative Total Expenditures
Federal grantor							
Federal and State Grant Fund:							
Department of Housing and Urban Development	Community Development Block Grant	14.219	2000	\$ 20,000			\$ 5,789
Total Federal and State Grant Fund							\$ 5,789
Current Fund:							
Department of Homeland Security	Disaster Grants - Public Assistance (Presidentially Declared Disasters)						
	Hurricane Sandy - DR 4086	97.036	2014	43,998			
	Hurricane Sandy - Hazard Mitigation	97.039	2015	75,000	47,694	47,694	47,694
Total Current Fund					47,694	47,694	47,694
General Capital Fund:							
Department of Transportation	Imps. to Pershing Road, Ord. 2009-13	20.205	2009	150,000			
Federal Highway Planning and (passed through State Department of Transportation)	Summit Street, Ord. 2013-09	20.205	2013	150,000			
Total General Capital Fund							
Total Federal Assistance				\$ 47,694	47,694	47,694	53,483

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

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BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Cash - Collector-Treasurer

Current Fund

Year ended December 31, 2015

Balance - December 31, 2014		\$ 2,831,926
Increased by:		
Veterans' and senior citizens' deductions	\$ 33,915	
Taxes receivable	30,830,268	
Prepaid taxes	351,236	
Special Emergency Notes	618,935	
Tax Overpayments	27,802	
Interfunds	4,274,212	
Revenue accounts receivable	2,186,468	
Miscellaneous revenue not anticipated	323,640	
Miscellaneous Reserves	123,848	
Tax Title Liens	30,635	
Grants Receivable	6,712	
Unappropriated Reserves	<u>16,420</u>	
		<u>38,824,091</u>
		41,656,017
Decreased by:		
Appropriation reserves	303,441	
County taxes payable	7,609,100	
School taxes payable	10,883,383	
Appropriations	14,703,534	
Tax Overpayments	264,619	
Miscellaneous reserves	123,848	
Interfunds	4,023,158	
Emergency Notes	635,000	
Special Emergency Notes	634,612	
Appropriated grant reserves	<u>18,008</u>	
		<u>39,198,703</u>
Balance - December 31, 2015		<u><u>\$ 2,457,314</u></u>

Exhibit A-5

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Change Funds

Current Fund

Year ended December 31, 2015

Balance - December 31, 2014 \$ 200

Balance - December 31, 2015 \$ 200

Exhibit A-6

Schedule of Petty Cash

Current Fund

Year ended December 31, 2015

Balance - December 31, 2014 \$ 300

Balance - December 31, 2015 \$ 300

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Grants Receivable

Federal and State Grant Fund

Year ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	2015 <u>Revenue</u>	Decreased <u>By:</u>	Balance, Dec. 31, <u>2015</u>
Community Development Block Grant	\$ 9,709			9,709
Municipal Alliance - 2010	282			282
Municipal Alliance - 2011	10,356			10,356
Municipal Alliance - 2012	10,356		6,711	3,645
Drunk Driving Enforcement Fund - 2014		3,400	3,400	
Recycling Tonnage Grant - 2014		9,675	9,675	
Alcohol Education Rehabilitation Fund - 2014		473	473	
Body Armor - 2014		2,693	2,693	
Hazard Mitigation - 2014		75,000	47,694	27,306
State Police - 2014		37,665	37,665	
Clean Communities - 2014		10,669	10,669	
	<u>\$ 30,703</u>	<u>139,575</u>	<u>118,980</u>	<u>51,298</u>

	Cash Receipt	\$ 6,712
	Interfunds	47,694
	Transfer from Unappropriated Grants	31,909
	Cancellation	<u>32,665</u>
		<u>\$ 118,980</u>

BOROUGH OF ENGLEWOOD CLIFFS

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

Current Fund

Year ended December 31, 2015

Balance - December 31, 2014		\$	693
Increased by:			
Veterans' deductions per duplicate	\$	3,750	
Senior Citizens' deductions per duplicate		<u>30,750</u>	
			<u>34,500</u>
			35,193
Decreased by:			
Cash Received			<u>33,915</u>
Balance - December 31, 2015		\$	<u><u>1,278</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

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

Current Fund

Year Ended December 31, 2015

Year	Balance, Dec. 31, 2014	2015 Tax Levy	Collections		Veterans and Senior Citizens	Remitted, Abated or Cancelled	Balance, Dec. 31, 2015
			2014	2015			
2014	231,159			230,116		1,043	
	231,159			230,116		1,043	
2015		31,486,803	380,883	30,634,500	34,500	162,169	274,751
	\$ 231,159	31,486,803	380,883	30,864,616	34,500	163,212	274,751

Overpayments Applied 34,348
Cash Receipts 30,830,268
\$ 30,864,616

Analysis of 2015 Property Tax Levy

Tax yield:	
General purpose tax	31,322,287
Added taxes	164,516
	<u>\$ 31,486,803</u>
Tax levy:	
Local district school tax - per abstract	11,226,381
County taxes:	7,518,553
County tax - per abstract	80,621
Added county tax	40,578
	<u>18,866,133</u>
Local tax for municipal purposes - per abstract	12,466,818
Additional tax levied	153,852
	<u>\$ 31,486,803</u>

BOROUGH OF ENGLEWOOD CLIFFS

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

Current Fund

Year ended December 31, 2015

Balance - December 31, 2014	\$ <u>39,528</u>
Balance - December 31, 2015	\$ <u><u>39,528</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Accrued in 2015	<u>Collected</u>	Balance, Dec. 31, <u>2015</u>
Borough Clerk - licenses:				
Alcoholic beverages	\$	20,360	20,360	
Fees and permits:				
Construction Code Official		444,300	444,300	
Other		26,452	26,452	
Municipal Court - fines and costs	55,279	117,034	168,663	3,650
Interest and cost on taxes		59,570	59,570	
Interest on investments		11,142	11,142	
Commercial Sewer Use Fees	18,075	246,942	263,623	1,394
Cable TV - Annual Fees		22,759	22,759	
Cell Tower - Annual Leases		294,367	294,367	
Burglar Alarm Fees		9,875	9,875	
Elevator Fees		6,874	6,874	
Energy receipts taxes		684,894	684,894	
General Capital Fund Balance		433,138	433,138	
Cancelled Appropriation Reserves		108,823	108,823	
Recreation Fees		66,810	66,810	
	<u>\$ 73,354</u>	<u>2,553,340</u>	<u>2,621,650</u>	<u>5,044</u>
		Interfunds	435,182	
		Cash	<u>2,186,468</u>	
			<u>\$ 2,621,650</u>	

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Tax Title Liens Receivable

Current Fund

Year ended December 31, 2015

Balance - December 31, 2014	\$	22,598
Increased by:		
Interest and Costs		<u>8,037</u>
		30,635
Decreased by:		
Redeemed	\$	<u><u>30,635</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2015

	Balance, Dec.31, <u>2014</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid</u>	Balance <u>lapsed</u>	<u>Over Expenditures</u>
Salaries and wages:					
Administrative and Executive	73	73		73	
Governing Body	208	208		208	
Assessment of taxes	1	1		1	
Zoning Officer	18,000	18,000	18,000	-	
Police	18,434	18,790		18,790	
Fire Official	6,234	6,234		6,234	
Prosecutor/Public Defender	5,339	5,339		5,339	
Road Repairs and Maintenance	81,701	81,701		81,701	
Shade Tree	1,204	1,204		1,204	
Board of Health	2,108	2,108		2,108	
Parks and playgrounds	1	1		1	
Construction Official	500	500		500	
Electrical Inspections	30	30		30	
Municipal Court	373	373		373	
Terminal Leave	680	680		680	
Other expenses:					
Administrative and executive	12,998	16,370	3,997	12,373	
Financial Administration	18,868	18,868		18,868	
Collection of taxes	67	67		67	
Assessment of taxes	2,225	2,225	1,381	844	
Legal Services and Costs	39,460	39,460	7,723	31,737	
Appraisal Fees	37,800	37,800	37,800	-	
Engineering	4,276	4,276	453	3,823	
Planning Board	51,911	51,912		51,912	
Other Insurance Premiums	1	1		1	
Group Insurance for Employees	28,172	28,172	1,259	26,913	
Police	37,492	82,243	46,063	36,180	
Police - Terminal Leave	3,315	3,315		3,315	
Fire Hydrant Services	8,305	8,305		8,305	
Fire - Other Expenses	1,960	1,960	545	1,415	
Fire - Clothing Expenses	1,700	1,700		1,700	
Road Repairs and Maintenance	334			-	
Streets and Roads		375	19,745	-	19,370
Garbage and Trash	139,598	139,598	121,968	17,630	
Recycling	1,403	1,403		1,403	
Sewer System	1	1		1	
Public building and grounds	49	674	4,692	-	4,018
Shade Tree	953	27,148	9,465	17,683	
Board of Health	3,127	3,962	248	3,714	
Senior Citizens	4,790	4,790	897	3,893	
Parks and playgrounds		1,050		1,050	
Celebration of Public Events	572	572		572	
Rental of Building	2,500	2,500	2,500	-	
Construction Official	4,185	4,185		4,185	
Fire Prevention	743	743		743	
Elevator Inspections	2,053	2,053		2,053	
Red Light Camera - Other Expenses	85,737	85,737	85,737	-	
Gasoline, electricity and heating oil	47,269	47,325	17,588	29,737	
Street lighting	264	264	25,171	-	24,907
Telephone	28,610	29,087	2,205	26,882	
Water		26	3,047	-	3,021

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2015

	Balance, Dec.31, <u>2014</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid</u>	Balance <u>lapsed</u>	<u>Over Expenditures</u>
Municipal Court	8,818	8,818	1,780	7,038	
Public Employee's Retirement System of NJ	393	393		393	
Social Security System (O.A.S.I.)	10,989	10,989		10,989	
Sewer - Contractual - BCUA Service Charges	1	1		1	
DCRP	1,000	1,000		1,000	
Sewer Charges - City of Englewood	1,218	1,218		1,218	
Sewer Charges - Borough of Tenafly	30,000	30,000		30,000	
Emergency - Tax Appeals Refund	<u>16,170.00</u>	<u>16,170</u>		<u>16,170</u>	
	<u>\$ 774,213</u>	<u>851,998</u>	<u>412,264</u>	<u>491,050</u>	<u>51,316</u>
Appropriation reserves		774,213			
Encumbrances		<u>77,785</u>			
		<u>\$ 851,998</u>			
		Cash	303,441		
		Cancellations	<u>108,823</u>		
			<u>412,264</u>		

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Encumbrances Payable

Current Fund

Year ended December 31, 2015

Balance - December 31, 2014	\$	77,785
Increased by:		
Charges to 2015 Budget Appropriations		<u>437,974</u>
		515,759
Decreased by :		
Transferred to 2014 Appropriation Reserves		<u>77,785</u>
Balance - December 31, 2015	\$	<u><u>437,974</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Appropriated Grant Reserves

Federal and State Grant Funds

Year ended December 31, 2015

<u>Grant</u>	Balance Dec. 31, 2014	from 2015 Budget <u>Appropriations</u>	Decreased by:	Balance Dec. 31, 2015
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 - 2006	1,568		1,568	
Clean Communities - 2007	5,362		4,018	1,344
Clean Communities - 2008	1,472			1,472
Clean Communities - 2011	9,861			9,861
Clean Communities - 2012	9,688			9,688
Clean Communities - 2013	11,375			11,375
Clean Communities - 2014		10,669		10,669
Recycling Tonnage Grant - 2004	3,685		1,900	1,785
Recycling Tonnage Grant - 2005	5,160			5,160
Recycling Tonnage Grant - 2006	4,179			4,179
Recycling Tonnage Grant - 2007	3,078			3,078
Recycling Tonnage Grant - 2008	1,776			1,776
Recycling Tonnage Grant - 2009	13,777			13,777
Recycling Tonnage Grant - 2010	20,865			20,865
Recycling Tonnage Grant - 2011	7,326			7,326
Recycling Tonnage Grant - 2013	6,921			6,921
Recycling Tonnage Grant - 2014		9,675		9,675
Alcohol Education Rehabilitation - 2011	510			510
Alcohol Education Rehabilitation - 2012	1,349			1,349
Alcohol Education Rehabilitation - 2013	581			581
Alcohol Education Rehabilitation - 2014		472		472
Municipal Alliance	8,319			8,319
Municipal Alliance - 2011	9,702		9,647	55
Drunk Driving Enforcement Fund - 2003	371			371
Drunk Driving Enforcement Fund - 2004	1,141			1,141
Drunk Driving Enforcement Fund - 2005	279			279
Drunk Driving Enforcement Fund - 2009	378			378
Drunk Driving Enforcement Fund - 2014		3,400		3,400
Hepatitis B	735			735
Body Armor - 2011	1,563		875	688
Body Armor - 2012	2,777			2,777
Body Armor - 2013	3,468			3,468
Body Armor - 2014		2,693		2,693
Domestic Violence	1,000			1,000
Fireman's Fund Grant	1,567			1,567
Hazard Mitigation		75,000	47,694	27,306
Matching Grant		1,716		1,716
State Police		37,665	32,665	5,000
	<u>\$ 181,475</u>	<u>141,290</u>	<u>98,367</u>	<u>224,398</u>

Cash Disbursements	18,008
Interfunds	47,694
Cancellation	32,665
\$	<u>98,367</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Grant</u>	Balance, Dec. 31, <u>2014</u>	Realized as 2015 Budget <u>Revenue</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2015</u>
Recycling Tonnage Grant - 2014	\$ 9,675	9,675		
Clean Communities - 2014	10,669	10,669		
Clean Communities - 2015			12,963	12,963
Body Armor - 2014	2,693	2,693		
State Police Grant - 2014	5,000	5,000		
Alcohol Education & Rehabilitation - 2014	472	472		
Alcohol Education & Rehabilitation - 2015			1,179	1,179
Drunk Driving Enforcement Fund - 2014	3,400	3,400		
Drunk Driving Enforcement Fund - 2015			2,278	2,278
	<u>\$ 31,909</u>	<u>31,909</u>	<u>16,420</u>	<u>16,420</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2015

Balance - December 31, 2014	\$	380,883
Increased by:		
Collection of 2016 Taxes		<u>351,236</u>
		732,119
Decreased by :		
Applied to 2015 Taxes		<u>380,883</u>
Balance - December 31, 2015	\$	<u><u>351,236</u></u>

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2015

Balance - December 31, 2014	\$	56,260
Increased by:		
2015 Collections	\$	27,802
Interfunds		<u>247,449</u>
		<u>275,251</u>
		331,511
Decreased by:		
Cash Disbursements	264,619	
Cancelled	19,212	
Overpayments Applied	<u>34,348</u>	
		<u>318,179</u>
Balance - December 31, 2015	\$	<u><u>13,332</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2015

Balance - December 31, 2014		\$	9,926
Increased by:			
County Share of 2015 Levy	\$	7,518,553	
County Open Space Preservation of 2015 Levy		80,621	
County Share of 2015 Levy - Added Taxes		<u>40,578</u>	
			<u>7,639,752</u>
			7,649,678
Decreased by:			
Payments			<u>7,609,100</u>
Balance - December 31, 2015	\$		<u><u>40,578</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Local District School Taxes Payable

Current Fund

Year ended December 31, 2015

Balance - December 31, 2014	
School Taxes Deferred	\$ <u>5,270,191</u>
Increased by:	
Local School Share of Fiscal Year 2015 Levy	<u>11,226,381</u>
	16,496,572
Decreased by:	
Payments	<u>10,883,383</u>
Balance - December 31, 2015	\$ <u><u>5,613,189</u></u>
School Taxes Deferred	\$ <u><u>5,613,189</u></u>
<u>2015 Liability for Local School District Taxes:</u>	
Amount Charged to 2015 Operations	\$ <u><u>10,883,383</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

Current Fund

Year ended December 31, 2015

	Due from/(to) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2015</u>
Federal and State Grant Fund	\$ (182,681)	18,008	72,541	(237,214)
General Capital Fund	(577,081)	7,034,654	5,960,845	496,728
Payroll Account	25,643	73,922		99,565
Dog License Trust Fund	2,155	590	2,155	590
Assessment/Other Trust Fund				
Other Trust Fund	8,194	957	8,194	957
Escrow Trust Fund	143	94	930	(693)
COAH Development		1,200,000	1,200,000	
Shade Tree Trust Fund	<u>8</u>			<u>8</u>
	<u>(723,619)</u>	<u>8,328,225</u>	<u>7,244,665</u>	<u>359,941</u>
Interfunds due from	36,143	1,133,736	572,031	597,848
Interfunds (due to)	<u>(759,762)</u>	<u>7,194,489</u>	<u>6,672,634</u>	<u>(237,907)</u>
	<u>\$ (723,619)</u>	<u>8,328,225</u>	<u>7,244,665</u>	<u>359,941</u>
Special Emergency and Emergency Notes paid by Capital	\$ 2,844,430		2,888,908	
Reimbursement for Expenses Paid		73,922	248,779	
Reimbursement for Tax Appeals Paid		105,622		
Anticipated Revenue		433,369		
Prior Year Emergency Appropriation		635,000		
Cash Receipts		3,015,240	1,258,972	
Interest on Investments		2,044		
Cash Disbursements		1,200,000	2,823,158	
Statutory Excess		590		
Grants Receivable			6,712	
Local Match			1,716	
Unappropriated Grants			16,420	
Grant Expenditures		<u>18,008</u>		
		<u>\$ 8,328,225</u>	<u>7,244,665</u>	

BOROUGH OF ENGLEWOOD CLIFFS

**Schedule of Deferred Charges - N.J.S.A. 40A:4-55
Special Emergency Authorizations**

Current Fund

Year ended December 31, 2015

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of net Amount Authorized</u>	<u>Balance Dec. 31, 2014</u>	<u>Increased by: 2015 Authorization</u>	<u>Reduced by: 2014 Budget Appropriation</u>	<u>Balance Dec. 31, 2015</u>
December 14, 2011	Special Emergency - Terminal Leave	\$ 351,000	70,200	139,844		70,200	69,644
November 22, 2010	Special Emergency - Terminal Leave	350,075	70,015	70,384		70,016	368
December 3, 2012	Special Emergency - Terminal Leave	322,306	64,461	193,384		64,461	128,923
December 14, 2014	Special Emergency - Terminal Leave	231,000	46,200	231,000		46,200	184,800
December 16, 2020	Special Emergency - Terminal Leave	235,200	47,040		235,200		235,200
				<u>\$ 634,612</u>	<u>235,200</u>	<u>250,877</u>	<u>618,935</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Miscellaneous Reserves

Current Fund

Year Ended December 31, 2015

<u>Reserve for</u>	Balance, Dec. 31, <u>2014</u>	Increased by: Cash <u>Receipts</u>	<u>Decreased by:</u>	Balance, Dec. 31, <u>2015</u>
State Library Aid	\$ 5,518			5,518
Master Plan	1,675			1,675
Lien Redemption	10,233	123,848	123,848	10,233
BCUA Recycling Grant	<u>11,445</u>			<u>11,445</u>
	<u>\$ 28,871</u>	<u>123,848</u>	<u>123,848</u>	<u>28,871</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2015

	Balance Dec. 31, <u>2014</u>	Added in <u>2015</u>	Reduced in <u>2015</u>	Balance Dec. 31, <u>2015</u>
Emergency Authorization - State Tax Court Judgement	\$ 635,000		635,000	
Overexpenditure of Appropriated Reserves		<u>51,316</u>		<u>51,316</u>
	<u>\$ 635,000</u>	<u>51,316</u>	<u>635,000</u>	<u>51,316</u>

BOROUGH OF ENGLEWOOD CLIFFS

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

Current Fund

Year ended December 31, 2015

<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, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2015</u>
Special Emergency - Terminal Leave 2010	Dec. 30, 2010	Feb. 27, 2015		0.495%	70,200		70,200	70,015
Special Emergency - Terminal Leave 2011	Dec. 29, 2011	Feb. 27, 2015	Feb. 26, 2016	0.495%	140,030	70,015	140,030	128,920
Special Emergency - Terminal Leave 2012	Dec. 27, 2012	Feb. 27, 2015	Feb. 26, 2016	0.495%	193,382	128,920	193,382	184,800
Special Emergency - Terminal Leave 2014	Dec. 23, 2014	Dec. 23, 2015	June 30, 2016	0.600%	231,000	184,800	231,000	235,200
Special Emergency - Terminal Leave 2015	Dec. 30, 2015	Dec. 30, 2015	Feb. 26, 2016	0.650%		235,200		
Emergency Note	Dec. 23, 2014	Dec. 23, 2015	June 30, 2016	0.600%	635,000		635,000	
					<u>\$ 1,269,612</u>	<u>618,935</u>	<u>1,269,612</u>	<u>618,935</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Accounts Payable

Current Fund

Year ended December 31, 2015

Increased by:	
Charges to 2015 Budget Appropriations	\$ <u>8,775</u>
Balance - December 31, 2015	\$ <u><u>8,775</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

Federal and State Grant Funds

Year ended December 31, 2015

	Due from/(to) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2015</u>
Current Fund	\$ 182,681	72,541	18,008	237,214
General Capital Fund	<u> </u>	<u> </u>	<u>47,694</u>	<u>(47,694)</u>
	<u>182,681</u>	<u>72,541</u>	<u>65,702</u>	<u>189,520</u>
Interfunds due from	182,681	72,541	18,008	237,214
Interfunds (due to)	<u> </u>	<u> </u>	<u>47,694</u>	<u>(47,694)</u>
	<u>\$ 182,681</u>	<u>72,541</u>	<u>65,702</u>	<u>189,520</u>
Reimbursement for Expenses Paid \$			47,694	
Grants Receivable		54,406	6,712	
Local Match		1,716	1,716	
Unappropriated Grants		16,420	16,420	
Grant Expenditures		<u> </u>	<u>18,008</u>	
		<u>\$ 72,541</u>	<u>90,550</u>	

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BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Cash - Collector-Treasurer

Trust Funds

Year ended December 31, 2015

	Assessment/ Other	Dog license	Recycling	Shade Tree	COAH Development	DEA Forfeiture	Emergency Services Trust LOSAP
Balance - December 31, 2014	\$ 1,188,171	5,422	29,233	27,355	1,458,344	108,740	703,433
Increased by:							
Other Trust Reserves	376,484						
Dog License Fees		1,639					
Dog License State Fees		434					
State Fees	36,880						
Sale of Recyclable Material			14,265				
Shade Tree Fees				7,000			
COAH Development Fees					199,467		
DEA Forfeiture Deposits						147	
Interfunds	1,051				1,200,000		
Donations - Shade Tree				500			
Investment Earnings/Interest			83	79	1,124	87	3,959
Borough Contributions							20,982
	<u>414,415</u>	<u>2,073</u>	<u>14,348</u>	<u>7,579</u>	<u>1,400,591</u>	<u>234</u>	<u>24,941</u>
	1,602,586	7,495	43,581	34,934	2,858,935	108,974	728,374
Decreased by:							
Other Trust Reserves	838,369						
State fees	39,672						
Recycling Expenditures			8,446				
Shade Tree Expenditures				325			
COAH Development Expenditures					31,718		
DEA Forfeiture Expenditures						1,350	
Interfunds	9,124	2,155			1,200,000		
Dog License Fund Expenditures		190					
Dog License State Fees		435					
Distributions/Losses							23,289
	<u>887,165</u>	<u>2,780</u>	<u>8,446</u>	<u>325</u>	<u>1,231,718</u>	<u>1,350</u>	<u>23,289</u>
Balance - December 31, 2015	\$ 715,421	4,715	35,135	34,609	1,627,217	107,624	705,085

Exhibit B-2

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Assessment Liens

Assessment/Other Trust Fund

Year ended December 31, 2015

<u>Ordinance number</u>	<u>Description</u>	Balance Dec. 31 <u>2015</u>	Balance Dec. 31 <u>2014</u>
6612	Irving Avenue trunk sewer	\$ <u>78</u>	<u>78</u>

Exhibit B-3

Schedule of Tax Sale Receivable

Assessment/Other Trust Fund

Year ended December 31, 2015

Balance - December 31, 2014	\$ <u>50</u>
Balance - December 31, 2015	\$ <u>50</u>

BOROUGH OF ENGLEWOOD CLIFFS

Statement of Service Award Contributions Receivable

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2015

Balance - December 31, 2014	\$	20,982
Increased by:		
2015 Service Award Contribution		<u>22,596</u>
		43,578
Decreased by:		
Contributions Paid		<u>20,982</u>
Balance - December 31, 2015	\$	<u><u>22,596</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

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

Dog License Trust Fund

Year ended December 31, 2015

Balance - December 31, 2014	\$	(117)
Increased by:		
State Fees collected		<u>434</u>
		317
Decreased by:		
Paid to State of New Jersey		<u>435</u>
Balance - December 31, 2015	\$	<u><u>(118)</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

Year ended December 31, 2015

	Due from/(to) Balance Dec. 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance Dec. 31, <u>2015</u>
Dog License Trust Fund:				
Current Fund	\$ (2,155)	2,155	590	(590)
Assessment/Other Trust Fund:				
Current Fund - Other Trust	(8,194)	8,194	957	(957)
Current Fund - Escrow Trust	(143)	930	94	693
Capital Fund - Other Trust				
Recycling Trust - Other Trust	600			600
Recycling Trust:				
Other Trust Fund	(600)			(600)
Shade Tree Trust:				
Current Fund	(8)			(8)
COAH Development		1,200,000	1,200,000	
Current Fund				
	<u>(10,500)</u>	<u>1,211,279</u>	<u>1,201,641</u>	<u>(862)</u>
Interfunds due from	600	1,200,930	1,200,237	1,293
Interfunds (due to)	<u>(11,100)</u>	<u>10,349</u>	<u>1,404</u>	<u>(2,155)</u>
	<u>\$ (10,500)</u>	<u>1,211,279</u>	<u>1,201,641</u>	<u>(862)</u>
			1,201,051	
Cash Receipts				
Cash Disbursements		1,211,279		
Statutory Excess			590	
		<u>\$ 1,211,279</u>	<u>1,201,641</u>	

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Due to State of New Jersey

Assessment/Other Trust Fund

Year ended December 31, 2015

Balance - December 31, 2014		\$	9,776
Increased by:			
Marriage License Fees	\$	425	
DCA Fees		<u>36,455</u>	
			<u>36,880</u>
			46,656
Decreased by:			
Disbursements			<u>39,672</u>
Balance - December 31, 2015		\$	<u><u>6,984</u></u>

Analysis of Balance

Due to State of New Jersey:			
Marriage License Fees	\$	50	
DCA Fees		3,697	
Prior Year Balance - Unallocated		<u>3,237</u>	
	\$	<u><u>6,984</u></u>	

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for Assessments Liens

Assessment/Other Trust Fund

Year ended December 31, 2015

Balance - December 31, 2014 \$ 78

Balance - December 31, 2015 \$ 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, 2015

	Balance Dec. 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2015</u>
Reserve for:				
Escrow Deposits	760,688	344,089	556,599	548,178
Tax Title Liens and Premiums	263,642	15,000	262,000	16,642
Other Trust Deposits:				
Street Opening Fees	1,320			1,320
P.O.A.A.	1,051	82		1,133
Law Enforcement Trust	1,171			1,171
Donations:				
Police	10,168	13,796	12,400	11,564
9/11 Memorial	7,370		7,370	
Recreation	3,338			3,338
Other	2,000	800		2,800
Fire Department	100			100
Sign	1,085			1,085
Downstream Improvements	79,123			79,123
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	5,576	14		5,590
Recreation - Summer Camp	8,258	1,015		9,273
Snow Removal	543	1		544
Miscellaneous	2,097	1,687		3,784
	<u>\$ 1,170,708</u>	<u>376,484</u>	<u>838,369</u>	<u>708,823</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for Dog Fund Expenditures

Dog License Trust Fund

Year ended December 31, 2015

Balance - December 31, 2014		\$	3,384
Increased by:			
Dog license fees	\$	1,473	
Late fees/Interest		<u>166</u>	
			<u>1,639</u>
			5,023
Decreased by:			
Statutory Excess due Current Fund		590	
Expenditures under R.S. 4:19-15:11		<u>190</u>	
			<u>780</u>
Balance - December 31, 2015		\$	<u><u>4,243</u></u>

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2013	\$ 1,718
2014	<u>2,525</u>
	\$ <u><u>4,243</u></u>

Exhibit B-11

BOROUGH OF ENGLEWOOD CLIFFS
Schedule of Reserve for Recycling Trust Deposits
Recycling Trust Fund
Year ended December 31, 2015

Balance - December 31, 2014		\$	28,633
Increased by:			
Recycling Receipts	\$	14,265	
Interest		<u>83</u>	
			<u>14,348</u>
			42,981
Decreased by:			
Recycling Expenditures		<u>8,446</u>	
Balance - December 31, 2015		\$	<u><u>34,535</u></u>

Exhibit B-12

Schedule of Reserve for Shade Tree Trust Deposits
Shade Tree Trust Fund
Year ended December 31, 2015

Balance - December 31, 2014		\$	27,347
Increased by:			
Shade Tree Fees	\$	7,000	
Donations		500	
Interest		<u>79</u>	
			<u>7,579</u>
			34,926
Decreased by:			
Shade Tree Expenditures		<u>325</u>	
Balance - December 31, 2015		\$	<u><u>34,601</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for COAH Development Expenditures

COAH Development Trust Fund

Year ended December 31, 2015

Balance - December 31, 2014		\$	1,458,344
Increased by:			
Interfunds	\$	1,200,000	
Development Fees		199,467	
Interest		<u>1,124</u>	
			<u>1,400,591</u>
			2,858,935
Decreased by:			
Interfunds		1,200,000	
Development Expenditures		<u>31,718</u>	
Balance - December 31, 2015		\$	<u><u>1,627,217</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Reserve for DEA Forfeiture Expenditures

DEA Forfeiture Trust Fund

Year ended December 31, 2015

Balance - December 31, 2014		\$	108,740
Increased by:			
Department of Justice Forfeitures	\$	147	
Interest on Investments		<u>87</u>	
			<u>234</u>
			108,974
Decreased by:			
Other Expenditures			<u>1,350</u>
Balance - December 31, 2015		\$	<u><u>107,624</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, 2015

Balance - December 31, 2014		\$	724,415
Increased by:			
Borough Contributions	\$	22,596	
Interest		1,740	
Investment Income		<u>2,219</u>	
			<u>26,555</u>
			750,970
Decreased by:			
Distributions			<u>23,289</u>
Balance - December 31, 2015		\$	<u><u>727,681</u></u>

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BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Cash - Collector-Treasurer

General Capital Fund

Year ended December 31, 2015

Balance - December 31, 2014		\$	1,030,158
Increased by:			
Fund Balance	\$	1,573,558	
Interfunds		2,835,952	
Capital Improvement Fund		50,000	
Grants Receivable		<u>23,074</u>	
			<u>4,482,584</u>
			5,512,742
Decreased by:			
Interfunds		1,416,353	
Improvement Authorizations		<u>2,633,215</u>	
			<u>4,049,568</u>
Balance - December 31, 2015		\$	<u><u>1,463,174</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Analysis of Cash

General Capital Fund

Year ended December 31, 2015

Grants Receivable -		
State of New Jersey Department of Transportation	\$	(150,000)
Bergen County ADA Grant		(46,000)
Due to/(from) Ambulance Corp.		(100,000)
Due to/(from) Current Fund		496,728
Due to/(from) Federal and State Grant Fund		(47,694)
Capital Improvement Fund		7,899
Fund Balance		541,058

Improvement authorizations:

<u>Ordinance</u>	<u>Improvement description</u>	
<u>number</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)
12-19	Road Impr./Acquisition of Equipment	7,889
13-9	Road and Parking Lot Reconstruction and Improvements to the Firehouse	174,623
13-11	Acquisition of Generators, Garbage Truck and related expenses	310,574
13-15	Tax Appeal Refunds	9,361
14-10	Various Acquisitions and Improvements	148,443
15-09	Various Acquisitions and Improvements	(414,233)
15-12	Tax Appeal Refunds	(106,750)
15-13	Various Acquisitions and Improvements	655,073
		<u>\$ 1,463,174</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Grants Receivable - New Jersey Department of Transportation

General Capital Fund

Year ended December 31, 2015

Balance - December 31, 2014	\$ <u>173,074</u>
Decreased by:	
Cash Receipts	<u>23,074</u>
Balance - December 31, 2015	\$ <u><u>150,000</u></u>

Analysis of Balance

Ord. 2013-09: Reconstruction of Summit Street	<u>150,000</u>
	\$ <u><u>150,000</u></u>

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

General Capital Fund

Year ended December 31, 2015

Balance - December 31, 2014	\$ <u>10,051</u>
Decreased by:	
Cancellation	\$ <u><u>10,051</u></u>

Exhibit C-6

BOROUGH OF ENGLEWOOD CLIFFS

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

General Capital Fund

Year ended December 31,

Increased by:	
Grant Awards	\$ <u>46,000</u>
Balance - December 31, 2015	\$ <u><u>46,000</u></u>

Exhibit C-7

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

General Capital Fund

Year ended December 31, 2015

Balance - December 31, 2014	\$ <u>100,000</u>
Balance - December 31, 2015	\$ <u><u>100,000</u></u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2015

	Balance Dec. 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2015</u>
Current Fund	\$ 577,081	5,960,845	7,034,654	(496,728)
Federal and State Grant Fund		47,694		47,694
	<u>577,081</u>	<u>6,008,539</u>	<u>7,034,654</u>	<u>(449,034)</u>
Due from	577,081	6,008,539	6,537,926	47,694
Due to			496,728	(496,728)
	<u>\$ 577,081</u>	<u>6,008,539</u>	<u>7,034,654</u>	<u>(449,034)</u>
		Receipts \$	2,835,952	
		Disbursements		1,416,353
Reimbursement Current for Tax Appeals Paid			105,622	
Reimbursement for Expenses Paid		4,656	179,288	
Current Fund Budget Appropriation		244,123		
Current Fund PY Emergency Appropriation			635,000	
Current Fund Anticipated Revenue			433,138	
Special Emergency/Emergency Notes		4,343,407	2,844,430	
Interest earned on Investments			1,224	
		<u>\$ 6,008,539</u>	<u>7,034,654</u>	

BOROUGH OF ENGLEWOOD CLIFFS

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

General Capital Fund

Year ended December 31, 2015

Balance - December 31, 2014		\$ 16,691,000
Decreased by:		
2015 Budget Appropriation:		
Serial Bonds	\$ 1,180,000	
Capital Lease	<u>55,000</u>	
		<u>1,235,000</u>
Balance - December 31, 2015		<u>\$ 15,456,000</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2015

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Date of original issue</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2015</u>
2010-01	Tax Refunding Bond	March 30, 2010	February 27, 2015	February 26, 2016	0.495%	430,000	200,000	430,000	200,000
2012-06	Tax Appeal Refunds	June 27, 2012	February 27, 2015	February 26, 2016	0.495%	240,000		240,000	
2013-11	Acquisition of Generators, Garbage Truck and Related Expenses	Feb. 28, 2014	February 27, 2015	February 26, 2016	0.495%	498,750	498,750	498,750	498,750
2013-15	Tax Appeal Refunds	Feb. 28, 2014	February 27, 2015	February 26, 2016	0.495%	393,333	215,000	393,333	215,000
2014-10	Various Acquisitions and Improvements	Feb. 27, 2015	February 27, 2015	February 26, 2016	0.495%		1,787,900		1,787,900
2015-01	Tax Appeal Refunds	June 30, 2015	June 30, 2015	February 26, 2016	0.670%		495,000		495,000
						<u>\$ 1,562,083</u>	<u>3,196,650</u>	<u>1,562,083</u>	<u>3,196,650</u>
							Interfund		
							Budget Appropriation	648,333	
							Renewals	913,750	
								<u>1,562,083</u>	

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2015

Purpose	Date of issue	Original issue	Maturities of bonds outstanding		Interest rate	Balance, Dec. 31, 2014	Decreased	Balance, Dec. 31, 2015
			Date	Amount				
General Obligations of 2007	July 15, 2007	5,370,000	July 15, 2016	345,000	4.15	4,060,000	340,000	3,720,000
			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, 2016	500,000	3.00	2,005,000	490,000	1,515,000
			Aug. 15, 2017	505,000	3.00			
			Aug. 15, 2018	510,000	3.00			
General Improvement Bonds of 201 March 15, 2014		9,885,000	March 15, 2016	375,000	2.00	9,885,000	350,000	9,535,000
			March 15, 2017	575,000	2.00			
			March 15, 2018	550,000	2.00			
			March 15, 2019	575,000	2.00			
			March 15, 2020	600,000	2.00			
			March 15, 2021	635,000	2.00			
			March 15, 2022	650,000	2.00			
			March 15, 2023	675,000	2.00			
			March 15, 2024	700,000	3.00			
			March 15, 2025	700,000	3.00			
			March 15, 2026	700,000	3.00			
			March 15, 2027	700,000	3.00			
		March 15, 2028	700,000	3.00				
		March 15, 2029	700,000	3.00				
						<u>\$ 15,950,000</u>	<u>1,180,000</u>	<u>14,770,000</u>

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Capital Leases Payable

General Capital Fund

Year ended December 31, 2015

Purpose	Date of issue	Original issue	Maturities outstanding at		Interest rate	Balance, Dec. 31, 2014	Decreased	Balance, Dec. 31, 2015
			Date	Amount				
Refund of unfunded Pension Obligation	May 17, 2012	804,000	Mar. 15, 2016	59,000	1.237	741,000	55,000	686,000
			Mar. 15, 2017	67,000	1.637			
			Mar. 15, 2018	72,000	2.108			
			Mar. 15, 2019	80,000	2.358			
			Mar. 15, 2020	88,000	2.659			
			Mar. 15, 2021	97,000	2.959			
			Mar. 15, 2022	106,000	3.109			
			Mar. 15, 2023	117,000	3.259			
						\$ 741,000	55,000	686,000

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2015

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, December 31, 2014		2015 Authorizations	Authorizations Expended	Authorizations Cancelled	Balance, December 31, 2015	
				Funded	Unfunded				Funded	Unfunded
06-19/07-05/07-24	Various Improvements	Sept. 20, 2006	500,000	9,099				9,099		
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	560,441	724			561,165		
09-05	Improvements to Clendenin Place/Kahn Terrace	Aug. 20, 2008	225,000	4,280	26			4,306		
09-05	Rehabilitation of Woodland Park Basketball Courts	May 13, 2009	250,000	31,477				31,477		
09-12	Dredging and restoration of Pershing Pond	Aug. 12, 2009	315,000	287,385				287,385		
09-13	Improvements to Pershing Road	Sept. 9, 2009	175,000	37,534				37,534		
09-14	Various Capital Improvements	Oct. 14, 2009	250,000	6,768				6,768		
10-14	Various Acquisitions and Improvements	Oct. 13, 2010	1,300,000	198,126			4,116	194,010		
11-10	2011 Road Resurfacing Program	June 23, 2011	638,250	5,625				5,625		
11-11/15-12	Various Impr./Acquisition of new Communication Equip. & Various Vehicles	June 23, 2011	1,146,750	348,274				348,274		
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							
12-19	Road Impr./Acquisition of Equipment	Sept. 27, 2012	1,136,000	84,681			76,792		7,889	
2013-9	Road and Parking Lot Reconstruction and Improvements to the Firehouse	Aug. 14, 2013	1,555,000	218,919	2,869		44,296		174,623	2,869
2013-11	Acquisition of Generators, Garbage Truck and related expenses	Sept. 11, 2013	525,000	314,699			4,125			310,574
2013-15	Tax Appeal Refunds	Dec. 11, 2013	590,000	31,551			523			31,028
2014-10	Various Acquisitions and Improvements	July 22, 2014	1,928,000	1,422,627			1,274,184			148,443
2015-01	Tax Appeal Refunds	March 11, 2015	635,000			635,000				
2015-09	Various Acquisitions and Improvements	June 10, 2015	1,008,500			1,008,500				543,842
2015-12	Tax Appeal Refunds	Nov. 9, 2015	1,460,000			1,460,000				1,353,250
2015-13	Various Acquisitions and Improvements	Nov. 9, 2015	682,500			682,500			655,073	
2015-15	Refunding Bond Ordinance	Dec. 9, 2015	3,500,000			3,500,000				3,500,000
			\$ 1,909,389	2,028,496		7,286,000	2,637,871	1,602,423	837,585	6,146,006
				Deferred Charges Unfunded		6,553,075				
				Capital Surplus		682,500				
				Capital Improvement Fund		50,425				
						\$ 7,286,000				
				Cash \$		2,633,215				
				Due to Current Fund		4,656				
						\$ 2,637,871				

BOROUGH OF ENGLEWOOD CLIFFS

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2015

Balance - December 31, 2014	\$	8,324
Increased by:		
Budget Appropriation		<u>50,000</u>
		58,324
Decreased by:		
Appropriated to Finance		
Improvement Authorizations		<u>50,425</u>
Balance - December 31, 2015	\$	<u><u>7,899</u></u>

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

General Capital Fund

Year ended December 31, 2015

Ordinance number	<u>Improvement description</u>	Balance Dec. 31, <u>2014</u>	2015 <u>Authorizations</u>	<u>Decreased</u>	Balance Dec. 31, <u>2015</u>
98-08	Various Street Improvements	\$ 136			136
03-01	Refund of unfunded pension obligations	272			272
03-09	Tax Appeal Refunds	22,603			22,603
05-20	2005 Road Improvement Program	410			410
05-27	Imps. to West Bayview Avenue Park	376			376
08-01	Various Capital Improvements	724		724	
08-09	Imps. to Clendenin Place/Kahn Terrace	26		26	
12-2	Refunding Bond Ordinance	255,000			255,000
12-3	Refunding Bond Ordinance	1,000			1,000
2013-9	Road and Parking Lot Reconstruction and Improvements to Firehouse	2,869			2,869
2013-15	Tax Appeal Refunds	21,667			21,667
2014-10	Various Acquisitions and Improvements	1,787,900		1,787,900	
2015-01	Tax Appeal Refunds		635,000	635,000	
2015-09	Various Acquisitions and Improvements		958,075		958,075
2015-12	Tax Appeal Refunds		1,460,000		1,460,000
2015-15	Various Acquisitions and Improvements		3,500,000		3,500,000
		<u>\$ 2,092,983</u>	<u>6,553,075</u>	<u>2,423,650</u>	<u>6,222,408</u>
				724	
				26	
				140,000	
				2,282,900	
				<u>\$ 2,423,650</u>	

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BOROUGH OF ENGLEWOOD CLIFFS

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

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

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

The Honorable Mayor and
Members of the Borough Council
Borough of Englewood Cliffs
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, 2015 and the related notes to the financial statements, and have issued our report thereon dated February 8, 2016 which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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



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

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

Compliance and Other Matters

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

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

Purpose of this Report

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



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



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

BOROUGH OF ENGLEWOOD CLIFFS

GENERAL COMMENTS

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

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

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

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

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

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

- Firehouse Renovations
- 2015 Road Improvement Program
- Leaf Removal Services
- Janitorial Services
- 2015 Tree Removal & Pruning

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

BOROUGH OF ENGLEWOOD CLIFFS

GENERAL COMMENTS, (continued)

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 6, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

Delinquent Taxes and Tax Title Liens

A tax sale was held on December 10, 2015, and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of liens</u>
2015	0
2014	1
2013	1

**BOROUGH OF ENGLEWOOD CLIFFS
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2015**

COMMENTS

Finance:

1. *There are five unfunded capital ordinances with cash deficits over five years old.
2. There was an over-expenditure of appropriation reserves in the amount of \$51,316 in the Current Fund.
3. Prior year interfund balances were not liquidated in a timely manner.
4. The interest payment due for capital leases was not made in a timely manner.

Departments:

1. The following departments do not maintain cash ledgers that summarize receipts on a monthly basis:
 - a. Recreation
 - b. Borough Clerk
 - c. Board of Health
 - d. Police Department
 - e. Planning Board
 - f. Shade Tree Commission
2. Municipal Court - The Borough has not established a separate reserve for fees collected to purchase equipment for police vehicles with mobile video recording systems per N.J.S.A 40A:14-118.1.

Payroll:

1. The December 2015 Payroll bank statement has a negative balance.

**BOROUGH OF ENGLEWOOD CLIFFS
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2015**

RECOMMENDATIONS

Finance:

1. *That all ordinances with cash deficits over five years old should be funded through a budget appropriation or the issuance of debt.
2. That more care be taken to ensure over-expenditures do not occur.
3. That all interfund balances be liquidated in a timely manner.
4. That all debt service payments be made in a timely manner.

Departments:

1. That all departments maintain cash ledgers that summarize monthly receipts.
2. Municipal Court - The Borough should establish procedures to abstract the municipal share of fees collected for the reserve for fees collected to purchase equipment for police vehicles with mobile video recording systems per N.J.S.A 40A:14-118.1.

Payroll:

1. That more care be taken to ensure funds are transferred prior to overdraft of the account.

BOROUGH OF ENGLEWOOD CLIFFS

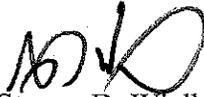
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATION

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

ACKNOWLEDGMENT

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

Respectfully submitted,



Steven D. Wielkocz
Registered Municipal Accountant
No. CR00413



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

February 8, 2016