

CITY OF ENGLEWOOD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2017

CITY OF ENGLEWOOD

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I – Report on Audit of Financial Statements and Supporting Schedules</u>		
Independent Auditor’s Report		1-3
Financial Statements		
A	Comparative Balance Sheets – Regulatory Basis - Current and Grant Funds	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	6
A-2	Statement of Revenues – Regulatory Basis – Current Fund	7-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-13
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	14-15
B-1	Statement of Changes in Fund Balance – Regulatory Basis – Assessment Trust Fund	16
B-2	Statement of Assessment Revenues – Regulatory Basis – Assessment Trust Fund	16
B-3	Statement of Assessment Expenditures – Regulatory Basis – Assessment Trust Fund	16
C	Comparative Balance Sheets – Regulatory Basis – General Capital Fund	17
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis General Capital Fund	18
D	Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group	19
Notes to Financial Statements		20-58
Supplementary Schedules		
<u>Current and Grant Funds</u>		
A-4	Statement of Cash – Current Fund	59
A-5	Statement of Cash – Grant Fund	60
A-6	Statement of State and Federal Grants Receivable – Grant Fund	60
A-7	Statement of Reserve for State and Federal Grants – Appropriated-Grant Fund	61
A-8	Statement of Due to Current Fund-Grant fund	62
A-9	Statement of Due from State of New Jersey for Senior Citizens and Veterans Deductions	62
A-10	Statement of Taxes Receivable and Analysis of Property Tax Levy	63
A-11	Statement of Tax Overpayments	64
A-12	Statement of Prepaid Taxes	64
A-13	Statement of Tax Title Liens Receivable	64
A-14	Statement of Foreclosed Property	65
A-15	Statement of County Taxes Payable	65
A-16	Schedule of Local School Taxes Payable	65
A-17	Statement of Revenue Accounts Receivable	66
A-18	Statement of Appropriation Reserves	67-68
A-19	Statement of Encumbrances Payable	69
A-20	Statement of Sewer User Charges Receivable	69
A-21	Statement of Deferred Charges – Special Emergency Authorizations N.J.S. 40A:4-53	70
A-22	Statement of Miscellaneous Reserves	70
A-23	Statement of Reserve for Tax Appeals	70
A-24	Statement of Reserve for Sale of Municipal Assets	71
A-25	Statement of Garage Fees Payable	71
A-26	Statement of Special Emergency Note Payable	71

**CITY OF ENGLEWOOD
TABLE OF CONTENTS
(Continued)**

Exhibits

Page

Supplementary Schedules (Continued)

Trust Funds

B-4	Statement of Cash	72
B-5	Analysis of Assessment Trust Cash and Cash with Fiscal Agents	73
B-6	Statement of Assessments Receivable	73
B-7	Statement of Assessment Serial Bonds Payable	74
B-8	Statement of Cash Held with Fiscal Agent-Assessment Trust Fund	75
B-9	Statement of Miscellaneous Reserves and Deposits-Other Trust Fund	75
B-10	Statement of Reserve for Animal Control Expenditures	76
B-11	Statement of Due from State Department of Health-Animal Control Trust Fund	76
B-12	Statement of Due to Current Fund-Animal Control Trust Fund	76
B-13	Statement of Reserve for Unemployment Compensation Insurance Claims- Unemployment Compensation Trust Fund	77
B-14	Statement of Due from State of New Jersey-Unemployment Compensation Trust Fund	77
B-15	Statement of Payroll Deductions Payable-Other Trust Fund	78
B-16	Statement of Reserve for Encumbrances-Other Trust Fund	78
B-17	Statement of Reserve for Encumbrances-Community Development Block Grant Fund	78
B-18	Statement of Special Improvement District Taxes and Liens Receivable- Other Trust Fund	79
B-19	Statement of Due from Current Fund-Other Trust Fund	79
B-20	Statement of Due to Current Fund-Community Development Block Grant Fund	79

General Capital Fund

C-2	Statement of Cash	80
C-3	Statement of Capital Cash-Other Trust Fund	81
C-4	Statement of Deferred Charges to Future Taxation - Funded	82
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	83
C-6	Statement of Improvement Authorizations	84
C-7	Statement of Reserve for Debt Service	85
C-8	Statement of Capital Improvement Fund	85
C-9	Statement of Miscellaneous Reserves	86
C-10	Statement of Parking Fees Receivable	86
C-11	Statement of Encumbrances Payable	87
C-12	Statement of BCIA Loan Revenue Bonds Payable	88
C-13	Statement of General Serial Bonds Payable	89
C-14	Statement of bond Anticipation Notes Payable	90
C-15	Statement of Due to Current Fund	91
C-16	Statement of Bonds and Notes Authorized but not Issued	92

CITY OF ENGLEWOOD
TABLE OF CONTENTS
(Continued)

Page

Part II – Government Auditing Standards

	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 – Independent Auditor’s Report	93-94
Schedule 1	Schedule of Expenditures of Federal Awards	95
Schedule 2	Schedule of Expenditures of State Financial Assistance	96
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	97
	Schedule of Findings and Responses	98-100

Part III – Supporting Data and Letter of Comments and Recommendations

Comparative Schedule of Tax Rate Information	101
Comparison of Tax Levies and Collection Currently	101
Delinquent Taxes and Tax Title Liens	102
Property Acquired by Tax Title Lien Liquidation	102
Comparative Schedule of Fund Balance	102
Officials in Office and Surety Bonds	103
General Comments	104-106
Recommendations	107

CITY OF ENGLEWOOD

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Englewood
Englewood, 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 City of Englewood, as of December 31, 2017, and the related statements of operations and changes in fund balance - regulatory basis, statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. 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 standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Englewood on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws 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 financial reporting requirements of the State of New Jersey for municipal government entities.

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 City of Englewood as of December 31, 2017, or changes in financial position, for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the City of Englewood as of December 31, 2017 and the results of operations and changes in fund balance – regulatory basis and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year then ended in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Prior Year's Financial Statements Audited by Other Auditors

The financial statements of the City of Englewood as of and for the year ended December 31, 2016 were audited by other auditors whose report dated June 30, 2017 expressed an adverse opinion on the financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America but rather the regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. Their report also expressed an unmodified opinion on those financial statements – regulatory basis prepared in accordance with the regulatory basis of accounting.

Other Information

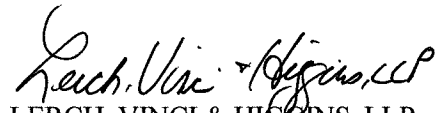
Our audit was conducted for the purpose of forming an opinion on the financial statements of the City of Englewood as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Englewood.


The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 18, 2018 on our consideration of the City of Englewood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Englewood's 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 City of Englewood's internal control over financial reporting and compliance.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
July 18, 2018

CITY OF ENGLEWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT AND GRANT FUNDS
AS OF DECEMBER 31, 2017 AND 2016

ASSETS	<u>Ref</u>	<u>2017</u>	<u>2016</u>
Current Fund			
Cash and Cash Equivalents	A-4	\$ 20,794,032	\$ 10,156,606
Cash - Change Funds	A	400	400
Due From State of NJ - Senior Citizens and Veterans	A-9	<u>7,866</u>	<u>8,691</u>
		<u>20,802,298</u>	<u>10,165,697</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-10	45,891	39,696
Tax Title Liens Receivable	A-13	198,447	175,424
Foreclosed Property	A-14	70,979	70,979
Sewer User Charges	A-20	413,510	277,002
Revenue Accounts Receivable	A-17	41,416	47,323
Due from Grant Fund	A-8	22,650	64,653
Due from General Capital Fund	C-15		6,681
Due from Animal Control Fund	B-12	5,225	3,358
Due from Community Development Trust Fund	B-20	<u>-</u>	<u>4,635</u>
		<u>798,118</u>	<u>689,751</u>
Deferred Charges:			
Special Emergency Authorizations	A-21	<u>1,000,000</u>	<u>18,000</u>
Total Current Fund		<u>22,600,416</u>	<u>10,873,448</u>
Grant Fund			
Grants Receivable	A-6	80,789	73,861
Due from General Capital Fund	A,C	<u>399,125</u>	<u>399,125</u>
Total State and Federal Grant Fund		<u>479,914</u>	<u>472,986</u>
Total		<u>\$ 23,080,330</u>	<u>\$ 11,346,434</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF ENGLEWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT AND GRANT FUNDS
AS OF DECEMBER 31, 2017 AND 2016

LIABILITIES, RESERVES AND FUND BALANCE	<u>Ref</u>	<u>2017</u>	<u>2016</u>
Current Fund			
Appropriation Reserves	A-3, A-18	\$ 1,595,597	\$ 850,467
Encumbrances Payable	A-3, A-19	2,235,254	2,164,154
Special Emergency Notes Payable	A-26	1,000,000	
Tax Overpayments	A-11	511,619	575,544
Prepaid Taxes	A-12	12,045,771	976,319
Miscellaneous Reserves	A-22	7,234	7,234
Reserve for Tax Appeals	A-23	205,813	25,500
County Taxes Payable	A-15	87,369	44,542
Local School Taxes Payable	A-16	2	1
Reserve for the Sale of Municipal Assets	A-24	957,107	2,287,749
Garage Fees Payable	A-25	-	16,765
Due to Other Trust Fund	B-19	5,000	7,133
		<u>18,650,766</u>	<u>6,955,408</u>
Reserve for Receivables	A	798,118	689,751
Fund Balance	A-1	<u>3,151,532</u>	<u>3,228,289</u>
Total Current Fund		<u>22,600,416</u>	<u>10,873,448</u>
Grant Fund			
Due to Current Fund	A-8	22,650	64,653
Due to Other Trust Fund	A	19,973	19,973
Reserve for State and Federal Grants - Appropriated	A-7	425,473	373,197
Encumbrances Payable	A-19	<u>11,818</u>	<u>15,163</u>
Total State and Federal Grant Fund		<u>479,914</u>	<u>472,986</u>
		<u>\$ 23,080,330</u>	<u>\$ 11,346,434</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF ENGLEWOOD
COMPARATIVE STATEMENTS OF OPERATIONS AND
AND CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUES AND OTHER INCOME		
Fund Balance Utilized	\$ 1,635,600	\$ 3,300,000
Miscellaneous Revenues Anticipated	9,846,747	11,325,899
Receipts From Delinquent Taxes	64,528	63,807
Receipts from Current Taxes	117,154,805	111,892,053
Non-Budget Revenue	306,209	436,664
Other Credits to Income:		
Unexpended Balances of Appropriation Reserves	698,445	539,291
Statutory Excess - Animal Control	5,177	
Interfund Loans Returned	<u>79,327</u>	<u>228,907</u>
Total Revenues and Other Income	<u>129,790,838</u>	<u>127,786,621</u>
 EXPENDITURES		
Budget Appropriations:		
Operations	50,808,968	49,285,395
Capital Improvements	267,625	500,000
Municipal Debt Service	6,489,153	6,294,509
Deferred Charges and Statutory Expenditures	6,311,157	6,084,446
County Taxes	11,642,726	11,611,916
County Open Space Taxes	489,371	119,768
Added and Omitted County Taxes	87,369	44,542
Local School Taxes	53,101,501	52,231,855
Prior Year Senior Citizen Deductions Disallowed	6,250	
Interfund Advances	<u>27,875</u>	<u>76,021</u>
Total Expenditures	<u>129,231,995</u>	<u>126,248,452</u>
 Excess in Revenues Over Expenditures	558,843	1,538,170
 Expenditures Included Above Which Are By Statute		
Deferred Charges to Budgets of Succeeding Years	<u>1,000,000</u>	<u>-</u>
 Statutory Excess to Fund Balance	1,558,843	1,538,170
 Balance, January 1	<u>3,228,289</u>	<u>4,990,119</u>
	4,787,132	6,528,289
Decreased by:		
Utilization as Anticipated Revenue	<u>1,635,600</u>	<u>3,300,000</u>
 Balance, December 31	<u><u>\$ 3,151,532</u></u>	<u><u>\$ 3,228,289</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF ENGLEWOOD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Added by NJS 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	<u>\$ 1,635,600</u>	<u>-</u>	<u>\$ 1,635,600</u>	<u>-</u>
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	60,050		58,150	\$ (1,900)
Other	253,894		244,849	(9,045)
Fees and Permits				
Other	158,659		145,391	(13,268)
Fines and Costs				
Municipal Court	775,000		646,357	(128,643)
Interest and Costs on Taxes	143,980		179,005	35,025
Parking Meters	571,276		563,990	(7,286)
Interest on Investments and Deposits	3,500		23,597	20,097
Recreation Advisory Committee	618,529		619,032	503
Fire Prevention Fees	97,000		96,122	(878)
Kings Garden - PILOT	126,850		129,875	3,025
Rock Creek - Lafayette Housing - PILOT	320,000		382,150	62,150
Westmoor Gardens - PILOT	88,000		54,873	(33,127)
Exempt Sewer Charges	250,000		134,995	(115,005)
Parking Garage Fees	249,000		194,184	(54,816)
Municipal Hotel Tax	202,000		187,509	(14,491)
Cable Franchise Fees	57,547		56,724	(823)
Cell Tower Agreement	103,000		95,687	(7,313)
Sewer Charges	67,000		37,093	(29,907)
Consolidated Municipal Property Tax Relief	34,739		20,937	(13,802)
Energy Receipts Tax	2,728,557		2,742,359	13,802
Uniform Construction Code Fees	1,215,400		1,117,798	(97,602)
Public and Private Revenues Offset with Approp:				
Reach & Teach	24,000		24,000	
Municipal Alliance	20,000		20,000	
Open Space Stewardship Project (ANJEC)		\$ 1,500	1,500	
Recycling Tonnage Grant		59,373	59,373	
Drunk Driving Enforcement Fund		13,596	13,596	
FDA Foodborne Illness Grant		5,892	5,892	
Clean Communities Grant		48,746	48,746	
Body Armor Replacement		7,169	7,169	
Emergency Prep Grant (NJACCHO)		2,320	2,320	
Other Special Items:				
Uniform Fire Safety Act	63,000		61,793	(1,207)
Capital Surplus	500,000		500,000	
Reserve for Debt Payment-VESO Loan	5,000		5,000	
Phone Commissions	35,000		36,681	1,681
Reserve for Sale of Municipal Assets-Lincoln School	1,330,000	-	1,330,000	-
Total Miscellaneous Revenues	<u>10,100,981</u>	<u>138,596</u>	<u>9,846,747</u>	<u>(392,830)</u>
RECEIPTS FROM DELINQUENT TAXES	<u>54,000</u>	<u>-</u>	<u>64,528</u>	<u>10,528</u>
Subtotal General Revenues	<u>11,790,581</u>	<u>138,596</u>	<u>11,546,875</u>	<u>(382,302)</u>
AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes	49,757,789		50,531,354	773,565
Minimum Library Tax	1,602,484	-	1,602,484	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>51,360,273</u>	<u>-</u>	<u>52,133,838</u>	<u>773,565</u>
Total General Revenues	<u>\$ 63,150,854</u>	<u>\$ 138,596</u>	<u>63,680,713</u>	<u>\$ 391,263</u>
Non-Budget Revenue			<u>306,209</u>	
			<u>\$ 63,986,922</u>	

CITY OF ENGLEWOOD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection	
Revenue from Collections	\$ 117,154,805
Less: Allocated to School and County Taxes	<u>65,320,967</u>
Balance for Support of Municipal Budget Appropriations	51,833,838
Add Appropriation "Reserve for Uncollected Taxes"	<u>300,000</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 52,133,838</u></u>
Interest on Investments and Deposits	
Revenue Accounts Receivable	\$ 20,130
Due from General Capital Fund	3,419
Due from Animal Control Fund	<u>48</u>
	<u><u>\$ 23,597</u></u>

ANALYSIS OF NON-BUDGET REVENUES

FEMA Reimbursements - Hurricane Irene	\$ 18,448
Premium on Special Emergency Note	8,592
Vacant Property Rentals	45,200
Extra Duty Processing Fee	23,180
Recycling	21,804
Sewer Connection Fee	10,372
Gov Deals Auction	7,621
Permit Fees	43,367
Department Revenues	51,247
Miscellaneous	<u>76,378</u>
	<u><u>\$ 306,209</u></u>
Cash Receipts	\$ 305,693
Due from General Capital Fund	<u>516</u>
	<u><u>\$ 306,209</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

GENERAL APPROPRIATIONS OPERATIONS WITHIN "CAPS"	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	
City Council					
Salaries and Wages	\$ 30,000	\$ 30,000	\$ 30,000		
Other Expenses	5,000	5,000	4,382	\$ 618	
City Manager					
Salaries and Wages	304,000	284,000	271,715	12,285	
Other Expenses	57,850	57,850	38,215	19,635	
City Clerk					
Salaries and Wages	138,800	138,800	135,841	2,959	
Other Expenses	67,250	67,250	65,237	2,013	
Human Resources					
Salaries and Wages	262,000	222,000	221,222	778	
Other Expenses	26,500	95,500	80,280	15,220	
Purchasing					
Other Expenses	2,000	2,000	1,982	18	
Finance					
Salaries and Wages	389,000	389,000	386,641	2,359	
Other Expenses	183,150	173,150	134,151	38,999	
Data Processing					
Other Expenses	35,000	35,000	28,791	6,209	
Collection of Taxes					
Salaries and Wages	136,000	136,000	135,363	637	
Other Expenses	37,800	31,800	31,800		
Assessment of Taxes					
Salaries and Wages	167,000	167,000	165,510	1,490	
Other Expenses	41,125	44,625	44,424	201	
Legal Service and Costs					
Salaries and Wages	80,000	80,000	66,905	13,095	
Other Expenses	642,000	642,000	402,669	239,331	
Engineering Services					
Other Expenses	105,000	105,000	105,000		
Community Development					
Other Expenses	238,000	238,000	226,486	11,514	
Municipal Court					
Salaries and Wages	319,500	319,500	316,493	3,007	
Other Expenses	134,500	134,500	134,312	188	
Public Defender					
Other Expenses	14,000	14,000	13,463	537	
Insurance					
Medical	5,340,000	5,310,000	5,284,856	25,144	
Health Benefit Waiver	60,000	60,000	60,000		
Other Insurance Premium	1,050,000	1,050,000	996,513	53,487	
Workers Compensation	450,000	720,000	668,948	51,052	
Land Use					
Other Expenses	64,000	59,000	46,466	12,534	
Fire Division					
Salaries and Wages	7,050,000	7,050,000	7,025,887	24,113	
Other Expenses	338,750	338,750	324,310	14,440	

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriations</u>		<u>Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>	
GENERAL APPROPRIATIONS (Continued)						
OPERATIONS WITHIN "CAPS" (Continued)						
PUBLIC SAFETY						
Fire Prevention						
Salaries and Wages	\$ 245,000	\$ 245,000	\$ 245,000			
Other Expenses	5,000	5,000	5,000			
Police						
Salaries and Wages	12,755,000	12,514,126	12,433,759	\$ 80,367		
Other Expenses	614,100	614,100	449,402	164,698		
Aid to Volunteer Ambulance	40,000	40,000	40,000			
DPW Administration						
Salaries and Wages	254,000	254,000	242,223	11,777		
Other Expenses	50,100	42,100	38,875	3,225		
Public Building and Grounds						
Other Expenses	280,500	280,500	272,032	8,468		
Shade Tree						
Salaries and Wages	241,500	241,500	220,465	21,035		
Other Expenses	49,000	49,000	46,608	2,392		
Road Repairs and Maintenance						
Salaries and Wages	446,000	466,000	457,102	8,898		
Other Expenses	335,000	295,000	154,262	140,738		
Central Maintenance - Garage						
Salaries and Wages	350,000	305,000	293,194	11,806		
Other Expenses	473,000	556,000	526,705	29,295		
Construction and Facilities Maintenance						
Salaries and Wages	365,000	355,000	337,944	17,056		
Other Expenses	106,000	86,000	61,242	24,758		
Sanitation						
Salaries and Wages	1,900,462	1,760,462	1,749,178	11,284		
Other Expenses	48,000	33,000	25,230	7,770		
Sewer Department						
Salaries and Wages	232,000	177,000	173,294	3,706		
Other Expenses	62,800	52,800	49,038	3,762		
Parks Department						
Salaries and Wages	241,000	231,000	206,693	24,307		
Other Expenses	44,000	44,000	39,766	4,234		
Community Services Act						
Condominium Community Costs	393,000	393,000	386,552	6,448		
Board of Health						
Salaries and Wages	652,000	667,000	661,815	5,185		
Other Expenses	81,100	81,100	70,629	10,471		
Animal Control Regulation						
Other Expenses	45,000	45,000	37,734	7,266		
Contribution to Child Dev. And Teen Program						
Other Expenses	59,000	59,000	58,413	587		
Recreation Department						
Salaries and Wages	630,000	600,000	599,674	326		
Other Expenses	614,280	667,765	651,798	15,967		

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

GENERAL APPROPRIATIONS (Continued) OPERATIONS WITHIN "CAPS" (Continued)	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	
Terminal Leave					
Salaries and Wages		\$ 1,000,000	\$ 950,705	\$ 49,295	
Construction Code Official					
Salaries and Wages	\$ 953,000	953,000	907,672	45,328	
Other Expenses	131,450	131,450	111,664	19,786	
Contingency	6,000	6,000		6,000	
Solid Waste Disposal	775,000	775,000	694,514	80,486	
Leaf Disposal	175,000	175,000	62,494	112,506	
Utilities					
Street Lighting	725,000	715,000	712,277	2,723	
Telephone/Communications	220,000	230,000	224,852	5,148	
Water	40,000	40,000	39,892	108	
Gas and Electric	425,000	417,000	397,041	19,959	
Fire Hydrant	380,000	361,000	360,827	173	-
Total Operations Within "CAPS"	43,210,517	43,962,628	42,443,427	1,519,201	-
Detail:					
Salaries and Wages	28,141,262	28,585,388	28,234,295	351,093	
Other Expenses (Including Contingent)	15,069,255	15,377,240	14,209,132	1,168,108	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	960,000	960,000	948,688	11,312	
Consolidated Police & Fireman's Pension Fund	40,000	40,000		40,000	
Defined Contribution Retirement Plan (DCRP)	5,000	5,000	3,521	1,479	
Police and Firemen's Retirement System	4,232,823	4,232,823	4,232,823	-	
Public Employees Retirement System	1,019,719	1,019,734	1,019,734	-	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	6,257,542	6,257,557	6,204,766	52,791	-
Total General Appropriations for Municipal Purposes within "CAPS"	49,468,059	50,220,185	48,648,193	1,571,992	-

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Bergen County Utilities Authority					
Share of Costs Sewer Charges	\$ 3,470,000	\$ 3,717,874	\$ 3,717,873	\$ 1	
Recycling Tax	36,000	36,000	25,170	10,830	
Maintenance of Free Public Library	2,105,870	2,105,870	2,093,096	12,774	
Reserve for Tax Appeals	800,000	800,000	800,000	-	-
Total Other Operations Excluded from "CAPS"	6,411,870	6,659,744	6,636,139	23,605	-
State and Federal Programs Offset by Revenues					
Reach and Teach	24,000	24,000	24,000		
Municipal Alliance - State Share	20,000	20,000	20,000		
Municipal Alliance - Local Share	4,000	4,000	4,000		
Open Space Stewardship Project (ANJEC)		1,500	1,500		
Recycling Tonnage Grant		59,373	59,373		
Drunk Driving Enforcement Fund		13,596	13,596		
FDA Foodborne Illness Grant		5,893	5,893		
Clean Communities Grant		48,746	48,746		
Body Armor Replacement		7,168	7,168		
Emergency Prep Grant (NJACCHO)	-	2,320	2,320	-	-
Total Public and Private Programs Offset by Revenues	48,000	186,596	186,596	-	-
Total Operations Excluded from "CAPS"	6,459,870	6,846,340	6,822,735	23,605	-
Detail:					
Other Expenses	6,459,870	6,846,340	6,822,735	23,605	-
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	267,625	267,625	267,625	-	-
Total Capital Improvements Excluded from "CAPS"	267,625	267,625	267,625	-	-

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bonds Principal	\$ 1,435,000	\$ 1,435,000	\$ 1,425,000		\$ 10,000
Interest on Bonds	770,000	950,322	950,322		
Payments of Bond Anticipation Notes and Capital Notes	1,080,000	899,678	832,862		66,816
Interest on Notes	1,066,000	1,066,000	1,065,869		131
Interest on Loans	5,100	5,100	5,100		
BCIA Lease Agreement - Principal and Interest	2,210,000	2,210,000	2,210,000	-	-
Total Municipal Debt Service Excluded from "CAPS"	6,566,100	6,566,100	6,489,153	-	76,947
DEFERRED CHARGES					
Emergency Authorizations	35,600	35,600			35,600
Special Emergency Authorizations	18,000	18,000	18,000		
Deferred Charges to Future Taxation - Ordinance No. 85-22	35,600	35,600	35,600	-	-
Total Deferred Charges	89,200	89,200	53,600	-	35,600
Total General Appropriations Excluded from "CAPS"	13,382,795	13,769,265	13,633,113	\$ 23,605	112,547
Subtotal General Appropriations	62,850,854	63,989,450	62,281,306	1,595,597	112,547
Reserve for Uncollected Taxes	300,000	300,000	300,000	-	-
Total General Appropriations	\$ 63,150,854	\$ 64,289,450	\$ 62,581,306	\$ 1,595,597	\$ 112,547

Adopted Budget	\$ 63,150,854
Special Emergency Authorizations	1,000,000
Added by NJS 40A:4-87	138,596
	<u>\$ 64,289,450</u>

Analysis of Paid or Charged

Cash Disbursements	\$ 58,738,231
Encumbrances Payable	2,235,254
Due to General Capital Fund	
Capital Improvement Fund	267,625
Deferred Charges to Future Taxation	35,600
Reserve for Tax Appeals	800,000
Special Emergency Authorizations	18,000
Reserve for Uncollected Taxes	300,000
Reserve for State and Federal Grants Appropriated	186,596
	<u>\$ 62,581,306</u>

**CITY OF ENGLEWOOD
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Assessment Trust Fund			
Cash	B-4, B-5	\$ 520,866	\$ 297,366
Cash Held With Fiscal Agent	B-5, B-7	3,386	3,385
Assessments Receivable	B-6	<u>3,840,750</u>	<u>4,694,250</u>
Total Assessment Trust Fund		<u>4,365,002</u>	<u>4,995,001</u>
Animal Control Trust Fund			
Cash	B-4	26,704	25,664
Due from State Department of Health	B-11	<u>9</u>	<u>13</u>
Total Animal Control Trust Fund		<u>26,713</u>	<u>25,677</u>
Community Development Block Grant Fund			
Cash	B-20	-	4,635
Due from General Capital Fund	C	<u>9,886</u>	<u>9,886</u>
Total Community Development Block Grant Fund		<u>9,886</u>	<u>14,521</u>
Unemployment Compensation Trust Fund			
Cash	B-4	259,655	271,490
Due from State of New Jersey	B-14	-	17,254
Due from Trust Fund Other	B	<u>2,318</u>	<u>2,318</u>
Total Unemployment Compensation Trust Fund		<u>261,973</u>	<u>291,062</u>
Other Trust Fund			
Cash	B-4	6,331,445	6,247,508
Due from Current Fund	B-19	5,000	7,133
Due from Grant Fund	B	19,973	19,973
Special Improvement District Taxes and Liens Receivable	B-18	<u>98,929</u>	<u>80,536</u>
Total Other Trust Fund		<u>6,455,347</u>	<u>6,355,150</u>
		<u>\$ 11,118,921</u>	<u>\$ 11,681,411</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF ENGLEWOOD
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Assessment Trust Fund			
Assessment Serial Bonds Payable	B-7	\$ 4,365,000	\$ 4,995,000
Fund Balance	B-1	<u>2</u>	<u>1</u>
Total Assessment Trust Fund		<u>4,365,002</u>	<u>4,995,001</u>
Animal Control Trust Fund			
Reserve for Animal Control Expenditures	B-10	21,488	22,319
Due to Current Fund	B-12	<u>5,225</u>	<u>3,358</u>
Total Animal Control Trust Fund		<u>26,713</u>	<u>25,677</u>
Community Development Block Grant Fund			
Due to Current Fund	B-20	-	4,635
Encumbrances Payable	B-17	<u>9,886</u>	<u>9,886</u>
Total Community Development Block Grant Fund		<u>9,886</u>	<u>14,521</u>
Unemployment Compensation Trust Fund			
Reserve for Unemployment Insurance Claims	B-13	<u>261,973</u>	<u>291,062</u>
Total Unemployment Compensation Trust Fund		<u>261,973</u>	<u>291,062</u>
Other Trust Fund			
Payroll Deductions Payable	B-15	289,190	346,050
Miscellaneous Reserves and Deposits	B-9	5,998,310	5,919,197
Due to Unemployment Compensation Fund	B	2,318	2,318
Encumbrances Payable	B-16	66,600	7,049
Reserve for SID Taxes and Liens Receivables	B-18	<u>98,929</u>	<u>80,536</u>
Total Other Trust Fund		<u>6,455,347</u>	<u>6,355,150</u>
		<u>\$ 11,118,921</u>	<u>\$ 11,681,411</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF ENGLEWOOD
STATEMENT OF CHANGES IN FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Balance, January 1	\$ 1	
Increased by:		
Interest Earned on Cash with Fiscal Agent	<u>1</u>	\$ <u>1</u>
	2	1
Decreased by:		
Anticipated as Revenue in Current Fund Budget	<u>-</u>	<u>-</u>
Balance, December 31	<u>\$ 2</u>	<u>\$ 1</u>

EXHIBIT B-2

STATEMENT OF ASSESSMENT REVENUES - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Anticipated</u>	<u>Realized</u>	<u>Variance</u>
Assessments	<u>\$ 630,000</u>	<u>\$ 853,500</u>	<u>\$ 223,500</u>

EXHIBIT B-3

STATEMENT OF ASSESSMENT EXPENDITURES - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
Payment of Bond Principal	<u>\$ 630,000</u>	<u>\$ 630,000</u>	<u>\$ -</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF ENGLEWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	C-2, C-3	\$ 3,086,853	\$ 3,850,338
Parking Fees Receivable	C-10	303,363	404,398
Deferred Charges to Future Taxation:			
Funded	C-4	35,414,854	23,904,589
Unfunded	C-5	<u>47,498,054</u>	<u>57,667,160</u>
		<u>\$ 86,303,124</u>	<u>\$ 85,826,485</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds Payable	C-13	\$ 30,655,000	\$ 17,795,000
BCIA Loan Revenue Bonds Payable	C-12	4,759,854	6,109,589
Bond Anticipation Notes Payable	C-14	37,715,875	47,748,862
Due to Community Development Block Grant Fund	C	9,886	9,886
Due to Grant Fund	C	399,125	399,125
Due to Current Fund	C-15	-	6,681
Encumbrances Payable	C-11	3,781,181	4,209,319
Improvement Authorizations:			
Funded	C-6	664,052	570,772
Unfunded	C-6	7,302,056	7,758,767
Capital Improvement Fund	C-8	12,825	12,825
Reserve for Debt Service	C-7	11,176	11,176
Various Reserves	C-9	68,759	73,759
Reserve for Receivables	C-10	303,363	404,398
Fund Balance	C-1	<u>619,972</u>	<u>716,326</u>
		<u>\$ 86,303,124</u>	<u>\$ 85,826,485</u>

There were bonds and notes authorized but not issued of \$9,478,816 and \$9,514,416 at December 31, 2017 and 2016, respectively (Exhibit C-16).

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF ENGLEWOOD
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Balance, January 1	\$ 716,326	\$ 554,971
Increased by:		
Premium on Sale of Bonds and Notes	<u>403,646</u>	<u>661,355</u>
	1,119,972	1,216,326
Decreased by:		
Anticipated As Current Fund Revenue	<u>500,000</u>	<u>500,000</u>
Balance, December 31	<u>\$ 619,972</u>	<u>\$ 716,326</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF ENGLEWOOD
COMPARATIVE BALANCE SHEETS - REGUALTORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Land	\$ 92,238,900	\$ 92,238,900
Buildings	20,792,300	20,792,300
Machinery and Equipment	<u>15,128,535</u>	<u>15,261,175</u>
	<u>\$ 128,159,735</u>	<u>\$ 128,292,375</u>
 RESERVE		
Investment in General Fixed Assets	<u>\$ 128,159,735</u>	<u>\$ 128,292,375</u>

NOTES TO FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Englewood (the "City") was incorporated in 1899 and operates under an elected Council-Manager form of government. The Mayor and five Council members are elected for terms of three years. The City is divided into four wards which are approximately equal in population. Four Council members are elected by the individual wards in which they live and one Council member is elected by a city-wide vote as an at-large member. The City Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances. A City Manager is appointed by the City Council and is responsible for the implementation of the policies of the City Council, for the administration of all City affairs and for the day to day operations of the City. The City Manager is the Chief Administrative Officer for the City. The City's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City is not includable in any other reporting entity as a component unit.

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 City do not include the volunteer ambulance squad, which is considered a component unit under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the City of Englewood have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 City accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements 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 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.

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The City 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 City functions or activities. The City also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The City has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

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

Assessment Trust Fund - This fund is used to account for special benefit assessments levied against properties for specific purposes.

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

Community Development Block Grant Fund - This fund is used to account for grant proceeds, program income and related expenditures for Federal Block grant entitlements.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the City as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the City as collateral.

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

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the City. The City's infrastructure is not reported in the account group.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City'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.

Reclassifications - Certain reclassifications may have been made to the December 31, 2016 balances to conform to the December 31, 2017 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The City presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The City of Englewood follows a modified accrual basis of accounting. 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 or permitted for municipalities by the Division ("regulatory basis of accounting") 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:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. GAAP requires that all investments be reported at fair value.

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. GAAP requires inventories to be recorded as assets in proprietary-type funds.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - 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. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. 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 December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the City. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The City also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The City may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. 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 tax 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 (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - 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 City's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the City's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair 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 for interfunds and, therefore, does not recognize income in the year liquidated.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Deferred Charges – Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and 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.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled 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, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. 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 are recorded as a long-term obligation in the government-wide financial statements.

Incurred But Not Reported (IBNR) Reserves and Claims Payable - The City has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the City has not received notices or report of losses (i.e. IBNR). Additionally, the City has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). 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 potential claims are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the City of Englewood has developed a fixed assets accounting and reporting system. Fixed assets are defined by the City as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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 sewerage and drainage systems are not capitalized.

General Fixed Assets are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Historical Cost or Estimated Historical Cost

Donated fixed assets are recorded at acquisition value at the date of donation.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the City 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 accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. 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. Budget amounts presented in the accompanying financial statements represent amounts adopted by the City and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

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

Trust Funds (Except for Assessment Trust Fund)
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no 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. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. 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. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017 and 2016 the City Council increased the original budget by \$1,138,596 and \$123,225. The 2017 increases were due to a special emergency appropriation of \$1,000,000 for terminal leave and for additional grant funding awarded to the City. The 2016 increases were due to additional grant funding. In addition, the governing body approved several budget transfers during 2017 and 2016.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The City considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Cash Deposits

The City's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The City is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC or NCUSIF.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2017 and 2016, the book value of the City's deposits were \$31,019,955 and \$21,275,377 and bank and brokerage firm balances of the City's deposits amounted to \$30,049,621 and \$22,508,910, respectively. The City's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2017</u>	<u>2016</u>
Insured	\$ 29,814,638	\$ 22,176,468
Uninsured and Collateralized	<u>234,983</u>	<u>332,442</u>
	<u>\$ 30,049,621</u>	<u>\$ 22,508,910</u>

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 City does not have a formal policy for custodial credit risk. As of December 31, 2017 and 2016, the City's bank balances of \$234,983 and \$332,442 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2017</u>	<u>2016</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the City's name	<u>\$ 234,983</u>	<u>\$ 332,442</u>
	<u>\$ 234,983</u>	<u>\$ 332,442</u>

B. Investments

The City is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the City or bonds or other obligations of the school districts which are a part of the City or school districts located within the City, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

As of December 31, 2017 and 2016 the City had no outstanding investments.

Interest earned in the General Capital Fund, Assessment Trust Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

C. Cash With Fiscal Agents

At December 31, 2017 and 2016, the City has \$3,386 and \$3,385, respectively held in escrow with the City attorney.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
<u>Current</u>		
Property Taxes	\$45,891	\$39,696
Tax Title Liens	<u>198,447</u>	<u>175,424</u>
	<u>\$244,338</u>	<u>\$215,120</u>

In 2017 and 2016, the City collected \$64,528 and \$63,807 from delinquent taxes, which represented 30% and 27%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2017</u>		<u>2016</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund:				
Regular	\$ 27,875	\$ 5,000	\$ 79,327	\$ 7,133
Grant	399,125	42,623	399,125	84,626
Trust Fund:				
Animal Control		5,225		3,358
Other Trust	24,973	2,318	27,106	2,318
Unemployment Compensation	2,318		2,318	
Community Development				
Block Grant	9,886		9,886	4,635
General Capital Fund	<u>-</u>	<u>409,011</u>	<u>-</u>	<u>415,692</u>
Total	<u>\$ 464,177</u>	<u>\$ 464,177</u>	<u>\$ 517,762</u>	<u>\$ 517,762</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and revenues on deposit in one fund but due to another fund.

The City expects all interfund balances to be liquidated within one year.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2017</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$1,000,000</u>	<u>\$200,000</u>	<u>\$800,000</u>
<u>2016</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$18,000</u>	<u>\$18,000</u>	<u>\$ -</u>

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in the fund's budget for the succeeding year were as follows:

	<u>2017</u>		<u>2016</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 3,143,666	\$ 1,750,000	\$ 3,201,598	\$ 1,635,600
Non-Cash Surplus	<u>7,866</u>	<u>-</u>	<u>26,691</u>	<u>-</u>
	<u>\$ 3,151,532</u>	<u>\$ 1,750,000</u>	<u>\$ 3,228,289</u>	<u>\$ 1,635,600</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2017 and 2016.

	Balance December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
Land	\$ 92,238,900			\$ 92,238,900
Buildings and Building Improvements	20,792,300			20,792,300
Machinery and Equipment	<u>15,261,175</u>	<u>\$ 316,800</u>	<u>\$ 449,440</u>	<u>15,128,535</u>
	<u>\$ 128,292,375</u>	<u>\$ 316,800</u>	<u>\$ 449,440</u>	<u>\$ 128,159,735</u>
	Balance December 31, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
Land	\$ 93,414,900		\$ 1,176,000	\$ 92,238,900
Buildings and Building Improvements	24,918,800		4,126,500	20,792,300
Machinery and Equipment	<u>14,740,620</u>	<u>\$ 520,555</u>	<u>-</u>	<u>15,261,175</u>
	<u>\$ 133,074,320</u>	<u>\$ 520,555</u>	<u>\$ 5,302,500</u>	<u>\$ 128,292,375</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 MUNICIPAL DEBT

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

The City's debt is summarized as follows:

	<u>2017</u>	<u>2016</u>
Issued		
General		
Bonds, Notes and Loans	\$ 73,130,729	\$ 71,653,451
Assessment		
Bonds and Notes	<u>4,365,000</u>	<u>4,995,000</u>
	77,495,729	76,648,451
Less Funds Temporarily Held to Pay Bonds and Notes	<u>11,176</u>	<u>11,692</u>
Net Debt Issued	77,484,553	76,636,759
Authorized But Not Issued		
General		
Bonds and Notes	<u>9,478,816</u>	<u>9,514,416</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 86,963,369</u>	<u>\$ 86,151,175</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the City's Annual Debt Statement and indicates a statutory net debt of 1.804% and 1.824% at December 31, 2017 and 2016, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 86,974,545	\$ 11,176	\$ 86,963,369
School Debt	<u>10,905,000</u>	<u>10,905,000</u>	<u>-</u>
Total	<u>\$ 97,879,545</u>	<u>\$ 10,916,176</u>	<u>\$ 86,963,369</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2016</u>			
General Debt	\$ 86,162,867	\$ 11,692	\$ 86,151,175
School Debt	<u>12,215,000</u>	<u>12,215,000</u>	<u>-</u>
Total	<u>\$ 98,377,867</u>	<u>\$ 12,226,692</u>	<u>\$ 86,151,175</u>

Statutory Borrowing Power

The City's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2017</u>	<u>2016</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 168,730,011	\$ 165,308,934
Less: Net Debt	<u>86,963,369</u>	<u>86,151,175</u>
Remaining Borrowing Power	<u>\$ 81,766,642</u>	<u>\$ 79,157,759</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The City's long-term debt consisted of the following at December 31:

General Obligation Bonds

The City levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
\$4,365,000, 2010 Bonds, due in annual installments of \$190,000 to \$310,000 through August, 2030, interest at 3.25% to 4.00%	\$ 3,200,000	\$ 3,385,000
\$3,613,000, 2014 Bonds, due in annual installments of \$740,000 to \$770,000 through April 1, 2019 interest at 2.00%	1,510,000	2,230,000
\$16,450,000, 2014 Bonds, due in annual installments of \$530,000 to \$1,010,000 through April 1, 2032 interest at 3.00% to 3.50%	11,660,000	12,180,000
\$14,285,000, 2017 Bonds, due in annual installments of \$625,000 to \$1,250,000 through April 2031, interest at 2.00% to 3.00%	<u>14,285,000</u>	<u>-</u>
Total	<u>\$ 30,655,000</u>	<u>\$ 17,795,000</u>

Assessment Trust Bonds

The City pledges revenue from special benefit assessments to pay debt service on assessment bonds issued. The assessment bonds outstanding at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
\$8,775,000, 2008 Bonds, due in annual installments of \$585,000 to \$630,000 through January 2024, interest at 4.25% to 5.00%	<u>\$ 4,365,000</u>	<u>\$ 4,995,000</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

B. Capital Loan

On September 20, 2005, the City entered into an agreement with the Bergen County Improvement Authority whereby the Bergen County Improvement Authority issued \$15,316,016 of Capital Appreciation Bonds (Series 2005B). Simultaneously with the issuance of these bonds, the Authority entered into a Borrower Purchase Agreement with the City of Englewood whereby the Authority purchased a Borrower Bond from the City in the principal amount of the Bonds issued. Under the Borrower Bond, the City is required to make the loan repayments to the Bergen County Improvement Authority in the amount of principal and interest, if any, on the Bonds. The payments commenced on September 1, 2008 and continue through September 1, 2021. The following represents the remaining annual maturities under this agreement.

<u>Date</u>	<u>Payment</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Accretion</u>	<u>Final Maturity Amount</u>
9/1/18	\$ 1,285,336	0.000%	4.230%	58.160	\$ 924,664	\$ 2,210,000
9/1/19	1,219,257	0.000%	4.310%	55.170	990,743	2,210,000
9/1/20	1,156,449	0.000%	4.380%	52.328	1,053,551	2,210,000
9/1/21	<u>1,098,812</u>	0.000%	4.430%	49.720	<u>1,111,188</u>	<u>2,210,000</u>
	<u>\$ 4,759,854</u>				<u>\$ 4,080,146</u>	<u>\$ 8,840,000</u>

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2017 is as follows:

Calendar	General		Assessment		Intergovernmental	
					Loan	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	Principal and <u>Accreted Interest</u>	<u>Total</u>
2018	\$ 2,085,000	\$ 873,150	\$ 630,000	\$ 200,138	\$ 1,285,336	\$ 5,073,624
2019	2,130,000	823,401	630,000	171,000	1,219,257	4,973,658
2020	1,375,000	780,001	630,000	139,500	1,156,449	4,080,950
2021	1,750,000	739,251	630,000	108,000	1,098,812	4,326,063
2022	1,950,000	691,676	630,000	76,500		3,348,176
2023-2027	10,730,000	2,585,655	1,215,000	59,625		14,590,280
2028-2032	<u>10,635,000</u>	<u>791,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,426,026</u>
Total	\$ 30,655,000	\$ 7,284,160	\$ 4,365,000	\$ 754,763	\$ 4,759,854	\$ 47,818,777

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Prior Year Defeasance of Debt

In prior years, the City defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. On December 31, 2017 and 2016, \$2,870,000 and \$3,000,000, respectively, of bonds outstanding are considered defeased.

Guarantee of Debt

On October 24, 2006, the Englewood Volunteer Ambulance Corp. was approved for a low interest loan with the State of New Jersey under the volunteer Emergency Service Organizations Program. The loan of \$50,000 was used for the purchase of an ambulance. The loan was to be paid in annual installments over a ten year period. On October 9, 2008, the Englewood Volunteer Ambulance Corp. defaulted on the loan and on June 23, 2009, the City assumed the loan and a significant portion of the emergency medical services responsibilities in the City. The City of Englewood agreed to pay the loan from the loan proceeds and an annual budget appropriation to pay the interest on the loan. At December 31, 2016, the loan balance was \$5,000. The final installment of the loan balance was paid during 2017.

Changes in Long-Term Municipal Debt

The City's long-term capital debt activity for the years ended December 31, 2017 and 2016 were as follows:

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
General Capital Fund					
Bonds Payable	\$ 17,795,000	\$ 14,285,000	\$ 1,425,000	\$ 30,655,000	\$ 2,085,000
Intergovernmental Loans Payable	<u>6,109,589</u>	<u>-</u>	<u>1,349,735</u>	<u>4,759,854</u>	<u>1,285,336</u>
General Capital Fund Long-Term Liabilities	<u>\$ 23,904,589</u>	<u>\$ 14,285,000</u>	<u>\$ 2,774,735</u>	<u>\$ 35,414,854</u>	<u>\$ 3,370,336</u>
Assessment Trust Fund					
Bonds Payable	<u>\$ 4,995,000</u>	<u>\$ -</u>	<u>\$ 630,000</u>	<u>\$ 4,365,000</u>	<u>\$ 630,000</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
General Capital Fund					
Bonds Payable	\$ 22,310,000		\$ 4,515,000	\$ 17,795,000	\$ 1,425,000
Intergovernmental Loans Payable	<u>7,529,846</u>	<u>-</u>	<u>1,420,257</u>	<u>6,109,589</u>	<u>1,349,735</u>
General Capital Fund Long-Term Liabilities	<u>\$ 29,839,846</u>	<u>\$ -</u>	<u>\$ 5,935,257</u>	<u>\$ 23,904,589</u>	<u>\$ 2,774,735</u>
Assessment Trust Fund					
Bonds Payable	<u>\$ 5,625,000</u>	<u>\$ -</u>	<u>\$ 630,000</u>	<u>\$ 4,995,000</u>	<u>\$ 630,000</u>

B. Short-Term Debt

The City's short-term debt activity for the years ended December 31, 2017 and 2016 was as follows:

Bond Anticipation Notes – General Capital Fund

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	Balance, December 31, <u>2016</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	Balance, December 31, <u>2017</u>
Renovations to City Hall	2.25%	4/6/2017	\$ 299,480		\$ 299,480	
Various Capital Improvements	2.50%	4/4/2018	28,785,624	\$ 15,350,950	28,785,624	\$ 15,350,950
Fire Truck and Various Equip	2.25%	4/6/2017	263,866		263,866	
Acq. Of DPW Equipment	2.25%	4/6/2017	513,288		513,288	
Tax Appeals	1.30%	12/13/17	580,000		580,000	
Ice Arena Improvements	2.50%	4/4/2018	652,154	625,600	652,154	625,600
Overpeck Creek Channel Wall Replacement	2.50%	4/4/2018	604,200	604,200	604,200	604,200
Construction of Fire House	2.50%	4/4/2018	7,267,500	7,267,500	7,267,500	7,267,500
Various Equipment and Capital Improvements	2.50%	4/4/2018	8,458,800	8,458,800	8,458,800	8,458,800
Various Fire Equipment	2.50%	4/4/2018	323,950	323,950	323,950	323,950
Various Equipment and Capital Improvements	1.12%	4/4/2018	<u>-</u>	<u>5,084,875</u>	<u>-</u>	<u>5,084,875</u>
			<u>\$ 47,748,862</u>	<u>\$ 37,715,875</u>	<u>\$ 47,748,862</u>	<u>\$ 37,715,875</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes – General Capital Fund (Continued)

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	Balance, December 31, <u>2015</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2016</u>
Renovations to City Hall	2.25%	4/6/2017	\$ 311,980	\$ 299,480	\$ 311,980	\$ 299,480
Various Capital Improvements	2.25%	4/6/2017	28,140,766	28,785,624	28,140,766	28,785,624
Fire Truck and Various Equip	2.25%	4/6/2017	316,666	263,866	316,666	263,866
Acq. Of DPW Equipment	2.25%	4/6/2017	598,888	513,288	598,888	513,288
Tax Appeals	1.30%	12/13/17	1,160,000	580,000	1,160,000	580,000
Ice Arena Improvements	2.25%	4/6/2017	760,000	652,154	760,000	652,154
Overpeck Creek Channel						
Wall Replacement	2.25%	4/6/2017	604,200	604,200	604,200	604,200
Construction of Fire House	2.25%	4/6/2017	7,267,500	7,267,500	7,267,500	7,267,500
Various Equipment and						
Capital Improvements	2.25%	4/6/2017		8,458,800		8,458,800
Various Fire Equipment	2.25%	4/6/2017	-	323,950	-	323,950
			<u>\$ 39,160,000</u>	<u>\$ 47,748,862</u>	<u>\$ 39,160,000</u>	<u>\$ 47,748,862</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the City's statutory debt limit calculation is reported in the Current Fund for the year 2017 as follows:

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the City may borrow money and issue special emergency notes which may be renewed from time to time, but at least 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 fifth year following the date of the special emergency resolution.

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>December 31,</u> <u>2016</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2017</u>
<u>2017</u>						
Terminal Leave	2.25%	8/16/2018	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the City had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction</u> <u>Commitment</u>	<u>Estimated</u> <u>Date of</u> <u>Completion</u>
<u>2017</u>		
Improvements to Roads, Curbs and Sidewalks	\$1,118,048	2018
Improvements to City Facilities	397,829	2018
Sanitary Sewers	596,086	2018
Improvements to Parks	117,772	2018
Acquisition of Equipment	1,060,733	2018
Ice Arena Improvements	84,259	2018

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the City, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$9,211,385 and \$8,750,517 at December 31, 2017 and 2016, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The City's changes in other long-term liabilities for the years ended December 31, 2017 and 2016 were as follows:

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
Compensated Absences	\$ 8,750,517	\$ 460,868		\$ 9,211,385	
Net Pension Liability					
PERS	38,858,242		8,385,626	30,472,616	
PFRS	<u>99,170,516</u>	<u>-</u>	<u>18,965,781</u>	<u>80,204,735</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 146,779,275</u>	<u>\$ 460,868</u>	<u>\$ 27,351,407</u>	<u>\$ 119,888,736</u>	<u>\$ -</u>
	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
Compensated Absences	\$ 8,734,000	\$ 16,517		\$ 8,750,517	
Net Pension Liability					
PERS	28,076,294	14,745,511	3,963,563	38,858,242	
PFRS	<u>84,864,344</u>	<u>25,384,951</u>	<u>11,078,779</u>	<u>99,170,516</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 121,674,638</u>	<u>\$ 40,146,979</u>	<u>\$ 15,042,342</u>	<u>\$ 146,779,275</u>	<u>\$ -</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those City employees who are eligible for pension coverage.

Consolidated Police and Firemen's Pension Fund (CPFPPF) – established in January 1952, under the provisions of N.J.S.A. 43:16 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members. CPFPPF is a cost-sharing plan with special funding situations.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those City employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj.us/treasury/doinvest.

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, which was rolled forward to June 30, 2017, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, local PERS and local PFRS is 35.79 percent with an unfunded actuarial accrued liability of \$142.3 billion. The CPFPPF system is 25.75 percent funded with an unfunded actuarial accrued liability of \$5.5 million. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 48.10 percent and \$23.3 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 58.60 percent and \$17.2 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.00% for investment rate of return for all the retirement systems except CPFPPF (1.00%) and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.20% for PERS and 5.50% for DCRP of employee's annual compensation for 2017.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2017 and 2016 for CPFPE, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2017, 2016 and 2015, the City, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>CPFPE</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2017		\$ 4,232,823	\$ 1,165,579	\$ 3,521
2016	\$ 34,859	4,141,446	1,075,289	3,203
2015	83	3,929,561	1,050,531	5,000

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, 2017 and 2016, the City reported a liability of \$30,472,616 and \$38,858,242, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the City's proportionate share was .13091 percent, which was a decrease of .00029 percent from its proportionate share measured as of June 30, 2016 of .13120 percent.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2017 and 2016, the pension system has determined the City's pension expense to be \$2,405,035 and \$3,963,563, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the City's financial statements of \$1,165,579 and \$1,075,289, respectively. At December 31, 2017 and 2016, the City's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the City's financial statements are from the following sources:

	2017		2016	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 717,525		\$ 722,646	
Changes of Assumptions	6,139,182	\$ 6,116,675	8,049,352	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	207,498		1,481,700	
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>974,861</u>	<u>268,871</u>	<u>1,273,170</u>	<u>\$ 295,373</u>
Total	<u>\$ 8,039,066</u>	<u>\$ 6,385,546</u>	<u>\$ 11,526,868</u>	<u>\$ 295,373</u>

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2018	\$ 910,163
2019	1,265,626
2020	870,863
2021	(748,106)
2022	(645,026)
Thereafter	<u>-</u>
	<u>\$ 1,653,520</u>

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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)

Actuarial Assumptions

The City's total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	1.65-4.15%	1.65-4.15%
	Based on Age	Based on Age
Thereafter	2.65-5.15%	2.65-5.15%
	Based on Age	Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	5.00%
2016	June 30, 2016	3.98%

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2040

Municipal Bond Rate * From July 1, 2040
and Thereafter

* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the City's proportionate share of the PERS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 5.00% and 3.98%, respectively, as well as what the City's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00% and 2.98%, respectively) or 1-percentage-point higher (6.00% and 4.98%, respectively) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
<u>2017</u>			
City's Proportionate Share of the PERS Net Pension Liability	<u>\$ 37,803,348</u>	<u>\$ 30,472,616</u>	<u>\$ 24,365,208</u>
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
<u>2016</u>			
City's Proportionate Share of the PERS Net Pension Liability	<u>\$ 47,616,240</u>	<u>\$ 38,858,242</u>	<u>\$ 31,627,755</u>

The sensitivity analysis was based on the proportionate share of the City's net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the City's net pension liability was not provided by the pension system.

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2017 and 2016, the City reported a liability of \$80,204,735 and \$99,170,516, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the City's proportionate share was .51953 percent, which was an increase of .00038 percent from its proportionate share measured as of June 30, 2016 of .51915 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the City pension expense to be \$7,752,173 and \$11,078,779, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the City's financial statements of \$4,232,823 and \$4,141,446, respectively. At December 31, 2017 and 2016, the City's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the City's financial statements are from the following sources:

	2017		2016	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 520,321	\$ 470,736		\$ 650,077
Changes of Assumptions	9,890,137	13,135,191	\$ 13,735,931	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,530,494		6,948,678	
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>1,619,753</u>	<u>233,886</u>	<u>1,987,553</u>	<u>181,137</u>
Total	<u>\$ 13,560,705</u>	<u>\$ 13,839,813</u>	<u>\$ 22,672,162</u>	<u>\$ 831,214</u>

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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)

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2018	\$ 1,446,550
2019	3,088,392
2020	285,306
2021	(3,482,873)
2022	(1,616,483)
Thereafter	-
	<u>\$ (279,108)</u>

Actuarial Assumptions

The City's total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	2.10-8.98%	2.10-8.98%
	Based on Age	Based on Age
Thereafter	3.10-9.98%	3.10-9.98%
	Based on Age	Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2016 and July 1, 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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 Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	6.14%
2016	June 30, 2016	5.55%

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the City's proportionate share of the PFRS net pension liability as of December 31, 2016 and 2015 calculated using the discount rate of 6.14% and 5.55%, respectively, as well as what the City's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.14% and 4.55 %, respectively) or 1-percentage-point higher (7.14% and 6.55%, respectively) than the current rate:

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
<u>2017</u>			
City's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 105,676,343</u>	<u>\$ 80,204,735</u>	<u>\$ 59,276,912</u>
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
<u>2016</u>			
City's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 127,873,109</u>	<u>\$ 99,170,516</u>	<u>\$ 75,765,278</u>

The sensitivity analysis was based on the proportionate share of the City's net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the City's net pension liability was not provided by the pension system.

**CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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)

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the City is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the City by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the City's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$8,983,606 and \$8,327,863, respectively. For the years ended December 31, 2017 and 2016, the pension system has determined the State's proportionate share of the pension expense attributable to the City for the PFRS special funding situation is \$1,098,898 and \$1,063,665 respectively, which is more than the actual contributions the State made on behalf of the City of \$449,219 and \$319,100, respectively. The State's proportionate share attributable to the City was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the City's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the City. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 580 state and local participating employers and contributing entities for Fiscal Year 2017.

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

State Health Benefits Program Funds (HBPF) – Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$85.4 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.5 billion for state active and retired members, \$16.1 billion for local active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$184.6 million for 10,994 eligible retired members for Fiscal Year 2017. This benefit covers the Police and Firemen's Retirement System.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$52.1 million in Fiscal Year 2017 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2017, 2016 and 2015 were \$1,426,620, \$1,202,136 and \$1,079,045, respectively, which equaled the required contributions for each year.

NOTE 14 RISK MANAGEMENT

The City is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters.

The City has established a worker's compensation plan for its employees. In addition, the City has established a plan for property and liability claims against the City. Transactions related to the plan are accounted for in the Current Fund. Workers compensation claims are paid directly by the plan up to a maximum of \$500,000 for any one accident or occurrence, with any excess benefit being reimbursed through a Re-Insurance Agreement with SUA Insurance Co. Liability claims are paid directly by the plan up to a maximum of \$150,000 to \$250,000 (varies by type of liability) for any one accident or occurrence, with any excess benefit being reimbursed through a Re-Insurance Agreement with Lloyds of London or Safety National Casualty Corporation (employers liability). The limit of re-insurance varies by type of coverage and ranges from \$2,000,000 to \$4,850,000 per occurrence. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company may not be able to meet their obligations to the City under existing reinsurance agreements.

Estimates of claims payable were determined based on claim information supplied by the claims administrator. The City has not created a liability for loss reserves of \$4,231,153 and \$2,917,860 for claims incurred which were unpaid at December 31, 2017 and 2016, respectively. In addition, the City has not created a liability for any potential unreported losses which have taken place but in which the City has not received notices or report of losses. The effect on the financial statements from these omissions could not be determined but is material.

The City of Englewood is a member of the Garden State Municipal Joint Insurance Fund (GSMJIF). The Garden State Municipal Joint Insurance Fund (GSMJIF) is a property and casualty insurance fund serving municipalities throughout the State of New Jersey.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 14 RISK MANAGEMENT (Continued)

A joint insurance fund is the pooling of resources by two or more public entities for the purpose of achieving economies of scale and purchasing leverage, thereby obtaining insurance protection at a lower ultimate cost than if purchased through the traditional insurance market. The GSMJIF was formed in 2002 in response to the lack of affordable commercial insurance for municipalities. The primary objective of the GSMJIF is to provide its members with long-term insurance, budget stability and superior control over their risks by offering appropriate coverages with innovative safety and claims management programs. The GSMJIF achieves this objective by implementing the best risk and claims management practices, which improve public and employee safety and lower the ultimate cost of risk.

The GSMJIF offers the following coverages to its members:

- Excess Workers' Compensation
- Excess General Liability
- Excess Auto Liability
- Excess Public Officials Liability
- Excess Employment Practices Liability
- Property Coverage (including Auto Physical Damage), Boiler & Machinery
- Crime (with Position Bonds)
- Excess Law Enforcement Liability
- Non-Owned Aircraft Liability
- Pollution & Tank Liability (on an optional basis)

The relationship between the City 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 City is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was 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. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

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

The City has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State. The following is a summary of City contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the City's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>City</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017			\$ 39,878	\$ 261,973
2016				291,062
2015				205,928

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 15 CONTINGENT LIABILITIES

The City is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the City's Attorney, the potential claims against the City not covered by insurance policies would not materially affect the financial condition of the City.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2017 and 2016. Amounts claimed have not yet been determined. The City is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the City does not recognize a liability, if any, until these cases have been adjudicated. The City expects such amounts, if any, could be material. As of December 31, 2017 and 2016, the City reserved \$205,813 and \$25,500, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2017 and 2016, significant amounts of grant expenditure have not been audited by the various grantor agencies but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the City.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The City is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2017 and 2016, the City has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 TAX ABATEMENTS

For the years ended December 31, 2017 and 2016, the City provided property tax abatements through a program authorized under State statute. This is the Long Term Tax Exemption Law (the "LTTE Law").

The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the years ended December 31, 2017 and 2016 the City abated property taxes totaling \$1,597,018 and \$1,546,828, respectively under the LTTE program. The City received \$566,898 and \$536,677 in PILOT payments under this program for the years ended December 31, 2017 and 2016, respectively.

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 18 SUBSEQUENT EVENTS

Management of the City has reviewed and evaluated all events and transactions that occurred between December 31, 2017 and the date of this report in order to identify any additional conditions that may have existed as of December 31 and to ensure that these conditions are recognized in the financial statement. In addition, the following were identified:

Bond Anticipation Notes

On April 3, 2018 the City issued bond anticipation notes in the amount of \$37,070,000 to temporarily finance expenditures related to various capital projects. The City has awarded the sale of said notes to TD Securities, LLC at an interest rate of 3.0%. These notes dated April 3, 2018 will mature on April 2, 2019.

Debt Authorized

On June 26, 2018 the City Council adopted a bond ordinance authorizing the issuance \$6,530,775 in Bonds or Notes to fund various capital improvements. As of the date of this report the City has not issued nor awarded the sale of said bonds or notes.

CURRENT AND GRANT FUNDS

**CITY OF ENGLEWOOD
STATEMENT OF CASH
CURRENT FUND**

Balance, December 31, 2016 \$ 10,156,606

Increased by Receipts:

Taxes Receivable	\$ 116,170,014	
Non Budget Revenue	305,693	
Due From State - Senior Citizens and Veterans	67,575	
Revenue Accounts Receivable	7,690,689	
Prepaid Taxes	12,045,771	
Sewer User Charges	134,995	
Tax Overpayments	151,691	
Special Emergency Note	1,000,000	
General Capital Receipts Deposited in Current Fund	225,270	
Receipts from Grant Fund	38,003	
Receipts from Community Development Trust Fund	4,635	
Receipts from Animal Control Fund	3,358	
Receipts from General Capital Fund	<u>995,712</u>	
		<u>138,833,406</u>
		148,990,012

Decreased by Disbursements:

2017 Budget Appropriation	58,738,231	
2016 Appropriation Reserves	314,401	
Encumbrances Payable	2,001,775	
Payments to General Capital Fund	1,008,591	
Payments to Other Trust Fund	2,133	
Tax Appeals	619,687	
Garage Fees	16,765	
Reserve for Sale of Assets	642	
Tax Overpayments	215,616	
Local School Taxes Payable	53,101,500	
County Taxes Payable	<u>12,176,639</u>	
		<u>128,195,980</u>
Balance, December 31, 2017		<u><u>\$ 20,794,032</u></u>

**CITY OF ENGLEWOOD
STATEMENT OF CASH
GRANT FUND**

Increased by:

Grant Receivables	\$	175,668
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Decreased by:

Appropriated Grant Reserves	\$	122,502
Encumbrances Payable		15,163
Payments to Current Fund		38,003
		175,668

Balance, December 31, 2017	\$	-
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**STATEMENT OF STATE AND FEDERAL GRANTS RECEIVABLE
GRANT FUND**

<u>Program</u>	Balance December 31, 2016	Budget Revenue	Cash Receipts	Balance December 31, 2017
ANJAC-Smart Growth Grant	\$ 4,066			\$ 4,066
Reach & Teach	30,000	\$ 24,000	\$ 24,000	30,000
Municipal Alliance	16,447	20,000	17,893	18,554
Open Space Stewardship Project (ANJEC)		1,500	1,000	500
Recycling Tonnage Grant		59,373	59,373	-
Drunk Driving Enforcement Fund		13,596	13,596	-
FDA Foodborne Illness Grant		5,892	1,571	4,321
Clean Communities Grant		48,746	48,746	-
Body Armor Replacement		7,169	7,169	-
Emergency Prep Grant (NJACCHO)		2,320	2,320	-
FDA Retail Standards	1,189			1,189
FDA Mentorship Grant (NACCHO)	1,569			1,569
Historic Preservation Grant - Mackay Gate House	20,590	-	-	20,590
	\$ 73,861	\$ 182,596	\$ 175,668	\$ 80,789

CITY OF ENGLEWOOD
STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED
GRANT FUND

<u>Program</u>	Balance December 31, 2016	Transferred from 2017 Budget	Paid or Charged	Balance December 31, 2017
Municipal Alliance Program	\$ 14,964	\$ 20,000	\$ 18,377	\$ 16,587
Municipal Alliance Program-Local Match	130	4,000	2,169	1,961
State Forestry Services Green Communities	3,000			3,000
Bio-Terrorism Sub-Grant	1,265		198	1,067
Alcohol Education & Rehabilitation Fund	2,072			2,072
Reach & Teach	72,000	24,000		96,000
Drunk Driving Enforcement Fund	58,124	13,596		71,720
Take Me Fishing Grant	44			44
Hepatitis B Grant	13			13
BC/US Dept of Justice Grant (JAG)	7,711			7,711
Public Health Grant	240		205	35
Adolescent Health Grant	46,208		3,402	42,806
H1N1 Emergency Preparedness	1,043		226	817
H1N1 Corrective Action Mini Grant	839			839
Louis La Salle Tomorrow Fund	23,203			23,203
ANJAC-Smart Growth Grant-Local Match	6,654			6,654
Open Space Stewardship Project (ANJEC)		1,500		1,500
Emergency Prep Grant (NJACCHO)		2,320	2,305	15
FDA Mentorship Grant (NACCHO)	2,395			2,395
FDA Retail Standards	5,478		4,151	1,327
FDA Foodborne Illness Grant		5,892		5,892
FEMA-Firefighters Grant	4			4
Body Armor Replacement	23,007	7,169		30,176
Hurricane Irene Relief Employment Fund	8,625			8,625
Historic Preservation Grant - Mackay Gate House	20,590			20,590
Recycling Tonnage	40,279	59,373	73,287	26,365
Clean Communities Program	17,551	48,746	30,000	36,297
Community Chest of Englewood	5,102			5,102
Drunk Driving Prevention	7,656			7,656
Sustainable Energy Grant	5,000	-	-	5,000
	<u>\$ 373,197</u>	<u>\$ 186,596</u>	<u>\$ 134,320</u>	<u>\$ 425,473</u>

Cash Disbursements	\$ 122,502
Encumbrances Payable	<u>11,818</u>
	<u>\$ 134,320</u>

**CITY OF ENGLEWOOD
STATEMENT OF DUE TO CURRENT FUND
GRANT FUND**

Balance, December 31, 2016		\$ 64,653
Decreased by:		
Budget Appropriations - Local Share	\$ 4,000	
Payments to Current Fund	<u>38,003</u>	
		<u>42,003</u>
Balance, December 31, 2017		<u>\$ 22,650</u>

**STATEMENT OF DUE FROM STATE OF NEW JERSEY FOR
SENIOR CITIZENS AND VETERANS DEDUCTIONS**

Balance, December 31, 2016		\$ 8,691
Increased by:		
Deductions Allowed Per Tax Duplicate	\$ 71,500	
2017 Deductions Allowed by Tax Collector	<u>1,500</u>	
		<u>73,000</u>
		81,691
Decreased by:		
2016 Deductions Disallowed by Tax Collector	6,250	
Cash Received from State	<u>67,575</u>	
		<u>73,825</u>
Balance, December 31, 2017		<u>\$ 7,866</u>

CITY OF ENGLEWOOD
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	<u>Balance,</u> <u>December 31,</u> <u>2016</u>	<u>Levy</u>	<u>Added</u> <u>Taxes</u>	<u>Senior</u> <u>Citizens'</u> <u>and Veterans'</u> <u>Deductions</u> <u>Disallowed</u>	<u>Collected In</u>		<u>Senior</u> <u>Citizens'</u> <u>and Veterans'</u> <u>Deductions</u> <u>Allowed</u>	<u>Cancelled</u>	<u>Transferred</u> <u>to Tax</u> <u>Title Liens</u>	<u>Balance,</u> <u>December 31,</u> <u>2017</u>
2013	\$ 6,744									\$ 6,744
2014	10,191					\$ 2,035		\$ 8		8,148
2015	8,216									8,216
2016	<u>14,545</u>	<u>-</u>	<u>\$ 54,754</u>	<u>\$ 6,250</u>	<u>-</u>	<u>62,493</u>	<u>-</u>	<u>-</u>	<u>\$ 2,544</u>	<u>10,512</u>
	39,696	-	54,754	6,250	-	64,528	-	8	2,544	33,620
2017	<u>-</u>	<u>\$ 117,470,299</u>	<u>-</u>	<u>-</u>	<u>\$ 976,319</u>	<u>116,105,486</u>	<u>\$ 73,000</u>	<u>282,744</u>	<u>\$ 20,479</u>	<u>\$ 12,271</u>
	<u>\$ 39,696</u>	<u>\$ 117,470,299</u>	<u>\$ 54,754</u>	<u>\$ 6,250</u>	<u>\$ 976,319</u>	<u>\$ 116,170,014</u>	<u>\$ 73,000</u>	<u>\$ 282,752</u>	<u>\$ 23,023</u>	<u>\$ 45,891</u>

Analysis of Property Tax Levy

TAX YIELD

General Purpose Tax

\$ 116,631,972

Added Taxes (RS 54:4-36.1 et seq.)

838,327

\$ 117,470,299

TAX LEVY

Local District School Tax (Abstract)

\$ 53,101,501

County Tax (Abstract)

11,642,727

County Open Space Tax

489,371

Due County for Added and

Omitted Taxes (54:4-63.1)

87,369

\$ 65,320,968

Local Tax for Municipal

Purposes (Abstract)

49,757,789

Minimum Library Tax

1,602,484

Add Additional Tax Levied

789,058

52,149,331

\$ 117,470,299

**CITY OF ENGLEWOOD
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2016	\$ 575,544
Increased by:	
Cash Receipts	<u>151,691</u>
	727,235
Decreased by:	
Refunds	<u>\$ 215,616</u>
Balance, December 31, 2017	<u><u>\$ 511,619</u></u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2016	\$ 976,319
Increased by:	
Collection of 2017 Taxes	<u>12,045,771</u>
	13,022,090
Decreased by:	
Applied to 2016 Taxes	<u>976,319</u>
Balance, December 31, 2017	<u><u>\$ 12,045,771</u></u>

STATEMENT OF TAX TITLE LIENS RECEIVABLE

Balance, December 31, 2016	\$ 175,424
Increased by:	
Transfers from 2017 Receivable	\$ 20,479
Transfers from 2016 Receivable	<u>2,544</u>
	<u>23,023</u>
Balance, December 31, 2017	<u><u>\$ 198,447</u></u>

**CITY OF ENGLEWOOD
STATEMENT OF FORECLOSED PROPERTY**

Balance, December 31, 2016	\$ <u>70,979</u>
Balance, December 31, 2017	\$ <u><u>70,979</u></u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2016	\$ 44,542
Increased by:	
2017 Levy:	
County Taxes	\$ 11,642,726
County Open Space Taxes	489,371
Added and Omitted Taxes	<u>87,369</u>
	<u>12,219,466</u>
	12,264,008
Decreased by:	
Cash Disbursements	<u>12,176,639</u>
Balance, December 31, 2017	\$ <u><u>87,369</u></u>

SCHEDULE OF LOCAL SCHOOL TAXES PAYABLE

Balance, December 31, 2016	\$ 1
Increased by:	
2017 Levy	<u>53,101,501</u>
	53,101,502
Decreased by:	
Cash Disbursements	<u>53,101,500</u>
Balance, December 31, 2017	\$ <u><u>2</u></u>

CITY OF ENGLEWOOD
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2016</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2017</u>
Licenses				
Alcoholic Beverages		\$ 58,150	\$ 58,150	
Other		244,849	244,849	
Fees and Permits		145,391	145,391	
Municipal Court	\$ 47,323	640,450	646,357	\$ 41,416
Interest and Costs on Taxes		179,005	179,005	
Parking Meters		563,990	563,990	
Interest on Investments and Deposits		20,130	20,130	
Recreation Advisory Committee		619,032	619,032	
Fire Prevention Fees		96,122	96,122	
Kings Garden - PILOT		129,875	129,875	
Rock Creek - Lafayette House - PILOT		382,150	382,150	
Westmoor Gardons - PILOT		54,873	54,873	
Parking Garage Fees		194,184	194,184	
Municipal Hotel Tax		187,509	187,509	
Cable Franchise Fees		56,724	56,724	
Cell Tower Agreement		95,687	95,687	
Sewer Charges		37,093	37,093	
Consolidated Municipal Property Tax Relief		20,937	20,937	
Energy Receipts Tax		2,742,359	2,742,359	
Uniform Construction Code Fees		1,117,798	1,117,798	
Uniform Fire Safety Act		61,793	61,793	
Phone Commissions	-	36,681	36,681	-
	<u>\$ 47,323</u>	<u>\$ 7,684,782</u>	<u>\$ 7,690,689</u>	<u>\$ 41,416</u>

**CITY OF ENGLEWOOD
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, <u>2016</u>	Prior Year Encumbrances <u>Restored</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
City Council						
Salaries and Wages						
Other Expenses	\$ 1,490	\$ 326		\$ 1,816		\$ 1,816
City Manager						
Salaries and Wages	809			809		809
Other Expenses	2,948	1,709		4,657		4,657
City Clerk						
Salaries and Wages	1,286			1,286		1,286
Other Expenses	3,197	1,987		5,184		5,184
Human Resources						
Salaries and Wages	3,452			3,452		3,452
Other Expenses	1,750		\$ 8,000	9,750	\$ 7,316	2,434
Purchasing						
Other Expenses	377			377		377
Finance						
Salaries and Wages	438			438		438
Other Expenses	126		5,000	5,126	3,599	1,527
Computerized Data Processing Center						
Other Expenses	3,598			3,598		3,598
Collection of Taxes						
Salaries and Wages	1,406			1,406		1,406
Other Expenses	796	230		1,026		1,026
Assessment of Taxes						
Salaries and Wages	1,246			1,246		1,246
Other Expenses	7,264	414		7,678		7,678
Legal Service and Costs						
Salaries and Wages	1,449			1,449		1,449
Other Expenses	27,680	55,650	(10,000)	73,330		73,330
Engineering Services						
Other Expenses	484			484		484
Community Development						
Other Expenses	12,573	405		12,978		12,978
Municipal Court						
Salaries and Wages	1,964			1,964		1,964
Other Expenses	699	2,686		3,385		3,385
Public Defender						
Other Expenses	3,200			3,200	1,800	1,400
Insurance						
Medical	65,202	3,042	(40,000)	28,244		28,244
Land Use						
Other Expenses	8,750			8,750		8,750
Fire Division						
Salaries and Wages	20,481			20,481	10,000	10,481
Other Expenses	71		10,000	10,071	7,771	2,300
Police						
Salaries and Wages	40,084		(20,000)	20,084		20,084
Other Expenses	48,724	22,859	(10,000)	61,583		61,583
Emergency Management Services						
Other Expenses		40,000		40,000		40,000
DPW Administration						
Salaries and Wages	8,166			8,166		8,166
Other Expenses	4,843			4,843	358	4,485
Public Building and Grounds						
Other Expenses	7,613			7,613	4,140	3,473
Shade Tree						
Salaries and Wages	15,070			15,070		15,070
Other Expenses	7,248			7,248	2,040	5,208

**CITY OF ENGLEWOOD
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, 2016	Prior Year Encumbrances Restored	Transfers	Balance After Modification	Paid or Charged	Balance Lapsed
Roads						
Salaries and Wages	\$ 32,733		\$ (10,000)	\$ 22,733		\$ 22,733
Other Expenses	75,558	\$ 15,706		91,264		91,264
Central Maintenance - Garage						
Salaries and Wages	12,238			12,238		12,238
Other Expenses	4,919		20,000	24,919	\$ 11,324	13,595
Construction and Facilities Maintenance						
Salaries and Wages	10,074			10,074		10,074
Other Expenses	6,578	1		6,579		6,579
Sanitation						
Salaries and Wages	16,474			16,474		16,474
Other Expenses	133			133		133
Sewer Maintenance						
Salaries and Wages	21,443		(7,000)	14,443	3,000	11,443
Other Expenses	35,681		(10,000)	25,681		25,681
Park Maintenance						
Salaries and Wages	8,635			8,635		8,635
Other Expenses	4,914			4,914		4,914
Condominium Services Act						
Other Expenses	67,969			67,969	48,210	19,759
Board of Health						
Salaries and Wages	3,756			3,756		3,756
Other Expenses	6,199			6,199	327	5,872
Animal Control Regulation						
Other Expenses	8,352			8,352		8,352
Contribution of Child Dev. And Teen Program						
Other Expenses	587			587		587
Recreation Services and Programs						
Salaries and Wages	215			215		215
Other Expenses			14,000	14,000	3,571	10,429
Terminal Leave						
Salaries and Wages	4,164			4,164		4,164
Construction Code Official						
Salaries and Wages	2,012			2,012		2,012
Other Expenses	13,424			13,424	11,114	2,310
Contingency	6,000			6,000		6,000
Solid Waste Disposal		12,588		12,588		12,588
Leaf Disposal Site			45,000	45,000	40,115	4,885
Utilities						
Street Lighting	81,014			81,014	62,393	18,621
Telephone/Communications	678	4,472		5,150		5,150
Water	8,227			8,227	5,179	3,048
Gas and Electric	24,986		5,000	29,986	26,941	3,045
Fire Hydrant	33,481			33,481	30,070	3,411
Statutory Expenditures:						
Contribution to:						
Public Employee's Retirement System	1,711			1,711		1,711
Social Security System (O.A.S.L.)	2,461			2,461		2,461
Defined Contribution Retirement Program	1,797			1,797		1,797
Consolidated Police and Firemens	5,141			5,141		5,141
Share of Costs Sewer Charges	846			846		846
Recycling Tax		304		304		304
Maintenance of Free Public Library	43,583	-	-	43,583	35,133	8,450
	<u>\$ 850,467</u>	<u>\$ 162,379</u>	<u>\$ -</u>	<u>\$ 1,012,846</u>	<u>\$ 314,401</u>	<u>\$ 698,445</u>

**CITY OF ENGLEWOOD
STATEMENT OF ENCUMBRANCES PAYABLE**

	Current <u>Fund</u>	Grant <u>Fund</u>
Balance, December 31, 2016	\$ 2,164,154	\$ 15,163
Increased by:		
Charges to:		
Budget Appropriations	2,235,254	
State and Federal Grant Appropriations	<u>-</u>	<u>11,818</u>
	<u>4,399,408</u>	<u>26,981</u>
Decreased by:		
Cancelled Encumbrances Restored to		
Appropriation Reserves	162,379	
Cash Disbursed	<u>2,001,775</u>	<u>15,163</u>
	<u>2,164,154</u>	<u>15,163</u>
Balance, December 31, 2017	<u>\$ 2,235,254</u>	<u>\$ 11,818</u>

STATEMENT OF SEWER USER CHARGES RECEIVABLE

Balance, December 31, 2016	\$ 277,002
Increased by:	
Billings	<u>271,503</u>
	548,505
Decreased By:	
Cash Receipts	<u>134,995</u>
Balance, December 31, 2017	<u>\$ 413,510</u>

CITY OF ENGLEWOOD
STATEMENT OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATIONS N.J.S. 40A:4-53

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance December 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2017</u>
3/20/2012	Master Plan	\$ 90,000	\$ 18,000	\$ 18,000		\$ 18,000	
7/11/2017	Severance Liabilities	1,000,000	200,000	-	\$ 1,000,000	-	\$ 1,000,000
				<u>\$ 18,000</u>	<u>\$ 1,000,000</u>	<u>\$ 18,000</u>	<u>\$ 1,000,000</u>

EXHIBIT A-22

STATEMENT OF MISCELLANEOUS RESERVES

	<u>Balance December 31, 2016</u>	<u>Balance, December 31, 2017</u>
Reassessment	\$ 5,000	\$ 5,000
Codification of Ordinances	<u>2,234</u>	<u>2,234</u>
	<u>\$ 7,234</u>	<u>\$ 7,234</u>

EXHIBIT A-23

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2016	\$ 25,500
Increased by:	
Transferred from 2017 Budget Appropriations	<u>800,000</u>
	825,500
Decreased by:	
Cash Disbursements	<u>619,687</u>
Balance, December 31, 2017	<u>\$ 205,813</u>

**CITY OF ENGLEWOOD
STATEMENT OF RESERVE FOR SALE OF MUNICIPAL ASSETS**

Balance, December 31, 2016		\$ 2,287,749
Decreased by:		
Anticipated in 2017 Budget	\$ 1,330,000	
Cash Disbursements	<u>642</u>	
		<u>1,330,642</u>
Balance, December 31, 2017		<u>\$ 957,107</u>

STATEMENT OF GARAGE FEES PAYABLE

Balance, December 31, 2016		\$ 16,765
Decreased by:		
Cash Disbursements		<u>16,765</u>
Balance, December 31, 2017		<u>\$ -</u>

STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Increased</u>	<u>Balance, December 31, 2017</u>
Severance Liabilities	8/17/2017	8/16/2018	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

TRUST FUNDS

**CITY OF ENGLEWOOD
STATEMENT OF CASH**

	Assessment Trust Fund	Animal Control Fund	Community Development Trust Fund	Unemployment Compensation Fund	Other Trust Fund
Balance, December 31, 2016	\$ 297,366	\$ 25,664	\$ 4,635	\$ 271,490	\$ 6,247,508
Increased by Receipts:					
Interest on Deposit		\$ 48		\$ 828	
Animal Control Fees		7,404			
State Dog License Fees		1,368			
Payroll Deductions Payable					\$ 31,557,109
Special Improvement District Taxes and Liens Receivable					231,608
Receipts from State of New Jersey				27,215	
Assessments Receivable	\$ 853,500				
Various Reserve and Deposits					4,137,423
Receipts from Current Fund	-	-	-	-	2,133
	<u>853,500</u>	<u>8,820</u>	<u>-</u>	<u>28,043</u>	<u>35,928,273</u>
	1,150,866	34,484	4,635	299,533	42,175,781
Decreased by Disbursements:					
Reserve for Encumbrances					7,049
Animal Control Expenditures		3,058			
Payments to State of New Jersey		1,364		39,878	
Payroll Deductions Payable					31,613,969
Various Reserves and Deposits					4,223,318
Assessments Serial Bonds	630,000				
Payments to Current Fund	-	3,358	4,635	-	-
	<u>630,000</u>	<u>7,780</u>	<u>4,635</u>	<u>39,878</u>	<u>35,844,336</u>
Balance, December 31, 2017	\$ <u>520,866</u>	\$ <u>26,704</u>	\$ <u>-</u>	\$ <u>259,655</u>	\$ <u>6,331,445</u>

**CITY OF ENGLEWOOD
ANALYSIS OF ASSESSMENT TRUST CASH AND
CASH WITH FISCAL AGENTS**

	Balance December 31, <u>2016</u>	<u>Receipts</u>		<u>Disbursements</u>	Balance December 31, <u>2017</u>
		<u>Assessments</u>	<u>Interest</u>		
Assessment Serial Bonds	\$ 300,750	\$ 853,500		\$ 630,000	\$ 524,250
Assessment Trust Surplus	<u>1</u>	<u>-</u>	<u>\$ 1</u>	<u>-</u>	<u>2</u>
	<u>\$ 300,751</u>	<u>\$ 853,500</u>	<u>\$ 1</u>	<u>\$ 630,000</u>	<u>\$ 524,252</u>
			Cash		\$ 520,866
			Cash with Held with Fiscal Agents		<u>3,386</u>
					<u>\$ 524,252</u>

STATEMENT OF ASSESSMENTS RECEIVABLE

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	Balance December 31, <u>2016</u>	Cash <u>Receipts</u>	Balance December 31, <u>2017</u>	Balance Pledged to Serial Bonds <u>Payable</u>
08-07, 03-18, 05-18	Route 4 Access	4/24/2012	<u>\$ 4,694,250</u>	<u>\$ 853,500</u>	<u>\$ 3,840,750</u>	<u>\$ 3,840,750</u>

CITY OF ENGLEWOOD
STATEMENT OF ASSESSMENT SERIAL BONDS PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance December, 31 2016</u>	<u>Decreased</u>	<u>Balance December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Assessment Bonds	12/16/08	\$ 8,775,000	01/01/18	\$ 630,000	4.250%			
			01/01/19	630,000	5.000%			
			01/01/20	630,000	5.000%			
			01/01/21	630,000	5.000%			
			01/01/22	630,000	5.000%			
			01/01/23	630,000	5.000%			
			01/01/24	585,000	5.000%	\$ 4,995,000	\$ 630,000	\$ 4,365,000

**CITY OF ENGLEWOOD
STATEMENT OF CASH HELD WITH FISCAL AGENT
ASSESSMENT TRUST FUND**

Balance, December 31, 2016	\$ 3,385
Increased by:	
Interest on Deposits	<u>1</u>
Balance, December 31, 2017	<u>\$ 3,386</u>
Pledged to Serial Bonds	\$ 3,384
Fund Balance	<u>2</u>
	<u>\$ 3,386</u>

**STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS
OTHER TRUST FUND**

<u>Improvement Description</u>	<u>Balance, December 31, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2017</u>
Police Vests	\$ 9,178	\$ 3,600	\$ 3,560	\$ 9,218
Confiscated Funds (DEA)	406,899	13,876	126,902	293,873
Confiscated Funds (DHS)	158,633	46,835	7,955	197,513
Misc Bank Transactions	10,980	3,832		14,812
Charitable Causes	34,105	13,838	16,615	31,328
Honor Guard	1,208			1,208
DARE	600			600
Police Proceeds	2			2
Uniform Fire Safety	8,297	76,461	9,843	74,915
Dedicated Uniform Fire Safety Penalties		5,700		5,700
COAH	559,098	74,533		633,631
Recreation	12,793	3,488	995	15,286
POAA	16,522	6,105	8,500	14,127
Police Confiscated Funds	34,336	382	382	34,336
Ice Arena	4,702			4,702
Tree Fund Donations	3,150			3,150
Other	29,850	134		29,984
Tax Sale Redemption	215,986	1,194,447	1,306,446	103,987
Environmental Commission	6,217	3		6,220
Tax Sale Premiums	2,279,700	2,222,900	2,033,200	2,469,400
Englewood Economic Development Corp. (EEDC) - SID Escrow	436,547	231,608	44,035	624,120
Developers Trust	1,671,626	443,902	705,285	1,410,243
Police Extra Duty	11,997	37		12,034
4th of July Fireworks	6,771	27,350	26,200	7,921
	<u>\$ 5,919,197</u>	<u>\$ 4,369,031</u>	<u>\$ 4,289,918</u>	<u>\$ 5,998,310</u>
Cash Received		\$ 4,137,423		
Reserve for SID Taxes and Liens Receivable		<u>231,608</u>		
		<u>\$ 4,369,031</u>		
Cash Disbursements			\$ 4,223,318	
Encumbrances Payable			<u>66,600</u>	
			<u>\$ 4,289,918</u>	

**CITY OF ENGLEWOOD
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL TRUST FUND**

Balance, December 31, 2016		\$ 22,319
Increased by:		
Animal Control Fees Collected		<u>7,404</u>
		29,723
Decreased by:		
Cash Disbursements	\$ 3,058	
Statutory Excess Due to Current Fund	<u>5,177</u>	
		<u>8,235</u>
Balance, December 31, 2017		<u><u>\$ 21,488</u></u>

**STATEMENT OF DUE FROM STATE DEPARTMENT OF HEALTH
ANIMAL CONTROL TRUST FUND**

Balance, December 31, 2016		\$ 13
Increased by:		
Payments to State of New Jersey		<u>1,364</u>
		1,377
Decreased by:		
State Share of Dog License Fees Collected		<u>1,368</u>
Balance, December 31, 2017		<u><u>\$ 9</u></u>

**STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL TRUST FUND**

Balance, December 31, 2016		\$ 3,358
Increased by:		
Interest on Deposits	\$ 48	
Statutory Excess Due to Current Fund	<u>5,177</u>	
		<u>5,225</u>
		8,583
Decreased by:		
Cash Disbursements		<u>3,358</u>
Balances, December 31, 2017		<u><u>\$ 5,225</u></u>

CITY OF ENGLEWOOD
STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE CLAIMS
UNEMPLOYMENT COMPENSATION TRUST FUND

Balance, December 31, 2016		\$ 291,062
Increased by:		
Prior Year Overpayments Made to State of New Jersey	\$ 9,961	
Interest on Deposit	<u>828</u>	
		<u>10,789</u>
		301,851
Decreased by:		
Unemployment Claims - State of NJ		<u>39,878</u>
Balance, December 31, 2017		<u>\$ 261,973</u>

EXHIBIT B-14

STATEMENT OF DUE FROM STATE OF NEW JERSEY
UNEMPLOYMENT COMPENSATION TRUST FUND

Balance, December 31, 2016		\$ 17,254
Increased by:		
Prior Year Overpayments Made to State of New Jersey	\$ 9,961	
Cash Disbursements	<u>39,878</u>	
		<u>49,839</u>
		67,093
Decreased by:		
Cash Received from State of New Jersey	27,215	
Unemployment Claims	<u>39,878</u>	
		<u>67,093</u>
Balances, December 31, 2017		<u>\$ -</u>

**CITY OF ENGLEWOOD
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2016	\$ 346,050
Increased by:	
Cash Receipts	<u>31,557,109</u>
	31,903,159
Decreased by:	
Cash Disbursements	<u>31,613,969</u>
Balance, December 31, 2017	<u>\$ 289,190</u>

**STATEMENT OF ENCUMBRANCES PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2016	\$ 7,049
Increased by:	
Charges to Various Reserves and Deposits	<u>66,600</u>
	73,649
Decreased by:	
Cash Disbursements	<u>7,049</u>
Balances, December 31, 2017	<u>\$ 66,600</u>

**STATEMENT OF ENCUMBRANCES PAYABLE
COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

Balance, December 31, 2016	<u>\$ 9,886</u>
Balance, December 31, 2017	<u>\$ 9,886</u>

**CITY OF ENGLEWOOD
STATEMENT OF SPECIAL IMPROVEMENT DISTRICT TAXES AND LIENS RECEIVABLE
OTHER TRUST FUND**

Balance, December 31, 2016	\$ 80,536
Increased by:	
Billings and Adjustments	<u>250,001</u>
	330,537
Decreased by:	
Cash Receipts	<u>231,608</u>
Balance, December 31, 2017	<u><u>\$ 98,929</u></u>

**STATEMENT OF DUE FROM CURRENT FUND
OTHER TRUST FUND**

Balance, December 31, 2016	\$ 7,133
Decreased by:	
Receipts from Current Fund	<u>2,133</u>
Balances, December 31, 2017	<u><u>\$ 5,000</u></u>

**STATEMENT OF DUE TO CURRENT FUND
COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

Balance, December 31, 2016	\$ 4,635
Decreased by:	
Payments to Current Fund	<u>4,635</u>
Balances - December 31, 2017	<u><u>\$ -</u></u>

GENERAL CAPITAL FUND

**CITY OF ENGLEWOOD
STATEMENT OF CASH**

Balance, December 31, 2016		\$ 3,850,338
Increased by Receipts:		
Proceeds from Bond Anticipation Notes	\$ 5,084,875	
Proceeds from Serial Bonds	14,285,000	
Premium on Sale of Bonds	403,646	
Receipts from Current Fund	1,008,591	
Parking Fees Receivable	101,035	
Interest Earned on Investments	<u>3,419</u>	
		<u>20,886,566</u>
		24,736,904
Decreased by Disbursements:		
Improvement Authorizations	2,163,850	
Encumbrances Payable	4,205,489	
Payment of Bond Anticipation Notes	14,285,000	
Payments to Current Fund	<u>995,712</u>	
		<u>21,650,051</u>
Balance, December 31, 2017		<u>\$ 3,086,853</u>

**CITY OF ENGLEWOOD
STATEMENT OF CAPITAL CASH
AS OF DECEMBER 31, 2017**

Fund Balance		\$	619,972
Reserve for Miscellaneous Reserves			68,759
Reserve for Debt Service			11,176
Capital Improvement Fund			12,825
Encumbrances Payable			3,781,181
Due to Community Development Block Grant Fund			9,886
Due to State and Federal Grant Fund			399,125
Ord			
No.	<u>Improvement Authorizations</u>		
98-13	Melzer Brook Construction		1,247
03-11	Acquisition Lincoln/Liberty School		693
03-15	Various Capital Improvements		19,204
04-06	Construction of Parking Garage		23,887
04-12	Various Capital Improvements		76,812
05-11	Various Capital Improvements		4,908
06-08	Various Capital Improvements		519
07-01,10-31	Various Capital Improvements		148,613
08-07	Route 4 Access		249,350
08-09	Various Equipment		26,246
09-13	Various Capital Improvements		(50)
10-18	Various Capital Improvements		9,703
11-05	Millers Pond		22,297
11-10	Various Capital Improvements		(50)
12-15	Various Capital Improvements		80,573
12-20	Various Capital Improvements		241,139
	Reserve for Palisades South Redevelopment		(303,363)
13-01,14-25	Various Capital Improvements		5,500
13-06	Various Capital Improvements		673,153
13-11a	Ice Arena Improvements		30,470
13-15	Overpect Creek Channel Wall Replacements		3,393
14-16	Various Capital Improvements		573,125
14-24	Various Capital Improvements		174,825
15-03,15-12	Various Equipment and Capital Improvements		1,116,110
15-13	Various Fire Equipment		2,171
16-07	Various Equipment and Capital Projects		(7,077,702)
17-03	Various Equipment and Capital Improvements		2,081,156
			<hr/>
			<u>\$ 3,086,853</u>

CITY OF ENGLEWOOD
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2016		\$ 23,904,589
Increased by:		
Serial Bonds Issued		<u>14,285,000</u>
		38,189,589
Decreased by:		
Paid by Budget Appropriations:		
General Serial Bonds Payable	\$ 1,425,000	
Loan Revenue Bonds Payable - BCIA	<u>1,349,735</u>	
		<u>2,774,735</u>
Balance, December 31, 2017		<u><u>\$ 35,414,854</u></u>

CITY OF ENGLEWOOD
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance, December 31, 2016	2017 Authorizations	Budget Appropriations	Serial Bonds Issued	Cash Receipts Parking Fees	Adjustment Prior Year Excess Note Proceeds	Balance, December 31, 2017	Analysis of Balance December 31, 2017		
									Bond Anticipation Notes	Expenditures	Unexpended Balance of Improvement Authorizations
85-22	Transfer Station	\$ 35,600		\$ 35,600							
08-25	Renovation to City Hall	298,965			\$ 299,480		\$ 515				
09-13	Various Capital Improvements	2,723,669			2,723,619			\$ 50		\$ 50	
09-22	Fire Truck and Various Equipment	263,866		1,468	262,398						
10-18	Various Capital Improvements	3,277,778			3,277,728			50			\$ 50
10-28	Acquisition of DPW Equipment	513,288			513,288						
11-10	Various Capital Improvements	2,046,734			2,046,684			50		50	
12-15	Various Capital Improvements	3,174,903			3,166,803			8,100			8,100
12-20	Various Capital Improvements	3,228,540		95,540				3,133,000	\$ 3,133,000		
12-23	Tax Appeals	580,000		580,000							
	Reserve for Palisades South Redevelopment	404,398				\$ 101,035		303,363		303,363	
13-01,14-25	Various Capital Improvements	2,099,500			1,995,000			104,500			104,500
13-06	Various Capital Improvements	4,124,000		129,300				3,994,700	3,994,700		
13-11a	Ice Arena Improvements	652,153		26,554			1	625,600	625,600		
13-15	Overpeck Creek Channel Wall Replacements	604,200						604,200	604,200		
14-01	Construction of Fire House	7,267,500						7,267,500	7,267,500		
14-16	Various Capital Improvements	5,554,250						5,554,250	5,554,250		
14-24	Various Capital Improvements	2,669,000						2,669,000	2,669,000		
15-03,15-12	Various Equipment and Capital Improvements	8,458,800						8,458,800	8,458,800		
15-13	Various Fire Equipment	323,950						323,950	323,950		
16-07	Various Equipment and Capital Projects	9,366,066						9,366,066		7,077,702	2,288,364
17-03	Various Equipment and Capital Improvements	-	\$ 5,084,875	-	-	-	-	5,084,875	5,084,875	-	-
		<u>\$ 57,667,160</u>	<u>\$ 5,084,875</u>	<u>\$ 868,462</u>	<u>\$ 14,285,000</u>	<u>\$ 101,035</u>	<u>\$ 516</u>	<u>\$ 47,498,054</u>	<u>\$ 37,715,875</u>	<u>\$ 7,381,165</u>	<u>\$ 2,401,014</u>

Improvement Authorizations, Unfunded \$ 7,302,056

Less: Unexpended Proceeds on Bond Anticipation Notes

Ordinance No. 12-20	\$ 241,139
Ordinance No. 13-01, 14-25	5,500
Ordinance No. 13-06	673,153
Ordinance No. 13-11a	30,470
Ordinance No. 13-15	3,393
Ordinance No. 14-16	573,125
Ordinance No. 14-24	174,825
Ordinance No. 15-03, 15-12	1,116,110
Ordinance No. 15-13	2,171
Ordinance No. 17-03	2,081,156

4,901,042

\$ 2,401,014

**CITY OF ENGLEWOOD
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2016		2017 Authorizations		Cancellation of Prior Year Encumbrances	Paid or Charged	Balance, December 31, 2017	
				Funded	Unfunded	Improvement Fund	Deferred Charges Unfunded			Funded	Unfunded
General Improvements											
80-13	Melzer Brook Construction	Not Available	\$ 32,940	\$ 1,247						\$ 1,247	
01-12	Various Improvements, City Hall, Fire and Parks	5/1/2001	1,400,000	1						1	
03-11	Acquisition Lincoln/Liberty School	9/2/2003	4,900,000	693						693	
03-15	Various Capital Improvements	12/16/2003	1,185,000	19,204						19,204	
04-06	Construction of Parking Garage	4/20/2004	1,750,000	23,887						23,887	
04-12	Various Capital Improvements	6/29/2004	1,050,000	76,812						76,812	
05-11	Various Capital Improvements	6/14/2005	4,610,000	4,908						4,908	
06-08	Various Capital Improvements	6/20/2006	5,345,000	1,345					\$ 826	519	
07-01,10-31	Various Capital Improvements/Dredging of Quarry Pond	2/13/2007-10/5/2010	2,387,958	148,613						148,613	
*08-07	Route 4 Access	3/18/2008	1,535,000	245,519				\$ 3,830		249,349	
08-09	Various Equipment	5/6/2008	179,800	26,246						26,246	
10-18	Various Capital Improvements	7/20/2010	3,820,000		\$ 29,753				20,000	9,703	\$ 50
10-28	Acquisition of DPW Equipment	9/21/2010	810,000		1,225				1,225	-	
11-05	Millers Pond	Not Available	40,000	22,297						22,297	
12-15	Various Capital Improvements	4/24/2012	3,565,600		112,546				23,873	80,573	8,100
12-20	Various Capital Improvements	7/17/2012	3,390,000		285,591				44,452	241,139	
13-01,14-25	Various Capital Improvements	2/26/2013 - 7/29/14	2,900,000		110,000					110,000	
13-06	Various Capital Improvements	05/07/13	4,345,000		714,917			250,000	291,764	673,153	
13-11a	Ice Arena Improvements	08/27/13	960,000		30,470					30,470	
13-15	Overpeck Creek Channel Wall Replacements	12/10/13	636,000		3,393					3,393	
14-16	Various Capital Improvements	05/13/14	5,965,000		477,496			234,820	139,191	573,125	
14-24	Various Capital Improvements	07/29/14	2,810,000		204,780				29,955	174,825	
15-03,15-121	Various Equipment and Capital Improvements	5/12/15 - 11/24/15	8,904,000		1,239,889				123,779	1,116,110	
15-13	Various Fire Equipment	11/24/2015	341,000		4,133				1,962	2,171	
16-07	Various Equipment and Capital Projects	5/24/2016	9,859,017		4,544,574			153,667	2,409,877	2,288,364	
17-03	Various Equipment and Capital Improvements	6/13/2017	5,352,500	-	-	\$ 267,625	\$ 5,084,875	-	3,271,344	-	2,081,156
				\$ 570,772	\$ 7,758,767	\$ 267,625	\$ 5,084,875	\$ 642,317	\$ 6,358,248	\$ 664,052	\$ 7,302,056
									Cash Disbursements	\$ 2,163,850	
									Encumbrances Payable	4,194,398	
									\$ 6,358,248		

**CITY OF ENGLEWOOD
STATEMENT OF RESERVE FOR DEBT SERVICE**

Balance, December 31, 2016	\$ <u>11,176</u>
Balance, December 31, 2017	\$ <u><u>11,176</u></u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2016	\$ 12,825
Increased by:	
2017 Current Fund Budget Appropriation	<u>267,625</u>
	280,450
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>267,625</u>
Balances, December 31, 2017	\$ <u><u>12,825</u></u>

**CITY OF ENGLEWOOD
STATEMENT OF MISCELLANEOUS RESERVES**

Balance, December 31, 2016	\$ 73,759
Increased by:	
Due from Current Fund	<u>225,270</u>
	299,029
Decreased by:	
Transfer to Encumbrances Payable	\$ 225,270
Due to Current Fund - VESO Loan	<u>5,000</u>
	<u>230,270</u>
Balance, December 31, 2017	<u><u>\$ 68,759</u></u>

Analysis of Balance at December 31, 2017

Road Repairs	\$ 28,800
Underground Storage Tanks	3,002
Parking Lot	7,453
Culvert Repairs	20,730
Police Technology Center	8,691
Library/Rink	<u>83</u>
	<u><u>\$ 68,759</u></u>

STATEMENT OF PARKING FEES RECEIVABLE

Balance, December 31, 2016	\$ 404,398
Increased by:	
Cash Receipts	<u>101,035</u>
Balances, December 31, 2017	<u><u>\$ 303,363</u></u>

**CITY OF ENGLEWOOD
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2016		\$ 4,209,319
Increased by:		
Charges to Improvement Authorizations	\$ 4,194,398	
Charges to Miscellaneous Reserves	<u>225,270</u>	
		<u>4,419,668</u>
		8,628,987
Decreased by:		
Cash Disbursements	4,205,489	
Cancellations	<u>642,317</u>	
		<u>4,847,806</u>
Balance, December 31, 2017		<u>\$ 3,781,181</u>

CITY OF ENGLEWOOD
STATEMENT OF BCIA LOAN REVENUE BONDS PAYABLE

<u>Purpose</u>	Date of Issue	Original Issue	Maturities of Loans <u>Outstanding-Dec 31, 2017</u>		Interest Rate	Balance <u>December 31, 2016</u>	<u>Decreased</u>	Balance <u>December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
County Guaranteed Governmental Loan Revenue Bonds Series 2005B	9/20/2005	\$ 15,316,016	9/1/2018	\$ 1,285,336	4.23%			
			9/1/2019	1,219,257	4.31%			
			9/1/2020	1,156,449	4.38%			
			9/1/2021	1,098,812	4.43%	\$ 6,109,589	\$ 1,349,735	\$ 4,759,854
						<u>\$ 6,109,589</u>	<u>\$ 1,349,735</u>	<u>\$ 4,759,854</u>

CITY OF ENGLEWOOD
STATEMENT OF GENERAL SERIAL BONDS PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding-Dec 31, 2017</u>		<u>Interest Rate</u>	<u>Balance</u>		<u>Increased</u>	<u>Decreased</u>	<u>Balance</u>	
			<u>Date</u>	<u>Amount</u>		<u>December 31, 2016</u>				<u>December 31, 2017</u>	
General Improvement Bonds	5/16/2010	\$ 4,365,000	8/15/18	190,000	3.250%						
			8/15/19	200,000	3.500%						
			8/15/20	205,000	4.000%						
			8/15/21	215,000	4.000%						
			8/15/22	225,000	4.000%						
			8/15/23	235,000	4.000%						
			8/15/24	245,000	4.000%						
			8/15/25	255,000	4.000%						
			8/15/26	265,000	4.000%						
			8/15/27	275,000	4.000%						
			8/15/28	285,000	4.000%						
			8/15/29	295,000	4.000%						
			8/15/30	310,000	4.000%	\$ 3,385,000		\$ 185,000		\$ 3,200,000	
General Improvement Bonds (2014A) (Taxable)	4/2/2014	3,613,000	04/1/18	740,000	2.000%						
			04/1/19	770,000	2.000%	2,230,000		720,000		1,510,000	
General Improvement Bonds (2014B)	4/2/2014	16,450,000	04/1/18	530,000	3.000%						
			04/1/19	535,000	3.000%						
			04/1/20	545,000	3.000%						
			04/1/21	555,000	3.000%						
			04/1/22	720,000	3.000%						
			04/1/23	740,000	3.000%						
			04/1/24	765,000	3.000%						
			04/1/25	795,000	3.000%						
			04/1/26	825,000	3.000%						
			04/1/27	855,000	3.000%						
			04/1/28	885,000	3.000%						
			04/1/29	925,000	3.250%						
			04/1/30	965,000	3.250%						
			04/1/31	1,010,000	3.500%						
			04/1/32	1,010,000	3.500%	12,180,000		520,000		11,660,000	
General Obligation Bonds of 2017	4/1/2017	14,285,000	04/01/18	625,000	2.000%						
			04/01/19	625,000	2.000%						
			04/01/20	625,000	2.000%						
			04/01/21	980,000	2.000%						
			04/01/22	1,005,000	2.000%						
			04/01/23	1,030,000	2.000%						
			04/01/24	1,060,000	2.500%						
			04/01/25	1,095,000	3.000%						
			04/01/26	1,125,000	3.000%						
			04/01/27	1,165,000	3.000%						
			04/01/28	1,200,000	3.000%						
			04/01/29	1,250,000	3.000%						
			04/01/30	1,250,000	3.000%						
			04/01/31	1,250,000	3.000%						
						-	\$ 14,285,000	-		14,285,000	
						\$ 17,795,000	\$ 14,285,000	\$ 1,425,000		\$ 30,655,000	

CITY OF ENGLEWOOD
STATEMENT OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of Original Note	Issue	Date of Maturity	Interest Rate	Balance, December 31, 2016	Increased	Decreased	Balance, December 31, 2017
08-25	Renovations to City Hall	9/19/2008	4/7/2016	4/6/2017	2.25%	\$ 299,480		\$ 299,480	
09-13	Various Capital Improvements	5/7/2010	4/7/2016	4/6/2017	2.25%	2,723,619		2,723,619	
09-22	Fire Truck and Various Equipment	5/7/2010	4/7/2016	4/6/2017	2.25%	263,866		263,866	
10-18	Various Capital Improvements	5/6/2011	4/7/2016	4/6/2017	2.25%	3,277,728		3,277,728	
10-28	Acquisition of DPW Equipment	5/6/2011	4/7/2016	4/6/2017	2.25%	513,288		513,288	
11-10	Various Capital Improvements	5/4/2012	4/7/2016	4/6/2017	2.25%	2,046,684		2,046,684	
12-15	Various Capital Improvements	5/3/2013	4/7/2016	4/6/2017	2.25%	3,166,803		3,166,803	
12-20	Various Capital Improvements	5/1/2014	4/7/2016	4/6/2017	2.25%	3,228,540		3,228,540	
			4/5/2017	4/4/2018	2.50%		\$ 3,133,000		\$ 3,133,000
12-23	Tax Appeals	12/21/2012	12/14/2016	12/13/2017	1.30%	580,000		580,000	
13-01, 14-25	Various Capital Improvements	5/1/2014	4/7/2016	4/6/2017	2.25%	1,995,000		1,995,000	
13-06	Various Capital Improvements	5/1/2014	4/7/2016	4/6/2017	2.25%	4,124,000		4,124,000	
			4/5/2017	4/4/2018	2.50%		3,994,700		3,994,700
13-11a	Ice Arena Improvements	5/1/2014	4/7/2016	4/6/2017	2.25%	652,154		652,154	
			4/5/2017	4/4/2018	2.50%		625,600		625,600
13-15	Overpeck Creek Channel Wall Replacements	4/21/2015	4/7/2016	4/6/2017	2.25%	604,200		604,200	
			4/5/2017	4/4/2018	2.50%		604,200		604,200
14-01	Construction of Fire House	4/21/2015	4/7/2016	4/6/2017	2.25%	7,267,500		7,267,500	
			4/5/2017	4/4/2018	2.50%		7,267,500		7,267,500
14-16	Various Capital Improvements	4/21/2015	4/7/2016	4/6/2017	2.25%	5,554,250		5,554,250	
			4/5/2017	4/4/2018	2.50%		5,554,250		5,554,250
14-24	Various Capital Improvements	4/21/2015	4/7/2016	4/6/2017	2.25%	2,669,000		2,669,000	
			4/5/2017	4/4/2018	2.50%		2,669,000		2,669,000
15-03, 15-12	Various Equipment and Capital Improvements	4/7/2016	4/7/2016	4/6/2017	2.25%	8,458,800		8,458,800	
			4/5/2017	4/4/2018	2.50%		8,458,800		8,458,800
15-13	Various Fire Equipment	4/7/2016	4/7/2016	4/6/2017	2.25%	323,950		323,950	
			4/5/2017	4/4/2018	2.50%		323,950		323,950
17-03	Various Equipment and Capital Improvement	8/17/2017	8/17/2017	4/4/2018	1.12%	-	5,084,875	-	5,084,875
						<u>\$ 47,748,862</u>	<u>\$ 37,715,875</u>	<u>\$ 47,748,862</u>	<u>\$ 37,715,875</u>
						Renewals	\$ 32,631,000	\$ 32,631,000	
						Notes Issued	5,084,875		
						Budget Appropriation		832,862	
						Paid by Bond Proceeds	-	14,285,000	
							<u>\$ 37,715,875</u>	<u>\$ 47,748,862</u>	

**CITY OF ENGLEWOOD
STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2016		\$	6,681
Increased by:			
Receipts from Current Fund	\$	1,008,591	
Miscellaneous Adjustment		516	
Anticipated as Revenue in Current Fund Budget:			
Fund Balance		500,000	
VESO Loan		5,000	
Interest Earned on Investments		<u>3,419</u>	
			<u>1,517,526</u>
			1,524,207
Decreased by:			
Budget Appropriations:			
Capital Improvement Fund		267,625	
Deferred Charges - Unfunded		35,600	
General Capital Receipts Deposited in Current Fund		225,270	
Payments to Current Fund		<u>995,712</u>	
			<u>1,524,207</u>
Balance, December 31, 2017		\$	<u><u>-</u></u>

CITY OF ENGLEWOOD
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Cap No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2016</u>	2017 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Budget <u>Appropriation</u>	Balance, December 31, <u>2017</u>
85-22	Transfer Station	\$ 35,600			\$ 35,600	
09-13	Various Capital Improvements	50				\$ 50
10-18	Various Capital Improvements	50				50
11-10	Various Capital Improvements	50				50
12-15	Various Capital Improvements	8,100				8,100
13-01,14-25	Various Capital Improvements	104,500				104,500
16-07	Various Equipment and Capital Projects	9,366,066				9,366,066
17-03	Various Equipment and Capital Improvements	-	\$ 5,084,875	\$ 5,084,875	-	-
		<u>\$ 9,514,416</u>	<u>\$ 5,084,875</u>	<u>\$ 5,084,875</u>	<u>\$ 35,600</u>	<u>\$ 9,478,816</u>

CITY OF ENGLEWOOD

PART II

GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
ADWOA BOACHIE, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Englewood
Englewood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the City of Englewood as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated July 18, 2018. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting 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, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Englewood's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City of Englewood's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Englewood'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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.


Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City of Englewood's financial statements are free from 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the City of Englewood in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

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 City of Englewood'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 City of Englewood's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
July 18, 2018

CITY OF ENGLEWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Receipts</u>	Balance, December 31, <u>2016</u>	<u>Revenue</u>	<u>Expended</u>	Balance, December 31, <u>2017</u>	(Memo Only) Cumulative <u>Expenditures</u>
Department of Homeland Security								
Federal Emergency Management Agency								
Urban Search and Rescue	97.025		\$ 18,448		\$ 18,448	\$ 18,448		\$ 18,448
Firefighters Grant	97.044			\$ 4			\$ 4	
Department of Health and Human Services								
Public Health Emergency Preparedness Grant	93.069	2017	2,320		2,320	2,305	15	2,305
FDA Retail Standards				5,478		4,151	1,327	4,151
FDA Foodborne Illness			5,892	<u>-</u>	<u>5,892</u>	<u>-</u>	<u>5,892</u>	
				<u>\$ 5,482</u>	<u>\$ 26,660</u>	<u>\$ 24,904</u>	<u>\$ 7,238</u>	

This schedule is not subject to a single audit as defined by U.S. Uniform Guidance

CITY OF ENGLEWOOD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>2017 Grant Receipts</u>	<u>Balance, December 31, 2016</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2017</u>	<u>(Memo Only) Cumulative Expenditures</u>
Recycling Tonnage Grant		2017	\$ 33,109		\$ 33,109	\$ 6,744	\$ 26,365	\$ 6,744
		2016	26,264		26,264	26,264		26,264
		Prior		\$ 40,279		40,279		40,279
Drunk Driving Enforcement Fund	1110-448-031020-22	2017	13,596		13,596		13,596	
		Prior		58,124			58,124	
Clean Communities Program	4900-765-178900	2017	48,746		48,746	12,449	36,297	12,449
		Prior		17,551		17,551		17,551
Police Body Armor - State Share	N/A	2017	7,169		7,169		7,169	
		Prior		23,007			23,007	
Public Health Priority Funding		Prior		240		205	35	*
Adolescent Health Grant		Prior		46,208		3,402	42,806	*
H1N1 Emergency Preparedness		Prior		1,043		226	817	*
Municipal Alliance		2017			20,000	3,413	16,587	3,413
		Prior		14,964	-	14,964	-	*
Total State Financial Assistance				\$ 201,416	\$ 148,884	\$ 125,497	\$ 224,803	

* Not Available

This schedule is not subject to a state single audit in accordance with NJ Circular 15-08.

CITY OF ENGLEWOOD
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the City of Englewood. The City is defined in Note 1(A) to the City's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the City's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the City's financial statements. Financial assistance revenues are reported in the City's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 18,448		\$ 18,448
Grant Fund	<u>8,212</u>	<u>\$ 148,884</u>	<u>157,096</u>
Total Financial Awards	<u>\$ 26,660</u>	<u>\$ 148,884</u>	<u>\$ 175,544</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the City's fiscal year and grant program year.

NOTE 5 DE MINIMIS INDIRECT COST RATE

The City has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF ENGLEWOOD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified yes X no

2) Significant deficiency(ies) that are not
considered to be material weakness(es)? yes X none reported

Noncompliance material to the financial
statements noted? yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**CITY OF ENGLEWOOD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**CITY OF ENGLEWOOD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

This section identified the status of prior-year findings related to the financial statements – regulatory basis and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.

CITY OF ENGLEWOOD

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

**CITY OF ENGLEWOOD
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	<u>\$2.641</u>	<u>\$2.557</u>	<u>\$2.535</u>
<u>Apportionment of Tax Rate</u>			
Municipal	1.127	1.059	1.054
Library	0.036	0.036	0.036
County	0.264	0.266	0.258
County Open Space	0.011	0.003	0.003
Local School	1.203	1.193	1.184
<u>Assessed Valuation</u>			
2017	<u>\$4,416,204,800</u>		
2016		<u>\$4,378,630,700</u>	
2015			<u>\$4,338,069,140</u>

Comparison of Tax Levies and Collection 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>Cash Collections</u>	<u>Percentage of Collection</u>
2017	\$ 117,470,299	\$ 117,154,805	99.73%
2016	112,385,016	111,892,053	99.56%
2015	110,185,840	110,053,814	99.88%

**CITY OF ENGLEWOOD
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Taxes Title Lien</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2017	\$ 45,891	\$ 198,447	\$ 244,338	0.21%
2016	39,696	175,424	215,120	0.19%
2015	76,491	159,120	235,611	0.21%

The City held a tax sale on December 21, 2017.

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2017 by foreclosure or deed, as a result of liquidation of tax title liens. The value of property acquired by liquidation of tax title liens at December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2017	\$70,979
2016	70,979
2015	70,979

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2017	\$3,151,532	\$1,750,000
	2016	3,228,289	1,635,600
	2015	4,990,119	3,300,000
	2014	6,602,422	4,300,000
	2013	7,062,688	4,225,000

**CITY OF ENGLEWOOD
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Frank Huttie III	Mayor	
Charles Cobb	Councilmember (At Large Member)	
Marc Foreman	Councilmember (Ward 1)	
Michael D. Cohen	Councilmember (Ward 2)	
Eugene Skurnick	Councilmember (Ward 3)	
C. Wayne Hamer	Councilmember (Ward 4)	
Timothy Dacey	City Manager (January 1-April 4)	
Edward Hynes	Interim City Manager (May 8 to November 20)	
	City Manager (November 21 to December 31)	
Michael Kaufmann	Chief Financial Officer	
Jodi DeMaio	Tax Collector	
Diana Patino	Treasurer	
Yancy Wazimas	City Clerk	
Lesley R. Adams	Judge	
Debbian Barr	Court Administrator	

(A) Employees are covered by a Blanket Public Employees' Faithful Performance Bond in the amount of \$1,000,000 per loss.

CITY OF ENGLEWOOD

GENERAL COMMENTS

Our comments with respect to the examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation fraud during the examination are herewith set forth.

Current Year

Our audit of expenditures revealed the following:

- At December 31, 2017, the General Capital Fund had \$579,933 outstanding for residual balances on open purchase orders which were not valid and an encumbrance for \$250,000 that was an estimate for a capital project but which no contract was awarded. An audit adjustment was made to reduce the balance of outstanding purchase orders.
- The City encumbers approved construction contracts plus an additional twenty percent for potential change orders. When the contract is complete and final payment is made, the balance on the purchase order was not always adjusted and closed out in a timely manner.
- There were numerous open Current Fund and General Capital Fund purchase orders from years 2016 and prior.
- Payment approval signatures were not always obtained on the purchase orders. In addition, several purchase orders were dated subsequent to the invoice date or services being rendered.
- The use of County and State contract vendors for purchases over the bid threshold was not submitted to the City Council for their approval.

It is recommended that:

- Open purchase orders be periodically reviewed and action taken to close purchase orders for completed projects or orders.
- Payment approval signatures be obtained on the completed purchase orders.
- Purchase orders be encumbered prior to the ordering of goods and/or services.
- County and State contracts exceeding the bid threshold be approved by a resolution of the City Council.

Our audit of the Other Trust Fund revealed that the payroll agency ledger by deduction is not in agreement with the reconciled bank balances. It is recommended that the payroll agency ledger by deduction be in agreement with the monthly reconciled bank balance.

Our audit revealed that the award of the 2017 professional service contracts was not always advertised in the City's official newspaper. The professional service contracts awarded in 2018 were properly advertised, thus an audit recommendation is not warranted.

CITY OF ENGLEWOOD

GENERAL COMMENTS

Current Year (Continued)

Our review of the Police outside services revealed that a listing of unpaid invoices as of December 31, 2017 was not available for audit. It is recommended that a detailed receivable listing by invoice be currently maintained for Police outside services.

The City's fixed asset appraisal report did not include \$947,000 of fixed asset additions. It is recommended that the City review its procedure's regarding the accounting for fixed assets and consider integrating a fixed asset accounting system with the purchasing system.

The City's payroll tax remittances are prepared and filed by the City's payroll service provider. The City does not have a procedure in place to independently verify that the service provider has made the required payments for its federal and state tax withholdings. It is recommended that the City implement procedures to verify that all federal and state tax remittances have been made by its payroll service provider.

The City's valuation for compensated absences was not in the calculated by individual employee. The liability was calculated using an average salary of the employee's respective department. It is recommended that a detailed accounting by individual of employee's accumulated sick, vacation and personal time be utilized when calculating the City's liability for compensated absences.

Our audit of municipal departments noted the following:

- a) Elevator fees collected by the Construction Code department are not recorded in the department's accounting system.
- b) Certain recreation fees charged are not in agreement with the City's fee ordinance and/or are not listed in the City's fee ordinance.

With regards to municipal departments, it is recommended that:

- a) Elevator fees collected by the Construction Code Department be recorded in the department's accounting system.
- b) All recreation fees charged be in accordance with the City's fee ordinance.

CITY OF ENGLEWOOD

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$17,500 except by contract or agreement." If the municipality has a qualifying purchasing agent ("QPA"), the bid threshold can be increased to \$40,000. The City has approved the Chief Financial Officer as its QPA.

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

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

2017 Road Program	Curbs and Sidewalks
65 and 95 Gallon Universal Containers	Beech Road Improvements
Deer Fence at Flat Rock Brook	West Street Improvements
Library Restroom Renovations	Dredging of Miller's Pond

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5. Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishings or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear violations existed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid 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 NJS 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 non-payment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 3, 2017, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED BY THE CITY COUNCIL, of the City of Englewood that, pursuant to the provisions of NJSA 54:4-67, the rate of interest to be charged for the non-payment of taxes, sewer taxes, or assessments shall be 8% on the first \$1,500 and 18% on any amount in excess of \$1,500 to be calculated from the statutory due date until actual payment.

BE IT FURTHER RESOLVED BY THE CITY COUNCIL, that in addition to the interest provided above, on all delinquencies in excess of ten thousand (\$10,000.00) dollars and which are not paid prior to the end of the fiscal year, the Tax Collector shall also collect a penalty of six (6) percent of the amount of the delinquency in excess of ten thousand (\$10,000.00) dollars.

CITY OF ENGLEWOOD

RECOMMENDATIONS

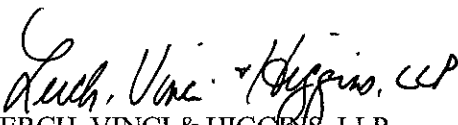
It is recommended that:

1. With regards to expenditures,
 - a) Open purchase orders be periodically reviewed and action taken to close purchase orders for completed projects or orders.
 - b) Payment approval signatures be obtained on all purchase orders.
 - c) Purchase orders be encumbered prior to the ordering of goods and/or services.
 - d) County and State contracts exceeding the bid threshold be approved by a resolution of the City Council.
2. The payroll agency ledger by deduction be in agreement with the monthly reconciled bank balance.
3. A detailed receivable listing by invoice be currently maintained for Police outside services.
4. The City review its procedures regarding the accounting for fixed assets and consider integrating a fixed asset accounting system with the purchasing system.
5. The City implement procedures to verify that all federal and state tax remittances have been made by its payroll service provider.
6. A detailed accounting by individual of an employee's accumulated sick, vacation and personal time be utilized when calculating the City's liability for compensated absences.
7. With regards to municipal departments:
 - a) Elevator fees collected by the Construction Code Department be recorded in the department's accounting system.
 - b) All recreation fees charged be in accordance with the City's fee ordinance.

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A review was performed on all prior year's recommendations. The City has taken corrective action on all prior year recommendations.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants