

CITY OF ENGLEWOOD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2019

CITY OF ENGLEWOOD

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CITY OF ENGLEWOOD

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2019



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, 2019 and 2018, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2019, 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 audits. We conducted our audits 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, 2019 and 2018, or changes in financial position, for the years 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, 2019 and 2018, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2019 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

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 September 29, 2020 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
September 29, 2020

CITY OF ENGLEWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT AND GRANT FUNDS
AS OF DECEMBER 31, 2019 AND 2018

ASSETS	<u>Ref</u>	<u>2019</u>	<u>2018</u>
Current Fund			
Cash	A-4	\$ 13,149,866	\$ 18,207,777
Cash - Change Funds	A	400	400
Due From State of NJ - Senior Citizens and Veterans	A-10	<u>5,489</u>	<u>6,983</u>
		<u>13,155,755</u>	<u>18,215,160</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-11	12,383	48,909
Tax Title Liens Receivable	A-12	227,011	214,110
Foreclosed Property	A-15	70,979	70,979
Sewer User Charges	A-21	92,140	106,683
Revenue Accounts Receivable	A-18	34,631	41,808
Due from Grant Fund	A-9	14,410	30,878
Due from General Capital Fund	C-15	57,501	
Due from Animal Control Fund	B-12	4,994	11,274
Due from Assessment Trust Fund	B-21	<u>1,755</u>	<u>-</u>
		<u>515,804</u>	<u>524,641</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-23	51,658	
Special Emergency Authorizations	A-22	<u>600,000</u>	<u>800,000</u>
		<u>651,658</u>	<u>800,000</u>
Total Current Fund		<u>14,323,217</u>	<u>19,539,801</u>
Grant Fund			
Grants Receivable	A-6	103,711	97,846
Due from General Capital Fund	C	<u>399,125</u>	<u>399,125</u>
Total State and Federal Grant Fund		<u>502,836</u>	<u>496,971</u>
Total		<u>\$ 14,826,053</u>	<u>\$ 20,036,772</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, 2019 AND 2018

LIABILITIES, RESERVES AND FUND BALANCE	<u>Ref</u>	<u>2019</u>	<u>2018</u>
Current Fund			
Appropriation Reserves	A-3, A-19	\$ 2,518,812	\$ 907,160
Encumbrances Payable	A-20	2,668,675	2,075,660
Special Emergency Notes Payable	A-28	600,000	800,000
Tax Overpayments	A-14	466,396	473,158
Prepaid Taxes	A-13	700,588	754,874
Miscellaneous Reserves	A-24	7,234	7,234
Reserve for Tax Appeals	A-25	388,344	197,242
County Taxes Payable	A-16	124,624	27,109
Local School Taxes Payable	A-17	86,189	86,189
Reserve for the Sale of Municipal Assets	A-27	-	291,793
Reserve for Terminal Leave	A-26	534,471	318,559
Due to General Capital Fund	C-15	-	47,000
Due to Other Trust Fund	B-20	5,000	7,989
		<u>8,100,333</u>	<u>5,993,967</u>
Reserve for Receivables	A	515,804	524,641
Fund Balance	A-1	<u>5,707,080</u>	<u>13,021,193</u>
Total Current Fund		<u>14,323,217</u>	<u>19,539,801</u>
Grant Fund			
Due to Current Fund	A-9	14,410	30,878
Due to Other Trust Fund	A	19,973	19,973
Reserve for State and Federal Grants - Appropriated	A-7	460,031	442,110
Reserve for State and Federal Grants - Unappropriated	A-8	400	
Encumbrances Payable	A-20	<u>8,022</u>	<u>4,010</u>
Total State and Federal Grant Fund		<u>502,836</u>	<u>496,971</u>
		<u>\$ 14,826,053</u>	<u>\$ 20,036,772</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
REVENUES AND OTHER INCOME		
Fund Balance Utilized	\$10,093,440	\$ 1,750,000
Miscellaneous Revenues Anticipated	10,075,100	9,950,156
Receipts From Delinquent Taxes	6,375	15,691
Receipts from Current Taxes	124,731,033	120,621,361
Non-Budget Revenue	438,860	9,612,305
Other Credits to Income:		
Unexpended Balances of Appropriation Reserves	503,846	1,101,803
Statutory Excess - Animal Control	4,942	11,225
Prior Year Adjustments		
Tax Overpayments		25,079
Voided Checks		15,457
Prior Year Senior Citizens and Veterans Allowed		250
Interfund Loans Returned	<u>42,152</u>	<u>27,875</u>
Total Revenues and Other Income	<u>145,895,748</u>	<u>143,131,202</u>
EXPENDITURES		
Budget Appropriations:		
Operations	51,960,003	50,384,628
Capital Improvements	316,735	390,725
Municipal Debt Service	14,895,267	6,886,019
Deferred Charges and Statutory Expenditures	7,332,250	6,894,304
County Taxes	11,777,368	11,752,125
County Open Space Taxes	507,936	503,192
Added and Omitted County Taxes	124,624	27,109
Local School Taxes	56,169,236	54,621,089
Prior Year Senior Citizen Deductions Disallowed	6,000	4,552
Prior Year Adjustment - Senior and Veterans Taxation Audit	-	1,500
Refund of Prior Year Revenue	-	4,146
Interfund Advances	<u>78,660</u>	<u>42,152</u>
Total Expenditures	<u>143,168,079</u>	<u>131,511,541</u>
Excess in Revenues Over Expenditures	2,727,669	11,619,661
Expenditures Included Above Which Are By Statute		
Deferred Charges to Budgets of Succeeding Years	<u>51,658</u>	<u>-</u>
Statutory Excess to Fund Balance	2,779,327	11,619,661
Balance, January 1	<u>13,021,193</u>	<u>3,151,532</u>
	15,800,520	14,771,193
Decreased by:		
Utilization as Anticipated Revenue	<u>10,093,440</u>	<u>1,750,000</u>
Balance, December 31	<u>\$ 5,707,080</u>	<u>\$13,021,193</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, 2019

	<u>Budget</u>	<u>Added by NJS 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	<u>\$ 10,093,440</u>	<u>-</u>	<u>\$ 10,093,440</u>	<u>-</u>
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	59,500		63,009	\$ 3,509
Other	240,000		255,933	15,933
Fees and Permits				
Other	172,400		183,936	11,536
Fines and Costs				
Municipal Court	640,000		583,523	(56,477)
Interest and Costs on Taxes	176,000		228,521	52,521
Parking Meters	591,000		630,409	39,409
Interest on Investments and Deposits	42,000		207,865	165,865
Recreation Advisory Committee	717,300		806,361	89,061
Fire Prevention Fees	110,000		137,023	27,023
Kings Garden - PILOT	134,000		134,800	800
Rock Creek - Lafayette Housing - PILOT	370,000		335,825	(34,175)
Westmoor Gardens - PILOT	47,000		111,041	64,041
Exempt Sewer Charges	255,000		262,799	7,799
Parking Garage Fees	210,000		231,679	21,679
Municipal Hotel Tax	190,000		190,464	464
Cable Franchise Fees	68,000		174,206	106,206
Cell Tower Agreement	93,000		106,967	13,967
Sewer Charges	67,000		69,130	2,130
Energy Receipts Tax	2,763,296		2,763,296	-
Uniform Construction Code Fees	901,000		1,011,228	110,228
Public and Private Revenues Offset with Approp:				
Reach & Teach	24,000		24,000	
Municipal Alliance	20,000		20,000	
Drunk Driving Enforcement Fund		\$ 956	956	
Drive Sober or Get Pulled Over		5,465	5,465	
FDA Retail Standards		4,488	4,488	
Clean Communities Grant		51,625	51,625	
Recycling Tonnage Grant		32,428	32,428	
Body Armor Replacement		7,780	7,780	
Other Special Items:				
Uniform Fire Safety Act	75,000		84,642	9,642
Capital Surplus	500,000		500,000	
Greater Englewood Annual Fee	100,000		100,000	
One William Street - PILOT	300,000		463,908	163,908
Reserve for Sale of Municipal Assets	291,793	-	291,793	-
Total Miscellaneous Revenues	<u>9,157,289</u>	<u>102,742</u>	<u>10,075,100</u>	<u>815,069</u>
RECEIPTS FROM DELINQUENT TAXES	<u>8,000</u>	<u>-</u>	<u>6,375</u>	<u>(1,625)</u>
Subtotal General Revenues	<u>19,258,729</u>	<u>102,742</u>	<u>20,174,915</u>	<u>813,444</u>
AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes	53,681,647		54,706,909	1,025,262
Minimum Library Tax	1,679,090	-	1,679,090	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>55,360,737</u>	<u>-</u>	<u>56,385,999</u>	<u>1,025,262</u>
Total General Revenues	<u>\$ 74,619,466</u>	<u>\$ 102,742</u>	<u>76,560,914</u>	<u>\$ 1,838,706</u>
Non-Budget Revenue			<u>438,860</u>	
			<u>\$ 76,999,774</u>	

CITY OF ENGLEWOOD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection	
Revenue from Collections	\$ 124,731,033
Less: Allocated to School and County Taxes	<u>68,579,164</u>
Balance for Support of Municipal Budget Appropriations	56,151,869
Add Appropriation "Reserve for Uncollected Taxes"	<u>234,130</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 56,385,999</u>

Interest on Investments and Deposits	
Revenue Accounts Receivable	\$ 153,534
Due from General Capital Fund	49,136
Due from Animal Control Fund	52
Due from Assessment Trust Fund	<u>5,143</u>
	<u>\$ 207,865</u>

ANALYSIS OF NON-BUDGET REVENUES

Extra Duty Vehicle Admin Fee	\$ 122,915
Hurricane Michael and Dorian Reimbursements	119,100
Vacant Property Rentals	28,900
County Snow Plowing	36,300
Department Revenues	105,585
Miscellaneous	<u>26,060</u>
	<u>\$ 438,860</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, 2019

GENERAL APPROPRIATIONS OPERATIONS WITHIN "CAPS"	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>	<u>Over- Expenditure</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	10,000	10,000	9,310	\$ 690		
City Manager						
Salaries and Wages	317,000	307,000	305,566	1,434		
Other Expenses	135,000	155,000	137,833	17,167		
City Clerk						
Salaries and Wages	187,000	177,000	175,715	1,285		
Overtime	3,300	3,300	1,941	1,359		
Other Expenses	89,750	89,750	82,244	7,506		
Human Resources						
Salaries and Wages	212,000	177,000	163,936	13,064		
Other Expenses	48,000	48,000	34,425	13,575		
Purchasing						
Other Expenses	3,000	3,000	2,647	353		
Finance						
Salaries and Wages	415,000	415,000	411,613	3,387		
Other Expenses	220,000	240,000	221,011	18,989		
Data Processing						
Other Expenses	35,000	36,000	34,208	1,792		
Collection of Taxes						
Salaries and Wages	148,000	148,000	147,618	382		
Other Expenses	40,000	40,000	28,998	11,002		
Assessment of Taxes						
Salaries and Wages	173,000	174,200	174,149	51		
Other Expenses	41,000	39,800	38,722	1,078		
Legal Service and Costs						
Salaries and Wages	80,000	80,000	78,929	1,071		
Other Expenses	648,000	828,000	704,374	123,626		
Engineering Services						
Other Expenses	108,240	108,240	98,120	10,120		
Community Development						
Other Expenses	288,000	288,000	258,646	29,354		
Municipal Court						
Salaries and Wages	329,000	339,000	332,486	6,514		
Overtime	17,500	12,500	7,003	5,497		
Other Expenses	150,000	150,000	132,191	17,809		
Public Defender						
Other Expenses	14,000	14,000	12,500	1,500		
Insurance						
Medical	5,110,000	4,845,000	4,601,512	243,488		
Health Benefit Waiver	100,000	100,000	151,658		\$ 51,658	
Other Insurance Premium	1,100,000	1,110,000	1,084,598	25,402		
Workers Compensation	1,100,000	1,100,000	780,592	319,408		
Land Use						
Other Expenses	64,000	109,000	80,135	28,865		
Fire Division						
Salaries and Wages	5,822,000	5,572,000	5,504,689	67,311		
Overtime	960,000	1,210,000	1,111,741	98,259		
Other Expenses	344,850	344,850	344,832	18		
Fire Prevention						
Salaries and Wages	245,000	245,000	245,000			
Other Expenses	5,000	5,000	5,000			
Police						
Salaries and Wages	11,853,000	11,853,000	11,557,132	\$ 295,868		
Overtime	1,250,000	1,250,000	1,205,638	44,362		
Other Expenses	631,800	631,800	525,716	106,084		
Aid to Volunteer Ambulance	40,000	40,000	40,000	-		
DPW Administration						
Salaries and Wages	260,000	210,000	206,733	3,267		
Overtime		500	200	300		
Other Expenses	51,800	51,800	44,349	7,451		
Public Building and Grounds						
Other Expenses	287,000	287,000	285,802	1,198		

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

GENERAL APPROPRIATIONS (Continued) OPERATIONS WITHIN "CAPS" (Continued)	Appropriations		Expended		Cancelled	Over- Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserves		
Shade Tree						
Salaries and Wages	\$ 153,000	\$ 153,000	\$ 152,855	\$ 145		
Overtime	25,000	25,000	11,860	13,140		
Other Expenses	60,200	60,200	55,866	4,334		
Road Repairs and Maintenance						
Salaries and Wages	565,000	545,000	528,048	16,952		
Overtime	140,000	140,000	123,602	16,398		
Other Expenses	320,000	320,000	128,214	191,786		
Central Maintenance - Garage						
Salaries and Wages	318,000	283,000	264,635	18,365		
Overtime	10,000	45,000	45,000	-		
Other Expenses	658,000	658,000	647,286	10,714		
Construction and Facilities Maintenance						
Salaries and Wages	210,000	170,000	153,330	16,670		
Overtime	40,000	65,000	64,681	319		
Other Expenses	106,000	106,000	70,977	35,023		
Sanitation						
Salaries and Wages	1,586,000	1,586,000	1,581,439	4,561		
Overtime	65,000	90,000	90,000	-		
Other Expenses	126,000	126,000	105,322	20,678		
Sewer Department						
Salaries and Wages	411,000	364,000	341,415	22,585		
Overtime	25,000	45,000	45,000	-		
Other Expenses	71,200	71,200	53,436	17,764		
Parks Department						
Salaries and Wages	245,000	250,000	242,732	7,268		
Overtime	31,000	31,000	31,000	-		
Other Expenses	47,000	47,000	14,705	32,295		
Community Services Act						
Condominium Community Costs	240,000	240,000	160,071	79,929		
Board of Health						
Salaries and Wages	658,000	655,000	638,670	16,330		
Overtime	7,000	10,000	7,326	2,674		
Other Expenses	80,500	80,500	79,086	1,414		
Animal Control Regulation						
Other Expenses	45,000	45,000	39,363	5,637		
Contribution to Child Dev. And Teen Program						
Other Expenses	59,000	59,000	-	59,000		
Recreation Department						
Salaries and Wages	731,000	731,000	705,652	25,348		
Overtime	15,000	15,000	3,612	11,388		
Other Expenses	700,500	725,500	719,180	6,320		
Terminal Leave						
Salaries and Wages	1,091,793	1,091,793	1,091,793			
Construction Code Official						
Salaries and Wages	999,000	999,000	953,275	45,725		
Overtime	9,000	9,000	191	8,809		
Other Expenses	136,800	136,800	120,283	16,517		
Solid Waste Disposal	860,000	860,000	790,930	69,070		
Leaf Disposal	230,000	230,000	222,399	7,601		
Contingent	6,000	6,000	-	6,000		
Utilities						
Street Lighting	725,000	795,000	795,000	-		
Telephone	175,000	200,000	191,614	8,386		
Water	43,000	48,000	45,843	2,157		
Gas and Electric	375,000	370,000	293,256	76,744		
Fire Hydrant	380,000	380,000	338,360	41,640	-	-
Total Operations Within "CAPS"	45,745,233	45,744,733	43,346,819	2,449,572	-	\$ 51,658
Detail:						
Salaries and Wages	29,636,593	29,506,293	28,736,205	770,088		
Other Expenses (Including Contingent)	16,108,640	16,238,440	14,610,614	1,679,484	-	51,658

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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>	<u>Over- Expenditure</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Statutory Charges						
Social Security System	\$ 980,000	\$ 980,000	\$ 969,893	\$ 10,107		
Consolidated Police & Fireman's Pension Fund	40,000	40,000	-	40,000		
Defined Contribution Retirement Plan	5,000	5,000	2,730	2,270		
Police and Firemen's Retirement System	4,965,444	4,965,444	4,965,444	-		
Public Employees Retirement System	1,141,306	1,141,806	1,141,771	35	-	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	7,131,750	7,132,250	7,079,838	52,412	-	-
Total General Appropriations for Municipal Purposes within "CAPS"	52,876,983	52,876,983	50,426,657	2,501,984	-	\$ 51,658
OPERATIONS - EXCLUDED FROM "CAPS"						
Bergen County Utilities Authority						
Share of Costs Sewer Charges	2,454,837	2,454,837	2,452,608	2,229		
Share of Costs Debt Charges	815,163	815,163	815,163	-		
Recycling Tax	36,000	36,000	22,757	13,243		
Maintenance of Free Public Library	2,105,870	2,105,870	2,104,514	1,356		
Reserve for Tax Appeals	600,000	600,000	600,000	-	-	-
Total Other Operations Excluded from "CAPS"	6,011,870	6,011,870	5,995,042	16,828	-	-
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	5,000	5,000	5,000			
Drunk Driving Enforcement Fund		956	956			
Drive Sober or Get Pulled Over		5,465	5,465			
FDA Retail Standards		4,488	4,488			
Clean Communities Grant		51,625	51,625			
Recycling Tonnage Grant		32,428	32,428			
Body Armor Replacement	-	7,780	7,780	-	-	-
Total Public and Private Programs Offset by Revenues	49,000	151,742	151,742	-	-	-
Total Operations Excluded from "CAPS"	6,060,870	6,163,612	6,146,784	16,828	-	-
Detail:						
Other Expenses	6,060,870	6,163,612	6,146,784	16,828	-	-
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	316,735	316,735	316,735	-	-	-
Total Capital Improvements Excluded from "CAPS"	316,735	316,735	316,735	-	-	-
MUNICIPAL DEBT SERVICE						
Payment of Bonds Principal	2,130,000	2,130,000	2,130,000			
Payments of Bond Anticipation Notes and Capital Notes	7,953,804	7,953,804	7,945,000		\$ 8,804	
Interest on Bonds	1,316,622	1,316,622	1,289,945		26,677	
Interest on Notes	1,320,322	1,320,322	1,320,322			
BCIA Lease Agreement - Principal and Interest	2,210,000	2,210,000	2,210,000	-	-	-
Total Municipal Debt Service Excluded from "CAPS"	14,930,748	14,930,748	14,895,267	-	35,481	-

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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>	<u>Over- Expenditure</u>
DEFERRED CHARGES						
Special Emergency Authorizations	\$ 200,000	\$ 200,000	\$ 200,000	-	-	-
Total Deferred Charges	200,000	200,000	200,000	-	-	-
Total General Appropriations Excluded from "CAPS"	21,508,353	21,611,095	21,558,786	\$ 16,828	\$ 35,481	-
Subtotal General Appropriations	74,385,336	74,488,078	71,985,443	2,518,812	35,481	\$ 51,658
Reserve for Uncollected Taxes	234,130	234,130	234,130	-	-	-
Total General Appropriations	\$ 74,619,466	\$ 74,722,208	\$ 72,219,573	\$ 2,518,812	\$ 35,481	\$ 51,658
Adopted Budget		\$ 74,619,466				
Added by NJS 40A:4-87		102,742				
		\$ 74,722,208				
Analysis of Paid or Charged						
Cash Disbursements			\$ 59,022,287			
Encumbrances Payable			2,657,886			
Due to General Capital Fund						
Capital Improvement Fund			316,735			
Principal on Bond Anticipation Notes			7,945,000			
Reserve for Tax Appeals			600,000			
Transfer to Reserve for Terminal Leave			1,091,793			
Special Emergency Authorizations			200,000			
Reserve for Uncollected Taxes			234,130			
Appropriated State and Federal Grant Reserves			151,742			
			\$ 72,219,573			

**CITY OF ENGLEWOOD
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2019 AND 2018**

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Assessment Trust Fund			
Cash	B-4, B-5	\$ 897,186	\$ 744,366
Cash Held With Fiscal Agent	B-5, B-8		3,387
Due from Current Fund	B-21		
Assessments Receivable	B-6	<u>2,209,572</u>	<u>2,987,250</u>
Total Assessment Trust Fund		<u>3,106,758</u>	<u>3,735,003</u>
Animal Control Trust Fund			
Cash	B-4	20,928	27,392
Due from State Department of Health	B-11	<u>-</u>	<u>2</u>
Total Animal Control Trust Fund		<u>20,928</u>	<u>27,394</u>
Community Development Block Grant Fund			
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>9,886</u>
Unemployment Compensation Trust Fund			
Cash	B-4	298,842	285,637
Due from Other Trust Fund	B	<u>2,318</u>	<u>2,318</u>
Total Unemployment Compensation Trust Fund		<u>301,160</u>	<u>287,955</u>
Other Trust Fund			
Cash	B-4	7,106,840	6,525,085
Due from Current Fund	B-20	5,000	7,989
Due from Grant Fund	B	19,973	19,973
Special Improvement District Taxes and Liens Receivable	B-19	<u>90,157</u>	<u>79,326</u>
Total Other Trust Fund		<u>7,221,970</u>	<u>6,632,373</u>
		<u>\$ 10,660,702</u>	<u>\$ 10,692,611</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, 2019 AND 2018**

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Assessment Trust Fund			
Due to Current Fund	B-21	\$ 1,755	
Assessment Serial Bonds Payable	B-7	3,105,000	\$ 3,735,000
Fund Balance	B-1	<u>3</u>	<u>3</u>
Total Assessment Trust Fund		<u>3,106,758</u>	<u>3,735,003</u>
Animal Control Trust Fund			
Reserve for Animal Control Expenditures	B-10	15,932	16,120
Due to State of NJ	B-11	2	
Due to Current Fund	B-12	<u>4,994</u>	<u>11,274</u>
Total Animal Control Trust Fund		<u>20,928</u>	<u>27,394</u>
Community Development Block Grant Fund			
Encumbrances Payable	B-17	-	9,886
Reserve for Community Development Block Grant	B-18	<u>9,886</u>	<u>-</u>
Total Community Development Block Grant Fund		<u>9,886</u>	<u>9,886</u>
Unemployment Compensation Trust Fund			
Due to State of New Jersey	B-14	6,669	
Reserve for Unemployment Insurance Claims	B-13	<u>294,491</u>	<u>287,955</u>
Total Unemployment Compensation Trust Fund		<u>301,160</u>	<u>287,955</u>
Other Trust Fund			
Payroll Deductions Payable	B-15	13,877	14,210
Miscellaneous Reserves and Deposits	B-9	7,037,431	6,503,305
Due to Unemployment Compensation Fund	B	2,318	2,318
Encumbrances Payable	B-16	78,187	33,214
Reserve for SID Taxes and Liens Receivables	B-19	<u>90,157</u>	<u>79,326</u>
Total Other Trust Fund		<u>7,221,970</u>	<u>6,632,373</u>
		<u>\$ 10,660,702</u>	<u>\$ 10,692,611</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Balance, January 1	\$ 3	\$ 2
Increased by:		
Interest Earned on Cash with Fiscal Agent	<u>-</u>	<u>1</u>
Balance, December 31	<u>\$ 3</u>	<u>\$ 3</u>

EXHIBIT B-2

STATEMENT OF ASSESSMENT REVENUES - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Anticipated</u>	<u>Realized</u>	<u>Variance</u>
Assessments	<u>\$ 630,000</u>	<u>\$ 777,678</u>	<u>\$ 147,678</u>

EXHIBIT B-3

STATEMENT OF ASSESSMENT EXPENDITURES - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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, 2019 AND 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Cash	C-2, C-3	\$ 12,119,200	\$ 7,147,880
Parking Fees Receivable	C-10	105,443	205,634
Due From Current Fund	C-15		47,000
Grants Receivable	C-7	2,625,000	
Deferred Charges to Future Taxation:			
Funded	C-4	43,955,261	32,044,518
Unfunded	C-5	39,345,995	53,008,332
		<u>\$ 98,150,899</u>	<u>\$ 92,453,364</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
BCIA Revenue Bonds Payable	C-12	\$ 2,255,261	\$ 3,474,518
General Serial Bonds Payable	C-13	41,700,000	28,570,000
Bond Anticipation Notes Payable	C-14	28,695,000	43,600,000
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	57,501	
Encumbrances Payable	C-11	3,896,774	3,225,094
Improvement Authorizations:			
Funded	C-6	1,532,308	365,525
Unfunded	C-6	15,507,594	11,575,251
Capital Improvement Fund	C-8		59,825
Reserve for Debt Service	C	11,176	11,176
Various Reserves	C-9	68,759	68,759
Reserve for Parking Fees Receivable	C-10	105,443	205,634
Reserve for Grants Receivable	C-7	2,625,000	
Fund Balance	C-1	<u>1,287,072</u>	<u>888,571</u>
		<u>\$ 98,150,899</u>	<u>\$ 92,453,364</u>

There were bonds and notes authorized but not issued of \$10,822,445 and \$9,479,591 at December 31, 2019 and 2018, 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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Balance, January 1	\$ 888,571	\$ 619,972
Increased by:		
Improvement Authorizations Cancelled	-	452,801
Premium on Sale of Bonds and Notes	<u>1,004,087</u>	<u>465,798</u>
	<u>1,004,087</u>	<u>918,599</u>
	1,892,658	1,538,571
Decreased by:		
Appropriated to Finance Improvement Authorizations	105,586	
Anticipated As Current Fund Revenue	<u>500,000</u>	<u>650,000</u>
	<u>605,586</u>	<u>650,000</u>
Balance, December 31	<u>\$ 1,287,072</u>	<u>\$ 888,571</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF ENGLEWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Land	\$ 92,238,900	\$ 92,238,900
Buildings	21,179,227	20,792,300
Machinery and Equipment	<u>17,023,273</u>	<u>17,109,906</u>
	<u>\$ 130,441,400</u>	<u>\$ 130,141,106</u>
 RESERVE		
Investment in General Fixed Assets	<u>\$ 130,441,400</u>	<u>\$ 130,141,106</u>

NOTES TO FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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 Council 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 municipal library, which is considered component units 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, 2019 AND 2018**

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 Compensation Trust 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.

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, 2018 balances to conform to the December 31, 2019 presentation.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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.

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

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables (Continued)

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.

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.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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.

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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.

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 purchased are stated as follows:

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

No depreciation has been provided for in the financial statements.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

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.

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 2019 and 2018 the City Council increased the original budget by \$102,742 and \$64,391. The 2019 and 2018 increases were funded by additional grants allotted to the City. In addition, the governing body approved several budget transfers during 2019 and 2018.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

<u>2019</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund			
Insurance			
Health Benefit Waiver	<u>\$100,000</u>	<u>\$151,658</u>	<u>\$51,658</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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.

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, 2019 and 2018, the book value of the City's deposits were \$33,593,262 and \$32,941,924 and bank and brokerage firm balances of the City's deposits amounted to \$35,072,845 and \$34,406,134, respectively. The City's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2019</u>	<u>2018</u>
Insured	\$ 34,828,179	\$ 34,166,833
Uninsured and Collateralized	<u>244,666</u>	<u>239,301</u>
	<u>\$ 35,072,845</u>	<u>\$ 34,406,134</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, 2019 and 2018, the City's bank balances of \$244,666 and \$239,301 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2019</u>	<u>2018</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the City's name	<u>\$ 244,666</u>	<u>\$ 239,301</u>
	<u>\$ 244,666</u>	<u>\$ 239,301</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

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, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); 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, 2019 and 2018, 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, 2018, the City has \$3,387, respectively held in escrow with the City attorney. This account was closed out in 2019, and transferred to Current Fund.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Property Taxes	\$ 12,383	\$ 48,909
Tax Title Liens	<u>227,011</u>	<u>214,110</u>
	<u>\$ 239,394</u>	<u>\$ 263,019</u>

In 2019 and 2018, the City collected \$6,375 and \$15,691 from delinquent taxes, which represented 2% and 6%, respectively of the prior year delinquent taxes receivable balance.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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>2019</u>		<u>2018</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund:				
Regular	\$ 78,660	\$ 5,000	\$ 42,152	\$ 54,989
Grant	399,125	34,383	399,125	50,851
Trust Fund:				
Assessment Trust		1,755		
Animal Control		4,994		11,274
Other Trust	24,973	2,318	27,962	2,318
Unemployment Compensation	2,318		2,318	
Community Development				
Block Grant	9,886		9,886	
General Capital Fund	<u>-</u>	<u>466,512</u>	<u>47,000</u>	<u>409,011</u>
Total	<u>\$ 514,962</u>	<u>\$ 514,962</u>	<u>\$ 528,443</u>	<u>\$ 528,443</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.

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

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:

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	<u>Balance</u>
<u>2019</u>			
Current Fund			
Special Emergency Authorization	<u>\$ 600,000</u>	<u>\$ 200,000</u>	<u>\$ 400,000</u>
Overexpenditure of Appropriations	<u>\$ 51,658</u>	<u>\$ -</u>	<u>\$ 51,658</u>
<u>2018</u>			
Current Fund			
Special Emergency Authorization	<u>\$ 800,000</u>	<u>\$ 200,000</u>	<u>\$ 600,000</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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 their own respective fund's budget for the succeeding year were as follows:

	2019		2018	
	<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	\$ 5,649,933	\$ 2,165,000	\$ 13,014,210	\$ 10,093,440
Non-Cash Surplus	<u>57,147</u>	<u>-</u>	<u>6,983</u>	<u>-</u>
	<u>\$ 5,707,080</u>	<u>\$ 2,165,000</u>	<u>\$ 13,021,193</u>	<u>\$ 10,093,440</u>

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, 2019 and 2018.

	<u>Balance December 31, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2019</u>
Land	\$ 92,238,900			\$ 92,238,900
Buildings and Building Improvements	20,792,300	\$ 386,927		21,179,227
Machinery and Equipment	<u>17,109,906</u>	<u>707,276</u>	<u>\$ 793,909</u>	<u>17,023,273</u>
	<u>\$ 130,141,106</u>	<u>\$ 1,094,203</u>	<u>\$ 793,909</u>	<u>\$ 130,441,400</u>
	<u>Balance December 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2018</u>
Land	\$ 92,238,900			\$ 92,238,900
Buildings and Building Improvements	20,792,300			20,792,300
Machinery and Equipment	<u>15,128,535</u>	<u>\$ 2,515,949</u>	<u>\$ 534,578</u>	<u>17,109,906</u>
	<u>\$ 128,159,735</u>	<u>\$ 2,515,949</u>	<u>\$ 534,578</u>	<u>\$ 130,141,106</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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>2019</u>	<u>2018</u>
Issued		
General		
Bonds, Notes and Loans	\$ 72,650,261	\$ 75,644,518
Assessment		
Bonds and Notes	<u>3,105,000</u>	<u>3,735,000</u>
	75,755,261	79,379,518
Less Funds Temporarily Held to Pay Bonds and Notes	<u>1,183,497</u>	<u>1,035,819</u>
Net Debt Issued	74,571,764	78,343,699
Authorized But Not Issued		
General		
Bonds and Notes	<u>10,822,445</u>	<u>9,479,591</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 85,394,209</u>	<u>\$ 87,823,290</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows indicates a statutory net debt of 1.713% and 1.800% at December 31, 2019 and 2018, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2019</u>			
General Debt	\$ 86,577,706	\$ 1,183,497	\$ 85,394,209
School Debt	<u>8,125,000</u>	<u>8,125,000</u>	<u>-</u>
Total	<u>\$ 94,702,706</u>	<u>\$ 9,308,497</u>	<u>\$ 85,394,209</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	\$ 88,859,109	\$ 1,035,819	\$ 87,823,290
School Debt	<u>9,545,000</u>	<u>9,545,000</u>	<u>-</u>
Total	<u>\$ 98,404,109</u>	<u>\$ 10,580,819</u>	<u>\$ 87,823,290</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>2019</u>	<u>2018</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 176,328,951	\$ 172,738,995
Less: Net Debt	<u>85,394,209</u>	<u>87,823,290</u>
Remaining Borrowing Power	<u>\$ 90,934,742</u>	<u>\$ 84,915,705</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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>2019</u>	<u>2018</u>
\$4,365,000, 2010 Bonds, due in annual installments of \$205,000 to \$310,000 through August, 2030, interest at 3.50% to 4.00%	\$ 2,810,000	\$ 3,010,000
\$3,613,000, 2014 Bonds, due in annual installment of \$770,000 on April 1, 2019 interest at 2.00%	-	770,000
\$16,450,000, 2014 Bonds, due in annual installments of \$545,000 to \$1,010,000 through April 1, 2032 interest at 3.00% to 3.50%	10,595,000	11,130,000
\$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%	13,035,000	13,660,000
\$15,260,000, 2019 Bonds, due in annual installments of \$505,000 to \$1,005,000 through April 2041, interest at 3.00% to 5.00%	<u>15,260,000</u>	<u>-</u>
Total	<u>\$ 41,700,000</u>	<u>\$ 28,570,000</u>

Assessment 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>2019</u>	<u>2018</u>
\$8,775,000, 2008 Bonds, due in annual installments of \$585,000 to \$630,000 through January 2024, interest at 5.00%	<u>\$ 3,105,000</u>	<u>\$ 3,735,000</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

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 repay the Bergen County Improvement Authority in the amount of principal and interest due 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>Annual Amount</u>
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>\$ 2,255,261</u>				<u>\$ 2,164,739</u>	<u>\$ 4,420,000</u>

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2019 is as follows:

<u>Calendar Year</u>	<u>General</u>		<u>Assessment</u>		<u>Intergovernmental Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal and Accreted Interest</u>	<u>Total</u>
2020	\$ 1,880,000	\$ 1,348,775	\$ 630,000	\$ 139,500	\$ 2,210,000	\$ 6,208,275
2021	2,255,000	1,282,775	630,000	108,000	2,210,000	6,485,775
2022	2,455,000	1,209,950	630,000	76,500		4,371,450
2023	2,520,000	1,133,200	630,000	45,000		4,328,200
2024	2,600,000	1,051,550	585,000	14,625		4,251,175
2025-2029	14,405,000	3,823,244				18,228,244
2030-2034	9,315,000	1,506,606				10,821,606
2035-2039	4,300,000	661,645				4,961,645
2040-2041	<u>1,970,000</u>	<u>64,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,034,675</u>
Total	<u>\$ 41,700,000</u>	<u>\$ 12,082,420</u>	<u>\$ 3,105,000</u>	<u>\$ 383,625</u>	<u>\$ 4,420,000</u>	<u>\$ 61,691,045</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 and 2018, \$2,605,000 and \$2,740,000, respectively, of bonds outstanding are considered defeased.

Changes in Long-Term Municipal Debt

The City's long-term capital debt activity for the years ended December 31, 2019 and 2018 were as follows:

	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
General Capital Fund					
Bonds Payable	\$ 28,570,000	\$ 15,260,000	\$ 2,130,000	\$ 41,700,000	\$ 1,880,000
Intergovernmental Loans Payable	<u>3,474,518</u>	<u>-</u>	<u>1,219,257</u>	<u>2,255,261</u>	<u>1,156,449</u>
General Capital Fund Long-Term Liabilities	<u>\$ 32,044,518</u>	<u>\$ 15,260,000</u>	<u>\$ 3,349,257</u>	<u>\$ 43,955,261</u>	<u>\$ 3,036,449</u>
Assessment Trust Fund					
Bonds Payable	<u>\$ 3,735,000</u>	<u>\$ -</u>	<u>\$ 630,000</u>	<u>\$ 3,105,000</u>	<u>\$ 630,000</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
General Capital Fund					
Bonds Payable	\$ 30,655,000		\$ 2,085,000	\$ 28,570,000	\$ 2,130,000
Intergovernmental Loans Payable	<u>4,759,854</u>	<u>-</u>	<u>1,285,336</u>	<u>3,474,518</u>	<u>1,219,257</u>
General Capital Fund Long-Term Liabilities	<u>\$ 35,414,854</u>	<u>\$ -</u>	<u>\$ 3,370,336</u>	<u>\$ 32,044,518</u>	<u>\$ 3,349,257</u>
Assessment Trust Fund					
Bonds Payable	<u>\$ 4,365,000</u>	<u>\$ -</u>	<u>\$ 630,000</u>	<u>\$ 3,735,000</u>	<u>\$ 630,000</u>

B. Short-Term Debt

The City's short-term debt activity for the years ended December 31, 2019 and 2018 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	Balance, December 31, <u>2018</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	Balance, December 31, <u>2019</u>
Various Capital Improvements	3.00%	4/2/2019	\$ 14,875,296	\$ 314,383	14,875,296	\$ 314,383
Ice Arena Improvements	3.00%	4/2/2019	599,392		599,392	
Overpeck Creek Channel Wall Replacement	3.00%	4/2/2019	583,365		583,365	
Construction of Fire House	3.00%	4/2/2019	7,144,322		7,144,322	
Various Equipment and Capital Improvements	3.00%	3/27/2020	8,458,800	8,153,207	8,458,800	8,153,207
Various Fire Equipment	3.00%	3/27/2020	323,950	312,535	323,950	312,535
Various Equipment and Capital Improvements	3.00%	3/27/2020	5,084,875	5,084,875	5,084,875	5,084,875
Various Capital Improvements	2.00%	3/27/2020	6,530,000	6,530,000	6,530,000	6,530,000
Various Capital Improvements	1.85%	3/27/2020	<u>-</u>	<u>8,300,000</u>	<u>-</u>	<u>8,300,000</u>
			<u>\$ 43,600,000</u>	<u>\$ 28,695,000</u>	<u>\$ 43,600,000</u>	<u>\$ 28,695,000</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	Balance, December 31, <u>2017</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2018</u>
Various Capital Improvements	3.00%	4/2/2019	\$ 15,350,950	\$ 14,875,296	15,350,950	\$ 14,875,296
Ice Arena Improvements	3.00%	4/2/2019	625,600	599,392	625,600	599,392
Overpeck Creek Channel Wall Replacement	3.00%	4/2/2019	604,200	583,365	604,200	583,365
Construction of Fire House	3.00%	4/2/2019	7,267,500	7,144,322	7,267,500	7,144,322
Various Equipment and Capital Improvements	3.00%	4/2/2019	8,458,800	8,458,800	8,458,800	8,458,800
Various Fire Equipment	3.00%	4/2/2019	323,950	323,950	323,950	323,950
Various Equipment and Capital Improvements	3.00%	4/2/2019	5,084,875	5,084,875	5,084,875	5,084,875
Various Capital Improvements	3.00%	8/20/2019	-	6,530,000	-	6,530,000
			<u>\$ 37,715,875</u>	<u>\$ 43,600,000</u>	<u>\$ 37,715,875</u>	<u>\$ 43,600,000</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 years 2019 and 2018 the City issued Special Emergency Notes to finance the terminal leave benefits paid to employees who retired from the City.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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>	Balance, December 31, <u>2018</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2019</u>
<u>2019</u>						
Terminal Leave	3.00%	3/27/2020	<u>\$ 800,000</u>	<u>\$ 600,000</u>	<u>\$ 800,000</u>	<u>\$ 600,000</u>

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2017</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2018</u>
<u>2018</u>						
Terminal Leave	2.00%	8/14/2019	<u>\$ 1,000,000</u>	<u>\$ 800,000</u>	<u>\$ 1,000,000</u>	<u>\$ 800,000</u>

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>2019</u>		
Improvements to City Facilities	\$343,815	2020
Improvements to Sanitary Sewers	464,424	2020
Improvements to Parks	482,540	2020
Road Improvements	2,020,610	2020
Acquisition of Equipment	373,448	2020
<u>2018</u>		
Improvements to City Facilities	\$ 315,318	2019
Road Improvements	1,823,003	2019
Sanitary Sewers	694,083	2019

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 11 OTHER LONG-TERM LIABILITIES

Compensated Absences

Under the existing policies and labor agreements of the City, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, sick leave, terminal 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 \$7,777,199 and \$8,639,258 at December 31, 2019 and 2018, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability. At December 31, 2019 and 2018, the City has reserved \$534,471 and \$318,559, respectively, in the Current Fund to fund terminal leave payments.

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, 2019 and 2018 were as follows:

	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
Compensated Absences	\$ 8,639,258		\$ 862,059	\$ 7,777,199	\$ 750,000
Net OPEB Liability	31,919,168		4,907,219	27,011,949	
Net Pension Liability					
PERS	25,293,114		3,568,080	21,725,034	
PFRS	<u>68,726,872</u>	<u>-</u>	<u>9,464,877</u>	<u>59,261,995</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 134,578,412</u>	<u>\$ -</u>	<u>\$ 18,802,235</u>	<u>\$ 115,776,177</u>	<u>\$ 750,000</u>
	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
Compensated Absences	\$ 9,211,385		\$ 572,127	\$ 8,639,258	
Net OPEB Liability	41,447,726		9,528,558	31,919,168	
Net Pension Liability					
PERS	30,472,616		5,179,502	25,293,114	
PFRS	<u>80,204,735</u>	<u>-</u>	<u>11,477,863</u>	<u>68,726,872</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 161,336,462</u>	<u>\$ -</u>	<u>\$ 26,758,050</u>	<u>\$ 134,578,412</u>	<u>\$ -</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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. Additionally, based on recent actuarial valuation there was no normal cost or accrued liability contributions required for the fiscal year ended June 30, 2017. CPFPPF is a single-employer defined benefit plan. For additional information about CPFPPF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case, benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. 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.

The cost of living increase for PERS 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.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of 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.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 and 2018 is \$18.1 billion and \$19.7 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 56.27% and 53.60% respectively. The collective net pension liability of the participating employers for local PERS at June 30, 2019 and 2018 is \$14.2 billion and \$15.4 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 65.00% and 62.48%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018, respectively.

Actuarial Methods and Assumptions

In the July 1, 2018 and 2017 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 for 2019 and 2018 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2019 and 2018 for CPFPPF, which is a single-employer defined benefit plan, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the City for 2019, 2018 and 2017 were equal to the required contributions.

During the years ended December 31, 2019, 2018 and 2017, 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>CPFPPF</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2019	\$ -	\$ 4,965,444	\$ 1,277,761	\$ 2,730
2018	2,207	4,597,899	1,212,696	3,495
2017		4,232,823	1,165,579	3,521

In addition for the years ended December 31, 2019, 2018 and 2017 the City contributed for long-term disability insurance premiums (LTDI) \$5,324, \$15,006 and \$5,140, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2019 and 2018, the City reported a liability of \$21,725,034 and \$25,293,114, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The City's proportionate share of the net pension liability was based on the ratio of the City's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the City's proportionate share was .12057 percent, which was a decrease of .00789 percent from its proportionate share measured as of June 30, 2018 of .12846 percent.

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2019 and 2018, the pension system has determined the City's pension expense to be \$773,363 and \$1,515,501, respectively, for PERS based on the actuarial valuations which are less than and more than the actual contributions reported in the City's financial statements of \$1,277,761 and \$1,212,696, respectively. At December 31, 2019 and 2018, 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:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 389,936	\$ 95,972	\$ 482,343	\$ 130,419
Changes of Assumptions	2,169,324	7,540,691	4,167,886	8,087,393
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		342,938		237,250
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>378,245</u>	<u>1,886,036</u>	<u>676,554</u>	<u>631,210</u>
Total	<u>\$ 2,937,505</u>	<u>\$ 9,865,637</u>	<u>\$ 5,326,783</u>	<u>\$ 9,086,272</u>

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ (803,409)
2021	(2,422,378)
2022	(2,319,297)
2023	(1,233,745)
2024	(149,303)
Thereafter	<u>-</u>
	<u>\$ (6,928,132)</u>

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The City's total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	2.00-6.00% Based on Years of Service	1.65-4.15% Based on Age
Thereafter	3.00%-7.00% Based on Years of Service	2.65%-5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018 and July 1, 2011 to June 30, 2014, respectively.

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
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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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</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>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.78%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	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%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.28%
2018	June 30, 2018	5.66%

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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:

	<u>2019</u>	<u>2018</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2057	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2057 and Thereafter	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, 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, 2019 and 2018 calculated using the discount rate of 6.28% and 5.66%, 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 5.28% and 4.66%, respectively or 1-percentage-point higher 7.28% and 6.66%, respectively than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
<u>2019</u>			
City's Proportionate Share of the PERS Net Pension Liability	\$ <u>27,442,248</u>	\$ <u>21,725,034</u>	\$ <u>16,907,471</u>
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
<u>2018</u>			
City's Proportionate Share of the PERS Net Pension Liability	\$ <u>31,803,177</u>	\$ <u>25,293,114</u>	\$ <u>19,831,588</u>

The sensitivity analysis was based on the proportionate share of the City's net pension liability at December 31, 2019 and 2018. 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, 2019 AND 2018

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, 2019 and 2018, the City reported a liability of \$59,261,995 and \$68,726,872, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The City's proportionate share of the net pension liability was based on the ratio of the City's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the City's proportionate share was .48425 percent, which was a decrease of .02365 percent from its proportionate share measured as of June 30, 2018 of .50790 percent.

For the years ended December 31, 2019 and 2018, the pension system has determined the City pension expense to be \$4,820,497 and \$5,488,820, respectively, for PFRS based on the actuarial valuations which are less than and more than the actual contributions reported in the City's financial statements of \$4,965,444 and \$4,597,899, respectively. At December 31, 2019 and 2018, 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:

	2019		2018	
	<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	\$ 500,247	\$ 375,199	\$ 699,207	\$ 284,408
Changes of Assumptions	2,030,639	19,152,934	5,899,277	17,613,511
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		802,981		375,998
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>515,462</u>	<u>4,389,527</u>	<u>1,067,608</u>	<u>1,672,581</u>
Total	<u>\$ 3,046,348</u>	<u>\$ 24,720,641</u>	<u>\$ 7,666,092</u>	<u>\$ 19,946,498</u>

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ (3,728,977)
2021	(7,497,160)
2022	(5,630,769)
2023	(3,055,615)
2024	(1,761,772)
Thereafter	-
	<u>\$ (21,674,293)</u>

Actuarial Assumptions

The City's total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through	All Future Years 3.25%-15.25% Based on Years of Service	2026 2.10%-8.98% Based on Age
Thereafter	Not Applicable	3.10%-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub - 2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and July 1, 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018 and July 1, 2010 to June 30, 2013, respectively.

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</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>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.87%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	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%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.85%
2018	June 30, 2018	6.51%

CITY OF ENGLEWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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:

	<u>2019</u>	<u>2018</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2076	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2076 and Thereafter	From July 1, 2062 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, 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, 2019 and 2018 calculated using the discount rate of 6.85% and 6.51%, 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 5.85% and 5.51%, respectively or 1-percentage-point higher 7.85% and 7.51%, respectively than the current rate:

<u>2019</u>	<u>1% Decrease (5.85%)</u>	<u>Current Discount Rate (6.85%)</u>	<u>1% Increase (7.85%)</u>
City's Proportionate Share of the PFRS Net Pension Liability	\$ <u>80,100,622</u>	\$ <u>59,261,995</u>	\$ <u>42,015,029</u>
<u>2018</u>	<u>1% Decrease (5.51%)</u>	<u>Current Discount Rate (6.51%)</u>	<u>1% Increase (7.51%)</u>
City's Proportionate Share of the PFRS Net Pension Liability	\$ <u>91,982,390</u>	\$ <u>68,726,872</u>	\$ <u>49,545,306</u>

The sensitivity analysis was based on the proportionate share of the City's net pension liability at December 31, 2019 and 2018. 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, 2019 AND 2018

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

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, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$9,357,582 and \$9,335,409, respectively. For the years ended December 31, 2019 and 2018, 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 \$1,087,274 and \$1,105,765, respectively, which are more than the actual contributions the State made on behalf of the City of \$630,507 and \$552,882, respectively. At December 31, 2019 (measurement date June 30, 2019) the State's share of the PFRS net pension liability attributable to the City was .48425 percent, which was a decrease of .02365 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .50790 percent. 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, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the City.

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

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.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2019 and 2018 is \$13.5 billion and \$15.7 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% and 1.97%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018.

Actuarial Methods and Assumptions

In the June 30, 2018 and 2017 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$346.4 million and \$421.2 million and the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million and \$53.5 million for fiscal years 2019 and 2018, respectively.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The City's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2019, 2018 and 2017 were \$1,062,065, \$1,481,773 and \$1,426,620, respectively, which equaled the required contributions for each year.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019 and 2018, the City reported a liability of \$27,011,949 and \$31,919,168, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 and 2017, respectively. The City's proportionate share of the net OPEB liability was based on the ratio of the City's proportionate share of the OPEB liability attributable to the City at June 30, 2019 and 2018 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019 and 2018, respectively. As of the measurement date of June 30, 2019 the City's proportionate share was .19941 percent, which was a decrease of .00433 percent from its proportionate share measured as of June 30, 2018 of .20374 percent.

For the years ended December 31, 2019 and 2018, the Plan has determined the City's OPEB (benefit)/expense to be \$(589,338) and \$1,027,474, respectively, based on the actuarial valuations which are less than the actual contributions reported in the City's financial statements of \$1,062,065 and \$1,481,773, respectively. At December 31, 2019 and 2018, the City's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the City's financial statements are from the following sources:

	2019		2018	
	<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		\$ 7,899,347		\$ 6,480,730
Changes of Assumptions		9,572,434		8,096,715
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 22,250		\$ 16,868	
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	123,507	2,049,508	143,622	1,418,926
Contributions made Subsequent to the Measurement Date	-	-	-	-
Total	<u>\$ 145,757</u>	<u>\$ 19,521,289</u>	<u>\$ 160,490</u>	<u>\$ 15,996,371</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ (3,031,430)
2021	(3,031,430)
2022	(3,031,430)
2023	(3,035,648)
2024	(3,038,047)
Thereafter	<u>(4,207,547)</u>
	<u>\$ (19,375,532)</u>

Actuarial Assumptions

The City's total OPEB liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total OPEB liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>	<u>2018</u>
Inflation Rate	2.50%	2.50%
Salary Increases*		
PERS:		
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.65% to 8.98%
Rate Thereafter	3.00% to 7.00%	2.65% to 9.98%
PFRS:		
Initial Fiscal Year Applied Through	Rate for All Future Years	2026
Rate	3.25% to 15.25%	1.65% to 8.98%
Rate Thereafter	Not Applicable	2.65% to 9.98%

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Mortality		
PERS	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
PFRS	Pub-2010 Safety Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	2.00%	1.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and for 2019 the members years of service and for 2018 the members age.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

For the June 30, 2018 measurement date healthcare cost trend rates for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the plan upon retirement.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% and 1.00% as of June 30, 2019 and 2018, respectively.

Discount Rate

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

Calendar

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	3.50%
2018	June 30, 2018	3.87%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the City's proportionate share of the OPEB net liability as of December 31, 2019 and 2018 calculated using the discount rate of 3.50% and 3.87%, respectively, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.50% and 2.87%, respectively or 1-percentage-point higher 4.50% and 4.87%, respectively than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
<u>2019</u>			
City's Proportionate Share of the Net OPEB Liability	<u>\$ 31,232,685</u>	<u>\$ 27,011,949</u>	<u>\$ 23,582,044</u>
	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
<u>2018</u>			
City's Proportionate Share of the Net OPEB Liability	<u>\$ 37,449,623</u>	<u>\$ 31,919,168</u>	<u>\$ 27,501,586</u>

The sensitivity analysis was based on the proportionate share of the City's net OPEB liability at December 31, 2019 and 2018. A sensitivity analysis specific to the City's net OPEB liability was not provided by the Plan.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the City's proportionate share of the OPEB net liability as of December 31, 2019 and 2018 calculated using the healthcare trend rates as disclosed above as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2019</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB Liability	<u>\$ 22,794,756</u>	<u>\$ 27,011,949</u>	<u>\$ 32,391,688</u>
<u>2018</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB Liability	<u>\$ 26,625,704</u>	<u>\$ 31,919,168</u>	<u>\$ 38,769,697</u>

The sensitivity analysis was based on the proportionate share of the City's net OPEB liability at December 31, 2019 and 2018. A sensitivity analysis specific to the City's net OPEB liability was not provided by the pension system.

Special Funding Situation

Under N.J.S.A. 43:3C-24 the City is responsible for their own OPEB 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 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. 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. 75 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. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2019 and 2018, the State's proportionate share of the net OPEB liability attributable to the City for the OPEB special funding situation is \$30,953,805 and \$39,142,684, respectively. For the years ended December 31, 2019 and 2018 the plan has determined the State's proportionate share of the OPEB expense attributable to the City for the OPEB special funding situation is \$410,300 and \$1,184,895, respectively. At December 31, 2019, (measurement date June 30, 2019), the State's share of the OPEB liability attributable to the City was .56018 percent, which was a decrease of .06975 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .62993 percent. The State's proportionate share attributable to the City was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB 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.

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 obtained commercial insurance coverage to guard against these events to minimize the exposure to the City should they occur.

The City of Englewood is a member of the Garden State Municipal Joint Insurance Fund (GSMJIF). The joint insurance fund is both an insured and self-administered group of municipalities established for the purpose of insurance against property damage, general liability, motor vehicles and equipment liability and workers' compensation. The Fund is a risk-sharing public entity pool. The GSMJIF coverage amounts are on file with the City.

The relationship between the City and insurance fund 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 fund, to report claims on a timely basis, to cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which the municipality was a member.

The fund provides 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 fund can be obtained by contacting the 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>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2019	\$ 10,630	\$ 26,189	\$ 294,491
2018	33,143	8,460	287,955
2017		39,878	261,973

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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, 2019 and 2018. 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, 2019 and 2018, the City reserved \$388,344 and \$197,242, 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 and 2018, the City provided property tax abatements through a program authorized under State statutes. The program 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, 2019 and 2018 the City abated property taxes totaling \$2,293,205 and \$1,289,792, respectively under the LTTE program. The City received \$1,045,574 and \$553,000 in PILOT payments under this program for the years ended December 31, 2019 and 2018, respectively.

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 18 SUBSEQUENT EVENTS

Bond Anticipation Notes

On March 26, 2020, the City issued General obligation notes in the amount of \$28,330,000 consisting of \$27,930,000 Bond Anticipation Notes and \$400,000 Special Emergency Notes to temporarily finance expenditures related to various capital projects and employee severance liabilities. The City has awarded the sale of said notes to Oppenheimer Co., at an interest rate of 2.375%. These notes will mature on March 5, 2021.

Debt Authorized

On May 26, 2020, the City adopted a bond ordinance authorizing the issuance of \$7,409,615 in bonds or bond anticipation 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.

NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the “COVID-19 Crisis”). On March 13, 2020, President Trump declared a national emergency to release federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, has also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which alter the behavior of businesses and people, are expected to have negative impacts on regional, state and local economies and significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. Recently, the United States Congress has passed relief and stimulus legislation. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and financial markets. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. At this time, it is not possible to predict any other financial impacts as a result of this pandemic on the Borough’s operations; however, such amounts, if any, could be material.

CURRENT AND GRANT FUNDS

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

Balance, December 31, 2018		\$ 18,207,777
Increased by Receipts:		
Taxes Receivable	\$ 123,920,534	
Non Budget Revenue	438,860	
Due From State - Senior Citizens and Veterans	57,494	
Revenue Accounts Receivable	8,819,435	
Prepaid Taxes	700,588	
Sewer User Charges	262,799	
Tax Overpayments	466,396	
Special Emergency Note	600,000	
Receipts from General Capital Fund	136,265	
Receipts from Grant Fund	11,468	
Receipts from Animal Control Fund	11,274	
Receipts from Assessment Trust Fund	3,388	
Other Trust Fund Receipts Deposited in Current Fund	<u>239,170</u>	
		<u>135,667,671</u>
		153,875,448
Decreased by Disbursements:		
2019 Budget Appropriation	\$ 59,022,287	
Appropriation Reserves	470,789	
Encumbrances Payable	1,997,396	
Payments to General Capital Fund	7,953,365	
Payments to Other Trust Fund	242,159	
Tax Appeals	408,898	
Reserve for Terminal Leave	875,881	
Tax Overpayments	473,158	
Local School Taxes Payable	56,169,236	
County Taxes Payable	12,312,413	
Special Emergency Note Payable	<u>800,000</u>	
		<u>140,725,582</u>
Balance, December 31, 2019		<u>\$ 13,149,866</u>

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

Increased by:

Grant Receivables	\$ 140,877	
Unappropriated Grant Reserves	<u>400</u>	
		\$ 141,277

Decreased by:

Appropriated Grant Reserves	125,799	
Encumbrances Payable	4,010	
Payments to Current Fund	<u>11,468</u>	
		<u>141,277</u>

Balance, December 31, 2019	\$ <u>-</u>
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**STATEMENT OF STATE AND FEDERAL GRANTS RECEIVABLE
GRANT FUND**

<u>Program</u>	Balance December 31, 2018	Budget Revenue	Cash Receipts	Balance December 31, 2019
ANJAC-Smart Growth Grant	\$ 4,066			\$ 4,066
Reach & Teach	40,000	\$ 24,000	\$ 24,000	40,000
Municipal Alliance	25,611	20,000	14,135	31,476
Open Space Stewardship Project (ANJEC)	500			500
Recycling Tonnage Grant	-	32,428	32,428	-
Drunk Driving Enforcement Fund	-	956	956	-
FDA Foodborne Illness Grant	4,321			4,321
Clean Communities Grant	-	51,625	51,625	-
Body Armor Replacement	-	7,780	7,780	-
Drive Sober or Get Pulled Over		5,465	5,465	
FDA Retail Standards	1,189	4,488	4,488	1,189
FDA Mentorship Grant (NACCHO)	1,569			1,569
Historic Preservation Grant - Mackay Gate House	<u>20,590</u>	<u>-</u>	<u>-</u>	<u>20,590</u>
	<u>\$ 97,846</u>	<u>\$ 146,742</u>	<u>\$ 140,877</u>	<u>\$ 103,711</u>

CITY OF ENGLEWOOD
STATEMENT OF APPROPRIATED GRANT RESERVES
GRANT FUND

<u>Program</u>	<u>Balance</u> <u>December 31,</u> <u>2018</u>	<u>Transferred</u> <u>from 2019</u> <u>Budget</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>December 31,</u> <u>2019</u>
Municipal Alliance Program	\$ 25,778	\$ 20,000	\$ 14,857	\$ 30,921
Municipal Alliance Program-Local Match	3,531	5,000	3,610	4,921
State Forestry Services Green Communities	3,000			3,000
Bio-Terrorism Sub-Grant	568		199	369
Alcohol Education & Rehabilitation Fund	3,537			3,537
Drive Sober or Get Pulled Over		5,465		5,465
Reach & Teach	96,000	24,000	24,000	96,000
Drunk Driving Enforcement Fund	75,495	956		76,451
Take Me Fishing Grant	44			44
Hepatitis B Grant	13			13
BC/US Dept of Justice Grant	7,711			7,711
Public Health Grant	35			35
Adolescent Health Grant	40,285		19,177	21,108
H1N1 Emergency Preparedness	817		550	267
H1N1 Corrective Action Mini Grant	340			340
Louis La Salle Tomorrow Fund	23,203			23,203
ANJAC-Smart Growth Grant-Local Match	252			252
Open Space Stewardship Project	1,500			1,500
Emergency Prep Grant	964			964
FDA Mentorship Grant	2,395		1,795	600
FDA Retail Standards	583	4,488	4,254	817
FDA Foodborne Illness Grant	5,892			5,892
FEMA-Firefighters Grant	4			4
Body Armor Replacement	30,176	7,780		37,956
CDBG Heart Health	1			1
Hurricane Irene Relief Employment Fund	8,625			8,625
Historic Preservation Grant - Mackay Gate House	20,590			20,590
Recycling Tonnage	26,365	32,428	20,187	38,606
Clean Communities Program	46,648	51,625	45,192	53,081
Community Chest of Englewood	5,102			5,102
Drunk Driving Prevention	7,656			7,656
Sustainable Energy Grant	5,000	-	-	5,000
	<u>\$ 442,110</u>	<u>\$ 151,742</u>	<u>\$ 133,821</u>	<u>\$ 460,031</u>
Cash Disbursements			\$ 125,799	
Encumbrances Payable			<u>8,022</u>	
			<u>\$ 133,821</u>	

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

	Balance December 31, <u>2018</u>	Cash <u>Receipts</u>	Realized As <u>Revenue</u>	Balance December 31, <u>2019</u>
Drunk Driving Enforcement Fund	\$ -	\$ 400	\$ -	\$ 400

EXHIBIT A-9

STATEMENT OF DUE TO CURRENT FUND
GRANT FUND

Balance, December 31, 2018	\$ 30,878
Decreased by:	
Payments to Current Fund	\$ 11,468
Budget Appropriations - Local Share	<u>5,000</u>
	<u>16,468</u>
Balance, December 31, 2019	<u>\$ 14,410</u>

EXHIBIT A-10

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

Balance, December 31, 2018	\$ 6,983
Increased by:	
Deductions Allowed Per Tax Duplicate	\$ 61,500
2019 Deductions Allowed by Tax Collector	<u>500</u>
	<u>62,000</u>
	68,983
Decreased by:	
Prior Year Deductions Disallowed by Tax Collector	6,000
Cash Received from State	<u>57,494</u>
	<u>63,494</u>
Balance, December 31, 2019	<u>\$ 5,489</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>2018</u>	<u>Levy</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>2019</u>
2013	\$ 6,744						\$ 4,321		\$ 2,423
2014	8,148						8,148		
2015	8,216						8,216		-
2016	8,287						8,287		-
2017	8,559				-	-	8,559		-
2018	<u>8,955</u>	<u>-</u>	<u>\$ 6,000</u>	<u>-</u>	<u>\$ 6,375</u>	<u>-</u>	<u>8,580</u>	<u>-</u>	<u>-</u>
	48,909	-	6,000	-	6,375	-	46,111	-	2,423
2019	<u>-</u>	<u>\$ 125,071,131</u>	<u>-</u>	<u>\$ 754,874</u>	<u>123,914,159</u>	<u>\$ 62,000</u>	<u>314,417</u>	<u>\$ 15,721</u>	<u>9,960</u>
	<u>\$ 48,909</u>	<u>\$ 125,071,131</u>	<u>\$ 6,000</u>	<u>\$ 754,874</u>	<u>\$ 123,920,534</u>	<u>\$ 62,000</u>	<u>\$ 360,528</u>	<u>\$ 15,721</u>	<u>\$ 12,383</u>

Analysis of Property Tax Levy

TAX YIELD

General Purpose Tax	\$ 123,816,339
Added Taxes (RS 54:4-36.1 et seq.)	<u>1,254,792</u>
	<u>\$ 125,071,131</u>

TAX LEVY

Local District School Tax (Abstract)	\$ 56,169,236
County Tax (Abstract)	11,777,368
County Open Space Tax	507,936
Due County for Added and Omitted Taxes (54:4-63.1)	<u>124,624</u>
	\$ 68,579,164
Local Tax for Municipal Purposes (Abstract)	53,681,647
Minimum Library Tax	1,679,090
Add Additional Tax Levied	<u>1,131,230</u>
	<u>56,491,967</u>
	<u>\$ 125,071,131</u>

**CITY OF ENGLEWOOD
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2018	\$ 214,110
Increased by:	
Transfers from 2019 Taxes	<u>15,721</u>
	229,831
Decreased by:	
Adjustment	<u>2,820</u>
Balance, December 31, 2019	<u><u>\$ 227,011</u></u>

EXHIBIT A-13

STATEMENT OF PREPAID TAXES

Balance, December 31, 2018	\$ 754,874
Increased by:	
Collection of 2020 Taxes	<u>700,588</u>
	1,455,462
Decreased by:	
Applied to 2019 Taxes	<u>754,874</u>
Balance, December 31, 2019	<u><u>\$ 700,588</u></u>

EXHIBIT A-14

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2018	\$ 473,158
Increased by:	
Cash Receipts	<u>466,396</u>
	939,554
Decreased by:	
Refunds	<u>473,158</u>
Balance, December 31, 2019	<u><u>\$ 466,396</u></u>

**CITY OF ENGLEWOOD
STATEMENT OF FORECLOSED PROPERTY**

Balance, December 31, 2018	\$ <u>70,979</u>
Balance, December 31, 2019	\$ <u>70,979</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2018	\$ 27,109
Increased by:	
2019 Levy:	
County Taxes	\$ 11,777,368
County Open Space Taxes	507,936
Added and Omitted Taxes	<u>124,624</u>
	<u>12,409,928</u>
	12,437,037
Decreased by:	
Cash Disbursements	<u>12,312,413</u>
Balance, December 31, 2019	\$ <u>124,624</u>

SCHEDULE OF LOCAL SCHOOL TAXES PAYABLE

Balance, December 31, 2018	\$ 86,189
Increased by:	
2019 Levy	<u>56,169,236</u>
	56,255,425
Decreased by:	
Cash Disbursements	<u>56,169,236</u>
Balance, December 31, 2019	\$ <u>86,189</u>

CITY OF ENGLEWOOD
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2018</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2019</u>
Licenses				
Alcoholic Beverages		\$ 63,009	\$ 63,009	
Other		255,933	255,933	
Fees and Permits		183,936	183,936	
Municipal Court	\$ 41,808	576,346	583,523	\$ 34,631
Interest and Costs on Taxes		228,521	228,521	
Parking Meters		630,409	630,409	
Interest on Investments and Deposits		153,534	153,534	
Recreation Advisory Committee		806,361	806,361	
Fire Prevention Fees		137,023	137,023	
Kings Garden - PILOT		134,800	134,800	
Rock Creek - Lafayette House - PILOT		335,825	335,825	
Westmoor Gardens - PILOT		111,041	111,041	
One William Street - PILOT		463,908	463,908	
Parking Garage Fees		231,679	231,679	
Municipal Hotel Tax		190,464	190,464	
Cable Franchise Fees		174,206	174,206	
Cell Tower Agreement		106,967	106,967	
Sewer Charges		69,130	69,130	
Energy Receipts Tax		2,763,296	2,763,296	
Uniform Construction Code Fees		1,011,228	1,011,228	
Uniform Fire Safety Act		84,642	84,642	
Greater Englewood Annual Fee	-	100,000	100,000	-
	<u>\$ 41,808</u>	<u>\$ 8,812,258</u>	<u>\$ 8,819,435</u>	<u>\$ 34,631</u>

**CITY OF ENGLEWOOD
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, <u>2018</u>	Prior Year Encumbrances <u>Restored</u>	<u>Transfers</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
City Council						
Other Expenses	\$ 4,211			\$ 4,211	\$ 3,941	\$ 270
City Manager						
Salaries and Wages	1,719			1,719	400	1,319
Other Expenses	7,360	\$ 39		7,399		7,399
City Clerk						
Salaries and Wages	5,231			5,231		5,231
Overtime	2,245			2,245		2,245
Other Expenses	75	1,072		1,147		1,147
Human Resources						
Salaries and Wages	651			651		651
Other Expenses	20,797			20,797	3,293	17,504
Purchasing						
Other Expenses	76			76		76
Finance						
Salaries and Wages	1,324			1,324		1,324
Other Expenses	2,654	-		2,654	1,919	735
Data Processing						
Other Expenses	9,789			9,789	1,649	8,140
Collection of Taxes						
Salaries and Wages	645			645		645
Other Expenses	16,703			16,703	7,769	8,934
Assessment of Taxes						
Salaries and Wages	926			926		926
Other Expenses	7,236			7,236		7,236
Legal Service and Costs						
Salaries and Wages	3,592			3,592		3,592
Other Expenses	103,563		\$ (75,000)	28,563	6,428	22,135
Engineering Services						
Other Expenses	53,640			53,640	53,640	-
Community Development						
Other Expenses	12,087			12,087	9,641	2,446
Municipal Court						
Salaries and Wages	2,224			2,224		2,224
Overtime	2,285	-		2,285		2,285
Other Expenses	11,036	-		11,036	164	10,872
Public Defender						
Other Expenses	5,900			5,900		5,900
Insurance						
Medical	23,197			23,197	6,566	16,631
Other Insurance Premium	39,656	22,668		62,324		62,324
Workers Compensation	62,651		(5,000)	57,651	56,912	739
Land Use						
Other Expenses	230	144		374	-	374
Fire Division						
Salaries and Wages	17,051		(15,000)	2,051		2,051
Overtime	5,151		(5,000)	151		151
Other Expenses	5,491	1,589		7,080	-	7,080
Police						
Salaries and Wages	10,904		-	10,904		10,904
Overtime	24,105		(15,000)	9,105	-	9,105
Other Expenses	32,291			32,291	11,230	21,061
Aid to Volunteer Ambulance	40,000			40,000	-	40,000
DPW Administration						
Salaries and Wages	4,376			4,376		4,376
Other Expenses	730	-		730	1	729
Public Building and Grounds						
Other Expenses	706	18,520	12,000	31,226	-	31,226
Shade Tree						
Salaries and Wages	939			939		939
Overtime	6,746		(5,000)	1,746	-	1,746
Other Expenses	24	555		579		579

CITY OF ENGLEWOOD
STATEMENT OF APPROPRIATION RESERVES

	Balance, December 31, 2018	Prior Year Encumbrances Restored	Transfers	Balance After Modification	Paid or Charged	Balance Lapsed
Road Repairs and Maintenance						
Salaries and Wages	\$ 1,308			\$ 1,308		\$ 1,308
Overtime	1,421			1,421	-	1,421
Other Expenses	40,016		\$ (22,000)	18,016	\$ 800	17,216
Central Maintenance - Garage						
Salaries and Wages	3,086		(3,000)	86		86
Overtime	2,217		(2,000)	217	-	217
Other Expenses	5,848		30,000	35,848	22,905	12,943
Construction and Facilities Maintenance						
Salaries and Wages	2,894			2,894		2,894
Overtime	189			189	-	189
Other Expenses	8,531			8,531	691	7,840
Sanitation						
Salaries and Wages	1,263			1,263		1,263
Overtime	1,098			1,098	-	1,098
Other Expenses	855			855	188	667
Sewer Maintenance						
Salaries and Wages	901			901		901
Overtime	370			370	-	370
Other Expenses	3,881	\$ 3,850		7,731	-	7,731
Park Department						
Salaries and Wages	5,198		(5,000)	198		198
Overtime	1,061			1,061		1,061
Other Expenses	4,009			4,009		4,009
Condominium Services Act						
Other Expenses	26,887			26,887	26,875	12
Board of Health						
Salaries and Wages	24,000		(20,000)	4,000		4,000
Other Expenses	2,703	521		3,224		3,224
Animal Control Regulation						
Other Expenses	5,152		(5,000)	152	-	152
Contribution of Child Dev. And Teen Program						
Other Expenses	587			587		587
Recreation Department						
Salaries and Wages	2,865			2,865	57	2,808
Overtime	1,077	-		1,077		1,077
Other Expenses	10,342	19,563		29,905		29,905
Construction Code Official						
Salaries and Wages	46,707		(45,000)	1,707		1,707
Overtime	925			925	-	925
Other Expenses	1,670		7,000	8,670	7,042	1,628
Contingency	6,000			6,000		6,000
Solid Waste Disposal	65,252		60,000	125,252	123,995	1,257
Leaf Disposal	997		150,000	150,997	123,548	27,449
Utilities						
Street Lighting	138			138	-	138
Telephone/Communications	575	900		1,475		1,475
Water	160	14		174		174
Gas and Electric	18,781			18,781		18,781
Fire Hydrant	5,609			5,609		5,609
Statutory Expenditures:						
Contribution to:						
Social Security System	1,623			1,623		1,623
Defined Contribution Retirement Program	1,505			1,505		1,505
Consolidated Police and Firemens	37,793		(37,000)	793		793
Public Employees Retirement System	50			50	-	50
Share of Costs Sewer Charges	830			830		830
Recycling Tax	10,005			10,005	2,531	7,474
Maintenance of Free Public Library	564	-	-	564	564	-
	\$ 907,160	\$ 69,435	\$ -	\$ 976,595	\$ 472,749	\$ 503,846

Cash Disbursements	\$ 470,789
Transfer to Accounts Payable	1,960
	<u>\$ 472,749</u>

**CITY OF ENGLEWOOD
STATEMENT OF ENCUMBRANCES PAYABLE**

	Current <u>Fund</u>	Grant <u>Fund</u>
Balance, December 31, 2018	\$ 2,075,660	\$ 4,010
Increased by:		
Charges to:		
Budget Appropriations	2,657,886	
Appropriation Reserves	1,960	
State and Federal Appropriated Grants	<u>-</u>	<u>8,022</u>
	<u>2,659,846</u>	<u>8,022</u>
	<u>4,735,506</u>	<u>12,032</u>
Decreased by:		
Cancelled Encumbrances Restored to		
Appropriation Reserves	69,435	
Cash Disbursements	<u>1,997,396</u>	<u>4,010</u>
	<u>2,066,831</u>	<u>4,010</u>
Balance, December 31, 2019	<u>\$ 2,668,675</u>	<u>\$ 8,022</u>

STATEMENT OF SEWER USER CHARGES RECEIVABLE

Balance, December 31, 2018	\$ 106,683
Increased by:	
Billings	<u>248,256</u>
	354,939
Decreased By:	
Cash Receipts	<u>262,799</u>
Balance, December 31, 2019	<u>\$ 92,140</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, 2018</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
7/11/2017	Severance Liabilities	\$ 1,000,000	\$ 200,000	<u>\$ 800,000</u>	<u>\$ 200,000</u>	<u>\$ 600,000</u>

EXHIBIT A-23

STATEMENT OF DEFERRED CHARGES

	<u>Increased in 2019</u>	<u>Balance, December 31, 2019</u>
Overexpenditure of Appropriations	<u>\$ 51,658</u>	<u>\$ 51,658</u>

EXHIBIT A-24

STATEMENT OF MISCELLANEOUS RESERVES

	<u>Balance December 31, 2018</u>	<u>Balance, December 31, 2019</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-25

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2018	\$ 197,242
Increased by:	
Transferred from 2019 Budget Appropriations	<u>600,000</u>
	797,242
Decreased by:	
Cash Disbursements	<u>408,898</u>
Balance, December 31, 2019	<u>\$ 388,344</u>

**CITY OF ENGLEWOOD
STATEMENT OF RESERVE FOR TERMINAL LEAVE**

Balance, December 31, 2018	\$ 318,559
Increased by:	
Transferred from 2019 Budget Appropriations	<u>1,091,793</u>
Decreased by:	1,410,352
Cash Disbursements	<u>875,881</u>
Balance, December 31, 2019	<u><u>\$ 534,471</u></u>

STATEMENT OF RESERVE FOR SALE OF MUNICIPAL ASSETS

Balance, December 31, 2018	\$ 291,793
Decreased by:	
Anticipated Revenue - 2019 Budget	<u>291,793</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance, December 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
Severance Liabilities	8/13/2019	3/27/2020	<u>\$ 800,000</u>	<u>\$ 600,000</u>	<u>\$ 800,000</u>	<u>\$ 600,000</u>

TRUST FUNDS

**CITY OF ENGLEWOOD
STATEMENT OF CASH**

	Assessment Trust <u>Fund</u>	Animal Control Fund	Unemployment <u>Compensation Fund</u>	Other Trust <u>Fund</u>
Balance, December 31, 2018	\$ 744,365	\$ 27,392	\$ 285,637	\$ 6,525,085
Increased by Receipts:				
Interest on Deposit	\$ 5,143	\$ 52	\$ 1,542	
Animal Control Fees		6,291		
State Dog License Fees		1,206		
Payroll Deductions Payable				\$ 31,786,737
Receipts from State of New Jersey			20,553	
Employee Payroll Deductions			10,630	
Assessments Receivable	777,678			
Various Reserve and Deposits				4,320,273
Receipts from Current Fund	-		-	242,159
	<u>782,821</u>	<u>7,549</u>	<u>32,725</u>	<u>36,349,169</u>
	1,527,186	34,941	318,362	42,874,254
Decreased by Disbursements:				
Encumbrances Payable				33,214
Animal Control Expenditures		1,537		
Payments to State of New Jersey		1,202	19,520	
Payroll Deductions Payable				31,787,070
Various Reserves and Deposits				3,947,130
Assessments Serial Bonds	630,000			
Payments to Current Fund	-	11,274	-	-
	<u>630,000</u>	<u>14,013</u>	<u>19,520</u>	<u>35,767,414</u>
Balance, December 31, 2019	<u>\$ 897,186</u>	<u>\$ 20,928</u>	<u>\$ 298,842</u>	<u>\$ 7,106,840</u>

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

	Balance December 31, 2018	Receipts			Balance December 31, 2019
		Assessments	Interest	Disbursements	
Assessment Serial Bonds	\$ 747,750	\$ 777,678		\$ 630,000	\$ 895,428
Due To Current Fund			\$ 5,143	3,388	1,755
Assessment Trust Surplus	3	-	-	-	3
	<u>\$ 747,753</u>	<u>\$ 777,678</u>	<u>\$ 5,143</u>	<u>\$ 633,388</u>	<u>\$ 897,186</u>

EXHIBIT B-6

STATEMENT OF ASSESSMENTS RECEIVABLE

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	Balance December 31, 2018	Cash Receipts	Balance December 31, 2019	Balance Pledged to Serial Bonds Payable
08-07, 03-18, 05-18	Route 4 Access	4/24/2012	<u>\$ 2,987,250</u>	<u>\$ 777,678</u>	<u>\$ 2,209,572</u>	<u>\$ 2,209,572</u>

EXHIBIT B-7

STATEMENT OF ASSESSMENT SERIAL BONDS PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	Maturities of Bonds		<u>Interest Rate</u>	Balance		<u>Balance December 31, 2019</u>
			<u>Outstanding-December 31, 2019</u>			<u>December, 31 2018</u>	<u>Decreased</u>	
			<u>Date</u>	<u>Amount</u>				
Assessment Bonds	12/16/08	\$ 8,775,000	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%			
						<u>\$ 3,735,000</u>	<u>\$ 630,000</u>	<u>\$ 3,105,000</u>

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

Balance, December 31, 2018	\$ 3,387
Increased by:	
Interest on Deposits	<u>1</u>
	3,388
Decreased by:	
Payments to Current Fund - Anticipated Revenue	<u>3,388</u>
Balance, December 31, 2019	<u>\$ -</u>

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

<u>Improvement Description</u>	Balance, December 31, 2018	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, 2019
Police Vests	\$ 9,028	\$ 4,700	\$ 900	\$ 12,828
Confiscated Funds (DEA)	292,543		73,130	219,413
Confiscated Funds (DHS)	286,760	22,703	15,405	294,058
Misc Bank Transactions	16,754	4,028		20,782
Charitable Causes	29,404	16,270	2,255	43,419
Honor Guard	1,208			1,208
DARE	600			600
Uniform Fire Safety	70,463	21,212	4,066	87,609
Dedicated Uniform Fire Safety Penalties	6,825	5,670		12,495
COAH	1,230,294	184,604	18,670	1,396,228
Recreation	15,286			15,286
POAA	12,285	7,783		20,068
Police Confiscated Funds	34,338			34,338
Ice Arena	13,702			13,702
Tree Fund Donations	3,150	5,600		8,750
Other	30,118	191		30,309
Tax Sale Redemption	76,422	1,811,634	1,734,583	153,473
Environmental Commission	5,544	2,658	1,997	6,205
Tax Sale Premiums	2,040,765	1,808,500	1,462,765	2,386,500
Special Improvement District	744,440	239,387	224,093	759,734
Developers Trust	1,558,980	378,962	453,692	1,484,250
Police Extra Duty	12,075	41		12,116
4th of July Fireworks	12,321	15,000	14,990	12,331
Englewood Day		30,000	18,771	11,229
Stigma Free	-	500	-	500
	<u>\$ 6,503,305</u>	<u>\$ 4,559,443</u>	<u>\$ 4,025,317</u>	<u>\$ 7,037,431</u>
Cash Received		\$ 4,320,273		
Due From Current Fund		<u>239,170</u>		
		<u>\$ 4,559,443</u>		
Cash Disbursements			\$ 3,947,130	
Encumbrances Payable			<u>78,187</u>	
			<u>\$ 4,025,317</u>	

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

Balance, December 31, 2018		\$ 16,120
Increased by:		
Animal Control Fees Collected		<u>6,291</u>
		22,411
Decreased by:		
Cash Disbursements	\$ 1,537	
Statutory Excess Due to Current Fund	<u>4,942</u>	
		<u>6,479</u>
Balance, December 31, 2019		<u><u>\$ 15,932</u></u>

**STATEMENT OF DUE FROM/(TO) STATE DEPARTMENT OF HEALTH
ANIMAL CONTROL TRUST FUND**

Balance, December 31, 2018 (Due from)		\$ 2
Increased by:		
Payments to State of New Jersey		<u>1,202</u>
		1,204
Decreased by:		
State Share of Dog License Fees Collected		<u>1,206</u>
Balance, December 31, 2019 (Due to)		<u><u>\$ 2</u></u>

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

Balance, December 31, 2018		\$ 11,274
Increased by:		
Interest on Deposits	\$ 52	
Statutory Excess Due to Current Fund	<u>4,942</u>	
		<u>4,994</u>
		16,268
Decreased by:		
Payments to Current Fund		<u>11,274</u>
Balances, December 31, 2019		<u><u>\$ 4,994</u></u>

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

Balance, December 31, 2018	\$ 287,955
Increased by:	
Employee Payroll Deductions	\$ 10,630
Refunds from State of NJ for Overpayments	20,553
Interest on Deposit	<u>1,542</u>
	<u>32,725</u>
	320,680
Decreased by:	
Unemployment Claims and Other Charges - State of NJ	<u>26,189</u>
Balance, December 31, 2019	<u>\$ 294,491</u>

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

Balance, December 31, 2018	\$ -
Increased by:	
Unemployment Claims and Other Charges	<u>26,189</u>
	26,189
Decreased by:	
Payments to State of New Jersey	<u>19,520</u>
Balances, December 31, 2019	<u>\$ 6,669</u>

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

Balance, December 31, 2018	\$ 14,210
Increased by:	
Cash Receipts	<u>31,786,737</u>
	31,800,947
Decreased by:	
Cash Disbursements	<u>31,787,070</u>
Balance, December 31, 2019	<u>\$ 13,877</u>

EXHIBIT B-16

**STATEMENT OF ENCUMBRANCES PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2018	\$ 33,214
Increased by:	
Charges to Various Reserves and Deposits	<u>78,187</u>
	111,401
Decreased by:	
Cash Disbursements	<u>33,214</u>
Balances, December 31, 2019	<u>\$ 78,187</u>

EXHIBIT B-17

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

Balance, December 31, 2018	\$ 9,886
Encumbrances Cancelled	<u>\$ 9,886</u>

EXHIBIT B-18

**RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT
COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

Increased by:	
Encumbrances Cancelled	<u>\$ 9,886</u>
Balance, December 31, 2019	<u>\$ 9,886</u>

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

Balance, December 31, 2018	\$ 79,326
Increased by:	
Billings	<u>250,001</u>
	329,327
Decreased by:	
Other Trust Fund Receipts Deposited in Current Fund	<u>239,170</u>
Balance, December 31, 2019	<u>\$ 90,157</u>

STATEMENT OF DUE FROM CURRENT FUND
OTHER TRUST FUND

Balance, December 31, 2018	\$ 7,989
Increased by:	
Other Trust Fund Receipts Deposited in Current Fund	<u>239,170</u>
	247,159
Decreased by:	
Receipts from Current Fund	<u>242,159</u>
Balances, December 31, 2019	<u>\$ 5,000</u>

STATEMENT OF DUE TO CURRENT FUND
ASSESSMENT TRUST FUND

Increased by:	
Interest on Assessments	\$ 5,143
Decreased by	
Payment to Current Fund	<u>3,388</u>
Balances, December 31, 2019	<u>\$ 1,755</u>

GENERAL CAPITAL FUND

**CITY OF ENGLEWOOD
STATEMENT OF CASH**

Balance, December 31, 2018		\$ 7,147,880
Increased by Receipts:		
Proceeds from Bond Anticipation Notes	\$ 8,300,000	
Proceeds from Serial Bonds	15,260,000	
Premium on Sale of Notes	1,004,087	
Receipts from Current Fund	7,953,365	
Parking Fees Receivable	100,191	
Interest Earned on Investments	<u>49,136</u>	
		<u>32,666,779</u>
		39,814,659
Decreased by Disbursements:		
Improvement Authorizations	4,065,114	
Encumbrances Payable	289,080	
Payment of Bond Anticipation Note	23,205,000	
Payments to Current Fund	<u>136,265</u>	
		<u>27,695,459</u>
Balance, December 31, 2019		<u>\$ 12,119,200</u>

**CITY OF ENGLEWOOD
STATEMENT OF CAPITAL CASH
AS OF DECEMBER 31, 2019**

Fund Balance	\$ 1,287,072
Reserve for Miscellaneous Reserves	68,759
Reserve for Debt Service	11,176
Encumbrances Payable	3,896,774
Due to Current Fund	57,501
Due to Community Development Block Grant Fund	9,886
Due to State and Federal Grant Fund	399,125
Excess Proceeds on Bond Anticipation Notes	276,893

Ord <u>No.</u>	<u>Improvement Authorizations</u>	
01-12	Various Improvements	1
03-15	Various Capital Improvements	2,631
05-11	Various Capital Improvements	5,218
08-07	Route 4 Access	99,349
08-25	Various Capital Improvements	7,257
09-13	Various Capital Improvements	(50)
10-18	Various Capital Improvements	5,070
11-05	Millers Pond	5,597
11-10	Various Capital Improvements	89,653
12-15	Various Capital Improvements	111,048
12-20	Various Capital Improvements	201,813
	Reserve for Palisades South Redevelopment	(105,443)
13-01,14-25	Various Capital Improvements	5,500
13-06	Various Capital Improvements	363,035
13-11a	Ice Arena Improvements	35,782
13-15	Overpect Creek Channel Wall Replacements	3,393
14-16	Various Capital Improvements	596,961
14-24	Various Capital Improvements	160,992
15-03,15-12	Various Equipment and Capital Improvements	1,124,754
15-13	Various Fire Equipment	2,171
16-07	Various Equipment and Capital Projects	618,534
17-03	Various Equipment and Capital Improvements	1,227,632
18-09	Various Capital Improvements	2,430,874
19-10	Various Capital Improvements	(879,758)
		<u>\$ 12,119,200</u>

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

Balance, December 31, 2018		\$ 32,044,518
Increased by:		
Serial Bonds Issued		<u>15,260,000</u>
		47,304,518
Decreased by:		
Current Fund Budget Appropriations:		
Serial Bonds	\$ 2,130,000	
BCIA Revenue Bonds	<u>1,219,257</u>	
		<u>3,349,257</u>
Balance, December 31, 2019		<u>\$ 43,955,261</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2018	2019 Authorizations	Serial Bonds Issued	Budget Appropriations	Parking Fees Applied	Balance, December 31, 2019	Analysis of Balance December 31, 2019		Unexpended Balance of Improvement Authorizations
								Bond Anticipation Notes	Expenditures	
09-13	Various Capital Improvements	\$ 50					\$ 50		\$ 50	
10-18	Various Capital Improvements	50					50			\$ 50
11-10	Various Capital Improvements	50					50			50
12-15	Various Capital Improvements	8,100					8,100			8,100
12-20	Various Capital Improvements	3,067,940		\$ 3,067,940						
	Reserve for Palisades South Redevelopment	205,634				\$ 100,191	105,443		105,443	
13-01,14-25	Various Capital Improvements	104,500					104,500			104,500
13-06	Various Capital Improvements	3,865,396		3,865,396						
13-11a	Ice Arena Improvements	599,392		598,977	\$ 415					
13-15	Overpeck Creek Channel Wall Replacements	583,365		583,365						
14-01	Construction of Fire House	7,144,322		7,144,322						
14-16	Various Capital Improvements	5,359,382			5,359,382					
14-24	Various Capital Improvements	2,582,578			2,268,195		314,383	\$ 314,383		
15-03,15-12	Various Equipment and Capital Improvements	8,181,907			305,593		7,876,314	7,876,314		
15-13	Various Fire Equipment	323,950			11,415		312,535	312,535		
16-07	Various Equipment and Capital Projects	9,366,066					9,366,066	8,300,000		1,066,066
17-03	Various Equipment and Capital Improvements	5,084,875					5,084,875	5,084,875		
18-09	Various Capital Improvements	6,530,775					6,530,775	6,530,000		775
19-10	Various Capital Improvements	-	\$ 9,642,854	-	-	-	9,642,854	-	879,758	8,763,096
		<u>\$ 53,008,332</u>	<u>\$ 9,642,854</u>	<u>\$ 15,260,000</u>	<u>\$ 7,945,000</u>	<u>\$ 100,191</u>	<u>\$ 39,345,995</u>	<u>\$ 28,418,107</u>	<u>\$ 985,251</u>	<u>\$ 9,942,637</u>
								Bond Anticipation Notes	\$ 28,695,000	
								Less: Excess Proceeds - Ordinance 15-03,15-12	276,893	
									<u>\$ 28,418,107</u>	
										Improvement Authorizations, Unfunded
										\$ 15,507,594
										Less: Unexpended Proceeds on Bond Anticipation Notes
										Ordinance No. 14-24
										\$ 160,992
										Ordinance No. 15-03, 15-12
										1,124,754
										Ordinance No. 15-13
										2,171
										Ordinance No. 16-07
										618,534
										Ordinance No. 17-03
										1,227,632
										Ordinance No. 18-09
										2,430,874
										<u>5,564,957</u>
										<u>\$ 9,942,637</u>

**CITY OF ENGLEWOOD
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2018		Capital Improvement Fund	2019 Authorizations		General Capital Surplus	Cancellation of Prior Year Encumbrances	Paid or Charged	Balance, December 31, 2019	
				Funded	Unfunded		Deferred Charges Unfunded					Funded	Unfunded
General Improvements													
00-11	Various Capital Improvements	5/2/2000	500,000	\$ 1,117							\$ 1,117		
01-12	Various Improvements, City Hall, Fire and Parks	5/1/2001	1,400,000	1								\$ 1	
03-15	Various Capital Improvements	12/16/2003	1,185,000	500						\$ 2,131		2,631	
05-11	Various Capital Improvements	6/14/2005	4,610,000	5,218								5,218	
*08-07	Route 4 Access	3/18/2008	1,535,000	99,349								99,349	
08-25	Various Capital Improvements	9/16/2008	380,000	7,257								7,257	
10-18	Various Capital Improvements	7/20/2010	3,820,000	9,360	\$ 50						4,290	5,070	\$ 50
11-05	Millers Pond	Not Available	40,000	22,297							16,700	5,597	
11-10	Various Capital Improvements	Not Available	2,488,200	94,482	50						4,829	89,653	50
12-15	Various Capital Improvements	4/24/2012	3,565,600	120,444	8,100						9,396	111,048	8,100
12-20	Various Capital Improvements	7/17/2012	3,390,000		238,873						37,060	201,813	
13-01,14-25	Various Capital Improvements	2/26/2013 - 7/29/14	2,900,000	5,500	104,500							5,500	104,500
13-06	Various Capital Improvements	05/07/13	4,345,000		494,894						131,859	363,035	
13-11a	Ice Arena Improvements	08/27/13	960,000		36,628						846	35,782	
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		716,190						119,229	596,961	
14-24	Various Capital Improvements	07/29/14	2,810,000		180,016						19,024		160,992
15-03,15-121	Various Equipment and Capital Improvements	5/12/15 - 11/24/15	8,904,000		1,179,732						54,978		1,124,754
15-13	Various Fire Equipment	11/24/2015	341,000		2,171								2,171
16-07	Various Equipment and Capital Projects	5/24/2016	9,859,017		1,891,351						206,751		1,684,600
17-03	Various Equipment and Capital Improvements	6/13/2017	5,352,500		1,555,145						327,513		1,227,632
18-09	Various Capital Improvements	7/17/2018	6,874,500		5,164,158						2,732,509		2,431,649
19-10	Various Capital Improvements	8/20/2019	10,125,000	-	-	\$ 376,560	\$ 9,642,854	\$ 105,586	-	-	1,361,904	-	8,763,096
				\$ 365,525	\$ 11,575,251	\$ 376,560	\$ 9,642,854	\$ 105,586	\$ 2,131	\$ 5,028,005	\$ 1,532,308	\$ 15,507,594	
											Cash Disbursements	\$ 4,065,114	
											Encumbrances Payable	962,891	
											\$ 5,028,005		

**CITY OF ENGLEWOOD
STATEMENT OF GRANTS RECEIVABLE**

	Total	(Ord. No. 19-10) Bergen County Open Space	(Ord. No. 19-10) Library Grant
Increased by:			
Grant Award	<u>\$ 2,625,000</u>	<u>\$ 125,000</u>	<u>\$ 2,500,000</u>
Balance, December 31, 2019	<u>\$ 2,625,000</u>	<u>\$ 125,000</u>	<u>\$ 2,500,000</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2018	\$ 59,825
Increased by:	
2019 Current Fund Budget Appropriation	<u>316,735</u>
	376,560
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>376,560</u>
Balances, December 31, 2019	<u>\$ -</u>

**CITY OF ENGLEWOOD
STATEMENT OF MISCELLANEOUS RESERVES**

Balance, December 31, 2018	\$ 68,759
Balance, December 31, 2019	<u>\$ 68,759</u>
<u>Analysis of Balance at December 31, 2019</u>	
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>\$ 68,759</u>

EXHIBIT C-10

STATEMENT OF PARKING FEES RECEIVABLE

Balance, December 31, 2018	\$ 205,634
Increased by:	
Cash Receipts	<u>100,191</u>
Balances, December 31, 2019	<u>\$ 105,443</u>

EXHIBIT C-11

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2018	\$ 3,225,094
Increased by:	
Charges to Improvement Authorizations	<u>962,891</u>
	4,187,985
Decreased by:	
Cash Disbursements	\$ 289,080
Cancellations	<u>2,131</u>
	<u>291,211</u>
Balance, December 31, 2019	<u>\$ 3,896,774</u>

**CITY OF ENGLEWOOD
STATEMENT OF BCIA REVENUE BONDS PAYABLE**

Purpose	Date of Issue	Original Issue	Maturities		Interest Rate	Balance		Balance
			Outstanding-Dec 31, 2019			December 31, 2018	Decreased	December 31, 2019
			Date	Amount				
County Guaranteed Governmental Loan Revenue Bonds Series 2005B	9/20/2005	\$ 15,316,016	9/1/2020	1,156,449	4.38%			
			9/1/2021	1,098,812	4.43%	\$ 3,474,518	\$ 1,219,257	\$ 2,255,261
						\$ 3,474,518	\$ 1,219,257	\$ 2,255,261

CITY OF ENGLEWOOD
STATEMENT OF GENERAL SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding-Dec 31, 2019		Interest Rate	Balance December 31, 2018	Increased	Decreased	Balance December 31, 2019
			Date	Amount					
General Improvement Bonds	5/16/2010	\$ 4,365,000	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%	\$ 3,010,000		\$ 200,000	\$ 2,810,000
General Improvement Bonds (2014A) (Taxable)	4/2/2014	3,613,000				770,000		770,000	-
General Improvement Bonds (2014B)	4/2/2014	16,450,000	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%	11,130,000		535,000	10,595,000
General Obligation Bonds of 2017	4/1/2017	14,285,000	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%				
			04/01/29-31	1,250,000	3.000%	13,660,000		625,000	13,035,000

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</u>		<u>InterestRate</u>	<u>Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u>				
			<u>Date</u>	<u>Amount</u>		<u>December 31, 2018</u>			<u>December 31, 2019</u>				
General Obligation Bonds of 2019	3/28/2019	15,260,000	04/01/20-22	505,000	5.000%								
			04/01/23	515,000	5.000%								
			04/01/24	530,000	5.000%								
			04/01/25	545,000	5.000%								
			04/01/26	560,000	5.000%								
			04/01/27	580,000	5.000%								
			04/01/28	600,000	5.000%								
			04/01/29	625,000	4.000%								
			04/01/30	650,000	4.000%								
			04/01/31	675,000	4.000%								
			04/01/32	705,000	3.000%								
			04/01/33	730,000	3.000%								
			04/01/34	760,000	3.000%								
			04/01/35	795,000	3.000%								
			04/01/36	825,000	3.000%								
			04/01/37	860,000	3.000%								
			04/01/38	895,000	3.125%								
			04/01/39	925,000	3.125%								
			04/01/40	965,000	3.125%								
			04/01/41	1,005,000	3.125%								
						-	\$	15,260,000	-	\$	15,260,000		
						\$	28,570,000	\$	15,260,000	\$	2,130,000	\$	41,700,000

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, 2018	Increased	Decreased	Balance, December 31, 2019
12-20	Various Capital Improvements	5/1/2014	4/3/2018	4/2/2019	3.00%	\$ 3,067,940		\$ 3,067,940	
13-06	Various Capital Improvements	5/1/2014	4/3/2018	4/2/2019	3.00%	3,865,396		3,865,396	
13-11a	Ice Arena Improvements	5/1/2014	4/3/2018	4/2/2019	3.00%	599,392		599,392	
13-15	Overpeck Creek Channel Wall Replacements	4/21/2015	4/3/2018	4/2/2019	3.00%	583,365		583,365	
14-01	Construction of Fire House	4/21/2015	4/3/2018	4/2/2019	3.00%	7,144,322		7,144,322	
14-16	Various Capital Improvements	4/21/2015	4/3/2018	4/2/2019	3.00%	5,359,382		5,359,382	
14-24	Various Capital Improvements	4/21/2015	4/3/2018 3/28/2019	4/2/2019 3/27/2020	3.00% 3.00%	2,582,578	\$ 314,383	2,582,578	\$ 314,383
15-03, 15-12	Various Equipment and Capital Improvements	4/7/2016	4/3/2018 3/28/2019	4/2/2019 3/27/2020	3.00% 3.00%	8,458,800	8,153,207	8,458,800	8,153,207
15-13	Various Fire Equipment	4/7/2016	4/3/2018 3/28/2019	4/2/2019 3/27/2020	3.00% 3.00%	323,950	312,535	323,950	312,535
16-07	Various Capital Improvements	12/12/2019	12/12/2019	3/27/2020	1.85%		8,300,000		8,300,000
17-03	Various Equipment and Capital Improvement	8/17/2017	4/3/2018 3/28/2019	4/2/2019 3/27/2020	3.00% 3.00%	5,084,875	5,084,875	5,084,875	5,084,875
18-09	Various Capital Improvements	8/21/2018	8/21/2018 8/13/2019	8/20/2019 3/27/2020	3.00% 3.00%	6,530,000		6,530,000	
						<u>-</u>	<u>6,530,000</u>	<u>-</u>	<u>6,530,000</u>
						<u>\$ 43,600,000</u>	<u>\$ 28,695,000</u>	<u>\$ 43,600,000</u>	<u>\$ 28,695,000</u>
					Renewals		\$ 20,395,000	\$ 20,395,000	
					Notes Issued		8,300,000		
					Serial Bonds Issued			15,260,000	
					Budget Appropriation		<u>-</u>	<u>7,945,000</u>	
							<u>\$ 28,695,000</u>	<u>\$ 43,600,000</u>	

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

Balance, December 31, 2018 (Due From)		\$ 47,000
Increased by:		
Budget Appropriations:		
Capital Improvement Fund	\$ 316,735	
Principal on Bond Anticipation Notes	7,945,000	
Payments to Current Fund	<u>136,265</u>	
		\$ 8,398,000
		8,445,000
Decreased by:		
Receipts from Current Fund	7,953,365	
Anticipated as Revenue in Current Fund Budget:		
Fund Balance	500,000	
Interest Earned on Investments	<u>49,136</u>	
		<u>8,502,501</u>
Balance, December 31, 2019 (Due To)		<u>\$ 57,501</u>

EXHIBIT C-16

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Cap No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2018</u>	<u>2019 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, December 31, 2019</u>
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		\$ 8,300,000	1,066,066
18-09	Various Capital Improvements	775			775
19-10	Various Capital Improvements	<u>-</u>	\$ 9,642,854	<u>-</u>	<u>9,642,854</u>
		<u>\$ 9,479,591</u>	<u>\$ 9,642,854</u>	<u>\$ 8,300,000</u>	<u>\$ 10,822,445</u>

CITY OF ENGLEWOOD

PART II

GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

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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, 2019, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2020. 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
September 29, 2020

CITY OF ENGLEWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Receipts</u>	<u>Balance, December 31, 2018</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2019</u>	<u>(Memo Only) Cumulative Expenditures</u>
Department of Homeland Security Federal Emergency Management Agency								
Firefighters Grant	97.044			\$ 4			\$ 4	
National Urban Search and Rescue	97.025	2019	\$ 119,100		\$ 119,100	\$ 119,100		\$ 119,100
Department of Housing and Urban Development Community Development Block Grant CDBG - Heart Health				1			1	8,379
Department of Health and Human Services Public Health Emergency Preparedness Grant	93.069	2017		964			964	2,354
FDA Retail Standards	NA		4,488	-	4,488	3,671	817	3,671
FDA Retail Standards	NA			583		583	-	4,123
FDA Foodborne Illness	NA			<u>5,892</u>	<u>-</u>	<u>-</u>	<u>5,892</u>	
				<u>\$ 7,444</u>	<u>\$ 123,588</u>	<u>\$ 123,354</u>	<u>\$ 7,678</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, 2019

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>2019 Grant Receipts</u>	<u>Balance, December 31, 2018</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2019</u>	<u>(Memo Only) Cumulative Expenditures</u>
Recycling Tonnage Grant		2017		\$ 26,365		\$ 20,187	\$ 6,178	\$ 26,931
		2019	\$ 32,428		\$ 32,428		32,428	
Drunk Driving Enforcement Fund	1110-448-031020-22	2018		3,775			3,775	
		2019	956		956		956	
		2017		13,596			13,596	
		Prior		58,124			58,124	
Clean Communities Program	4900-765-178900	2018		46,648		45,192	1,456	45,192
		2019	51,625		51,625		51,625	
Police Body Armor - State Share	N/A	2017		7,169			7,169	
		2019	7,780		7,780		7,780	
		Prior		23,007			23,007	
Public Health Priority Funding		Prior		35			35	
Adolescent Health Grant		Prior		40,285		19,177	21,108	21,698
H1N1 Emergency Preparedness		Prior		817		550	267	550
Alcohol Education		2018		1,465			1,465	
		2019	5,465		5,465		5,465	
				-			-	
Municipal Alliance		2018		20,000		9,079	10,921	9,079
		2019	14,135		20,000		20,000	
		2017		5,778	-	5,778	-	20,000
Total State Financial Assistance				\$ 247,064	\$ 118,254	\$ 99,963	\$ 265,355	

* 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, 2019

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	\$ 119,100		\$ 119,100
Grant Fund	<u>4,488</u>	<u>\$ 118,254</u>	<u>122,742</u>
Total Financial Awards	<u>\$ 123,588</u>	<u>\$ 118,254</u>	<u>\$ 241,842</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 U.S. Uniform Guidance.

**CITY OF ENGLEWOOD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019**

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, 2019**

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, 2019

**CITY OF ENGLEWOOD
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate</u>	<u>\$2.789</u>	<u>\$2.722</u>	<u>\$2.641</u>
<u>Apportionment of Tax Rate</u>			
Municipal	1.209	1.177	1.127
Library	0.038	0.037	0.036
County	0.266	0.265	0.264
County Open Space	0.011	0.011	0.011
Local School	1.265	1.232	1.203

Assessed Valuation

2019	<u>\$4,439,452,700</u>	
2018	<u>\$4,435,823,100</u>	
2017		<u>\$4,416,204,800</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>
2019	\$ 125,071,131	\$ 124,731,033	99.73%
2018	121,010,458	120,621,631	99.68%
2017	117,470,299	117,154,805	99.73%

**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>
2019	\$ 12,383	\$ 227,011	\$ 239,394	0.19%
2018	48,909	214,110	263,019	0.22%
2017	45,891	198,447	244,338	0.21%

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2019 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>
2019	\$70,979
2018	70,979
2017	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	2019	\$5,707,080	\$2,165,000
	2018	13,021,193	10,093,440
	2017	3,151,532	1,750,000
	2016	3,228,289	1,635,600
	2015	4,990,119	3,300,000

**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>
Michael Wildes	Mayor
Charles Cobb	Councilmember (At Large Member)
Cheryl Weiner Rosenberg	Councilmember (Ward 1)
Michael D. Cohen	Councilmember (Ward 2)
Katharine Glynn	Councilmember (Ward 3)
C. Wayne Hamer	Councilmember (Ward 4)
Edward Hynes	City Manager (1/1/19-5/10/19)
Jewel Thompson-Chin	Interim City Manager
Michael Kaufmann	Chief Financial Officer
Jodi DeMaio	Tax Collector
Diana Patino	Treasurer
Yancy Wazimas	City Clerk
Aishaah Rasul	Judge (1/1/19-11/15/19)
Helene C. Herbert	Judge (11/15/19-12/31/19)
Francis J. Leddy	Judge (11/15/19-12/31/19)
Debbian Barr	Court Administrator

CITY OF ENGLEWOOD

GENERAL COMMENTS

Current Year

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.

Our audit noted that the annual Uniform Construction Code (UCC) report for 2019 was not filed by the required due date (February 10th). The report was submitted to the State in August, 2020. It is recommended that the annual Uniform Construction Code (UCC) report be filed in a timely manner.

Our audit revealed that the Health Benefit Waiver budget line item was overexpended by \$51,658. The costs associated with the employee waivers, were included in the medical premium budget appropriation. In 2020, the City revised their budgetary chart of accounts, therefore an audit recommendation is not warranted.

Our audit of payroll revealed that overtime sheets are not maintained in the payroll department. In addition, several overtime sheets we reviewed did not contain the signature of the employee's supervisor/director and/or of the employee. It is recommended that all overtime sheets be reviewed upon submission to ensure all required signatures are present.

Our audit noted that transcribed minutes of the City's Council meetings were not prepared and submitted to the City Council for their approval in a timely manner. It is recommended the official minutes of City Council meetings be prepared and approved in a timely manner.

With respect to purchasing:

- Political contribution disclosure forms (PCD) were not obtained for certain vendors paid in excess of \$17,500.
- A cost savings analysis was not prepared for a National Cooperative utilized by the City.
- Proof of advertisement of certain bid and contract awards was not provided for audit.
- Documentation supporting state contract or cooperative purchasing agreement was not always available for audit.

It is recommended that the City adhere to all purchasing requirements contained in the New Jersey Local Public Contracts Law and Division of Local Government Service Local Finance Notices.

Prior Year

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

Our audit noted that the City's fixed asset accounting records were not updated in a timely manner. The fixed asset records are currently updated by an independent appraisal company. It is recommended that the City's fixed asset accounting records be updated in a timely manner and consideration be given to integrate the fixed asset accounting system with the purchasing system.

Our audit of expenditures revealed that several purchase orders were dated subsequent to the invoice date or the date services were rendered. It is recommended that purchase orders be encumbered prior to the ordering of goods and/or services.

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:

DPW Brine System	Oakland Road and Coolidge Avenue Improvements
Knickerbocker Road Sanitary Improvements	Morrow Road Improvements
Allison Court Drainage Improvements	Mattlage Place Improvements

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 7, 2019, 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) 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) dollars.

CITY OF ENGLEWOOD

GENERAL COMMENTS

Suggestions to Management

- The City's special assessment fund be reported in the City's tax and accounting software systems.
- Prior year tax overpayment balances be reviewed and cleared of record.
- Appropriated grant reserve balances be reviewed and action taken to expend or clear of record.
- The City consider utilizing blanket purchase orders for monthly and/or quarterly recurring expenditures.
- The City develop a formal written policy for the use of store credit cards.

CITY OF ENGLEWOOD

RECOMMENDATIONS

It is recommended that:

- * 1. Purchase orders be encumbered prior to the ordering of goods and/or services.
- * 2. A payroll agency ledger by deduction be maintained and in agreement with the monthly reconciled bank balance.
- * 3. The City's fixed asset accounting records be updated in a timely manner and consideration be given to integrate the fixed asset accounting system with the purchasing system.
- * 4. The annual Uniform Construction Code (UCC) report be filed in a timely manner.
- 5. All overtime sheets be reviewed upon submission to ensure all required signatures are present.
- 6. The official minutes of City Council meetings be prepared and approved in a timely manner.
- 7. The City adhere to all purchasing requirements contained in the New Jersey Local Public Contracts Law and Division of Local Government Services Local Finance Notices.

* * * * *

A review was performed on all prior year's recommendations. The City has taken corrective action on all prior year recommendations except those denoted with an asterisk (*).