

CITY OF ENGLEWOOD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2020

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CITY OF ENGLEWOOD

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2020



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
2-10 North Van Brunt Street
Englewood, New Jersey 07631

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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 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

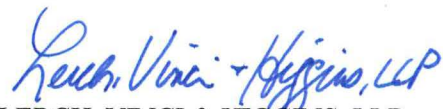
Our audit was conducted for the purpose of forming an opinion on the financial statements of the City of Englewood as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary 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 17, 2021 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 solely 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 17, 2021

CITY OF ENGLEWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT AND GRANT FUNDS
AS OF DECEMBER 31, 2020 AND 2019

ASSETS	<u>Ref</u>	<u>2020</u>	<u>2019</u>
Current Fund			
Cash	A-4	\$ 15,475,050	\$ 13,149,866
Cash - Change Funds	A	400	400
Due From State of NJ - Senior Citizens and Veterans	A-7	<u>3,167</u>	<u>5,489</u>
		<u>15,478,617</u>	<u>13,155,755</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-8	37,230	12,383
Tax Title Liens Receivable	A-9	244,686	227,011
Foreclosed Property	A-10	70,979	70,979
Sewer User Charges	A-21	107,876	92,140
Prepaid School Tax	A-16	820,636	
Revenue Accounts Receivable	A-11	16,375	34,631
Due from Grant Fund	A-19		14,410
Due from General Capital Fund	C-15		57,501
Due from Animal Control Fund	B-11	3,773	4,994
Due from Assessment Trust Fund	B-19	<u>8,069</u>	<u>1,755</u>
		<u>1,309,624</u>	<u>515,804</u>
Deferred Charges:			
Special Emergency Authorizations	A-22	400,000	600,000
Overexpenditure of Appropriations	A-23	51,658	51,658
Overexpenditure of Appropriation Reserves	A-23	<u>7,658</u>	<u>-</u>
		<u>459,316</u>	<u>651,658</u>
Total Current Fund		<u>17,247,557</u>	<u>14,323,217</u>
Grant Fund			
Grants Receivable	A-6	286,449	103,711
Due from Current Fund	A-19	5,164	
Due from General Capital Fund	C	<u>399,125</u>	<u>399,125</u>
Total State and Federal Grant Fund		<u>690,738</u>	<u>502,836</u>
Total		<u>\$ 17,938,295</u>	<u>\$ 14,826,053</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, 2020 AND 2019

LIABILITIES, RESERVES AND FUND BALANCE	<u>Ref</u>	<u>2020</u>	<u>2019</u>
Current Fund			
Appropriation Reserves	A-3, A-12	\$ 4,388,805	\$ 2,518,812
Encumbrances Payable	A-20	2,859,824	2,668,675
Special Emergency Notes Payable	A-27	400,000	600,000
Tax Overpayments	A-14	727,050	466,396
Prepaid Taxes	A-13	678,914	700,588
Miscellaneous Reserves	A-24	7,234	7,234
Reserve for Tax Appeals	A-25	739,206	388,344
County Taxes Payable	A-15	30,575	124,624
Local School Taxes Payable	A-16		86,189
Reserve for Terminal Leave	A-26	471,601	534,471
Due to Grant Fund	A-19	5,164	
Due to General Capital Fund	C-15	31,267	-
Due to Other Trust Fund	B-18	134,561	5,000
		<u>10,474,201</u>	<u>8,100,333</u>
Reserve for Receivables	A	1,309,624	515,804
Fund Balance	A-1	<u>5,463,732</u>	<u>5,707,080</u>
Total Current Fund		<u>17,247,557</u>	<u>14,323,217</u>
Grant Fund			
Due to Current Fund	A-19		14,410
Due to Other Trust Fund	A	19,973	19,973
Appropriated Grant Reserves	A-17	640,377	460,031
Unappropriated Grant Reserves	A-18	400	400
Encumbrances Payable	A-20	<u>29,988</u>	<u>8,022</u>
Total State and Federal Grant Fund		<u>690,738</u>	<u>502,836</u>
		<u>\$ 17,938,295</u>	<u>\$ 14,826,053</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUES AND OTHER INCOME		
Fund Balance Utilized	\$ 2,165,000	\$10,093,440
Miscellaneous Revenues Anticipated	8,588,722	10,075,100
Receipts From Delinquent Taxes	19,756	6,375
Receipts from Current Taxes	126,164,787	124,731,033
Non-Budget Revenue	422,815	438,860
Other Credits to Income:		
Unexpended Balances of Appropriation Reserves	2,243,472	503,846
Statutory Excess - Animal Control	4,942	4,942
Interfund Loans Returned	<u>78,660</u>	<u>42,152</u>
Total Revenues and Other Income	<u>139,688,154</u>	<u>145,895,748</u>
EXPENDITURES		
Budget Appropriations:		
Operations	53,287,400	51,960,003
Capital Improvements	405,000	316,735
Municipal Debt Service	6,615,560	14,895,267
Deferred Charges and Statutory Expenditures	7,341,750	7,332,250
County Taxes	12,933,284	12,409,928
Local School Taxes	56,346,616	56,169,236
Establish Reserve for Prepaid School Tax	820,636	
Prior Year Senior Citizen Deductions Disallowed	4,414	6,000
Overexpenditure of Appropriation Reserves	7,658	-
Interfund Advances	<u>11,842</u>	<u>78,660</u>
Total Expenditures	<u>137,774,160</u>	<u>143,168,079</u>
Excess in Revenues Over Expenditures	1,913,994	2,727,669
Expenditures Included Above Which Are By Statute		
Deferred Charges to Budgets of Succeeding Years	<u>7,658</u>	<u>51,658</u>
Statutory Excess to Fund Balance	1,921,652	2,779,327
Balance, January 1	<u>5,707,080</u>	<u>13,021,193</u>
	7,628,732	15,800,520
Decreased by:		
Utilization as Anticipated Revenue	<u>2,165,000</u>	<u>10,093,440</u>
Balance, December 31	<u>\$ 5,463,732</u>	<u>\$ 5,707,080</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, 2020

	<u>Budget</u>	<u>Added by NJS 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	<u>\$ 2,165,000</u>	<u>-</u>	<u>\$ 2,165,000</u>	<u>-</u>
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	57,400		61,169	\$ 3,769
Other	240,100		199,971	(40,129)
Fees and Permits				
Other	178,000		138,571	(39,429)
Fines and Costs				
Municipal Court	580,000		315,560	(264,440)
Interest and Costs on Taxes	180,000		269,464	89,464
Parking Meters	606,000		361,185	(244,815)
Interest on Investments and Deposits	112,000		115,879	3,879
Recreation Advisory Committee	750,500		351,439	(399,061)
Fire Prevention Fees	120,000		136,836	16,836
Kings Garden - PILOT	134,000		134,800	800
Rock Creek - Lafayette Housing - PILOT	335,000		222,896	(112,104)
One William Street - PILOT	460,000		548,091	88,091
Westmoor Gardens - PILOT	70,000			(70,000)
Exempt Sewer Charges	250,000		260,177	10,177
Parking Garage Fees	214,000		123,539	(90,461)
Municipal Hotel Tax	190,000		84,405	(105,595)
Cable Franchise Fees	68,000		125,336	57,336
Cell Tower Agreement	105,000		102,541	(2,459)
Sewer Charges	67,000		31,928	(35,072)
Greater Englewood Annual Fee	100,000		100,000	
Energy Receipts Tax	2,763,296		2,763,296	
Uniform Construction Code Fees	966,000		1,255,315	289,315
Public and Private Revenues Offset with Approp:				
Reach & Teach	24,000		24,000	
Municipal Alliance	20,000		20,000	
Drunk Driving Enforcement Fund		\$ 200	200	
Alcohol Education		1,834	1,834	
FDA Retail Standards		2,272	2,272	
Clean Communities Grant		46,550	46,550	
Recycling Tonnage Grant		32,428	32,428	
Body Armor Replacement		6,795	6,795	
NJ Healthy Communities Network		10,000	10,000	
NJ Emergency Prep Grant - NACHO		5,615	5,615	
Strengthening Local Public Health Capacity		142,236	142,236	
Other Special Items:				
Uniform Fire Safety Act	75,000		94,394	19,394
Capital Surplus	500,000	-	500,000	-
Total Miscellaneous Revenues	<u>9,165,296</u>	<u>247,930</u>	<u>8,588,722</u>	<u>(824,504)</u>
RECEIPTS FROM DELINQUENT TAXES	<u>6,000</u>	<u>-</u>	<u>19,756</u>	<u>13,756</u>
Subtotal General Revenues	<u>11,336,296</u>	<u>247,930</u>	<u>10,773,478</u>	<u>(810,748)</u>
AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes	55,315,389		55,535,352	219,963
Minimum Library Tax	1,705,054	-	1,705,054	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>57,020,443</u>	<u>-</u>	<u>57,240,406</u>	<u>219,963</u>
Total General Revenues	<u>\$ 68,356,739</u>	<u>\$ 247,930</u>	<u>68,013,884</u>	<u>\$ (590,785)</u>
Non-Budget Revenue			<u>422,815</u>	
			<u>\$ 68,436,699</u>	

CITY OF ENGLEWOOD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection	
Revenue from Collections	\$ 126,164,787
Less: Allocated to School and County Taxes	<u>69,279,900</u>
Balance for Support of Municipal Budget Appropriations	56,884,887
Add Appropriation "Reserve for Uncollected Taxes"	<u>355,519</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 57,240,406</u>

Interest on Investments and Deposits	
Revenue Accounts Receivable	\$ 83,478
Due from General Capital Fund	24,293
Due from Animal Control Fund	39
Due from Assessment Trust Fund	<u>8,069</u>
	<u>\$ 115,879</u>

ANALYSIS OF NON-BUDGET REVENUES

Extra Duty Vehicle Admin Fee	\$ 126,175
Security Deposits GEHC	129,992
Vacant Property Rentals	16,700
FEMA Reimbursements	44,744
Department Revenues	84,314
Miscellaneous	<u>20,890</u>
	<u>\$ 422,815</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, 2020**

GENERAL APPROPRIATIONS OPERATIONS WITHIN "CAPS"	Appropriations		Expended		Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserves	
City Council					
Salaries and Wages	\$ 30,000	\$ 30,000	\$ 30,000		
Other Expenses	10,000	10,000	4,018	\$ 5,982	
City Manager					
Salaries and Wages	330,000	210,000	164,112	45,888	
Other Expenses	135,000	255,000	235,620	19,380	
City Clerk					
Salaries and Wages	192,000	192,000	188,791	3,209	
Overtime	3,300	3,300	1,421	1,879	
Other Expenses	89,750	89,750	76,230	13,520	
Human Resources					
Salaries and Wages	217,000	217,000	207,832	9,168	
Other Expenses	53,000	53,000	16,287	36,713	
Purchasing					
Other Expenses	3,000	3,000	2,183	817	
Finance					
Salaries and Wages	444,000	444,000	435,769	8,231	
Other Expenses	202,000	202,000	155,876	46,124	
Data Processing					
Other Expenses	36,000	39,000	38,999	1	
Collection of Taxes					
Salaries and Wages	154,000	154,000	152,797	1,203	
Other Expenses	40,000	40,000	27,780	12,220	
Assessment of Taxes					
Salaries and Wages	178,000	178,000	176,320	1,680	
Other Expenses	41,000	41,000	22,415	18,585	
Legal Service and Costs					
Salaries and Wages (Prosecutor)	81,600	81,600	66,074	15,526	
Other Expenses	834,000	1,184,000	1,169,301	14,699	
Engineering Services					
Salaries and Wages	335,000	335,000	146,462	188,538	
Other Expenses	62,600	62,600	15,438	47,162	
Community Development					
Other Expenses	252,000	252,000	210,702	41,298	
Municipal Court					
Salaries and Wages	333,000	333,000	332,995	5	
Overtime	17,500	17,500	6,020	11,480	
Other Expenses	150,000	150,000	85,585	64,415	
Public Defender					
Other Expenses	14,000	14,000	9,900	4,100	
Insurance					
Medical	5,230,000	4,869,500	4,704,935	164,565	
Health Benefit Waiver	100,000	150,000	92,942	57,058	
Other Insurance Premium	1,200,000	1,200,000	1,146,418	53,582	
Workers Compensation	1,100,000	1,100,000	1,005,706	94,294	
Land Use					
Other Expenses	87,500	87,500	45,818	41,682	
Fire Division					
Salaries and Wages	6,580,000	6,430,000	5,678,929	751,071	
Overtime	1,100,000	1,100,000	931,959	168,041	
Other Expenses	340,850	340,850	339,696	1,154	
Fire Prevention					
Salaries and Wages					
Other Expenses					
Police					
Salaries and Wages	12,406,000	12,000,000	11,624,175	375,825	
Overtime	1,250,000	1,350,000	1,350,000	-	
Other Expenses	616,500	616,500	430,788	185,712	
Aid to Volunteer Ambulance	40,000	40,000		40,000	
DPW Administration					
Salaries and Wages	381,000	381,000	378,347	2,653	
Overtime		10,000	9,998	2	
Other Expenses	53,300	53,300	45,815	7,485	
Public Building and Grounds					
Other Expenses	287,500	412,500	407,534	4,966	

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

GENERAL APPROPRIATIONS (Continued) OPERATIONS WITHIN "CAPS" (Continued)	Appropriations		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserves	Cancelled
Shade Tree					
Salaries and Wages	\$ 156,000	\$ 156,000	\$ 153,258	\$ 2,742	
Overtime	20,000	20,000	17,245	2,755	
Other Expenses	64,000	119,000	106,369	12,631	
Road Repairs and Maintenance					
Salaries and Wages	506,000	541,000	520,141	20,859	
Overtime	140,000	140,000	136,700	3,300	
Other Expenses	311,000	331,000	276,149	54,851	
Central Maintenance - Garage					
Salaries and Wages	322,000	247,000	219,966	27,034	
Overtime	40,000	60,000	58,427	1,573	
Other Expenses	713,000	863,000	547,358	315,642	
Construction and Facilities Maintenance					
Salaries and Wages	155,000	155,000	153,769	1,231	
Overtime	60,000	60,000	57,862	2,138	
Other Expenses	90,000	90,000	90,000	-	
Sanitation					
Salaries and Wages	1,403,000	1,373,000	1,345,844	27,156	
Overtime	90,000	130,000	129,845	155	
Other Expenses	177,000	202,000	178,496	23,504	
Sewer Department					
Salaries and Wages	384,000	324,000	272,934	51,066	
Overtime	35,000	42,000	41,997	3	
Other Expenses	68,200	103,200	61,412	41,788	
Parks Department					
Salaries and Wages	345,000	285,000	284,993	7	
Overtime	31,000	61,000	48,107	12,893	
Other Expenses	42,000	57,000	49,679	7,321	
Community Services Act					
Condominium Community Costs	240,000	240,000	199,697	40,303	
Board of Health					
Salaries and Wages	649,000	649,000	641,581	7,419	
Overtime	7,500	21,000	19,853	1,147	
Other Expenses	84,500	84,500	76,200	8,300	
Animal Control Regulation					
Other Expenses	45,000	45,000	40,928	4,072	
Contribution to Child Dev. And Teen Program					
Other Expenses	59,000	59,000		59,000	
Recreation Department					
Salaries and Wages	830,000	830,000	580,917	49,083	\$ 200,000
Overtime	15,000	15,000	305	14,695	
Other Expenses	731,500	731,500	560,797	70,703	100,000
Terminal Leave					
Salaries and Wages	650,000	650,000	650,000		
Construction Code Official					
Salaries and Wages	1,048,000	1,048,000	973,177	74,823	
Overtime	24,000	24,000	658	23,342	
Other Expenses	141,500	141,500	112,513	28,987	
Solid Waste Disposal	860,000	860,000	860,000	-	
Leaf Disposal	260,000	260,000	229,968	30,032	
Contingent	6,000	6,000	1,800	4,200	
Utilities					
Street Lighting	800,000	818,000	817,766	234	
Telephone	150,000	190,000	187,414	2,586	
Water	45,000	45,000	34,640	10,360	
Gas and Electric	340,000	340,000	308,642	31,358	
Fire Hydrant	380,000	380,000	312,725	67,275	-
Total Operations Within "CAPS"	47,528,600	47,528,600	43,532,119	3,696,481	300,000
Detail:					
Salaries and Wages	31,042,900	30,447,400	28,282,522	1,964,878	200,000
Other Expenses (Including Contingent)	16,485,700	17,081,200	15,249,597	1,731,603	100,000

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserves	Cancelled
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Social Security System	\$ 980,000	\$ 980,000	\$ 979,975	\$ 25	
Consolidated Police & Fireman's Pension Fund	40,000	40,000		40,000	
Defined Contribution Retirement Plan	15,000	15,000	1,620	13,380	
Police and Firemen's Retirement System	4,965,444	4,965,444	4,891,490	73,954	
Public Employees Retirement System	1,141,306	1,141,306	1,058,614	82,692	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	7,141,750	7,141,750	6,931,699	210,051	-
Total General Appropriations for Municipal Purposes within "CAPS"	54,670,350	54,670,350	50,463,818	3,906,532	\$ 300,000
OPERATIONS - EXCLUDED FROM "CAPS"					
Bergen County Utilities Authority					
Share of Costs Sewer Charges	1,970,018	1,970,018	1,966,105	3,913	
Share of Costs Debt Charges	759,982	759,982	759,982	-	
Recycling Tax	36,000	36,000	25,721	10,279	
Maintenance of Free Public Library	2,105,870	2,105,870	1,897,008	208,862	
Declared State of Emergency	540,000	540,000	30,781	259,219	250,000
Reserve for Tax Appeals	600,000	600,000	600,000	-	-
Total Other Operations Excluded from "CAPS"	6,011,870	6,011,870	5,279,597	482,273	250,000
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		200	200		
Alcohol Education		1,834	1,834		
FDA Retail Standards		2,272	2,272		
Clean Communities Grant		46,550	46,550		
Recycling Tonnage Grant		32,428	32,428		
Body Armor Replacement		6,795	6,795		
NJ Healthy Communities Network		10,000	10,000		
NJ Emergency Prep Grant - NACHO		5,615	5,615		
Strengthening Local Public Health Capacity	-	142,236	142,236	-	-
Total Public and Private Programs Offset by Revenues	49,000	296,930	296,930	-	-
Total Operations Excluded from "CAPS"	6,060,870	6,308,800	5,576,527	482,273	250,000
Detail:					
Other Expenses	6,060,870	6,308,800	5,576,527	482,273	250,000
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	405,000	405,000	405,000	-	-
Total Capital Improvements Excluded from "CAPS"	405,000	405,000	405,000	-	-
MUNICIPAL DEBT SERVICE					
Payment of Bonds Principal	1,880,000	1,880,000	1,880,000		
Payments of Bond Anticipation Notes and Capital Notes	490,000	490,000	488,976		1,024
Interest on Bonds	1,490,000	1,490,000	1,488,275		1,725
Interest on Notes	595,000	595,000	548,309		46,691
Capital Lease Obligations	2,210,000	2,210,000	2,210,000	-	-
Total Municipal Debt Service Excluded from "CAPS"	6,665,000	6,665,000	6,615,560	-	49,440

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<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>
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"	13,330,870	13,578,800	12,797,087	\$ 482,273	\$ 299,440
Subtotal General Appropriations	68,001,220	68,249,150	63,260,905	4,388,805	599,440
Reserve for Uncollected Taxes	355,519	355,519	355,519	-	-
Total General Appropriations	\$ 68,356,739	\$ 68,604,669	\$ 63,616,424	\$ 4,388,805	\$ 599,440
Adopted Budget		\$ 68,356,739			
Added by NJS 40A:4-87		247,930			
		\$ 68,604,669			
Analysis of Paid or Charged					
Cash Disbursements			\$ 57,561,403		
Encumbrances Payable			2,849,035		
Due to General Capital Fund					
Capital Improvement Fund			405,000		
Principal on Bond Anticipation Notes			488,976		
Parking Fees			80,000		
Due to Other Trust Fund - Payroll Agency			4,561		
Reserve for Tax Appeals			600,000		
Reserve for Terminal Leave			650,000		
Storm Recovery Reserve			125,000		
Special Emergency Authorizations			200,000		
Reserve for Uncollected Taxes			355,519		
Appropriated Grant Reserves			296,930		
			\$ 63,616,424		

**CITY OF ENGLEWOOD
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2020 AND 2019**

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Assessment Trust Fund			
Cash	B-4, B-5	\$ 1,188,870	\$ 897,186
Assessments Receivable	B-6	<u>1,294,202</u>	<u>2,209,572</u>
Total Assessment Trust Fund		<u>2,483,072</u>	<u>3,106,758</u>
Animal Control Trust Fund			
Cash	B-4	<u>18,600</u>	<u>20,928</u>
Total Animal Control Trust Fund		<u>18,600</u>	<u>20,928</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	273,573	298,842
Due from Other Trust Fund	B	<u>2,318</u>	<u>2,318</u>
Total Unemployment Compensation Trust Fund		<u>275,891</u>	<u>301,160</u>
Other Trust Fund			
Cash	B-4	9,641,506	7,106,840
Special Improvement District Taxes and Liens Receivable	B-17	124,518	90,157
Due from Current Fund	B-18	134,561	5,000
Due from Grant Fund	B	<u>19,973</u>	<u>19,973</u>
Total Other Trust Fund		<u>9,920,558</u>	<u>7,221,970</u>
		<u>\$ 12,708,007</u>	<u>\$ 10,660,702</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, 2020 AND 2019**

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Assessment Trust Fund			
Due to Current Fund	B-19	\$ 8,069	\$ 1,755
Assessment Serial Bonds Payable	B-7	2,475,000	3,105,000
Fund Balance	B-1	<u>3</u>	<u>3</u>
Total Assessment Trust Fund		<u>2,483,072</u>	<u>3,106,758</u>
Animal Control Trust Fund			
Reserve for Animal Control Expenditures	B-9	14,819	15,932
Due to State of NJ	B-10	8	2
Due to Current Fund	B-11	<u>3,773</u>	<u>4,994</u>
Total Animal Control Trust Fund		<u>18,600</u>	<u>20,928</u>
Community Development Block Grant Fund			
Reserve for Community Development Block Grant	B-16	<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			
Due to State of New Jersey	B-12		6,669
Reserve for Unemployment Insurance Claims	B-13	<u>275,891</u>	<u>294,491</u>
Total Unemployment Compensation Trust Fund		<u>275,891</u>	<u>301,160</u>
Other Trust Fund			
Miscellaneous Reserves and Deposits	B-8	9,520,958	7,037,431
Due to Unemployment Compensation Fund	B	2,318	2,318
Payroll Deductions Payable	B-14	125,031	13,877
Encumbrances Payable	B-15	147,733	78,187
Reserve for SID Taxes and Liens Receivables	B-7	<u>124,518</u>	<u>90,157</u>
Total Other Trust Fund		<u>9,920,558</u>	<u>7,221,970</u>
		<u>\$ 12,708,007</u>	<u>\$ 10,660,702</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Balance, January 1	\$ <u>3</u>	\$ <u>3</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, 2020

	<u>Anticipated</u>	<u>Realized</u>	<u>Variance</u>
Assessment Cash	\$ <u>630,000</u>	\$ <u>630,000</u>	\$ <u>-</u>

EXHIBIT B-3

STATEMENT OF ASSESSMENT EXPENDITURES - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<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, 2020 AND 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	C-2, C-3	\$ 8,330,195	\$ 12,119,200
Deferred Charges to Future Taxation:			
Funded	C-4	40,918,812	43,955,261
Unfunded	C-5	46,174,885	39,345,995
Grants Receivable	C-7	3,360,000	2,625,000
Parking Fees Receivable	C-10	13,694	105,443
Due From Current Fund	C-15	31,267	-
		<u>\$ 98,828,853</u>	<u>\$ 98,150,899</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations:			
Funded	C-6	\$ 1,633,980	\$ 1,532,308
Unfunded	C-6	22,014,886	15,507,594
BCIA Revenue Bonds Payable	C-12	1,098,812	2,255,261
General Serial Bonds Payable	C-13	39,820,000	41,700,000
Bond Anticipation Notes Payable	C-14	27,930,000	28,695,000
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	2,381,948	3,896,774
Capital Improvement Fund	C-8	34,515	
Reserve for Debt Service	C	11,176	11,176
Miscellaneous Reserves	C-9	68,759	68,759
Reserve for Parking Fees Receivable	C-10	13,694	105,443
Reserve for Grants Receivable	C-7	2,625,000	2,625,000
Fund Balance	C-1	787,072	1,287,072
		<u>\$ 98,828,853</u>	<u>\$ 98,150,899</u>

There were bonds and notes authorized but not issued of \$18,232,060 and \$10,822,445 at December 31, 2020 and 2019, 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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Balance, January 1	\$ 1,287,072	\$ 888,571
Increased by:		
Premium on Sale of Bonds and Notes	<u>-</u>	<u>1,004,087</u>
	<u>1,287,072</u>	<u>1,892,658</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		105,586
Anticipated As Current Fund Revenue	<u>500,000</u>	<u>500,000</u>
	<u>500,000</u>	<u>605,586</u>
Balance, December 31	<u>\$ 787,072</u>	<u>\$ 1,287,072</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Land	\$ 92,238,900	\$ 92,238,900
Buildings	21,179,227	21,179,227
Machinery and Equipment	<u>17,283,616</u>	<u>17,023,273</u>
	<u>\$ 130,701,743</u>	<u>\$ 130,441,400</u>
 RESERVE		
Investment in General Fixed Assets	<u>\$ 130,701,743</u>	<u>\$ 130,441,400</u>

NOTES TO FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 AND 2019

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 Trust 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, 2019 balances to conform to the December 31, 2020 presentation.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 AND 2019**

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.

Prepaid Items – Certain payments to vendors or other governments reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

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, 2020 AND 2019

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, 2020 AND 2019**

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 2020 and 2019 the City Council increased the original budget by \$247,930 and \$102,742. The 2020 and 2019 increases were funded by additional grants allotted to the City. In addition, the governing body approved several budget transfers during 2020 and 2019.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<u>2020</u>			
Current Fund-Appropriation Reserves			
Fire Division			
Other Expenses	<u>\$18</u>	<u>\$7,676</u>	<u>\$7,658</u>
<u>2019</u>			
Current Fund			
Fire Division			
Health Benefit Waiver	<u>\$100,000</u>	<u>\$151,658</u>	<u>\$51,658</u>

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

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, 2020 and 2019, the book value of the City's deposits were \$34,928,194 and \$33,593,262 and bank and brokerage firm balances of the City's deposits amounted to \$38,459,475 and \$35,072,845, 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>2020</u>	<u>2019</u>
Insured	\$ 38,213,503	\$ 34,828,179
Uninsured and Collateralized	<u>245,972</u>	<u>244,666</u>
	<u>\$ 38,459,475</u>	<u>\$ 35,072,845</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

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, 2020 and 2019, the City’s bank balances of \$245,972 and \$244,666 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2020</u>	<u>2019</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the City's name	\$ 245,972	\$ 244,666
	<u>\$ 245,972</u>	<u>\$ 244,666</u>

B. Investments

The City is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, 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, 2020 and 2019, 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.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Property Taxes	\$ 37,230	\$ 12,383
Tax Title Liens	<u>244,686</u>	<u>227,011</u>
	<u>\$ 281,916</u>	<u>\$ 239,394</u>

In 2020 and 2019, the City collected \$19,756 and \$6,375 from delinquent taxes, which represented 8% and 2%, respectively of the prior year delinquent taxes receivable balance.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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>2020</u>		<u>2019</u>	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund:				
Regular	\$ 11,842	\$ 170,992	\$ 78,660	\$ 5,000
Grant	404,289	19,973	399,125	34,383
Trust Fund:				
Assessment Trust		8,069		1,755
Animal Control		3,773		4,994
Community Development				
Block Grant	9,886		9,886	
Unemployment Compensation	2,318		2,318	
Other Trust	154,534	2,318	24,973	2,318
General Capital Fund	<u>31,267</u>	<u>409,011</u>	<u>-</u>	<u>466,512</u>
Total	<u>\$ 614,136</u>	<u>\$ 614,136</u>	<u>\$ 514,962</u>	<u>\$ 514,962</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 December 31,	Subsequent Year Budget Appropriation	Balance
<u>2020</u>			
Current Fund			
Special Emergency Authorization	<u>\$ 400,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Overexpenditure of Appropriations	<u>\$ 51,658</u>	<u>\$ 51,658</u>	<u>\$ -</u>
Overexpenditure of Appropriation Reserves	<u>\$ 7,658</u>	<u>\$ -</u>	<u>\$ 7,658</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>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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:

	2020		2019	
	<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	\$ 5,401,249	\$ 1,850,000	\$ 5,649,933	\$ 2,165,000
Non-Cash Surplus	<u>62,483</u>	<u>-</u>	<u>57,147</u>	<u>-</u>
	<u>\$ 5,463,732</u>	<u>\$ 1,850,000</u>	<u>\$ 5,707,080</u>	<u>\$ 2,165,000</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, 2020 and 2019.

	<u>Balance December 31, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2020</u>
Land	\$ 92,238,900			\$ 92,238,900
Buildings and Building Improvements	21,179,227			21,179,227
Machinery and Equipment	<u>17,023,273</u>	<u>\$ 861,439</u>	<u>\$ 601,096</u>	<u>17,283,616</u>
	<u>\$ 130,441,400</u>	<u>\$ 861,439</u>	<u>\$ 601,096</u>	<u>\$ 130,701,743</u>
	<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>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 and acquisitions or other purposes permitted by the Local Bond Law, 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>2020</u>	<u>2019</u>
Issued		
General		
Bonds, Notes and Loans	\$ 68,848,812	\$ 72,650,261
Assessment		
Bonds	<u>2,475,000</u>	<u>3,105,000</u>
	71,323,812	75,755,261
Less Funds Temporarily Held to Pay Bonds and Notes	<u>1,192,843</u>	<u>1,183,497</u>
Net Debt Issued	70,130,969	74,571,764
Authorized But Not Issued		
General		
Bonds and Notes	<u>18,232,060</u>	<u>10,822,445</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 88,363,029</u>	<u>\$ 85,394,209</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows indicates a statutory net debt of 1.727% and 1.713% at December 31, 2020 and 2019, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2020</u>			
General Debt	\$ 89,555,872	\$ 1,192,843	\$ 88,363,029
School Debt	<u>6,700,000</u>	<u>6,700,000</u>	<u>-</u>
Total	<u>\$ 96,255,872</u>	<u>\$ 7,892,843</u>	<u>\$ 88,363,029</u>

	<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>

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>2020</u>	<u>2019</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 178,989,748	\$ 176,328,951
Less: Net Debt	<u>88,363,029</u>	<u>85,394,209</u>
Remaining Borrowing Power	<u>\$ 90,626,719</u>	<u>\$ 90,934,742</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
\$4,365,000, 2010 Bonds, due in annual installments of \$215,000 to \$310,000 through August, 2030, interest at 4.00%	\$ 2,605,000	\$ 2,810,000
\$16,450,000, 2014 Bonds, due in annual installments of \$555,000 to \$1,010,000 through April 1, 2032 interest at 3.00% to 3.50%	10,050,000	10,595,000
\$14,285,000, 2017 Bonds, due in annual installments of \$980,000 to \$1,250,000 through April 2031, interest at 2.00% to 3.00%	12,410,000	13,035,000
\$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>14,755,000</u>	<u>15,260,000</u>
Total	<u>\$ 39,820,000</u>	<u>\$ 41,700,000</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>2020</u>	<u>2019</u>
\$8,775,000, 2008 Bonds, due in annual installments of \$585,000 to \$630,000 through January 2024, interest at 5.00%	<u>\$ 2,475,000</u>	<u>\$ 3,105,000</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 (the "BCIA") whereby the BCIA 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 BCIA 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 maturity 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>
9/1/21	\$ 1,098,812	0.000%	4.430%	\$ 49.720	<u>\$ 1,111,188</u>	<u>\$ 2,210,000</u>

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2020 is as follows:

<u>Calendar Year</u>	<u>General</u>		<u>Assessment</u>		<u>Intergovernmental Loan</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal and Accreted Interest</u>	
2021	\$ 2,255,000	\$ 1,390,775	\$ 630,000	\$ 108,000	\$ 2,210,000	\$ 6,593,775
2022	2,455,000	1,286,450	630,000	76,500		4,447,950
2023	2,520,000	1,178,200	630,000	45,000		4,373,200
2024	2,600,000	1,066,175	585,000	14,625		4,265,800
2025	2,690,000	961,800				3,651,800
2026-2030	14,890,000	3,317,625				18,207,625
2031-2035	6,935,000	1,233,800				8,168,800
2036-2040	4,470,000	526,613				4,996,613
2041	<u>1,005,000</u>	<u>16,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,021,331</u>
Total	<u>\$ 39,820,000</u>	<u>\$ 10,977,769</u>	<u>\$ 2,475,000</u>	<u>\$ 244,125</u>	<u>\$ 2,210,000</u>	<u>\$ 55,726,894</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, \$2,740,000 and \$2,605,000, 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, 2020 and 2019 were as follows:

	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
General Capital Fund					
Bonds Payable	\$ 41,700,000		\$ 1,880,000	\$ 39,820,000	\$ 2,255,000
Intergovernmental Loans Payable	<u>2,255,261</u>	<u>-</u>	<u>1,156,449</u>	<u>1,098,812</u>	<u>1,098,812</u>
General Capital Fund Long-Term Liabilities	<u>\$ 43,955,261</u>	<u>\$ -</u>	<u>\$ 3,036,449</u>	<u>\$ 40,918,812</u>	<u>\$ 3,353,812</u>
Assessment Trust Fund					
Bonds Payable	<u>\$ 3,105,000</u>	<u>\$ -</u>	<u>\$ 630,000</u>	<u>\$ 2,475,000</u>	<u>\$ 630,000</u>
	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, 2020 AND 2019

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The City's short-term debt activity for the years ended December 31, 2020 and 2019 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	Balance, December 31, 2019	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2020
Various Capital Improvements	1.98%	3/25/2021	\$ 314,383	\$ 302,317	\$ 314,383	\$ 302,317
Various Equipment and Capital Improvements	1.98%	3/25/2021	8,153,207	7,571,590	8,153,207	7,571,590
Various Fire Equipment	1.98%	3/25/2021	312,535	301,120	312,535	301,120
Various Equipment and Capital Improvements	1.98%	3/25/2021	5,084,875	4,924,973	5,084,875	4,924,973
Various Capital Improvements	1.98%	3/25/2021	6,530,000	6,530,000	6,530,000	6,530,000
Various Capital Improvements	1.98%	3/25/2021	<u>8,300,000</u>	<u>8,300,000</u>	<u>8,300,000</u>	<u>8,300,000</u>
			<u>\$ 28,695,000</u>	<u>\$ 27,930,000</u>	<u>\$ 28,695,000</u>	<u>\$ 27,930,000</u>

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	Balance, December 31, 2018	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2019
Various Capital Improvements	3.00%	3/27/2020	\$ 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, 2020 AND 2019

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

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 2020 and 2019 the City issued Special Emergency Notes to finance the terminal leave benefits paid to employees who retired from the City.

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>Maturity Date</u>	Balance, December 31, <u>2019</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2020</u>
<u>2020</u>						
Terminal Leave	1.98%	3/25/2021	\$ <u>600,000</u>	\$ <u>400,000</u>	\$ <u>600,000</u>	\$ <u>400,000</u>

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity 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>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 Commitment</u>	<u>Estimated Date of Completion</u>
<u>2020</u>		
Road Improvements	\$503,548	2021
Acquisition of Equipment	1,471,961	2021
<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

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 \$6,838,511 and \$7,777,199 at December 31, 2020 and 2019, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability. At December 31, 2020 and 2019, the City has reserved \$471,601 and \$534,471, 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.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

The City's changes in other long-term liabilities for the years ended December 31, 2020 and 2019 were as follows:

	Balance, December 31, 2019	Additions	Reductions	Balance, December 31, 2020	Due Within One Year
Compensated Absences	\$ 7,777,199		\$ 938,688	\$ 6,838,511	\$ 750,000
Net OPEB Liability (1)	27,011,949			27,011,949	
Net Pension Liability					
PERS	21,725,034		1,790,961	19,934,073	
PFRS	59,261,995	-	3,585,838	55,676,157	-
Total Other Long-Term Liabilities	<u>\$ 115,776,177</u>	<u>\$ -</u>	<u>\$ 6,315,487</u>	<u>\$ 109,460,690</u>	<u>\$ 750,000</u>
	Balance, December 31, 2018	Additions	Reductions	Balance, December 31, 2019	Due Within One Year
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	68,726,872	-	9,464,877	59,261,995	-
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>

- (1) GASB Statement number 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

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.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

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.

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.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The cost of living increase for 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.

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.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 and 2019 is \$16.4 billion and \$18.1 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 58.32% and 56.27%, respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2020 and 2019 is \$14.9 billion and \$14.2 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 63.52% and 65.00%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 and 2018 which were rolled forward to June 30, 2020 and 2019, respectively.

Actuarial Methods and Assumptions

In the July 1, 2019 and 2018 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.

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 2020 and 2019 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2020 and 2019 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 2020, 2019 and 2018 were equal to the required contributions.

During the years ended December 31, 2020, 2019 and 2018, 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>
2020		\$ 4,891,490	\$ 1,172,805	\$ 1,620
2019	-	4,965,444	1,277,761	2,730
2018	2,207	4,597,899	1,212,696	3,495

In addition for the years ended December 31, 2020, 2019 and 2018 the City contributed for long-term disability insurance premiums (LTDI) \$3,774, \$5,324 and \$15,006, respectively for PERS.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020 and 2019, the City reported a liability of \$19,934,073 and \$21,725,034, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, 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, 2020, the City's proportionate share was .12224 percent, which was an increase of .00167 percent from its proportionate share measured as of June 30, 2019 of .12057 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the City's pension expense to be \$292,851 and \$773,363, respectively, for PERS based on the actuarial valuations which are less than the actual contribution reported in the City's financial statements of \$1,172,805 and \$1,227,761, respectively. At December 31, 2020 and 2019, 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:

	2020		2019	
	<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	\$ 362,967	\$ 70,495	\$ 389,936	\$ 95,972
Changes of Assumptions	646,684	8,346,585	2,169,324	7,540,691
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	681,363			342,938
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>427,474</u>	<u>1,376,110</u>	<u>378,245</u>	<u>1,886,036</u>
Total	<u>\$ 2,118,488</u>	<u>\$ 9,793,190</u>	<u>\$ 2,937,505</u>	<u>\$ 9,865,637</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2020 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>
2021	\$ (2,784,362)
2022	(2,681,281)
2023	(1,595,725)
2024	(511,288)
2025	(102,046)
Thereafter	<u>-</u>
	<u>\$ (7,674,702)</u>

Actuarial Assumptions

The City's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</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%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	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>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2057
Municipal Bond Rate *	Not Applicable	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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, 2020 and 2019 calculated using the discount rate of 7.00% and 6.28%, 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 6.00% and 5.28%, respectively or 1-percentage-point higher 8.00% and 7.28%, respectively than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
<u>2020</u>			
City's Proportionate Share of the PERS Net Pension Liability	\$ 25,093,672	\$ 19,934,073	\$ 15,556,012
	<u>1% Decrease (5.28%)</u>	<u>Current Discount Rate (6.28%)</u>	<u>1% Increase (7.28%)</u>
<u>2019</u>			
City's Proportionate Share of the PERS Net Pension Liability	\$ 27,442,248	\$ 21,725,034	\$ 16,907,471

The sensitivity analysis was based on the proportionate share of the City's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the City's net pension liability was not provided by the pension system.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, the City reported a liability of \$55,676,157 and \$59,261,995, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, 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, 2020, the City's proportionate share was .43089 percent, which was a decrease of .05336 percent from its proportionate share measured as of June 30, 2019 of .48425 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the City's pension expense to be \$961,641 and \$4,820,497, respectively, for PFRS based on the actuarial valuations which are less than the actual contribution reported in the City's financial statements of \$4,891,490 and \$4,965,444, respectively. At December 31, 2020 and 2019, 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:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 561,310	\$ 199,815	\$ 500,247	\$ 375,199
Changes of Assumptions	140,109	14,926,444	2,030,639	19,152,934
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,264,553			802,981
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	193,026	10,440,775	515,462	4,389,527
Total	<u>\$ 4,158,998</u>	<u>\$ 25,567,034</u>	<u>\$ 3,046,348</u>	<u>\$ 24,720,641</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 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:

Year Ending December 31,	Total
2021	\$ (7,990,355)
2022	(6,123,964)
2023	(3,548,809)
2024	(2,254,962)
2025	(1,489,946)
Thereafter	-
	<u>\$ (21,408,036)</u>

Actuarial Assumptions

The City's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

2020 and 2019

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</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%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	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>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2076
Municipal Bond Rate *	Not Applicable	From July 1, 2076 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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, 2020 and 2019 calculated using the discount rate of 7.00% and 6.85%, 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 6.00% and 5.85%, respectively or 1-percentage-point higher 8.00% and 7.85%, respectively than the current rate:

<u>2020</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 74,037,829</u>	<u>\$ 55,676,157</u>	<u>\$ 40,425,386</u>
<u>2019</u>	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
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>

The sensitivity analysis was based on the proportionate share of the City's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the City's net pension liability was not provided by the pension system.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation – PFRS

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

At December 31, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$8,640,686 and \$9,357,582, respectively. For the years ended December 31, 2020 and 2019, 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 \$979,249 and \$1,087,274, respectively, which are more than the actual contributions the State made on behalf of the City of \$664,896 and \$630,507, respectively. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the City was .43089 percent, which was a decrease of .05336 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .48425 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, 2020 AND 2019**

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, 2020 AND 2019

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, 2020 was not available and for 2019 is \$13.5 billion and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% at June 30, 2019.

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

- Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation 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 the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million for fiscal year 2019.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution 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, 2020, 2019 and 2018 were \$1,198,847, \$1,062,065 and \$1,481,773, respectively, which equaled the required contributions for each year.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2020 for the measurement date of June 30, 2020 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2021-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB 75 financial information for the year ended December 31, 2020 is not presented in the notes to the financial statements.

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. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019, the City reported a liability of \$27,011,949 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019. 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 year ended December 31, 2019, the Plan has determined the City's OPEB expense (benefit) to be \$(589,338) based on the actuarial valuation which is less than the actual contributions reported in the City's financial statements of \$1,062,065. At December 31, 2019, 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	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 7,899,347
Changes of Assumptions		9,572,434
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 22,250	
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	123,507	2,049,508
Total	<u>\$ 145,757</u>	<u>\$ 19,521,289</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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	\$ (2,745,895)
2021	(2,745,895)
2022	(2,745,895)
2023	(2,745,897)
2024	(2,751,458)
Thereafter	<u>(5,640,492)</u>
	<u>\$ (19,375,532)</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%
Rate Thereafter	Not Applicable
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.
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.
Long-Term Rate of Return	2.00%

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

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.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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)

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.

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

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% as of June 30, 2019.

Discount Rate

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

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

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 calculated using the discount rate of 3.50% 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% or 1-percentage-point higher 4.50% than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(2.50%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(3.50%)</u>	<u>1%</u> <u>Increase</u> <u>(4.50%)</u>
<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>

The sensitivity analysis was based on the proportionate share of the City's net OPEB liability at December 31, 2019. 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, 2020 AND 2019

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 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	\$ 22,794,756	\$ 27,011,949	\$ 32,391,688

The sensitivity analysis was based on the proportionate share of the City's net OPEB liability at December 31, 2019. 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, the State's proportionate share of the net OPEB liability attributable to the City for the OPEB special funding situation is \$30,953,805. For the year ended December 31, 2019 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. 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, 2020 AND 2019**

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 (the "GSMJIF" or Fund). The 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 GSMJIF 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.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14 RISK MANAGEMENT (Continued)

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>
2020	\$ 1,487	\$ 20,825	\$ 275,891
2019	10,630	26,189	294,491
2018	33,143	8,460	287,955

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, 2020 and 2019. 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, 2020 and 2019, the City reserved \$739,206 and \$388,344, 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, 2020 and 2019, 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, 2020 and 2019, the City has not estimated its estimated arbitrage earnings due to the IRS, if any.

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 17 TAX ABATEMENTS

For the years ended December 31, 2020 and 2019, 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, 2020 and 2019 the City abated property taxes totaling \$2,314,583 and \$2,293,205 and \$1,289,792, respectively under the LTTE program. The City received \$985,787 and \$1,045,574 in PILOT payments under this program for the years ended December 31, 2020 and 2019, respectively.

NOTE 18 SUBSEQUENT EVENTS

Serial Bonds

On March 17, 2021 the City issued \$27,105,000 of General Improvement Bonds for the purpose of permanently financing various capital improvement of the City. The City awarded the sale of said bonds to J.P. Morgan Securities, LLC at interest rates of 2.00% to 4.00%. These bonds, dated March 24, 2021 will mature over 14 years with the first maturity due February 1, 2022.

Bond Anticipation Notes

On March 24, 2021, the City issued General obligation notes in the amount of \$8,908,000 consisting of \$8,708,000 Bond Anticipation Notes and \$200,000 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 TD Securities, at an interest rate of 1.000%. These notes will mature on March 23, 2022

Debt Authorized

On May 4, 2021, the City adopted a bond ordinance authorizing the issuance of \$5,905,872 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.

**CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization 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 City) (the “COVID-19 Pandemic”). On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, 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 altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place. Recently, the United States Congress has passed relief and stimulus legislation including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the City has instituted necessary precautions and procedures, so as to allow the City to continue to provide services during this time. The City is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The City will continue to collect property taxes and other municipal revenues. Because of the evolving nature of the outbreak and federal, state and local responses thereto, the City cannot predict how the outbreak will impact the financial condition or operations of the City, or if there will be any impact on the assessed values of property within the City or deferral of tax payments to municipalities. The City cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. At this time, it is not possible to predict any future financial impacts as a result of this pandemic on the City’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, 2019		\$ 13,149,866
Increased by Receipts:		
Taxes Receivable	\$ 125,425,953	
Tax Title Liens Receivable	1,252	
Non Budget Revenue	422,815	
Due From State - Senior Citizens and Veterans	54,658	
Revenue Accounts Receivable	7,504,214	
Prepaid Taxes	678,914	
Exempt Property Sewer User Charges	260,177	
Tax Overpayments	634,560	
Special Emergency Note	400,000	
Receipts from Grant Fund	14,574	
Animal Control Fund Fees Deposited in Current Fund	6,202	
Receipts from Assessment Trust Fund	1,755	
Other Trust Fund Receipts Deposited in Current Fund	<u>93,674</u>	
		<u>135,498,748</u>
		148,648,614
Decreased by Disbursements:		
2020 Budget Appropriation	\$ 57,561,403	
Appropriation Reserves	347,065	
Encumbrances Payable	2,593,819	
Payments to General Capital Fund	360,915	
Payments to Other Trust Fund	84,551	
Other Trust Expenditures Paid by Current Fund	9,123	
Reserve for Terminal Leave	712,870	
Reserve for Tax Appeals	249,138	
Tax Overpayments	373,906	
Local School Taxes Payable	57,253,441	
County Taxes Payable	13,027,333	
Special Emergency Note Payable	<u>600,000</u>	
		<u>133,173,564</u>
Balance, December 31, 2020		<u>\$ 15,475,050</u>

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

Increased by:

Grant Receivables	\$ 109,192	
Prior Year Adjustment - Voided Checks	<u>12,500</u>	
		\$ 121,692

Decreased by:

Appropriated Grant Reserves	101,859	
Encumbrances Payable	5,259	
Payments to Current Fund	<u>14,574</u>	
		<u>121,692</u>

Balance, December 31, 2020	<u>\$ -</u>
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**STATEMENT OF STATE AND FEDERAL GRANTS RECEIVABLE
GRANT FUND**

<u>Program</u>	Balance December 31, 2019	Budget Revenue	Cash Receipts	Balance December 31, 2020
ANJAC-Smart Growth Grant	\$ 4,066			\$ 4,066
Reach & Teach	40,000	\$ 24,000		64,000
Municipal Alliance	31,476	20,000	\$ 3,498	47,978
Open Space Stewardship Project (ANJEC)	500			500
Recycling Tonnage Grant		32,428	32,428	-
Drunk Driving Enforcement Fund		200	200	-
FDA Foodborne Illness Grant	4,321			4,321
Clean Communities Grant		46,550	46,550	-
Body Armor Replacement		6,795	6,795	-
Alcohol Education and Rehabilitation		1,834	1,834	
FDA Retail Standards	1,189	2,272	2,272	1,189
FDA Mentorship Grant (NACCHO)	1,569			1,569
Emergency Prep Grant		5,615	5,615	-
NJ Healthy Communities Network		10,000	10,000	-
Strengthening Local Public Health Capacity		142,236		142,236
Historic Preservation Grant - Mackay Gate House	<u>20,590</u>	<u>-</u>	<u>-</u>	<u>20,590</u>
	<u>\$ 103,711</u>	<u>\$ 291,930</u>	<u>\$ 109,192</u>	<u>\$ 286,449</u>

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

Balance, December 31, 2019		\$	5,489
Increased by:			
Deductions Allowed Per Tax Duplicate	\$	57,750	
2020 Deductions Allowed by Tax Collector		<u>500</u>	
			<u>58,250</u>
			63,739
Decreased by:			
Prior Year Deductions Disallowed by Tax Collector		4,414	
Current Year Deductions Disallowed by Tax Collector		1,500	
Cash Received from State		<u>54,658</u>	
			<u>60,572</u>
Balance, December 31, 2020		\$	<u>3,167</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>2019</u>	<u>Levy</u>	<u>Added</u> <u>Taxes</u>	<u>Senior</u> <u>Citizens'</u> <u>and Veterans'</u> <u>Deductions</u> <u>Disallowed</u>	<u>Collected In</u>		<u>Senior</u> <u>Citizens'</u> <u>and Veterans'</u> <u>Deductions</u> <u>Allowed</u>	<u>Cancelled</u>	<u>Transferred</u> <u>to Tax</u> <u>Title Liens</u>	<u>Balance,</u> <u>December 31,</u> <u>2020</u>
2013	\$ 2,423					\$ 2,423				
2019	9,960	-	\$ 1,707	\$ 4,414	-	16,081	-	-	-	-
	12,383	-	1,707	4,414	-	18,504	-	-	-	-
2020	-	\$ 126,590,198	-	1,500	\$ 700,588	125,407,449	\$ 58,250	\$ 364,205	\$ 23,976	\$ 37,230
	<u>\$ 12,383</u>	<u>\$ 126,590,198</u>	<u>\$ 1,707</u>	<u>\$ 5,914</u>	<u>\$ 700,588</u>	<u>\$ 125,425,953</u>	<u>\$ 58,250</u>	<u>\$ 364,205</u>	<u>\$ 23,976</u>	<u>\$ 37,230</u>

Analysis of Property Tax Levy

TAX YIELD

General Purpose Tax	\$ 126,290,944
Added Taxes (RS 54:4-36.1 et seq.)	299,254
	<u>\$ 126,590,198</u>

TAX LEVY

Local District School Tax	\$ 56,346,616
County Tax	12,381,381
County Open Space Tax	521,328
Due County for Added and Omitted Taxes (54:4-63.1)	<u>30,575</u>
	\$ 69,279,900
Local Tax for Municipal Purposes	55,315,389
Minimum Library Tax	1,705,054
Add Additional Tax Levied	<u>289,855</u>
	<u>57,310,298</u>
	<u>\$ 126,590,198</u>

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

Balance, December 31, 2019		\$	227,011
Increased by:			
Transfers from Taxes Receivable	\$	23,976	
Interest and Costs on Tax Sale		<u>33</u>	
			<u>24,009</u>
			251,020
Decreased by:			
Cancelled		5,082	
Cash Receipts		<u>1,252</u>	
			<u>6,334</u>
Balance, December 31, 2020		\$	<u>244,686</u>

EXHIBIT A-10

STATEMENT OF FORECLOSED PROPERTY

Balance, December 31, 2019	\$	<u>70,979</u>
Balance, December 31, 2020	\$	<u>70,979</u>

CITY OF ENGLEWOOD
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2019</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2020</u>
Licenses				
Alcoholic Beverages		\$ 61,169	\$ 61,169	
Other		199,971	199,971	
Fees and Permits		138,571	138,571	
Municipal Court	\$ 34,631	297,304	315,560	\$ 16,375
Interest and Costs on Taxes		269,464	269,464	
Parking Meters		361,185	361,185	
Interest on Investments and Deposits		83,478	83,478	
Recreation Advisory Committee		351,439	351,439	
Fire Prevention Fees		136,836	136,836	
Kings Garden - PILOT		134,800	134,800	
Rock Creek - Lafayette House - PILOT		222,896	222,896	
Westmoor Gardens - PILOT				
One William Street - PILOT		548,091	548,091	
Parking Garage Fees		123,539	123,539	
Municipal Hotel Tax		84,405	84,405	
Cable Franchise Fees		125,336	125,336	
Cell Tower Agreement		102,541	102,541	
Sewer Charges		31,928	31,928	
Energy Receipts Tax		2,763,296	2,763,296	
Uniform Construction Code Fees		1,255,315	1,255,315	
Uniform Fire Safety Act		94,394	94,394	
Greater Englewood Annual Fee	-	100,000	100,000	-
	<u>\$ 34,631</u>	<u>\$ 7,485,958</u>	<u>\$ 7,504,214</u>	<u>\$ 16,375</u>

**CITY OF ENGLEWOOD
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, 2019	Prior Year Encumbrances Restored	Transfers	Balance After Modification	Paid or Charged	Over- Expenditure	Balance Lapsed
City Council							
Other Expenses	\$ 690			\$ 690			\$ 690
City Manager							
Salaries and Wages	1,434			1,434			1,434
Other Expenses	17,167			17,167	\$ 3,632		13,535
City Clerk							
Salaries and Wages	1,285			1,285			1,285
Overtime	1,359			1,359			1,359
Other Expenses	7,506			7,506	3,962		3,544
Human Resources							
Salaries and Wages	13,064			13,064			13,064
Other Expenses	13,575	\$ 508		14,083			14,083
Purchasing							
Other Expenses	353	276		629			629
Finance							
Salaries and Wages	3,387			3,387			3,387
Other Expenses	18,989	1,489		20,478			20,478
Data Processing							
Other Expenses	1,792			1,792			1,792
Collection of Taxes							
Salaries and Wages	382			382			382
Other Expenses	11,002			11,002	5,595		5,407
Assessment of Taxes							
Salaries and Wages	51			51			51
Other Expenses	1,078	180		1,258			1,258
Legal Service and Costs							
Salaries and Wages	1,071			1,071			1,071
Other Expenses	123,626	24,881		148,507			148,507
Engineering Services							
Other Expenses	10,120			10,120			10,120
Community Development							
Other Expenses	29,354	79		29,433			29,433
Municipal Court							
Salaries and Wages	6,514			6,514			6,514
Overtime	5,497			5,497			5,497
Other Expenses	17,809			17,809	9,371		8,438
Public Defender				-			-
Other Expenses	1,500			1,500			1,500
Insurance				-			-
Medical	243,488	157	\$ (50,000)	193,645			193,645
Other Insurance Premium	25,402			25,402	18,165		7,237
Workers Compensation	319,408			319,408			319,408
Land Use							
Other Expenses	28,865			28,865	17,331		11,534
Fire Division							
Salaries and Wages	67,311			67,311			67,311
Overtime	98,259			98,259			98,259
Other Expenses	18			18	7,676	\$ 7,658	
Police							
Salaries and Wages	295,868			295,868			295,868
Overtime	44,362			44,362			44,362
Other Expenses	106,084			106,084	16,351		89,733
DPW Administration							
Salaries and Wages	3,267			3,267			3,267
Overtime	300			300			300
Other Expenses	7,451	1,611		9,062			9,062
Public Building and Grounds				-			-
Other Expenses	1,198	3,490		4,688			4,688
Shade Tree				-			-
Salaries and Wages	145			145			145
Overtime	13,140			13,140			13,140
Other Expenses	4,334			4,334			4,334

**CITY OF ENGLEWOOD
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, 2019	Prior Year Encumbrances Restored	Transfers	Balance After Modification	Paid or Charged	Over- Expenditure	Balance Lapsed
Road Repairs and Maintenance							
Salaries and Wages	\$ 16,952			\$ 16,952			\$ 16,952
Overtime	16,398			16,398			16,398
Other Expenses	191,786			191,786	\$ 57,536		134,250
Central Maintenance - Garage							
Salaries and Wages	18,365			18,365			18,365
Other Expenses	10,714			10,714	1,857		8,857
Construction and Facilities Maintenance							
Salaries and Wages	16,670			16,670			16,670
Overtime	319			319			319
Other Expenses	35,023	\$ 934		35,957			35,957
Sanitation							
Salaries and Wages	4,561			4,561			4,561
Other Expenses	20,678			20,678	16,772		3,906
Sewer Maintenance							
Salaries and Wages	22,585			22,585	1		22,584
Other Expenses	17,764	1,761		19,525			19,525
Park Department							
Salaries and Wages	7,268			7,268			7,268
Other Expenses	32,295	2,872		35,167			35,167
Condominium Services Act							
Other Expenses	79,929			79,929	72,500		7,429
Board of Health							
Salaries and Wages	16,330			16,330			16,330
Overtime	2,674			2,674			2,674
Other Expenses	1,414	5,173		6,587			6,587
Animal Control Regulation							
Other Expenses	5,637			5,637			5,637
Contribution of Child Dev. And Teen Program							
Other Expenses	59,000			59,000			59,000
Recreation Department							
Salaries and Wages	25,348			25,348			25,348
Overtime	11,388			11,388			11,388
Other Expenses	6,320	3,878		10,198			10,198
Construction Code Official							
Salaries and Wages	45,725			45,725			45,725
Overtime	8,809			8,809			8,809
Other Expenses	16,517			16,517	11,376		5,141
Solid Waste Disposal	69,070			69,070	61,203		7,867
Leaf Disposal	7,601		\$ 50,000	57,601	40,333		17,268
Contingent	6,000			6,000			6,000
Utilities				-			-
Telephone/Communications	8,386	14,055		22,441			22,441
Water	2,157			2,157			2,157
Gas and Electric	76,744			76,744			76,744
Fire Hydrant	41,640			41,640			41,640
Statutory Expenditures:							
Contribution to:							
Social Security System	10,107			10,107	508		9,599
Defined Contribution Retirement Program	2,270			2,270			2,270
Consolidated Police and Firemens	40,000			40,000			40,000
Public Employees Retirement System	35			35			35
Share of Costs Sewer Charges	2,229			2,229			2,229
Recycling Tax	13,243			13,243	2,896		10,347
Maintenance of Free Public Library	1,356	2,723	-	4,079	-	-	4,079
				-			
	<u>\$ 2,518,812</u>	<u>\$ 64,067</u>	<u>\$ -</u>	<u>\$ 2,582,879</u>	<u>\$ 347,065</u>	<u>\$ 7,658</u>	<u>\$ 2,243,472</u>

**CITY OF ENGLEWOOD
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2019	\$ 700,588
Increased by:	
Collection of 2021 Taxes	<u>678,914</u>
	1,379,502
Decreased by:	
Applied to 2020 Taxes Receivable	<u>700,588</u>
Balance, December 31, 2020	<u>\$ 678,914</u>

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2019	\$ 466,396
Increased by:	
Cash Receipts	<u>634,560</u>
	1,100,956
Decreased by:	
Refunds	<u>373,906</u>
Balance, December 31, 2020	<u>\$ 727,050</u>

**CITY OF ENGLEWOOD
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2019		\$ 124,624
Increased by:		
2020 Levy:		
County Taxes	\$ 12,381,381	
County Open Space Taxes	521,328	
Added and Omitted Taxes	<u>30,575</u>	
		<u>12,933,284</u>
		13,057,908
Decreased by:		
Cash Disbursements		<u>13,027,333</u>
Balance, December 31, 2020		<u>\$ 30,575</u>

SCHEDULE OF LOCAL SCHOOL TAXES PAYABLE (PREPAID)

Balance, December 31, 2019 (Payable)	\$ 86,189
Increased by:	
2020 Levy	<u>56,346,616</u>
	56,432,805
Decreased by:	
Cash Disbursements	<u>57,253,441</u>
Balance, December 31, 2020 (Prepaid)	<u>\$ (820,636)</u>

CITY OF ENGLEWOOD
STATEMENT OF APPROPRIATED GRANT RESERVES
GRANT FUND

<u>Program</u>	<u>Balance December 31, 2019</u>	<u>Transferred from 2020 Budget</u>	<u>Prior Year Adjustment</u>	<u>Paid or Charged</u>	<u>Balance December 31, 2020</u>
Municipal Alliance Program	\$ 30,921	\$ 20,000		\$ 2,879	\$ 48,042
Municipal Alliance Program-Local Match	4,921	5,000		450	9,471
State Forestry Services Green Communities	3,000				3,000
Bio-Terrorism Sub-Grant	369				369
Alcohol Education & Rehabilitation Fund	3,537	1,834	5,465		10,836
Drive Sober or Get Pulled Over	5,465		(5,465)		-
Reach & Teach	96,000	24,000		48,000	72,000
Drunk Driving Enforcement Fund	76,451	200			76,651
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	21,108		\$ 12,500	2,765	30,843
H1N1 Emergency Preparedness	267				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	5,615		3,749	2,830
FDA Mentorship Grant	600			75	525
FDA Retail Standards	817	2,272			3,089
FDA Foodborne Illness Grant	5,892				5,892
FEMA-Firefighters Grant	4				4
Body Armor Replacement	37,956	6,795			44,751
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	38,606	32,428		22,629	48,405
Clean Communities Program	53,081	46,550		44,037	55,594
Community Chest of Englewood	5,102				5,102
Drunk Driving Prevention	7,656				7,656
NJ Healthy Communities Network		10,000		2,500	7,500
Strengthening Local Public Health Capacity		142,236		2,000	140,236
Sustainable Energy Grant	5,000	-	-	-	5,000
	<u>\$ 460,031</u>	<u>\$ 296,930</u>	<u>\$ 12,500</u>	<u>\$ 129,084</u>	<u>\$ 640,377</u>
Cash Disbursements				\$ 101,859	
Encumbrances Payable				<u>27,225</u>	
				<u>\$ 129,084</u>	

**CITY OF ENGLEWOOD
STATEMENT OF UNAPPROPRIATED GRANT RESERVES
GRANT FUND**

	Balance December 31, <u>2019</u>	Balance December 31, <u>2020</u>
Drunk Driving Enforcement Fund	\$ <u>400</u>	\$ <u>400</u>

**STATEMENT OF DUE TO/FROM CURRENT FUND
GRANT FUND**

Balance, December 31, 2019 (Due To)		\$ 14,410
Decreased by:		
Payments to Current Fund	\$ 14,574	
Budget Appropriations - Local Share	<u>5,000</u>	
		<u>19,574</u>
Balance, December 31, 2020 (Due From)		\$ <u>5,164</u>

**CITY OF ENGLEWOOD
STATEMENT OF ENCUMBRANCES PAYABLE**

	Current <u>Fund</u>	Grant <u>Fund</u>
Balance, December 31, 2019	\$ 2,668,675	\$ 8,022
Increased by:		
Charges to:		
Budget Appropriations	2,849,035	
State and Federal Appropriated Grants	<u>-</u>	<u>27,225</u>
	<u>2,849,035</u>	<u>27,225</u>
	<u>5,517,710</u>	<u>35,247</u>
Decreased by:		
Cancelled Encumbrances Restored to		
Appropriation Reserves	64,067	
Cash Disbursements	<u>2,593,819</u>	<u>5,259</u>
	<u>2,657,886</u>	<u>5,259</u>
Balance, December 31, 2020	<u><u>\$ 2,859,824</u></u>	<u><u>\$ 29,988</u></u>

STATEMENT OF EXEMPT PROPERTY SEWER USER CHARGES RECEIVABLE

Balance, December 31, 2019	\$ 92,140
Increased by:	
Billings	<u>275,913</u>
	368,053
Decreased By:	
Cash Receipts	<u>260,177</u>
Balance, December 31, 2020	<u><u>\$ 107,876</u></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, 2019</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
7/11/2017	Severance Liabilities	\$ 1,000,000	\$ 200,000	<u>\$ 600,000</u>	<u>\$ 200,000</u>	<u>\$ 400,000</u>

EXHIBIT A-23

STATEMENT OF DEFERRED CHARGES

	<u>Balance, December 31, 2019</u>	<u>Increased in 2020</u>	<u>Balance, December 31, 2020</u>
Overexpenditure of Appropriations	\$ 51,658		\$ 51,658
Overexpenditure of Appropriation Reserves	<u>-</u>	<u>\$ 7,658</u>	<u>\$ 7,658</u>
	<u>\$ 51,658</u>	<u>\$ 7,658</u>	<u>\$ 59,316</u>

EXHIBIT A-24

STATEMENT OF MISCELLANEOUS RESERVES

	<u>Balance December 31, 2019</u>	<u>Balance, December 31, 2020</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, 2019	\$ 388,344
Increased by:	
Transferred from 2020 Budget Appropriations	<u>600,000</u>
	988,344
Decreased by:	
Cash Disbursements	<u>249,138</u>
Balance, December 31, 2020	<u>\$ 739,206</u>

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

Balance, December 31, 2019	\$ 534,471
Increased by:	
Budget Appropriation	<u>650,000</u>
	\$ 1,184,471
Decreased by:	
Cash Disbursements	<u>712,870</u>
Balance, December 31, 2020	<u>\$ 471,601</u>

STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance, December 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
Severance Liabilities	8/13/2019	3/25/2021	<u>\$ 600,000</u>	<u>\$ 400,000</u>	<u>\$ 600,000</u>	<u>\$ 400,000</u>

TRUST FUNDS

**CITY OF ENGLEWOOD
STATEMENT OF CASH**

	Assessment Trust <u>Fund</u>	Animal Control Fund	Unemployment Compensation Fund	Other Trust <u>Fund</u>
Balance, December 31, 2019	\$ 897,186	\$ 20,928	\$ 298,842	\$ 7,106,840
Increased by Receipts:				
Interest on Deposit	\$ 8,069	\$ 39	\$ 738	
Payroll Deductions Payable				\$ 28,876,483
Employee Payroll Deductions			1,487	
Assessments Receivable	915,370			
Miscellaneous Reserve and Deposits				7,072,527
Receipts from Current Fund	<u>-</u>		<u>-</u>	<u>84,551</u>
	923,439	39	2,225	36,033,561
	1,820,625	20,967	301,067	43,140,401
Decreased by Disbursements:				
Encumbrances Payable				78,187
Animal Control Expenditures		1,261		
Payments to State of New Jersey		1,106	27,494	
Payroll Deductions Payable				28,769,890
Various Reserves and Deposits				4,650,818
Assessments Serial Bonds	630,000			
Payments to Current Fund	<u>1,755</u>	<u>-</u>	<u>-</u>	<u>-</u>
	631,755	2,367	27,494	33,498,895
Balance, December 31, 2020	<u>\$ 1,188,870</u>	<u>\$ 18,600</u>	<u>\$ 273,573</u>	<u>\$ 9,641,506</u>

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

	Balance December 31, 2019	Receipts		Disbursements	Balance December 31, 2020
		Assessments	Interest		
Assessment Serial Bonds	\$ 895,428	\$ 915,370		\$ 630,000	\$ 1,180,798
Due To Current Fund	1,755		\$ 8,069	1,755	8,069
Assessment Trust Surplus	3	-	-	-	3
	<u>\$ 897,186</u>	<u>\$ 915,370</u>	<u>\$ 8,069</u>	<u>\$ 631,755</u>	<u>\$ 1,188,870</u>

EXHIBIT B-6

STATEMENT OF ASSESSMENTS RECEIVABLE

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	Balance December 31, 2019	Cash Receipts	Balance December 31, 2020	Balance Pledged to Serial Bonds Payable
08-07, 03-18, 05-18	Route 4 Access	4/24/2012	<u>\$ 2,209,572</u>	<u>\$ 915,370</u>	<u>\$ 1,294,202</u>	<u>\$ 1,294,202</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		Balance
			<u>Outstanding-December 31, 2020</u>			<u>December, 31 2019</u>	<u>Decreased</u>	<u>December 31, 2020</u>
			<u>Date</u>	<u>Amount</u>				
Assessment Bonds	12/16/08	\$ 8,775,000	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%	\$ 3,105,000	\$ 630,000	\$ 2,475,000

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

<u>Improvement Description</u>	Balance, December 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2020</u>
Police Vests	\$ 12,828	\$ 2,000	\$ 3,660	\$ 11,168
Confiscated Funds (DEA)	219,413	22,186	181,195	60,404
Confiscated Funds (DHS)	294,058	29,511		323,569
Misc Bank Transactions	20,782	4,277		25,059
Charitable Causes	43,419	3,966	2,864	44,521
Honor Guard	1,208			1,208
DARE	600			600
Uniform Fire Safety	87,609	9,470	33,367	63,712
Dedicated Uniform Fire Safety Penalties	12,495	3,075		15,570
COAH	1,396,228	116,753	38,784	1,474,197
Recreation	15,286			15,286
POAA	20,068	2,699	9,000	13,767
Police Confiscated Funds	34,338			34,338
Ice Arena	13,702			13,702
Tree Fund Donations	8,750	6,000		14,750
Other	30,309	241		30,550
Tax Sale Redemption	153,473	1,213,971	1,276,656	90,788
Environmental Commission	6,205	3	1,324	4,884
Tax Sale Premiums	2,386,500	5,259,600	2,241,100	5,405,000
Special Improvement District	759,734	91,032	774,771	75,995
Developers Trust	1,484,250	397,338	243,753	1,637,835
Police Off Duty	12,116	34		12,150
4th of July Fireworks	12,331	3,000		15,331
Englewood Day	11,229		1,200	10,029
Englewood Commemorative Council		1,045		1,045
Storm Recovery		125,000		125,000
Stigma Free	500	-	-	500
	<u>\$ 7,037,431</u>	<u>\$ 7,291,201</u>	<u>\$ 4,807,674</u>	<u>\$ 9,520,958</u>
Cash Received		\$ 7,072,526		
Due From Current Fund		<u>218,675</u>		
		<u>\$ 7,291,201</u>		
Cash Disbursements			\$ 4,650,818	
Due To Current Fund			9,123	
Encumbrances Payable			<u>147,733</u>	
			<u>\$ 4,807,674</u>	

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

Balance, December 31, 2019		\$ 15,932
Increased by:		
Animal Control Fees Deposited in Current Fund		<u>5,090</u>
		21,022
Decreased by:		
Cash Disbursements	\$ 1,261	
Statutory Excess Due to Current Fund	<u>4,942</u>	
		<u>6,203</u>
Balance, December 31, 2020		<u><u>\$ 14,819</u></u>

EXHIBIT B-10

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

Balance, December 31, 2019		\$ 2
Increased by:		
State Fees Deposited in Current Fund		<u>1,112</u>
		1,114
Decreased by:		
Payments to State of New Jersey		<u>1,106</u>
Balance, December 31, 2020		<u><u>\$ 8</u></u>

EXHIBIT B-11

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

Balance, December 31, 2019		\$ 4,994
Increased by:		
Interest on Deposits	\$ 39	
Statutory Excess Due to Current Fund	<u>4,942</u>	
		<u>4,981</u>
		9,975
Decreased by:		
Animal Control Fees Deposited in Current Fund		<u>6,202</u>
Balances, December 31, 2020		<u><u>\$ 3,773</u></u>

**CITY OF ENGLEWOOD
STATEMENT OF DUE TO STATE OF NEW JERSEY
UNEMPLOYMENT COMPENSATION TRUST FUND**

Balance, December 31, 2019	\$ 6,669
Increased by:	
Unemployment Claims and Other Charges	<u>20,825</u>
	27,494
Decreased by:	
Payments to State of New Jersey	<u>27,494</u>
Balances, December 31, 2020	<u>\$ -</u>

**STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE CLAIMS
UNEMPLOYMENT COMPENSATION TRUST FUND**

Balance, December 31, 2019	\$ 294,491
Increased by:	
Employee Payroll Deductions	\$ 1,487
Interest on Deposit	<u>738</u>
	<u>2,225</u>
	296,716
Decreased by:	
Unemployment Claims and Other Charges - State of NJ	<u>20,825</u>
Balance, December 31, 2020	<u>\$ 275,891</u>

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

Balance, December 31, 2019	\$ 13,877
Increased by:	
Cash Receipts	\$ 28,876,483
Due from Current Fund	<u>4,561</u>
	<u>28,881,044</u>
	28,894,921
Decreased by:	
Cash Disbursements	<u>28,769,890</u>
Balance, December 31, 2020	<u>\$ 125,031</u>

EXHIBIT B-15

**STATEMENT OF ENCUMBRANCES PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2019	\$ 78,187
Increased by:	
Charges to Miscellaneous Reserves and Deposits	<u>147,733</u>
	225,920
Decreased by:	
Cash Disbursements	<u>78,187</u>
Balances, December 31, 2020	<u>\$ 147,733</u>

EXHIBIT B-16

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

Balance, December 31, 2019	<u>\$ 9,886</u>
Balance, December 31, 2020	<u>\$ 9,886</u>

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

Balance, December 31, 2019	\$ 90,157
Increased by:	
Billings	<u>125,000</u>
	215,157
Decreased by:	
Other Trust Fund Receipts Deposited in Current Fund	<u>90,639</u>
Balance, December 31, 2020	<u>\$ 124,518</u>

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

Balance, December 31, 2019	\$ 5,000
Increased by:	
Transferred from Current Fund Budget	\$ 125,000
Due to Payroll Agency	4,561
Other Trust Fund Receipts Deposited in Current Fund	<u>93,674</u>
	<u>223,235</u>
	228,235
Decreased by:	
Other Trust Expenditures Paid by Current Fund	9,123
Receipts from Current Fund	<u>84,551</u>
	<u>93,674</u>
Balances, December 31, 2020	<u>\$ 134,561</u>

**STATEMENT OF DUE TO CURRENT FUND
ASSESSMENT TRUST FUND**

Balance, December 31, 2019	\$ 1,755
Increased by:	
Interest on Deposits	<u>8,069</u>
	9,824
Decreased by:	
Payment to Current Fund	<u>1,755</u>
Balances, December 31, 2020	<u>\$ 8,069</u>

GENERAL CAPITAL FUND

**CITY OF ENGLEWOOD
STATEMENT OF CASH**

Balance, December 31, 2019		\$ 12,119,200
Increased by Receipts:		
Receipts from Current Fund	\$ 360,915	
Parking Fees Receivable	11,749	
Interest on Deposits	<u>24,293</u>	
		<u>396,957</u>
		12,516,157
Decreased by Disbursements:		
Encumbrances Payable	3,420,962	
Payment of Bond Anticipation Note	<u>765,000</u>	
		<u>4,185,962</u>
Balance, December 31, 2020		<u>\$ 8,330,195</u>

**CITY OF ENGLEWOOD
STATEMENT OF CAPITAL CASH
AS OF DECEMBER 31, 2020**

Fund Balance	\$ 787,072
Capital Improvement Fund	34,515
Miscellaneous Reserves	68,759
Reserve for Debt Service	11,176
Encumbrances Payable	2,381,948
Due to Current Fund	(31,267)
Due to Community Development Block Grant Fund	9,886
Due to Grant Fund	399,125
Grants Receivable	(735,000)
Excess Note Proceeds	869

Ord No.	<u>Improvement Authorizations</u>	
01-12	Various Improvements	1
03-15	Various Capital Improvements	4,762
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	3,270
11-05	Millers Pond	5,597
11-10	Various Capital Improvements	89,653
12-15	Various Capital Improvements	105,216
12-20	Various Capital Improvements	201,813
	Reserve for Palisades South Redevelopment	(13,694)
13-01,14-25	Various Capital Improvements	5,500
13-06	Various Capital Improvements	358,861
13-11a	Ice Arena Improvements	35,782
13-15	Overpect Creek Channel Wall Replacements	3,393
14-16	Various Capital Improvements	572,831
14-24	Various Capital Improvements	160,992
15-03,15-12	Various Equipment and Capital Improvements	1,118,570
15-13	Various Fire Equipment	2,171
16-07	Various Equipment and Capital Projects	484,928
17-03	Various Equipment and Capital Improvements	1,005,151
18-09	Various Capital Improvements	2,317,176
19-10	Various Capital Improvements	(1,306,112)
20-02	Various Capital Improvements	135,477
		<hr/>
		\$ 8,330,195

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

Balance, December 31, 2019		\$ 43,955,261
Decreased by:		
Current Fund Budget Appropriations:		
Serial Bonds	\$ 1,880,000	
BCIA Revenue Bonds	<u>1,156,449</u>	
		<u>3,036,449</u>
Balance, December 31, 2020		<u>\$ 40,918,812</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2019	2020 Authorizations	Budget Appropriations	Parking Fees Applied	Balance, December 31, 2020	Analysis of Balance December 31, 2020		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
	Reserve for Palisades South Redevelopment	105,443			\$ 91,749	13,694		13,694	
13-01,14-25	Various Capital Improvements	104,500				104,500			104,500
14-24	Various Capital Improvements	314,383		\$ 12,066		302,317	\$ 302,317		
15-03,15-12	Various Equipment and Capital Improvements	7,876,314		305,593		7,570,721	7,570,721		
15-13	Various Fire Equipment	312,535		11,415		301,120	301,120		
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		159,902		4,924,973	4,924,973		
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		1,306,112	8,336,742
20-02	Various Capital Improvements	-	\$ 7,409,615	-	-	7,409,615	-	-	7,409,615
		<u>\$ 39,345,995</u>	<u>\$ 7,409,615</u>	<u>\$ 488,976</u>	<u>\$ 91,749</u>	<u>\$ 46,174,885</u>	<u>\$ 27,929,131</u>	<u>\$ 1,319,856</u>	<u>\$ 16,925,898</u>
Bond Anticipation Notes							\$ 27,930,000		
Less: Excess Proceeds - Ordinance 15-03,15-12							869		
							<u>\$ 27,929,131</u>		
Improvement Authorizations, Unfunded									\$ 22,014,886
Less: Unexpended Proceeds on Bond Anticipation Notes									
Ordinance No. 14-24									\$ 160,992
Ordinance No. 15-03, 15-12									1,118,570
Ordinance No. 15-13									2,171
Ordinance No. 16-07									484,928
Ordinance No. 17-03									1,005,151
Ordinance No. 18-09									<u>2,317,176</u>
									5,088,988
									<u>\$ 16,925,898</u>

**CITY OF ENGLEWOOD
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Balance, December 31, 2019		Capital Improvement Fund	2020 Authorizations		Grants Awards	Cancelled Encumbrances	Paid or Charged	Balance, December 31, 2020									
		Funded	Unfunded		Unfunded					Funded	Unfunded								
General Improvements																			
01-12	Various Improvements, City Hall, Fire and Parks	\$	1							\$	1								
03-15	Various Capital Improvements		2,631					\$	2,131		4,762								
05-11	Various Capital Improvements		5,218								5,218								
*08-07	Route 4 Access		99,349								99,349								
08-25	Various Capital Improvements		7,257								7,257								
10-18	Various Capital Improvements		5,070	\$	50			\$	1,800	3,270	\$	50							
11-05	Millers Pond		5,597								5,597								
11-10	Various Capital Improvements		89,653		50						89,653	50							
12-15	Various Capital Improvements		111,048		8,100				5,832	105,216		8,100							
12-20	Various Capital Improvements		201,813							201,813									
13-01,14-25	Various Capital Improvements		5,500		104,500					5,500		104,500							
13-06	Various Capital Improvements		363,035						4,174	358,861									
13-11a	Ice Arena Improvements		35,782							35,782									
13-15	Overpeck Creek Channel Wall Replacements		3,393							3,393									
14-16	Various Capital Improvements		596,961						24,130	572,831									
14-24	Various Capital Improvements				160,992							160,992							
15-03,15-121	Various Equipment and Capital Improvements				1,124,754				6,184			1,118,570							
15-13	Various Fire Equipment				2,171							2,171							
16-07	Various Equipment and Capital Projects				1,684,600				133,606			1,550,994							
17-03	Various Equipment and Capital Improvements				1,227,632				222,481			1,005,151							
18-09	Various Capital Improvements				2,431,649				113,698			2,317,951							
19-10	Various Capital Improvements				8,763,096				426,354			8,336,742							
20-02	Various Capital Improvements		-		-	\$	370,485	\$	7,409,615	\$	735,000	-	970,008	135,477	7,409,615				
		\$	1,532,308	\$	15,507,594	\$	370,485	\$	7,409,615	\$	735,000	\$	2,131	\$	1,908,267	\$	1,633,980	\$	22,014,886

Encumbrances Payable \$ 1,908,267

**CITY OF ENGLEWOOD
STATEMENT OF GRANTS RECEIVABLE**

		(Ord. No. 19-10) Bergen County <u>Open Space</u>	(Ord. No. 19-10) Library <u>Grant</u>	(Ord. No. 20-02) NJ Dept. of <u>Transportation</u>	(Ord. No. 20-02) Comm. Dev. <u>Block Grant</u>
	<u>Total</u>				
Balance, December 31, 2019	\$ 2,625,000	\$ 125,000	\$ 2,500,000		
Increased by:					
Grant Award	<u>735,000</u>	<u>-</u>	<u>-</u>	<u>\$ 585,000</u>	<u>\$ 150,000</u>
Balance, December 31, 2020	<u>\$ 3,360,000</u>	<u>\$ 125,000</u>	<u>\$ 2,500,000</u>	<u>\$ 585,000</u>	<u>\$ 150,000</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Increased by:	
2020 Current Fund Budget Appropriation	<u>\$ 405,000</u>
	405,000
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>370,485</u>
Balances, December 31, 2020	<u>\$ 34,515</u>

**CITY OF ENGLEWOOD
STATEMENT OF MISCELLANEOUS RESERVES**

Balance, December 31, 2019	\$ 68,759
Balance, December 31, 2020	<u>\$ 68,759</u>
<u>Analysis of Balance at December 31, 2020</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, 2019	\$ 105,443
Increased by:	
Cash Receipts	\$ 11,749
Due from Current Fund	<u>80,000</u>
	<u>91,749</u>
Balances, December 31, 2020	<u>\$ 13,694</u>

EXHIBIT C-11

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2019	\$ 3,896,774
Increased by:	
Charges to Improvement Authorizations	<u>1,908,267</u>
	5,805,041
Decreased by:	
Cash Disbursements	\$ 3,420,962
Cancellations	<u>2,131</u>
	<u>3,423,093</u>
Balance, December 31, 2020	<u>\$ 2,381,948</u>

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

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

CITY OF ENGLEWOOD
STATEMENT OF GENERAL SERIAL BONDS PAYABLE

Maturities of Bonds
Outstanding-Dec 31, 2020

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance December 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2020</u>
General Improvement Bonds	5/16/2010	\$ 4,365,000	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%	\$ 2,810,000		\$ 205,000	\$ 2,605,000
General Improvement Bonds (2014B)	4/2/2014	16,450,000	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%	10,595,000		545,000	10,050,000
General Obligation Bonds of 2017	4/1/2017	14,285,000	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%	13,035,000		625,000	12,410,000

**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>December 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>December 31, 2020</u>
			<u>Outstanding-Dec 31, 2020</u>	<u>Amount</u>					
General Obligation Bonds of 2019	3/28/2019	\$ 15,260,000	04/01/21-22	\$ 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	\$ -	505,000	\$ 14,755,000
						<u>\$ 41,700,000</u>	<u>\$ -</u>	<u>\$ 1,880,000</u>	<u>\$ 39,820,000</u>

CITY OF ENGLEWOOD
STATEMENT OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of Original Note	<u>Date of</u> Issue	<u>Maturity</u>	Interest Rate	Balance, December 31, 2019	Increased	Decreased	Balance, December 31, 2020
14-24	Various Capital Improvements	4/21/2015	3/28/2019 3/26/2020	3/27/2020 3/25/2021	3.00% 1.98%	\$ 314,383	\$ 302,317	\$ 314,383	\$ 302,317
15-03/15-12	Various Equipment and Capital Improvements	4/7/2016	3/28/2019 3/26/2020	3/27/2020 3/25/2021	3.00% 1.98%	8,153,207	7,571,590	8,153,207	7,571,590
15-13	Various Fire Equipment	4/7/2016	3/28/2019 3/26/2020	3/27/2020 3/25/2021	3.00% 1.98%	312,535	301,120	312,535	301,120
16-07	Various Capital Improvements	12/12/2019	12/12/2019 3/26/2020	3/27/2020 3/25/2021	1.85% 1.98%	8,300,000	8,300,000	8,300,000	8,300,000
17-03	Various Equipment and Capital Improvement	8/17/2017	3/28/2019 3/26/2020	3/27/2020 3/25/2021	3.00% 1.98%	5,084,875	4,924,973	5,084,875	4,924,973
18-09	Various Capital Improvements	8/21/2018	8/13/2019 3/26/2020	3/27/2020 3/25/2021	3.00% 1.98%	6,530,000 -	6,530,000	6,530,000 -	6,530,000
						<u>\$ 28,695,000</u>	<u>\$ 27,930,000</u>	<u>\$ 28,695,000</u>	<u>\$ 27,930,000</u>
							\$ 27,930,000	\$ 27,930,000	
							-	276,024	
								488,976	
							<u>\$ 27,930,000</u>	<u>\$ 28,695,000</u>	

Renewals
Paid by Capital Cash
Budget Appropriation

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

Balance, December 31, 2019 (Due To)		\$ 57,501
Increased by:		
Receipts from Current Fund	\$ 360,915	
Anticipated as Revenue in Current Fund Budget:		
Fund Balance	500,000	
Interest on Deposits	<u>24,293</u>	
		<u>885,208</u>
		942,709
Decreased by:		
Budget Appropriations:		
Capital Improvement Fund	405,000	
Principal on Bond Anticipation Notes	488,976	
Parking Fees	<u>80,000</u>	
		<u>973,976</u>
Balance, December 31, 2020 (Due From)		<u>\$ 31,267</u>

EXHIBIT C-16

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Cap No.</u>	<u>Improvement Description</u>	Balance, December 31, 2019	2020 Authorizations	Balance, December 31, 2020
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	1,066,066		1,066,066
18-09	Various Capital Improvements	775		775
19-10	Various Capital Improvements	9,642,854		9,642,854
20-02	Various Capital Improvements	<u>-</u>	<u>\$ 7,409,615</u>	<u>7,409,615</u>
		<u>\$ 10,822,445</u>	<u>\$ 7,409,615</u>	<u>\$ 18,232,060</u>

CITY OF ENGLEWOOD

PART II

GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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
2-10 North Van Brunt Street
Englewood, New Jersey 07631

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, 2020, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2021. 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 17, 2021

CITY OF ENGLEWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Receipts</u>	<u>Balance, December 31, 2019</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2020</u>	<u>(Memo Only) Cumulative Expenditures</u>
Department of Homeland Security Federal Emergency Management Agency Firefighters Grant	97.044			\$ 4			\$ 4	
Department of Law and Public Safety Coronavirus Pandemic Public Assistance Grant	97.036	2020	\$ 98,035		\$ 98,035	\$ 98,035		\$ 98,035
		2020	46,972		46,972	46,972		46,972
		2020	44,744		44,744	44,744		44,744
Department of Treasury Passed through County of Bergen Coronavirus Relief Fund	21.019	2020	485,588		485,588	485,588		485,588
Department of Housing and Urban Development Community Development Block Grant CDBG - Heart Health				1			1	
Department of Health and Human Services Public Health Emergency Preparedness Grant	93.069	2017		964		964	-	3,318
		2020	5,615		5,615	2,785	2,830	2,785
FDA Retail Standards	NA			817			817	3,671
FDA Retail Standards	NA		2,272		2,272		2,272	-
FDA Foodborne Illness	NA			5,892	-	-	5,892	
				<u>\$ 7,678</u>	<u>\$ 683,226</u>	<u>\$ 679,088</u>	<u>\$ 11,816</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, 2020

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>2020 Grant Receipts</u>	<u>Balance, December 31, 2019</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2020</u>	<u>(Memo Only) Cumulative Expenditures</u>
Recycling Tonnage Grant		2017		\$ 6,178		\$ 6,178			\$ 33,109
		2019		32,428		16,451		\$ 15,977	16,451
		2020	\$ 32,428		\$ 32,428			32,428	
Drunk Driving Enforcement Fund	1110-448-031020-22	2018		3,775				3,775	
		2019		956				956	
		2020	200		200			200	
		2017		13,596				13,596	
		Prior		58,124				58,124	
Clean Communities Program	4900-765-178900	2018		1,456		1,456		-	46,648
		2019		51,625		42,581		9,044	42,581
		2020	46,550		46,550			46,550	
Police Body Armor - State Share	N/A	2017		7,169				7,169	
		2019		7,780				7,780	
		2020	6,795		6,795			6,795	
		Prior		23,007				23,007	
Public Health Priority Funding		Prior		35				35	
Adolescent Health Grant		Prior		21,108		2,765	\$ 12,500	30,843	11,963
H1N1 Emergency Preparedness		Prior		267				267	
Alcohol Education		Prior		1,465			2,072	3,537	
		2019		5,465				5,465	
		2020	1,834		1,834			1,834	
New Jersey Department of Health Strengthening Local Public Health Capacity		2020			142,236	2,000		140,236	2,000
Municipal Alliance		2018		10,921		2,879		8,042	11,958
		2019		20,000				20,000	
		2020	3,498	-	20,000	-	-	20,000	
Total State Financial Assistance				\$ 265,355	\$ 250,043	\$ 74,310	\$ 14,572	\$ 455,660	

* 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, 2020

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	\$ 675,339		\$ 675,339
Grant Fund	<u>7,887</u>	<u>\$ 250,043</u>	<u>257,930</u>
Total Financial Awards	<u>\$ 683,226</u>	<u>\$ 250,043</u>	<u>\$ 933,269</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, 2020**

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, 2020**

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, 2020**

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, 2020

**CITY OF ENGLEWOOD
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	<u>\$2.815</u>	<u>\$2.789</u>	<u>\$2.722</u>
<u>Apportionment of Tax Rate</u>			
City	1.233	1.209	1.177
Municipal Library	0.038	0.038	0.037
County	0.276	0.266	0.265
County Open Space	0.012	0.011	0.011
Local School	1.256	1.265	1.232
<u>Assessed Valuation</u>			
2020	<u>\$4,486,356,200</u>		
2019		<u>\$4,439,452,700</u>	
2018			<u>\$4,435,823,100</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>
2020	\$ 126,590,198	\$ 126,164,787	99.66%
2019	125,071,131	124,731,033	99.73%
2018	121,010,458	120,621,631	99.68%

**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>
2020	\$ 37,230	\$ 244,686	\$ 281,916	0.22%
2019	12,383	227,011	239,394	0.19%
2018	48,909	214,110	263,019	0.22%

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2020 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>
2020	\$70,979
2019	70,979
2018	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	2020	\$5,463,732	\$1,850,000
	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

**CITY OF ENGLEWOOD
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE

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)
Sonia Alves-Viveiros	City Manager (Effective December 9, 2020)
Jewel Thompson-Chin	Interim City Manager (January 1, 2020 through March 27, 2020 and July 22, 2020 through December 8, 2020)
Michael Kaufmann	Chief Financial Officer
Jodi DeMaio	Tax Collector
Diana Patino	Treasurer
Yancy Wazimas	City Clerk, Acting City Manager (March 28, 2020 through July 21, 2020)
Aishaah Rasul	Judge
Helene C. Herbert	Judge
Francis J. Leddy	Judge
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 revealed that the Fire Department Other Expenses 2019 Appropriation Reserve budget line item was over-expended by \$7,658. This appears to be an isolated instance. Therefore, an audit recommendation is not warranted.

Our audit revealed that there were several purchase orders which have remained outstanding for several years. It is recommended that all prior year outstanding purchase orders be reviewed and action taken to liquidate or clear them of record.

Our audit noted that the City's reserve for terminal leave is reported in the City's Current Fund. It is recommended that the City approve a dedication by rider for the accumulated absences/terminal leave reserve and upon approval by the Division of Local Government Services ("DLGS") transfer the funds to the City's Other Trust Fund.

Our audit of the Police Off Duty reserve revealed that there are several outstanding invoice balances that remain uncollected from the prior year. It is recommended that the City review the police off duty outstanding invoice balances and action taken to collect or clear them of record.

Our audit of contracts payable noted that there were several purchase orders that were not reduced and/or closed when a credit change order was made to the original contract. In addition, the credit change order was not submitted to the City Council for their approval. It is recommended that Construction and General Capital credit change orders be approved by the City Council and adjusted in the City's accounting records.

Our audit revealed that the social security wages and taxes as reported on the quarterly IRS Form 941 reports were not in agreement with the year end IRS Form W-3. This was due to taxes being incorrectly withheld for certain employees who are exempt from social security taxes. City personnel are aware of this matter, however, amended IRS Forms have not been filed. It is recommended that the City file amended IRS 941 tax returns to properly report the social security wages and withholding taxes.

Our audit of payroll revealed that employee's overtime sheets are not maintained in the payroll department. In addition, the individual's overtime form is not always approved by the person's direct supervisor and/or director. In certain instances, we did note that the Police Chief initials the respective pay period overtime summary for the police department. It is recommended that the City develop a formal policy that standardizes the processes and required approvals for employee overtime.

Our audit noted that payments to certain vendors accumulated during the year, exceeded the quote and bid threshold, whereby the City did not have documentation to support that quotes or public bids were obtained. 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.

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

CITY OF ENGLEWOOD

GENERAL COMMENTS

Prior Year

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.

With respect to purchasing, we noted the following:

- Political contribution disclosure forms (PCD) were not obtained in a timely manner from 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 agreements 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.

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 or \$44,000 effective July 1, 2020. 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 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 City Council, adopted a resolution authorizing interest to be charged on delinquent taxes 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.

CITY OF ENGLEWOOD

GENERAL COMMENTS

Suggestions to Management

- 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.
- Interfunds be reviewed and cleared of record.

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 in agreement with the monthly reconciled bank balance.
- 3. The City develop a formal policy that standardizes the processes and required approvals for employee overtime.
- * 4. 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.
- 5. All prior year outstanding purchase orders be reviewed and action taken to liquidate or clear them of record.
- 6. The City approve a dedication by rider for the accumulated absences/terminal leave reserve and upon approval by the Division of Local Government Services ("DLGS") transfer the funds to the City's Other Trust Fund.
- 7. The City review the police off duty outstanding invoice balances and action taken to collect or clear them of record.
- 8. Construction and General Capital credit change orders be approved by the City Council and adjusted in the City's accounting records.
- 9. The City file amended IRS 941 tax returns to properly report the social security wages and withholding taxes.

* * * * *

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 (*).