

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 7, 2019

NEW ISSUE (BOOK-ENTRY ONLY)

RATING ON BONDS: S&P: "AA-"
RATING ON NOTES: "SP-1+"
(See "RATINGS" herein)

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds and Notes (as respectively defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX EXEMPTION" herein.

\$15,260,000\*
CITY OF ENGLEWOOD
IN THE COUNTY OF BERGEN
STATE OF NEW JERSEY
GENERAL IMPROVEMENT BONDS, SERIES 2019

\$13,865,000
CITY OF ENGLEWOOD
IN THE COUNTY OF BERGEN
STATE OF NEW JERSEY
BOND ANTICIPATION NOTES

CALLABLE

NON-CALLABLE

Dated: Date of Delivery
Due: April 1, as shown on the inside front cover

Dated: Date of Delivery
Due: March 27, 2020
Coupon: \_\_\_%
Yield: \_\_\_
CUSIP\*\*: 293191\_\_

The \$15,260,000\* aggregate principal amount of General Improvement Bonds, Series 2019 (the "Bonds"), are general obligations of the City of Englewood, in the County of Bergen, State of New Jersey (the "City") for which the full faith and credit of the City are pledged. The City is authorized and required by law to levy ad valorem taxes on all taxable property within the City without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The \$13,865,000 aggregate principal amount of Bond Anticipation Notes, dated the date of delivery (the "Notes"), are also general obligations of the City, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Notes are issued, but if not so paid or if not paid from other sources, are payable ultimately from ad valorem taxes levied upon all the taxable property within the City for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The Bonds and the Notes will be issued in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds and the Notes. Individual purchases of the Bonds will be made in book-entry only form in the principal amount of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on the first day of April and October of each year, commencing October 1, 2019, at such rates of interest as shown on the inside front cover hereof until maturity or prior redemption. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the City or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the City to the registered owner thereof as of the Record Dates (as defined herein).

The Notes will bear interest at the rate set forth above, commencing their date of delivery. Interest on the Notes will be payable at maturity as set forth above. Principal of and interest on the Notes will be payable by the City or a duly designated paying agent at the date of maturity.

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), various bond ordinances duly adopted by the City Council on the dates set forth herein and by a resolution duly adopted by the City Council on March 5, 2019. The Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, various bond ordinances duly adopted by the City Council on the dates set forth herein and by a resolution duly adopted by the City Council on March 5, 2019.

The Bonds are being issued to: (i) permanently finance a \$15,260,000 portion of the cost of various capital improvements by and in the City, and (ii) pay the costs associated with the issuance of the Bonds. The Notes are being issued to refund, on a current basis (along with \$7,944,585 in budgeted funds), a \$21,809,585 portion of prior bond anticipation notes of the City issued in the amount of \$37,070,000 on April 3, 2018 and maturing on April 2, 2019.

The Bonds are subject to optional redemption prior to their stated maturities as set forth herein. See "DESCRIPTION OF THE BONDS" under the subheading entitled "Optional Redemption". The Notes are not subject to redemption prior to their stated maturity.

The Bonds and the Notes are not debt or obligations, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the City.

This cover page and inside front cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement, including all appendices, to obtain information essential to making an informed investment decision.

The Bonds and Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel, and certain other conditions. NW Financial Group, LLC, Hoboken, New Jersey has served as Municipal Advisor to the City in connection with the issuance of the Bonds and the Notes. Certain legal matters will be passed upon for the City by the City Attorney, William J. Bailey, Westwood, New Jersey. It is anticipated that the Bonds and the Notes will be available for delivery through DTC on or about March 28, 2019.

Electronic bid submissions for the Bonds, in accordance with the full Notice of Sale for the Bonds, must be made via PARITY until 11:00 a.m. prevailing New Jersey time on March 14, 2019. For more details on how to bid electronically, view the full Notice of Sale posted at www.prospectushub.com.

Bids for the Notes, in accordance with the Full Notice of Sale for the Notes, must be made via PARITY until 11:15 a.m. prevailing New Jersey time on March 14, 2019. For more details on how to bid electronically, view the full Notice of Sale posted at www.prospectushub.com.

\* Preliminary, subject to change.

\*\*\*CUSIP\*\* is a registered trademark of the American Bankers Association. CUSIP numbers are provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP number listed above is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the City does not make any representations with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

This is a Preliminary Official Statement "deemed final" by the City within the meaning of and with the exception of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The City will deliver a final Official Statement in compliance with Rule 15c2-12. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these Bonds or Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities law of any such jurisdiction.

**\$15,260,000\***  
**CITY OF ENGLEWOOD**  
**IN THE COUNTY OF BERGEN**  
**STATE OF NEW JERSEY**  
**GENERAL IMPROVEMENT BONDS, SERIES 2019**

**CALLABLE**

**Dated: Date of Delivery**  
**Due: April 1, as shown on the inside front cover**

**\$13,865,000**  
**CITY OF ENGLEWOOD**  
**IN THE COUNTY OF BERGEN**  
**STATE OF NEW JERSEY**  
**BOND ANTICIPATION NOTES**

**NON-CALLABLE**

**Dated: Date of Delivery**  
**Due: March 27, 2020**  
**Coupon: \_\_\_\_%**  
**Yield: \_\_\_\_**  
**CUSIP\*\*: 293191\_\_**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

| <u>Year</u> | General<br>Improvement<br><u>Bonds*</u> | <u>Interest<br/>Rates</u> | <u>Yields</u> | <u>CUSIP<br/>Numbers**</u> |
|-------------|---|---------------------------|---------------|----------------------------|
| 2020        | \$ 505,000                              | %                         |               |                            |
| 2021        | 505,000                                 |                           |               |                            |
| 2022        | 505,000                                 |                           |               |                            |
| 2023        | 515,000                                 |                           |               |                            |
| 2024        | 530,000                                 |                           |               |                            |
| 2025        | 545,000                                 |                           |               |                            |
| 2026        | 560,000                                 |                           |               |                            |
| 2027        | 580,000                                 |                           |               |                            |
| 2028        | 600,000                                 |                           |               |                            |
| 2029        | 625,000                                 |                           |               |                            |
| 2030        | 650,000                                 |                           |               |                            |
| 2031        | 675,000                                 |                           |               |                            |
| 2032        | 705,000                                 |                           |               |                            |
| 2033        | 730,000                                 |                           |               |                            |
| 2034        | 760,000                                 |                           |               |                            |
| 2035        | 795,000                                 |                           |               |                            |
| 2036        | 825,000                                 |                           |               |                            |
| 2037        | 860,000                                 |                           |               |                            |
| 2038        | 895,000                                 |                           |               |                            |
| 2039        | 925,000                                 |                           |               |                            |
| 2040        | 965,000                                 |                           |               |                            |
| 2041        | 1,005,000                               |                           |               |                            |

\* Preliminary, subject to change.

\*\* A registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a Standard & Poor's Financial Services LLC business. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders and Noteholders only at the time of issuance of the Bonds and Notes and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and Notes as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and Notes.

**CITY OF ENGLEWOOD  
IN THE COUNTY OF BERGEN  
STATE OF NEW JERSEY**

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**MAYOR**

Michael Wildes

**CITY COUNCIL**

Katharine Glynn, Council President  
Charles Cobb  
Michael Cohen  
Wayne Hamer  
Cheryl Weiner Rosenberg

**CITY ATTORNEY**

William J. Bailey, Esq.  
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Westwood, New Jersey

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Michael Kaufmann

**CITY CLERK**

Yancy Wazirmas

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**MUNICIPAL ADVISOR**

NW Financial Group, LLC  
Hoboken, New Jersey

**BOND COUNSEL**

Wilentz, Goldman & Spitzer, P.A.  
Woodbridge, New Jersey

No dealer, broker, salesperson or other person has been authorized by the City of Englewood, in the County of Bergen, State of New Jersey (the "City") to give any information or to make any representations with respect to the Bonds and Notes other than those contained in this Official Statement and if given or made, such information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the City, The Depository Trust Company, New York, New York ("DTC") and other sources deemed reliable by the City; however, no representation or warranty is made as to its accuracy or completeness, and as to the information from sources other than the City, such information is not to be construed as a representation or warranty by the City.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Bonds or Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier. The City has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein and may not be reproduced or used in whole or part, for any other purpose. This Official Statement should be read in its entirety.

The presentation of information is intended to show recent historical information except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial condition of other affairs of the City. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

The order and placement of materials in this Official Statement, including the Appendices, are not deemed to be a determination of the relevance, materiality or importance, and this Official Statement, including the Appendices, and must be considered in its entirety.

In order to facilitate the distribution of the Bonds and Notes, the respective Underwriters may engage in transactions intended to stabilize the price of the Bonds and Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The prices at which the Bonds and Notes are offered to the public by the respective Underwriters and the yields resulting there from may vary from the initial public offering prices or yields on the cover page and/or inside cover page hereof. In addition, the Underwriters may allow concessions or discounts from such initial public offering prices to dealers and others.

The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

## TABLE OF CONTENTS

|   | Page |
|---|------|
| INTRODUCTION.....   | 1    |
| DESCRIPTION OF THE BONDS .....                                    | 1    |
| General Description .....   | 1    |
| Optional Redemption .....   | 2    |
| Notice of Redemption .....  | 2    |
| Authorization for the Issuance of the Bonds.....                  | 2    |
| Purpose of the Bonds .....  | 3    |
| Payment of Bonds .....  | 3    |
| DESCRIPTION OF THE NOTES .....                                    | 3    |
| General Description .....   | 3    |
| Optional Redemption .....   | 4    |
| Authorization for the Issuance of the Notes.....                  | 4    |
| Purpose of the Notes .....  | 4    |
| Payment of Notes .....  | 5    |
| SECURITY FOR THE BONDS AND NOTES .....                            | 5    |
| NO DEFAULT .....  | 5    |
| MARKET PROTECTION.....  | 5    |
| BOOK-ENTRY ONLY SYSTEM.....                                       | 5    |
| Discontinuance of Book-Entry Only System.....                     | 7    |
| PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT .....    | 7    |
| Procedure for Authorization .....                                 | 7    |
| Local Bond Law (N.J.S.A. 40A:2-1 et seq.).....                    | 8    |
| Short Term Financing .....  | 8    |
| Refunding Bonds (N.J.S.A. 40A:2-51 <u>et seq.</u> ).....          | 8    |
| Statutory Debt Limitation (N.J.S.A. 40A:2-6 <u>et seq.</u> )..... | 9    |

## TABLE OF CONTENTS (Cont'd)

|   |    |
|---|----|
| Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 <u>et seq.</u> ) ..... | 9  |
| Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 <u>et seq.</u> ).....                              | 9  |
| Annual Financial Statement (N.J.S.A. 40A:5-12 <u>et seq.</u> ) .....                          | 10 |
| Investment of Municipal Funds.....  | 10 |
| FINANCIAL MANAGEMENT.....   | 10 |
| Accounting and Reporting Practices .....  | 10 |
| Local Budget Law (N.J.S.A. 40A:4-1 <u>et seq.</u> ).....                                      | 10 |
| Local Examination of Budgets (N.J.S.A. 40A:4-78(b)) .....                                     | 11 |
| State Supervision (N.J.S.A. 52:27BB-1 <u>et seq.</u> ).....                                   | 11 |
| Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, <u>et seq.</u> ).....           | 11 |
| Deferral of Current Expenses .....  | 12 |
| Budget Transfers .....  | 13 |
| Anticipation of Real Estate Taxes.....  | 13 |
| Anticipation of Miscellaneous Revenues .....  | 13 |
| Debt Statements .....   | 13 |
| CAPITAL IMPROVEMENT PROGRAM.....  | 14 |
| TAX ASSESSMENT AND COLLECTION.....  | 14 |
| Assessment and Collection of Taxes .....  | 14 |
| Tax Appeals.....  | 15 |
| TAX EXEMPTION .....   | 15 |
| Federal Income Tax Treatment .....  | 15 |
| [Original Issue Premium .....   | 15 |
| [Original Issue Discount.....   | 16 |
| Additional Federal Income Tax Consequences Relating to Bonds and Notes.....                   | 16 |
| State Taxation.....   | 16 |
| Prospective Tax Law Changes .....   | 16 |
| Other Tax Consequences.....   | 16 |

## TABLE OF CONTENTS (Cont'd)

|  |     |
|--|-----|
| LEGALITY FOR INVESTMENT .....  | 17  |
| RISK TO HOLDERS OF BONDS AND NOTES .....                                       | 17  |
| Municipal Bankruptcy.....  | 17  |
| Remedies of Holders of Bonds or Notes (N.J.S.A. 52:27-1 <u>et seq.</u> ) ..... | 18  |
| CERTIFICATES OF THE CITY.....  | 18  |
| APPROVAL OF LEGAL PROCEEDINGS .....  | 18  |
| ADDITIONAL INFORMATION .....   | 18  |
| MUNICIPAL ADVISOR .....  | 19  |
| LITIGATION .....   | 19  |
| COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE BONDS.....    | 19  |
| COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES .....   | 19  |
| PREPARATION OF OFFICIAL STATEMENT .....  | 20  |
| RATINGS .....  | 20  |
| UNDERWRITING.....  | 20  |
| FINANCIAL STATEMENTS .....   | 21  |
| MISCELLANEOUS.....   | 21  |
|  |     |
| APPENDIX A   |     |
| Certain Financial and Demographic  |     |
| Information Concerning the City of Englewood .....                             | A-1 |
|  |     |
| APPENDIX B   |     |
| Unaudited Financial Data of the City of Englewood for the Year Ending          |     |
| December 31, 2018 and Audited Financial Statements of the City of Englewood    |     |
| for the Years Ending December 31, 2017 and 2016.....                           | B-1 |
|  |     |
| APPENDIX C   |     |
| Form of Approving Legal Opinion for the Bonds .....                            | C-1 |
|  |     |
| APPENDIX D   |     |
| Form of Approving Legal Opinion for the Notes .....                            | D-1 |
|  |     |
| APPENDIX E   |     |
| Form of Continuing Disclosure Certificate for the Bonds .....                  | E-1 |
|  |     |
| APPENDIX F   |     |
| Form of Certificate of Compliance with Secondary Market                        |     |
| Disclosure Requirements for the Notes .....                                    | F-1 |

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**OFFICIAL STATEMENT  
OF THE  
CITY OF ENGLEWOOD  
IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY**

**RELATING TO  
\$15,260,000\* GENERAL IMPROVEMENT BONDS, SERIES 2019  
\$13,865,000 BOND ANTICIPATION NOTES**

**INTRODUCTION**

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the City of Englewood (the "City"), in the County of Bergen (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$15,260,000\* General Improvement Bonds, Series 2019 (the "Bonds") and \$13,865,000 Bond Anticipation Notes (the "Notes") of the City. This Official Statement, which includes the cover page, inside front cover page and appendices attached hereto, has been authorized by the City Council, and executed by and on behalf of the City by its Chief Financial Officer, to be distributed in connection with the sale of the Bonds and Notes.

This Official Statement contains specific information relating to the Bonds and Notes including their general description, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the City.

**DESCRIPTION OF THE BONDS**

**General Description**

The Bonds are dated the date of delivery thereof and shall bear interest at the rates shown on the inside front cover page hereof from such date, payable semi-annually on the first day of April and October of each year (each an "Interest Payment Date") until maturity or prior redemption, commencing October 1, 2019. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be paid by check, draft or wire transfer mailed, transmitted or delivered to the registered owners of the Bonds as of each respective March 15 and September 15 preceding each Interest Payment Date (the "Record Dates"), at the address shown on the registration books for the Bonds kept for that purpose by the City's Chief Financial Officer, as Registrar and Paying Agent.

The Bonds will mature on April 1 in each of the years and in the respective principal amounts as set forth on the inside front cover page.

The Bonds, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds (the "Securities Depository"). Purchases of beneficial interests in the Bonds will be made in book-entry only form, without certificates, in denominations of \$1,000 each or any integral multiple thereof, with minimum purchases of \$5,000 required. Under certain circumstances, such beneficial interests in the Bonds are exchangeable for one or more fully registered Bond certificates of like series, maturity and tenor in authorized denominations.

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\* Preliminary, subject to change

So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly by the City as Paying Agent, or some other paying agent as may be designated by the City, to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Bonds is the responsibility of the DTC Participants and Indirect Participants (as hereinafter defined). See "BOOK-ENTRY ONLY SYSTEM" herein.

### **Optional Redemption**

The Bonds maturing prior to April 1, 2028 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after April 1, 2028 are redeemable at the option of the City, in whole or in part, on any date on or after April 1, 2027, upon notice as required herein, at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

### **Notice of Redemption**

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the City or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the City determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by the City. The Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

### **Authorization for the Issuance of the Bonds**

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances duly adopted by the City Council of the City on the dates set forth in the chart on the following page and published and approved as required by law, and by a resolution duly adopted by the City Council on March 5, 2019.

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the City. Such estoppel period has concluded as of the date of this Official Statement.

## Purpose of the Bonds

The Bonds are being issued to: (i) permanently finance a \$15,260,000\* portion of the cost of various capital improvements by and in the City, and (ii) pay the costs associated with the issuance of the Bonds.

The purposes for which the Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described on the following table by ordinance number, description and date of final adoption and the amount of Bonds to be issued for such purposes. The bond ordinances are:

| <b>Ordinance Number</b> | <b>Description and Date of Final Adoption</b>  | <b>Amount</b>       |
|-------------------------|--|---------------------|
| 12-20                   | Providing for Various Capital Improvements and Other Related Expenses, finally adopted 7/17/12 | \$ 3,067,940        |
| 13-06                   | Providing for Various General Improvements, finally adopted 5/7/13                             | 3,865,396           |
| 13-11a                  | Providing for Ice Arena Improvements, finally adopted 8/27/13                                  | 598,977             |
| 13-15                   | Providing for Overpeck Creek Channel Wall Replacement–Phase II, finally adopted 12/10/13       | 583,365             |
| 14-01                   | Providing for Construction of Fire House, finally adopted 1/28/14                              | <u>7,144,322</u>    |
|                         | TOTAL  | <u>\$15,260,000</u> |

## Payment of Bonds

As hereinafter stated, the Bonds are general obligations of the City for which the full faith and credit of the City will be pledged. The City is authorized and required by law to levy *ad valorem* taxes on all taxable property within the City for the payment of principal of and interest on Bonds without limitation as to rate or amount.

## DESCRIPTION OF THE NOTES

### General Description

The Notes shall be dated and shall bear interest at the rate as indicated on the front cover page of this Official Statement, payable upon maturity. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Notes will be issued as fully registered notes in book-entry only form, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the City or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the City or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See "DESCRIPTION OF THE NOTES" herein.

**Optional Redemption**

The Notes are not subject to redemption prior to their stated maturity.

**Authorization for the Issuance of the Notes**

The Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances duly adopted by the City Council of the City on the dates set forth under "Purpose of the Notes" herein and published and approved as required by law, and by a resolution duly adopted by the City Council on March 5, 2019.

The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the City. Such estoppel period has concluded as of the date of this Official Statement.

**Purpose of the Notes**

The Notes are being issued to refund, on a current basis (along with \$610,880 in budgeted funds and \$7,333,705 in other funds available to the City), a \$21,809,585 portion of prior bond anticipation notes of the City issued in the amount of \$37,070,000 on April 3, 2018 and maturing on April 2, 2019 (the "Prior Notes"). The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the City, which bond ordinances are described on the following table by ordinance number, description and date of final adoption:

| <b>Ordinance Number</b>    | <b>Description and Date of Final Adoption</b>   | <b>Amount</b> |
|----------------------------|---|---------------|
| 14-24                      | Providing for Various General Improvements, finally adopted 7/29/14   | \$ 314,383    |
| 15-03, as amended by 15-12 | Providing for Acquisition of Various Equipment and Completion of Various Capital Improvements, finally adopted 5/12/15 (15-03) and 11/24/15 (15-12) | 8,153,207     |
| 15-13                      | Providing for Acquisition of Various Fire Equipment and Completion of Various Capital Improvements to Fire Station, finally adopted 11/24/15        | 312,535       |

| Ordinance<br>Number | Description and Date<br>of Final Adoption  | Amount              |
|---------------------|--|---------------------|
| 17-03               | Providing for Acquisition of Various Equipment and Completion of Various Capital Improvements, finally adopted 6/13/17 | <u>\$ 5,084,875</u> |
|                     | TOTAL  | <u>\$13,865,000</u> |

### Payment of Notes

As hereinafter stated, the Notes are general obligations of the City for which the full faith and credit of the City will be pledged. The City is authorized and required by law to levy *ad valorem* taxes on all taxable property within the City for the payment of principal of and interest on Notes without limitation as to rate or amount.

### SECURITY FOR THE BONDS AND NOTES

The Bonds and Notes are valid and legally binding general obligations of the City for which the full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on the Bonds and Notes. Unless otherwise paid from other sources, the City has the power and is obligated by law to levy *ad valorem* taxes upon all the taxable property within the City for the payment of the principal of the Bonds and Notes and the interest thereon without limitation as to rate or amount.

The City is required by law to include the total amount of principal of and interest on all of its general obligation indebtedness, such as the Bonds and Notes, for the current year in each annual budget unless provision has been made for payment of such general obligation indebtedness from other sources. The enforceability of rights or remedies with respect to the Bonds and Notes may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "RISK TO HOLDERS OF BONDS AND NOTES" and "MUNICIPAL BANKRUPTCY" herein.

The Bonds and Notes are not a debt or obligation, legal, moral or otherwise of the State or any county, municipality or political subdivision thereof, other than the City.

### NO DEFAULT

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on the bonds, notes or other obligations of the City as of the date hereof.

### MARKET PROTECTION

The City anticipates that it will issue bond anticipation notes and special emergency notes in 2019 to currently refund bond anticipation notes and special emergency notes issued in the aggregate amount of \$6,530,000 on August 21, 2018.

### BOOK-ENTRY ONLY SYSTEM

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds and Notes, payment of principal and interest, and other payments on the Bonds and Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Bonds and Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the City. Accordingly, the City does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds and Notes. The Bonds and Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of the issue of the Bonds, and will be deposited with DTC. One fully registered Note certificate will be issued for the Notes in the aggregate principal amount of the Notes, as set forth on the cover hereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds or Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds or Notes on DTC's records. The ownership interest of each actual purchaser of Bonds or Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds or Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds or Notes, except in the event that use of the book-entry system for the Bonds or Notes is discontinued.

To facilitate subsequent transfers, all Bonds or Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds or Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds or Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds or Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds or Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds or Notes, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds or Notes may wish to ascertain that the nominee holding the Bonds or Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative,

Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds or Notes, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds or Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds and Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, nor its nominee, Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Bonds and Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds or Notes at any time by giving reasonable notice to the City or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond and Note certificates are required to be printed and delivered.

The Paying Agent, upon direction of the City, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond and Note certificates will be printed and delivered.

**The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.**

#### **Discontinuance of Book-Entry Only System**

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds or Notes, the following provisions apply: (i) the Bonds or Notes may be exchanged for an equal aggregate principal amount of Bonds or Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the City or Paying Agent; (ii) the transfer of any Bonds or Notes may be registered on the books maintained by the City or Paying Agent for such purposes only upon the surrender thereof to the City or Paying Agent together with the duly executed assignment in form satisfactory to the City or Paying Agent; and (iii) for every exchange or registration of transfer of Bonds or Notes, the City or Paying Agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds or Notes. Interest on the Bonds or Notes will be payable by check or draft, mailed on the Interest Payment Date to the registered owners thereof.

### **PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

#### **Procedure for Authorization**

The City has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of City debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt,

the maturity and terms of repayment thereof, and other related matters are statutory. The City is not required to submit the proposed incurrence of indebtedness to a public referendum.

The City, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the City Council and approved by the Mayor. The Local Bond Law requires publication and posting of the bond ordinance. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the City.

#### **Local Bond Law (N.J.S.A. 40A:2-1 et seq.)**

The Bonds and Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and bond anticipation notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and the improvements involving State grants, a five percent (5%) cash down payment must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the City are general "full faith and credit" obligations.

#### **Short Term Financing**

Local governmental units (including the City) may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter, unless an amount of such note at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the City, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued.

#### **Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)**

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. The Local Finance Board, in the Division of Local Governmental Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of refunding bonds.



### **Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)**

There are statutory requirements which limit the amount of debt which the City is permitted to authorize. The authorized bonded indebtedness of a City is limited by the Local Bond Law and other laws to an amount equal to three and one-half percent (3 1/2%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the City for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" herein.

As shown in APPENDIX A, the City has not exceeded its statutory debt limit.

### **Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 et seq.)**

The debt limit of the City may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the City must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the City and that the proposed debt authorization would not materially impair the credit of the City or substantially reduce the ability of the City to meet its obligations or to provide essential services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district. The City has not exceeded its debt limit.

### **Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)**

The Local Fiscal Affairs, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", must be completed within six (6) months (June 30) after the close of the City's fiscal year (December 31), includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the City Clerk and is available for review during regular municipal business hours and shall, within five (5) days thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the City Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted in the United States.

### **Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)**

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, such as the City, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. It reflects the results of operations for the year of the Current and Utility Funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire annual financial statement is filed with the clerk of the local unit and is available for review during business hours.

### **Investment of Municipal Funds**

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a cash management plan pursuant to the requirements outlined by said statute. Once a municipality adopts a cash management plan it must deposit or invest its funds pursuant to such plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its cash management plan. Some of the permitted securities are as follows: (a) obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"), (b) Government money market mutual funds which invest in securities permitted under the statute, (c) bonds of certain Federal Government agencies having a maturity date not greater than 397 days from the date of purchase, (d) bonds or other obligations of the particular municipality or school districts of which the local unit is a part or within which the school district is located, and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

## **FINANCIAL MANAGEMENT**

### **Accounting and Reporting Practices**

The accounting policies of the City conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the City does not record obligations for accumulated unused vacation and sick pay.

### **Local Budget Law (N.J.S.A. 40A:4-1 et seq.)**

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the City, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law

requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit may examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but the Director's budgetary review functions, focusing on anticipated revenues, and serves to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriation. N.J.S.A. 40A:4-22. If in any year the City's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. See "CAPITAL IMPROVEMENT PROGRAM" herein.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate section of the budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "current" or operating budget.

#### **Local Examination of Budgets (N.J.S.A. 40A:4-78(b))**

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. [Under the regulations prescribed by the Local Finance Board, the City was not eligible for local examination of its budget in 2013. The City has adopted its 2016 budget in accordance with the procedures described under the heading entitled, "FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)".

#### **State Supervision (N.J.S.A. 52:27BB-1 et seq.)**

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring cash deficit.

#### **Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, et seq.)**

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the City shall limit any increase in its

budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the City may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the City for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. The City utilized \$0 of its "Cap Bank" in its 2018 Budget from prior years. The City's 2018 Budget was finally adopted on June 11, 2018. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

Additionally, new legislation constituting P.L. 2010, c.44, effective July 13, 2010, imposes a 2% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care costs in excess of 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

The Division of Local Government Services has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the City to levy *ad valorem* taxes upon all taxable property within the boundaries of the City to pay debt service on bonds and notes, including the Bonds and Notes.

### **Deferral of Current Expenses**

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the City, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in N.J.S.A. 40A:4-48, and approved by at least two-thirds of the full membership of the governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

## Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

## Anticipation of Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A 40A:4-29 sets limits on the anticipation of delinquent tax collections and provides that, "[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that, "[r]eceipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the sum will at least equal the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\begin{array}{l} \text{Total of Local, County,} \\ \text{and School Levies} \end{array} - \text{Anticipated Revenues} = \text{Cash Required from Taxes to Support} \\ \text{Local Municipal Budget and Other Taxes}$$
  
$$\frac{\text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes}}{\text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)}} = \text{Amount to be} \\ \text{Raised by} \\ \text{Taxation}$$

## Anticipation of Miscellaneous Revenues

N.J.S.A 40A:4-26 provides that, "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

## Debt Statements

The City must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt

Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before the end of the first month (January 31) of each fiscal year of the City, the City must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the City Clerk. This report is made under oath and states the authorized, issued and unissued debt of the City as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the City's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

### **CAPITAL IMPROVEMENT PROGRAM**

In accordance with the Local Budget Law, the City must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The Capital Budget and Capital Improvement Program must be adopted as part of the annual budget pursuant to N.J.A.C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

### **TAX ASSESSMENT AND COLLECTION**

#### **Assessment and Collection of Taxes**

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the City, the local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special district.

Tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county of school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the City Attorney (as defined herein) for in rem foreclosures in order to acquire title to these properties.

The provisions of chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser

will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures, minimum bidding terms and requires the review and approval of the sale by the Division.

## **Tax Appeals**

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1<sup>st</sup> day of April of the current tax year for its review or the 1<sup>st</sup> day of May for municipalities that have conducted revaluations. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

## **TAX EXEMPTION**

### **Federal Income Tax Treatment**

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Bonds and Notes in order for the interest on the Bonds and Notes to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds or Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds and Notes. The City will represent in its tax certificate that it expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the City ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the City with the requirements of the Code and the representations and covenants made in the tax certificate described above, interest on the Bonds and Notes is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and is not treated as a preference item under Section 57 of the Code.

The Bonds and Notes do not constitute "qualified tax-exempt obligations" as defined in and for the purpose of Section 265(b)(3) of the Code.

### **[Original Issue Premium**

The Bonds maturing on April 1 in the years \_\_\_\_\_ through \_\_\_\_\_, inclusive (the "Premium Bonds") were purchased at a premium ("original issue premium") over the stated principal amounts of the Bonds. For federal income tax purposes, original issue premium generally must be amortized over the term of the Premium Bonds. Amortizable bond premium is accounted for as reducing the tax-exempt interest on the Premium Bonds rather than creating a deductible expense or loss. Under Section 171(a)(2) of the Code, no deduction is allowed for the amortizable bond premium (determined in accordance with Section 171(b) of the Code) on tax-exempt bonds. Under Section 1016(a)(5) of the Code, however, an adjustment must be made to the purchaser's basis in the Premium Bonds to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(a)(2) of the Code. Holders of the Premium Bonds should consult their tax advisors for an explanation of the bond premium amortization rules.]

## **[Original Issue Discount**

Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on April 1 in the years \_\_\_\_ through \_\_\_\_, inclusive (the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the Discount Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is treated as interest and is excludable from gross income for federal income tax purposes to the same extent described above. In the case of any holder of the Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to the Discount Bonds is added to the cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the Discount Bonds should consult their tax advisors for an explanation of the original issue discount rules.]

## **Additional Federal Income Tax Consequences Relating to Bonds and Notes**

Prospective purchasers of the Bonds and Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds and Notes, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds and Notes should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

## **State Taxation**

Bond Counsel is also of the opinion that interest on the Bonds and Notes, and any gain on the sale thereof, is not includable in gross income under the existing New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Bonds or Notes.

## **Prospective Tax Law Changes**

Federal, state or local legislation, administrative pronouncements or court decisions may affect the federal and State tax-exempt status of interest on the Bonds and Notes and the State tax-exempt status of interest on the Bonds and Notes, gain from the sale or other disposition of the Bonds and Notes, the market value of the Bonds and Notes or the marketability of the Bonds and Notes. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Bonds and Notes should consult their own tax advisors regarding such matters.

## **Other Tax Consequences**

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Bonds and Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds and Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds and Notes paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See APPENDIX C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds and APPENDIX D for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Notes.



**Prospective purchasers of the Bonds and Notes should consult their tax advisors with respect to all tax consequences (including but not limited to those listed above) of holding the Bonds and Notes.**

### **LEGALITY FOR INVESTMENT**

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the City, including the Bonds and Notes, and such Bonds and Notes are authorized security for any and all public deposits.

### **RISK TO HOLDERS OF BONDS AND NOTES**

It is understood that the rights of the holders of the Bonds and Notes, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

#### **Municipal Bankruptcy**

**THE CITY HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE CITY EXPECTS TO UTILIZE THE BENEFITS OF ITS PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS AND NOTES, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.**

The undertakings of the City should be considered with reference to 11 U.S.C. §101 *et seq.*, as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provided that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such act.

Reference should also be made to N.J.S.A. 52:27-40 *et seq.* which provides that a local unit, including the City, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

## **Remedies of Holders of Bonds or Notes (N.J.S.A. 52:27-1 et seq.)**

If the City defaults for over sixty (60) days in the payment of the principal of or interest on any bonds or notes outstanding, any holder of such bonds or notes may bring an action against the City in the Superior Court of New Jersey (the "Superior Court") to obtain a judgment that the City is so in default. Once a judgment is entered by the Superior Court to the effect that the City is in default, the Municipal Finance Commission (the "Commission") would become operative in the City. The Commission was created in 1931 to assist in the financial rehabilitation of municipalities which were in default in their obligations. The powers and duties of the Commission are exercised within the Division, which constitutes the Commission.

The Commission exercises direct supervision over the finances and accounts of any municipality which has been adjudged by the Superior Court to be in default of its obligations. The Commission continues in force in such municipalities until all bonds, notes or other indebtedness of the municipality which have fallen due, and all bonds or notes which will fall due within one (1) year (except tax anticipation or revenue anticipation notes), and the interest thereon, have been paid, funded or refunded, or the payment thereof has been adequately provided for by a cash reserve, at which time the Commission's authority over such municipality ceases. The Commission is authorized to supervise tax collections and assessments, to approve the funding or refunding of bonds, notes or other indebtedness of the municipality which the Commission has found to be outstanding and unpaid, and to approve the adjustment or composition of claims of creditors and the readjustment of debts under the Bankruptcy Code.

## **CERTIFICATES OF THE CITY**

Upon the delivery of the Bonds and Notes, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the City, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the City from that set forth in or contemplated by this Official Statement. In addition, the respective original purchaser of the Bonds and Notes shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and Notes and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Bonds and Notes, and signed by the officers who signed the Bonds and Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds or Notes or the levy or collection of taxes to pay the Bonds or Notes, as applicable, or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Bonds or Notes, as applicable, are issued, and that neither the corporate existence or boundaries of the City, nor the title of any of the said officers to the respective offices, is being contested.

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds and Notes are subject to the approval of Bond Counsel, whose approving legal opinions will be delivered with the Bonds and Notes substantially in the form set forth as APPENDIX C and APPENDIX D, respectively, hereto. Certain legal matters with respect to the Bonds and Notes will be passed on for the City by its City Attorney, William J. Bailey, Esq., Westwood, New Jersey (the "City Attorney").

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the City of Englewood, Michael Kaufmann, Chief Financial Officer, 2-10 North Van Brunt Street, Englewood, New Jersey 07631, (201) 871-6602 and Lisa A. Gorab, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6459, or Dan Mariniello, NW Financial Group, LLC, 2 Hudson Place, 3<sup>rd</sup> Floor, Hoboken, New Jersey 07030, (201) 656-0115.

## **MUNICIPAL ADVISOR**

NW Financial Group, LLC, Hoboken, New Jersey has served as municipal advisor to the City with respect to the issuance of the Bonds and Notes ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **LITIGATION**

To the knowledge of the City Attorney there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds or Notes offered for sale or the levy and collection of any taxes to pay the principal of or the interest on said Bonds or Notes, or in any manner questioning the authority of a proceeding for the issuance of the Bonds or Notes or for the levy or collection of taxes to pay the principal of and interest on the Bonds or Notes, or any action contesting the corporate existence or boundaries of the City or the title of any of its present officers. Further, to the knowledge of the City Attorney, there is no litigation presently pending or threatened against the City that, in the opinion of the City Attorney, would have a material adverse impact on the financial condition of the City if adversely decided. The respective original purchasers of the Bonds and Notes will receive a certificate of the City Attorney to such effect upon the closing of the Bonds and Notes.

## **COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE BONDS**

The City has covenanted for the benefit of the holders of the Bonds and the beneficial owners of the Bonds to provide certain financial information and operating data of the City on or prior to September 1 of each year and to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the "Disclosure Certificate") to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in APPENDIX E attached hereto. Such Certificate shall be delivered concurrently with the delivery of the Bonds. Annual financial information, including operating data, and notices of events specified in the Rule, if material, shall be filed with the Municipal Securities Rulemaking Board (the "MSRB").

The City has entered into prior undertakings to provide continuing disclosure for certain outstanding issuances. In connection with such undertakings, the City has filed audited financial statements and other financial documents with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") website as required in accordance with the Rule. However, not all filings for the fiscal year ending December 31, 2013 were filed within the time limits set forth in the City's prior continuing disclosure agreements, and certain filings may not have been applied to all appropriate CUSIPs. In addition, the City's filings contained operating data but may not have always contained all required information. The City also failed to timely file notices relating to rating changes of various bond insurers. The City has since filed an event notice which identifies the current credit ratings of such bond insurers. NW Financial Group, LLC, Hoboken, New Jersey, will act as Continuing Disclosure Agent for the City.

## **COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

The City has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the City with the MSRB. The specific nature of the Notices will be detailed in a certificate to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in APPENDIX F hereto, such certificate to be delivered concurrently with the delivery of the Notes.

The City has entered into prior undertakings to provide continuing disclosure for certain outstanding issuances. In connection with such undertakings, the City has filed audited financial

statements and other financial documents with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") website as required in accordance with the Rule. However, not all filings for the fiscal year ending December 31, 2013 were filed within the time limits set forth in the City's prior continuing disclosure agreements, and certain filings may not have been applied to all appropriate CUSIPs. In addition, the City's filings contained operating data but may not have always contained all required information. The City also failed to timely file notices relating to rating changes of various bond insurers. The City has since filed an event notice which identifies the current credit ratings of such bond insurers. NW Financial Group, LLC, Hoboken, New Jersey, will act as Continuing Disclosure Agent for the City.

### **PREPARATION OF OFFICIAL STATEMENT**

Bond Counsel has participated in the preparation and review of this Official Statement and in the collection of financial, statistical or demographic information contained in this Official Statement but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

Lerch, Vinci & Higgins, LLP, Fair Lawn, New Jersey, the Auditor to the City, has participated in the preparation of the information contained in this Official Statement but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report appearing in APPENDIX B hereto.

The City Attorney has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

All other information has been obtained from sources which the City considers to be reliable but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

### **RATINGS**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("Standard & Poor's"), has assigned a rating of "AA-" to the Bonds, and a short-term rating of "SP-1+" to the Notes.

An explanation of the significance of the ratings on the Bonds and Notes may be obtained from Standard & Poor's at 55 Water Street, New York, New York 10041. Such rating reflects only the views of Standard & Poor's, and there is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn entirely, if in the judgment of Standard & Poor's, circumstances so warrant. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds and Notes. Except as set forth in the Disclosure Certificate, the City has not agreed to take any action with respect to any proposed rating changes or to bring the rating changes, if any, to the attention of the owners of the Bonds and Notes.

### **UNDERWRITING**

The Bonds have been purchased from the City at a public sale by \_\_\_\_\_ (the "Bond Underwriter") at a price of \$\_\_\_\_\_. The purchase price of the Bonds reflects the par amount of Bonds, plus a bid premium in the amount of \$\_\_\_\_\_.

The Notes have been purchased from the City at a public sale by \_\_\_\_\_ (the "Note Underwriter") at a price of \$\_\_\_\_\_. The purchase price of the Notes reflects the par amount of Notes, plus a bid premium in the amount of \$\_\_\_\_\_.

The Bond Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Bond Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Bond Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investments trusts) at yields higher than the public offering yields set forth on the inside front cover page of this Official Statement, and such yields may be changed, from time to time, by the Bond Underwriter without prior notice.

The Note Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield stated on the front cover page hereof.

## **FINANCIAL STATEMENTS**

The audited financial statements of the City for the years ended December 31, 2017 and 2016, together with the notes to the Financial Statements for the years then ended as well as unaudited financial data for the year ended June 30, 2018, are presented in APPENDIX B to this Official Statement. The audited financial statements referred to above have been audited by Lerch, Vinci & Higgins, LLP, Fair Lawn, New Jersey, independent auditors, as stated in their Independent Auditor's Report and the unaudited financial data was extracted from the City's 2018 Unaudited Annual Financial Statement as stated in their Accountant's Compilation Report appearing in APPENDIX B.

## **MISCELLANEOUS**

All quotations from summaries and explanations of the provisions of the laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement is not to be construed as a contract or an agreement between the City and any purchasers or holders of any of the Bonds or Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs of the City, the State or any of their agencies or authorities, since the date hereof.

This Official Statement has been duly executed and delivered on behalf of the City by the Chief Financial Officer.

**CITY OF ENGLEWOOD**

---

**MICHAEL KAUFMANN,**  
**Chief Financial Officer**

DATED: March \_\_\_\_\_, 2019

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**APPENDIX A**

**CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION  
CONCERNING THE CITY OF ENGLEWOOD**

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## **GENERAL INFORMATION**

### **General Information**

The City of Englewood is a vibrant full service city encompassing an area of approximately 5 square miles. Englewood's population is a microcosm of a large city with a heterogeneous blend of ethnic groups and national origins.

The City has a strong diversified tax base which includes numerous professional use office buildings in the Grand Avenue/Engle Street corridor the Dean Street area, and adjacent to Van Brunt Street. Englewood has one of the most vibrant retail business districts in New Jersey which has received state wide national recognitions. High quality housing is located throughout the City.

Healthcare is not only a social responsibility but also an important focal point of the business community because of the well-respected Englewood Hospital and the many physicians located in the City. Englewood Hospital is a teaching hospital with modern facilities and a highly trained and dedicated staff.

### **Form of Government**

Englewood has the Council-Manager form of government. The City Council has council members with four members elected by ward for staggered three-year terms. The fifth member is elected at large (city-wide) for a three-year term. The Mayor is elected for a three-year term.

The City Manager is appointed by the City Council and is the Chief Executive Officer of the City. Englewood has a highly respected professional staff, which includes Police and Fire Chiefs, Directors of the Departments of Public Works, Recreation, Health, Library and Finance.

Englewood's elected officials are fortunate in being able to count on invaluable cooperation from members of the community, many of whom donate their time and talent to serve on various commissions and advisory bodies. The Planning Board works closely with the City Council and City Manager to help promote quality development and redevelopment.

### **Municipal Services**

Englewood's comprehensive municipal services are designed to meet the needs of our residential and diverse commercial/industrial/medical communities.

The Public Safety Group includes the Police, Fire and Code Enforcement functions. The Police Department has uniformed police officers, civilian employees and crossing guards. The Fire Department has uniformed members, dispatchers and civilian support personnel who operate modern up to date equipment. The City has an Ambulance Corps and the Englewood Hospital also has mobile emergency response capabilities.

The Code Enforcement Division is responsible for all Construction Code Inspections as well as Zoning and Landlord-Tenant Relations Board Administration. The Fire Department administers the City's property maintenance code in close cooperation with the Code Enforcement Division.

Residential refuse is collected twice weekly and the City has an active recycling program which includes the pick-up of glass, aluminum cans, cardboard and newspaper.

A City Engineer/Planner is retained by the City to perform all city related engineering and planning functions, including public construction, inspection, land-use planning, and capital project review.

The Recreation Director supervises nine municipal parks, two full-service municipal swimming pools, and two tennis court complexes. The Department sponsors and administers a vast array of programs for City residents to enjoy.

### **Parks, Recreation and Open Spaces**

One of the City's primary concerns is to preserve and improve its environment. Active recreation areas span over 80 acres, and there is a total of 327 acres of open space. Included in the open space is the 150-acre Flat Rock Brook Nature Center which provides a comprehensive environmental education program.

Mackey Park is the City's most important recreation area which is centrally located only two blocks from downtown. It has facilities for jogging, tennis, roller blading, volleyball, soccer, swimming, basketball, softball and passive activities.

### **Utilities**

Electricity and gas are provided by Public Service Electric and Gas and water is supplied by SUEZ Water. Englewood has a complete, functional sewer system. Property owners are responsible for their household lateral sewer lines. The City of Englewood is responsible for the sewer lines which connect household and commercial property lateral lines to the transmission lines of the Bergen County Utilities Authority. The City has an active sewer maintenance and rehabilitation program. This prevents infiltration, sewerage back-ups and provides greater flow efficiency.

### **Transportation**

The highway system in Bergen County includes freeways, expressways, major arteries and local streets. In Englewood, there are approximately 74 miles of streets and highways. The State of New Jersey accounts for slightly over 3 miles, and Bergen County for a little over 9 miles.

Englewood is only minutes from the George Washington Bridge and New York City. Route 4, a major east-west artery, runs through Englewood adjacent to the industrial district. Interstate Route 80 is also directly accessible. Other major highways are within short traveling distances.

Two major bus companies offer service to New York City, and major airports and trade centers are easily accessible.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Labor Force, Employment and Unemployment<sup>1</sup>

For the years 2014 to 2018, the New Jersey Department of Labor reported the following annual average employment information for the City of Englewood, the County of Bergen and the State of New Jersey.

|                                   | <b><u>Total Labor<br/>Force</u></b> | <b><u>Employed Labor<br/>Force</u></b> | <b><u>Total<br/>Unemployment</u></b> | <b><u>Unemployment<br/>Rate</u></b> |
|-----------------------------------|-------------------------------------|--|--------------------------------------|-------------------------------------|
| <b><u>City of Englewood</u></b>   |                                     |  |                                      |                                     |
| 2018                              | 14,900                              | 14,350                                 | 550                                  | 3.7%                                |
| 2017                              | 15,056                              | 14,414                                 | 642                                  | 4.3%                                |
| 2016                              | 15,084                              | 14,397                                 | 687                                  | 4.6%                                |
| 2015                              | 14,817                              | 14,042                                 | 800                                  | 5.3%                                |
| 2014                              | 14,679                              | 13,825                                 | 854                                  | 5.8%                                |
| <b><u>County of Bergen</u></b>    |                                     |  |                                      |                                     |
| 2018                              | 478,850                             | 462,300                                | 16,550                               | 3.5%                                |
| 2017                              | 483,324                             | 464,527                                | 18,797                               | 3.9%                                |
| 2016                              | 484,248                             | 463,959                                | 20,289                               | 4.2%                                |
| 2015                              | 483,842                             | 460,767                                | 23,092                               | 4.8%                                |
| 2014                              | 479,448                             | 453,688                                | 25,760                               | 5.4%                                |
| <b><u>State of New Jersey</u></b> |                                     |  |                                      |                                     |
| 2018                              | 4,488,675                           | 4,301,575                              | 187,100                              | 4.2%                                |
| 2017                              | 4,518,800                           | 4,309,700                              | 209,100                              | 4.6%                                |
| 2016                              | 4,530,800                           | 4,305,500                              | 225,300                              | 5.0%                                |
| 2015                              | 4,543,817                           | 4,277,317                              | 266,525                              | 5.9%                                |
| 2014                              | 4,518,700                           | 4,218,400                              | 300,300                              | 6.6%                                |

### Population<sup>2</sup>

Population trends for the City, County and the State of New Jersey since 1970 are shown below:

|                     | <b><u>1970</u></b> | <b><u>1980</u></b> | <b><u>1990</u></b> | <b><u>2000</u></b> | <b><u>2010</u></b> |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| City of Englewood   | 24,985             | 23,701             | 24,850             | 26,203             | 27,147             |
| County of Bergen    | 897,148            | 845,385            | 825,380            | 884,118            | 905,116            |
| State of New Jersey | 7,168,164          | 7,364,823          | 7,730,188          | 8,414,350          | 8,791,894          |

<sup>1</sup> Source: State of New Jersey, Department of Labor and Workforce Development. Historical revisions were made for 2010-2014 data due to the U.S. Bureau of Labor Statistics introducing changes in methodology used in estimating monthly labor force and unemployment statistics for all States and areas.

<sup>2</sup> Source: U.S. Census Bureau

**Income as of 2017 <sup>3</sup>**

|                     | <b>Median Household<br/><u>Income</u></b> | <b>Median Family<br/><u>Income</u></b> | <b><u>Per Capita Income</u></b> |
|---------------------|---|--|---------------------------------|
| City of Englewood   | 80,670                                    | 96,797                                 | 48,356                          |
| County of Bergen    | 91,572                                    | 112,099                                | 46,601                          |
| State of New Jersey | 76,475                                    | 94,337                                 | 39,069                          |

**BUDGET INFORMATION  
Current Fund**

|   | <b><u>2018<sup>4</sup></u></b> | <b><u>2017<sup>5</sup></u></b> | <b><u>2016<sup>6</sup></u></b> |
|---|--------------------------------|--------------------------------|--------------------------------|
| Anticipated Revenues  |                                |                                |                                |
| Fund Balance  | \$1,750,000                    | \$1,635,600                    | \$3,300,000                    |
| Miscellaneous Revenues  | 9,147,808                      | 10,100,981                     | 11,064,346                     |
| Receipts from Delinquent Taxes                                  | 45,000                         | 54,000                         | 30,000                         |
| Amount to be Raised by Taxes for<br>Support of Municipal Budget | 53,862,942                     | 51,360,273                     | 47,969,570                     |
|   | <hr/>                          | <hr/>                          | <hr/>                          |
|   | \$64,805,750                   | \$63,150,854                   | \$62,363,916                   |
| Appropriations  |                                |                                |                                |
| Salaries and Wages  | \$30,978,547                   | \$28,141,262                   | \$28,483,000                   |
| Other Expenses  | 19,326,690                     | 21,529,125                     | 20,739,170                     |
| Deferred Charges and Statutory<br>Expenditures                  | 6,909,304                      | 6,346,742                      | 6,024,446                      |
| Capital Improvement Fund  | 390,725                        | 267,625                        | 500,000                        |
| Municipal Debt Service  | 6,922,050                      | 6,566,100                      | 6,317,300                      |
| Reserve for Uncollected Taxes                                   | 278,434                        | 300,000                        | 300,000                        |
|   | <hr/>                          | <hr/>                          | <hr/>                          |
|   | \$64,805,750                   | \$63,150,854                   | \$62,363,916                   |

<sup>3</sup> Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

<sup>4</sup> Source: City of Englewood 2018 Budget

<sup>5</sup> Source: City of Englewood 2017 Budget

<sup>6</sup> Source: City of Englewood 2016 Budget

## FINANCIAL INFORMATION

### Current Fund Balance and Amounts Utilized in Succeeding Year's Budget<sup>7</sup>

| <u>Year</u> | <u>Fund Balance<br/>December 31</u> | <u>Utilized Budget of<br/>Succeeding Year</u> |
|-------------|-------------------------------------|---|
| 2018*       | \$13,190,350                        | N/A   |
| 2017        | 3,115,532                           | 1,750,000                                     |
| 2016        | 3,228,289                           | 1,635,000                                     |
| 2015        | 4,990,119                           | 3,300,000                                     |
| 2014        | 6,602,422                           | 4,300,000                                     |

### Current Tax Collections<sup>7</sup>

| <u>Year</u> | <u>Tax Levy</u> | <u>Amount<br/>Collected</u> | <u>Percent</u> |
|-------------|-----------------|-----------------------------|----------------|
| 2018*       | \$121,010,458   | \$120,779,577               | 99.81%         |
| 2017        | 117,470,299     | 117,154,805                 | 99.73          |
| 2016        | 112,385,016     | 111,892,053                 | 99.56          |
| 2015        | 110,185,840     | 110,053,814                 | 99.88          |
| 2014        | 109,146,702     | 108,971,743                 | 99.84          |

### Delinquent Taxes and Tax Title Liens<sup>7</sup>

| <u>Year</u> | <u>Tax Title Liens</u> | <u>Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage of<br/>Levy</u> |
|-------------|------------------------|-------------------------|-------------------------|-------------------------------|
| 2018*       | \$214,110              | \$48,909                | \$263,019               | 0.22%                         |
| 2017        | 198,447                | 45,891                  | 244,338                 | 0.21                          |
| 2016        | 175,424                | 39,696                  | 215,120                 | 0.19                          |
| 2015        | 159,120                | 76,491                  | 235,611                 | 0.21                          |
| 2014        | 159,813                | 30,432                  | 190,245                 | 0.17                          |

\* Unaudited

<sup>7</sup> Source: City of Englewood Annual Audit Reports for the years 2014-2017 and the 2018 Annual Financial Statement

**Assessed Valuation of Property Owned by the City Acquired for Taxes<sup>8</sup>**

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2018*       | \$70,979      |
| 2017        | 70,979        |
| 2016        | 70,979        |
| 2015        | 70,979        |
| 2014        | 70,979        |

**Ten Largest Taxpayers<sup>8</sup>**

The ten largest taxpayers in the City and their 2018 assessed valuations are listed below:

| <u>Taxpayer</u>                     | <u>Assessment</u> |
|-------------------------------------|-------------------|
| CPUS STRATEGIC NAT'L PROP. TAX ADV. | \$90,000,000      |
| ENGLEWOOD TERRACE LLC               | 42,300,000        |
| SHG (ETAL) S. HEKEMIAN GROUP LLC    | 40,560,000        |
| SHG (ETAL) S. HEKEMIAN GROUP LLC    | 27,339,700        |
| SHG (ETAL) S. HEKEMIAN GROUP LLC    | 23,318,700        |
| BACM VAN BRUNT ST LLC               | 19,540,400        |
| ROCKWOOD PROPERTY HOLDING LLC       | 16,000,000        |
| TREECO PALISADES COURT              | 15,342,500        |
| ENGLEWOOD VILLAGE LLC               | 15,000,000        |
| SH729-744 LLC                       | 14,250,000        |

\* Unaudited

<sup>8</sup> Source: Tax Assessor

**Assessed Valuation Land Improvements by Class**<sup>9</sup>

| <u>Year</u> | <u>Vacant Land</u> | <u>Residential</u> | <u>Commercial</u> | <u>Apartment</u> | <u>Industrial</u> | <u>Total</u>  |
|-------------|--------------------|--------------------|-------------------|------------------|-------------------|---------------|
| 2018        | 33,139,500         | 3,147,176,900      | 758,211,900       | 259,745,000      | 237,550,300       | 4,435,823,100 |
| 2017        | 36,825,600         | 3,127,131,000      | 754,651,000       | 259,745,000      | 237,852,200       | 4,416,204,800 |
| 2016        | 39,584,900         | 3,131,452,500      | 749,430,700       | 217,627,500      | 240,535,000       | 4,378,630,600 |
| 2015        | 42,039,900         | 3,120,437,300      | 752,236,900       | 175,187,900      | 241,394,800       | 4,331,296,800 |
| 2014        | 41,609,500         | 3,103,856,500      | 756,710,500       | 177,144,200      | 242,531,500       | 4,321,852,200 |

**Assessed Valuations Net Valuation Taxable**<sup>10</sup>

| <u>Year</u> | <u>Real Property</u> | <u>Business Personal Property</u> | <u>Net Valuation Taxable</u> | <u>Ratio of Assessed Value to True Value of Real Property</u> | <u>Total True Value of Real Property</u> |
|-------------|----------------------|-----------------------------------|------------------------------|---|--|
| 2018        | 4,435,823,100        | -                                 | 4,435,823,100                | 88.06   | 5,037,273,563                            |
| 2017        | 4,416,204,800        | -                                 | 4,416,204,800                | 89.01   | 4,961,470,397                            |
| 2016        | 4,378,630,600        | 100                               | 4,378,630,700                | 91.08   | 4,807,455,743                            |
| 2015        | 4,331,296,800        | 6,772,340                         | 4,338,069,140                | 92.28   | 4,693,646,294                            |
| 2014        | 4,321,852,200        | 6,615,913                         | 4,328,468,113                | 92.58   | 4,668,235,256                            |
| 2013        | 4,339,167,400        | 7,106,119                         | 4,346,273,519                | 92.11   | 4,710,853,762                            |

<sup>9</sup> Source: City of Englewood

<sup>10</sup> Source: State of New Jersey, Department of the Treasury, Division of Taxation, Table of Equalized Valuations 2017-2013

**Components of Real Estate Tax Rate<sup>11</sup>**  
**(Per \$100 of Assessment)**

| <u>Year</u> | <u>Total</u> | <u>Municipal*</u> | <u>Local School</u> | <u>County</u> |
|-------------|--------------|-------------------|---------------------|---------------|
| 2018        | 2.722        | 1.214             | 1.232               | 0.276         |
| 2017        | 2.644        | 1.163             | 1.202               | 0.275         |
| 2016        | 2.557        | 1.095             | 1.193               | 0.269         |
| 2015        | 2.535        | 1.090             | 1.184               | 0.261         |
| 2014        | 2.514        | 1.092             | 1.168               | 0.254         |

*\*Includes Library*

**DEBT INFORMATION**

**Debt Statements**

The City must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Division"). The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year the City must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the City as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

**Debt Incurring Capacity as of December 31, 2018<sup>12</sup>**

|  |                 |
|--|-----------------|
| Equalized Valuation Basis (Average of 2018, 2017 and 2016) | \$4,935,399,868 |
| Municipal  |                 |
| 3.5% Borrowing Margin                                      | \$172,738,995   |
| Net Debt Issued, Outstanding and Authorized                | 89,749,594      |
| Remaining Municipal Borrowing Capacity                     | 82,989,401      |
| Local School   |                 |
| 4% Borrowing Margin  | \$197,415,995   |
| Debt Issued, Outstanding and Authorized                    | 9,545,000       |
| Remaining School Borrowing Capacity                        | 187,870,995     |

<sup>11</sup> Source: Tax Collector

<sup>12</sup> Source: City of Englewood 2018 Annual Debt Statement



**Gross and Statutory Net Debt as of December 31, 2018<sup>13</sup>**

| <u>Year</u> | <u>Gross Debt Amount</u> | <u>Net Debt Amount</u> | <u>Net Debt % of<br/>Average Equalized<br/>Valuation</u> |
|-------------|--------------------------|------------------------|--|
| 2018        | 99,294,594               | 89,749,594             | 1.818  |
| 2017        | 97,879,545               | 86,963,369             | 1.804  |
| 2016        | 98,377,868               | 86,158,792             | 1.824  |
| 2015        | 99,359,420               | 84,876,615             | 1.809  |
| 2014        | 87,476,198               | 72,073,122             | 1.517  |

**Statement of Indebtedness as of December 31, 2018<sup>13</sup>**

**General Purposes**

|   |              |
|---|--------------|
| Bonds Issued and Outstanding              | \$36,670,000 |
| Loans                                     | -            |
| Bond Anticipation Notes                   | 43,600,003   |
| Bonds and Notes Authorized but Not Issued | 9,479,591    |

**Local School**

|                              |           |
|------------------------------|-----------|
| Bonds Issued and Outstanding | 9,545,000 |
|------------------------------|-----------|

**Total Gross Debt**

**\$99,294,594**

**Statutory Deductions**

|                    |           |
|--------------------|-----------|
| Municipal Purposes | -         |
| Local School       | 9,545,000 |

**Total Net Debt**

**\$89,749,594**

**Overlapping Debt**

|   |              |
|---|--------------|
| County of Bergen <sup>14</sup>                  | \$39,718,030 |
| Bergen County Utilities Authority <sup>15</sup> | 7,741,521    |

**Overlapping Debt Plus Net Debt of City**

**\$137,209,145**

<sup>13</sup> Source: City of Englewood 2018 Annual Debt Statements

<sup>14</sup> Source: Calculated Based on County of Bergen 2018 Annual Debt Statement

<sup>15</sup> Source: Calculated Based on Bergen County Utilities Authority 2017 Audited Financial Statement

|   |         |
|---|---------|
| <b>Gross Debt</b>   |         |
| Per Capita (2010 Census – 27,147)                                   | \$3,658 |
| % of Net Valuation Taxable (2018 – \$4,435,823,100)                 | 2.24%   |
| % of Estimated True Value of Real Property (2018 – \$5,037,273,563) | 1.97%   |
| <b>Net Municipal Debt</b>   |         |
| Per Capita (2010 Census – 27,147)                                   | \$3,306 |
| % of Net Valuation Taxable (2018 – \$4,435,823,100)                 | 2.02%   |
| % of Estimated True Value of Real Property (2018 – \$5,037,273,563) | 1.78%   |
| <b>Overall Debt (Net and Overlapping Net Debt)</b>                  |         |
| Per Capita (2010 Census – 27,147)                                   | \$5,054 |
| % of Net Valuation Taxable (2018 – \$4,435,823,100)                 | 3.09%   |
| % of Estimated True Value of Real Property (2018 – \$5,037,273,563) | 2.72%   |

**APPENDIX B**

**UNAUDITED FINANCIAL DATA OF THE CITY OF ENGLEWOOD  
FOR THE YEAR ENDED DECEMBER 31, 2018 AND  
AUDITED FINANCIAL STATEMENTS OF THE CITY OF ENGLEWOOD  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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**UNAUDITED FINANCIAL DATA OF THE CITY  
FOR THE YEAR ENDED DECEMBER, 2018**

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# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
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RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
ROBERT LERCH, CPA

## ACCOUNTANT’S COMPILATION REPORT

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

Management is responsible for the accompanying balance sheets – regulatory basis of the various funds and account group of the City of Englewood, as of December 31, 2018 and the related statements of operations and changes in fund balances – regulatory basis, the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year then ended in accordance with the regulatory basis of accounting. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements – regulatory basis nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

As described more fully in Note 1, the City of Englewood has prepared these financial statements in accordance with the financial and accounting 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 effect on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

By/s/

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

Fair Lawn, New Jersey  
February 28, 2019

**CITY OF ENGLEWOOD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT AND GRANT FUNDS**  
**AS OF DECEMBER 31, 2018 (UNAUDITED)**

**ASSETS****Current Fund**

|   |                   |
|---|-------------------|
| Cash and Cash Equivalents                           | \$ 18,208,177     |
| Due From State of NJ - Senior Citizens and Veterans | <u>7,443</u>      |
|   | <u>18,215,620</u> |

## Receivables and Other Assets with Full Reserves:

|                              |                |
|------------------------------|----------------|
| Delinquent Property Taxes    | 48,909         |
| Tax Title Liens Receivable   | 214,110        |
| Foreclosed Property          | 70,979         |
| Sewer User Charges           | 106,683        |
| Revenue Accounts Receivable  | 41,808         |
| Due from Grant Fund          | 30,878         |
| Due from Animal Control Fund | <u>11,270</u>  |
|                              | <u>524,637</u> |

## Deferred Charges:

|                                  |                |
|----------------------------------|----------------|
| Special Emergency Authorizations | <u>800,000</u> |
|----------------------------------|----------------|

|                    |                   |
|--------------------|-------------------|
| Total Current Fund | <u>19,540,257</u> |
|--------------------|-------------------|

**Grant Fund**

|                               |                |
|-------------------------------|----------------|
| Grants Receivable             | 97,846         |
| Due from General Capital Fund | <u>399,125</u> |

|                                    |                |
|------------------------------------|----------------|
| Total State and Federal Grant Fund | <u>496,971</u> |
|------------------------------------|----------------|

|       |                             |
|-------|-----------------------------|
| Total | <u><u>\$ 20,037,228</u></u> |
|-------|-----------------------------|



**CITY OF ENGLEWOOD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT AND GRANT FUNDS**  
**AS OF DECEMBER 31, 2018 (UNAUDITED)**

**LIABILITIES, RESERVES AND FUND BALANCE**

**Current Fund**

Liabilities

|  |                   |
|--|-------------------|
| Appropriation Reserves                   | \$ 907,160        |
| Encumbrances Payable                     | 2,075,660         |
| Special Emergency Notes Payable          | 800,000           |
| Miscellaneous Reserves                   | 1,504,530         |
| Reserve for Tax Appeals                  | 124,840           |
| County Taxes Payable                     | 27,109            |
| Local School Taxes Payable               | 86,189            |
| Reserve for the Sale of Municipal Assets | 291,793           |
| Due to Other Trust Fund                  | <u>7,989</u>      |
|  | 5,825,270         |
| Reserve for Receivables                  | 524,637           |
| Fund Balance                             | <u>13,190,350</u> |
| Total Current Fund                       | <u>19,540,257</u> |

**Grant Fund**

|   |                      |
|---|----------------------|
| Due to Current Fund                                 | 30,878               |
| Due to Other Trust Fund                             | 19,973               |
| Reserve for State and Federal Grants - Appropriated | 442,110              |
| Encumbrances Payable                                | <u>4,010</u>         |
| Total State and Federal Grant Fund                  | <u>496,971</u>       |
|   | <u>\$ 20,037,228</u> |

**CITY OF ENGLEWOOD**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND**  
**AND CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)**

**REVENUES AND OTHER INCOME**

|   |                        |
|---|------------------------|
| Fund Balance Utilized                         | \$ 1,750,000           |
| Miscellaneous Revenues Anticipated            | 9,950,156              |
| Receipts From Delinquent Taxes                | 13,518                 |
| Receipts from Current Taxes                   | 120,779,577            |
| Non-Budget Revenue                            | 9,613,606              |
| Other Credits to Income:                      |                        |
| Unexpended Balances of Appropriation Reserves | 1,151,098              |
| Interfund Loans Returned                      | <u>27,875</u>          |
| <br>Total Revenues and Other Income           | <br><u>143,285,830</u> |

**EXPENDITURES**

|   |                                 |
|---|---------------------------------|
| Budget Appropriations:                          |                                 |
| Operations                                      | 50,431,628                      |
| Capital Improvements                            | 343,725                         |
| Municipal Debt Service                          | 6,886,019                       |
| Deferred Charges and Statutory Expenditures     | 6,894,304                       |
| County Taxes                                    | 12,282,427                      |
| Local School Taxes                              | 54,621,089                      |
| Prior Year Senior Citizen Deductions Disallowed | 4,052                           |
| Interfund Advances                              | <u>33,768</u>                   |
| <br>Total Expenditures                          | <br><u>131,497,012</u>          |
| <br>Excess in Revenues Over Expenditures        | <br>11,788,818                  |
| <br>Balance, January 1                          | <br><u>3,151,532</u>            |
|   | 14,940,350                      |
| Decreased by:                                   |                                 |
| Utilization as Anticipated Revenue              | <u>1,750,000</u>                |
| <br>Balance, December 31                        | <br><u><u>\$ 13,190,350</u></u> |

**CITY OF ENGLEWOOD  
STATEMENT OF REVENUES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)**

|  | <u>Budget</u>            | <u>Added by<br/>NJS 40A:4-87</u> | <u>Realized</u>          | <u>Excess or<br/>(Deficit)</u> |
|--|--------------------------|----------------------------------|--------------------------|--------------------------------|
| <b>FUND BALANCE ANTICIPATED</b>  | \$ 1,750,000             | -                                | \$ 1,750,000             | -                              |
| <b>MISCELLANEOUS REVENUES</b>  |                          |                                  |                          |                                |
| Licenses   |                          |                                  |                          |                                |
| Alcoholic Beverages  | 58,000                   |                                  | 65,258                   | \$ 7,258                       |
| Other  | 239,888                  |                                  | 247,751                  | 7,863                          |
| Fees and Permits   |                          |                                  |                          |                                |
| Other  | 143,600                  |                                  | 179,849                  | 36,249                         |
| Fines and Costs  |                          |                                  |                          |                                |
| Municipal Court  | 645,000                  |                                  | 640,504                  | (4,496)                        |
| Interest and Costs on Taxes  | 179,000                  |                                  | 176,587                  | (2,413)                        |
| Parking Meters   | 563,640                  |                                  | 610,120                  | 46,480                         |
| Interest on Investments and Deposits                                   | 19,000                   |                                  | 111,951                  | 92,951                         |
| Recreation Advisory Committee  | 608,484                  |                                  | 815,644                  | 207,160                        |
| Fire Prevention Fees   | 96,000                   |                                  | 119,413                  | 23,413                         |
| Kings Garden - PILOT   | 127,000                  |                                  | 134,600                  | 7,600                          |
| Rock Creek - Lafayette Housing - PILOT                                 | 380,000                  |                                  | 371,100                  | (8,900)                        |
| Westmoor Gardens - PILOT   | 54,000                   |                                  | 47,300                   | (6,700)                        |
| Exempt Sewer Charges   | 134,000                  |                                  | 555,236                  | 421,236                        |
| Parking Garage Fees  | 193,000                  |                                  | 238,141                  | 45,141                         |
| Municipal Hotel Tax  | 187,500                  |                                  | 190,618                  | 3,118                          |
| Cable Franchise Fees   | 93,400                   |                                  | 68,544                   | (24,856)                       |
| Cell Tower Agreement   | 94,000                   |                                  | 93,268                   | (732)                          |
| Sewer Charges  | 37,000                   |                                  | 102,380                  | 65,380                         |
| Consolidated Municipal Property Tax Relief                             | 20,937                   |                                  | 20,937                   | -                              |
| Energy Receipts Tax  | 2,742,359                |                                  | 2,742,359                | -                              |
| Uniform Construction Code Fees   | 1,112,000                |                                  | 917,150                  | (194,850)                      |
| Public and Private Revenues Offset with Approp:                        |                          |                                  |                          |                                |
| Reach & Teach  | 24,000                   |                                  | 24,000                   |                                |
| Municipal Alliance   | 20,000                   |                                  | 20,000                   |                                |
| Drunk Driving Enforcement Fund   |                          | 3,775                            | 3,775                    |                                |
| Clean Communities Grant  |                          | 46,648                           | 46,648                   |                                |
| Drive Sober or Get Pulled Over   |                          | 1,465                            | 1,465                    |                                |
| FDA Retail Standards   |                          | 4,123                            | 4,123                    |                                |
| CDBG - Heart Health  |                          | 8,380                            | 8,380                    |                                |
| Other Special Items:   |                          |                                  |                          |                                |
| Uniform Fire Safety Act  | 61,000                   |                                  | 78,055                   | 17,055                         |
| Capital Surplus  | 650,000                  |                                  | 650,000                  |                                |
| Reserve for Sale of Municipal Assets-Lincoln School                    | 665,000                  | -                                | 665,000                  | -                              |
| <br>Total Miscellaneous Revenues                                       | <br><u>9,147,808</u>     | <br><u>64,391</u>                | <br><u>9,950,156</u>     | <br><u>737,957</u>             |
| <b>RECEIPTS FROM DELINQUENT TAXES</b>                                  | <b>45,000</b>            | <b>-</b>                         | <b>13,518</b>            | <b>(31,482)</b>                |
| <br>Subtotal General Revenues  | <br><u>10,942,808</u>    | <br><u>64,391</u>                | <br><u>11,713,674</u>    | <br><u>706,475</u>             |
| <b>AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET</b>             |                          |                                  |                          |                                |
| Local Tax for Municipal Purposes                                       | 52,209,120               |                                  | 52,500,673               | 291,553                        |
| Minimum Library Tax  | 1,653,822                | -                                | 1,653,822                | -                              |
| <br>Total Amount to be Raised by Taxes for Support of Municipal Budget | <br><u>53,862,942</u>    | <br><u>-</u>                     | <br><u>54,154,495</u>    | <br><u>291,553</u>             |
| <br>Total General Revenues   | <br><u>\$ 64,805,750</u> | <br><u>\$ 64,391</u>             | <br>65,868,169           | <br><u>\$ 998,028</u>          |
| <br>Non-Budget Revenue   |                          |                                  | <br><u>9,613,606</u>     |                                |
|  |                          |                                  | <br><u>\$ 75,481,775</u> |                                |

**CITY OF ENGLEWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)**

|                                     | Appropriations |                              | Expended           |          | Cancelled |
|-------------------------------------|----------------|------------------------------|--------------------|----------|-----------|
|                                     | Budget         | Budget After<br>Modification | Paid or<br>Charged | Reserved |           |
| City Council                        |                |                              |                    |          |           |
| Salaries and Wages                  | \$ 30,000      | \$ 30,000                    | \$ 30,000          |          |           |
| Other Expenses                      | 5,000          | 10,000                       | 5,789              | \$ 4,211 |           |
| City Manager                        |                |                              |                    |          |           |
| Salaries and Wages                  | 312,000        | 312,000                      | 310,281            | 1,719    |           |
| Other Expenses                      | 55,850         | 55,850                       | 48,490             | 7,360    |           |
| City Clerk                          |                |                              |                    |          |           |
| Salaries and Wages                  | 157,000        | 157,000                      | 151,769            | 5,231    |           |
| Overtime                            | 3,300          | 3,300                        | 1,055              | 2,245    |           |
| Other Expenses                      | 68,250         | 68,250                       | 68,175             | 75       |           |
| Human Resources                     |                |                              |                    |          |           |
| Salaries and Wages                  | 155,000        | 157,000                      | 156,349            | 651      |           |
| Other Expenses                      | 48,000         | 47,000                       | 26,203             | 20,797   |           |
| Purchasing                          |                |                              |                    |          |           |
| Other Expenses                      | 2,000          | 2,000                        | 1,924              | 76       |           |
| Finance                             |                |                              |                    |          |           |
| Salaries and Wages                  | 404,500        | 404,500                      | 403,176            | 1,324    |           |
| Other Expenses                      | 178,150        | 188,150                      | 185,496            | 2,654    |           |
| Computerized Data Processing Center |                |                              |                    |          |           |
| Other Expenses                      | 35,000         | 52,500                       | 42,711             | 9,789    |           |
| Collection of Taxes                 |                |                              |                    |          |           |
| Salaries and Wages                  | 145,000        | 145,000                      | 144,355            | 645      |           |
| Other Expenses                      | 40,800         | 40,800                       | 24,097             | 16,703   |           |
| Assessment of Taxes                 |                |                              |                    |          |           |
| Salaries and Wages                  | 172,000        | 172,000                      | 171,074            | 926      |           |
| Other Expenses                      | 41,000         | 41,000                       | 33,764             | 7,236    |           |
| Legal Service and Costs             |                |                              |                    |          |           |
| Salaries and Wages                  | 80,000         | 80,000                       | 76,408             | 3,592    |           |
| Other Expenses                      | 642,000        | 642,000                      | 538,437            | 103,563  |           |
| Engineering Services                |                |                              |                    |          |           |
| Other Expenses                      | 108,240        | 108,240                      | 54,600             | 53,640   |           |
| Community Development               |                |                              |                    |          |           |
| Other Expenses                      | 236,000        | 236,000                      | 223,913            | 12,087   |           |
| Municipal Court                     |                |                              |                    |          |           |
| Salaries and Wages                  | 325,800        | 317,800                      | 315,576            | 2,224    |           |
| Overtime                            | 17,500         | 9,500                        | 7,215              | 2,285    |           |
| Other Expenses                      | 120,000        | 152,000                      | 140,964            | 11,036   |           |
| Public Defender                     |                |                              |                    |          |           |
| Other Expenses                      | 14,000         | 14,000                       | 8,100              | 5,900    |           |
| Insurance                           |                |                              |                    |          |           |
| Medical and Health Benefit Waiver   | 5,500,000      | 5,309,500                    | 5,286,303          | 23,197   |           |
| Other Insurance Premium             | 1,100,000      | 1,100,000                    | 1,060,344          | 39,656   |           |
| Workers Compensation                | 550,000        | 1,050,000                    | 987,349            | 62,651   |           |
| Land Use                            |                |                              |                    |          |           |
| Other Expenses                      | 64,000         | 64,000                       | 63,770             | 230      |           |
| Fire Division                       |                |                              |                    |          |           |
| Salaries and Wages                  | 6,505,000      | 6,280,000                    | 6,262,949          | 17,051   |           |
| Overtime                            | 500,000        | 770,000                      | 764,849            | 5,151    |           |
| Other Expenses                      | 340,850        | 340,850                      | 335,359            | 5,491    |           |
| Fire Prevention                     |                |                              |                    |          |           |
| Salaries and Wages                  | 245,000        | 245,000                      | 245,000            | -        |           |
| Other Expenses                      | 5,000          | 5,000                        | 5,000              | -        |           |

**CITY OF ENGLEWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)**

|   | Appropriations |                           | Expended        |           | Cancelled |
|---|----------------|---------------------------|-----------------|-----------|-----------|
|   | Budget         | Budget After Modification | Paid or Charged | Reserved  |           |
| Police                                    |                |                           |                 |           |           |
| Salaries and Wages                        | \$ 11,810,000  | \$ 11,510,000             | \$ 11,499,094   | \$ 10,906 |           |
| Overtime                                  | 850,000        | 1,020,000                 | 995,895         | 24,105    |           |
| Other Expenses                            | 645,800        | 345,800                   | 313,509         | 32,291    |           |
| Emergency Management Services             |                |                           |                 |           |           |
| Other Expenses                            | 40,000         | 40,000                    |                 | 40,000    |           |
| DPW Administration                        |                |                           |                 |           |           |
| Salaries and Wages                        | 260,000        | 250,000                   | 245,624         | 4,376     |           |
| Overtime                                  |                |                           |                 | -         |           |
| Other Expenses                            | 43,600         | 53,600                    | 52,870          | 730       |           |
| Public Building and Grounds               |                |                           |                 |           |           |
| Other Expenses                            | 281,500        | 261,500                   | 260,794         | 706       |           |
| Shade Tree                                |                |                           |                 |           |           |
| Salaries and Wages                        | 149,939        | 153,939                   | 153,000         | 939       |           |
| Overtime                                  | 25,000         | 25,000                    | 18,254          | 6,746     |           |
| Other Expenses                            | 55,000         | 55,000                    | 54,976          | 24        |           |
| Roads                                     |                |                           |                 |           |           |
| Salaries and Wages                        | 459,643        | 631,643                   | 628,913         | 2,730     |           |
| Other Expenses                            | 315,000        | 285,000                   | 244,984         | 40,016    |           |
| Central Maintenance - Garage              |                |                           |                 |           |           |
| Salaries and Wages                        | 360,782        | 322,782                   | 319,696         | 3,086     |           |
| Overtime                                  | 10,000         | 18,000                    | 15,783          | 2,217     |           |
| Other Expenses                            | 509,000        | 649,000                   | 643,152         | 5,848     |           |
| Construction and Facilities Maintenance   |                |                           |                 |           |           |
| Salaries and Wages                        | 309,445        | 199,445                   | 196,551         | 2,894     |           |
| Overtime                                  | 40,000         | 56,000                    | 55,811          | 189       |           |
| Other Expenses                            | 106,000        | 100,000                   | 91,469          | 8,531     |           |
| Sanitation                                |                |                           |                 |           |           |
| Salaries and Wages                        | 1,696,131      | 1,830,131                 | 1,828,868       | 1,263     |           |
| Overtime                                  | 65,000         | 72,000                    | 70,902          | 1,098     |           |
| Other Expenses                            | 46,000         | 41,000                    | 40,145          | 855       |           |
| Sewer Maintenance                         |                |                           |                 |           |           |
| Salaries and Wages                        | 273,639        | 263,639                   | 262,738         | 901       |           |
| Overtime                                  | 25,000         | 30,000                    | 29,630          | 370       |           |
| Other Expenses                            | 66,300         | 66,300                    | 62,419          | 3,881     |           |
| Park Maintenance                          |                |                           |                 |           |           |
| Salaries and Wages                        | 279,788        | 279,788                   | 274,590         | 5,198     |           |
| Overtime                                  | 31,000         | 28,000                    | 26,939          | 1,061     |           |
| Other Expenses                            | 47,000         | 47,000                    | 42,991          | 4,009     |           |
| Condominium Services Act                  |                |                           |                 |           |           |
| Other Expenses                            | 240,000        | 240,000                   | 213,113         | 26,887    |           |
| Board of Health                           |                |                           |                 |           |           |
| Salaries and Wages                        | 635,000        | 625,000                   | 601,000         | 24,000    |           |
| Overtime                                  | 7,210          | 7,210                     | 7,210           | -         |           |
| Other Expenses                            | 79,600         | 79,600                    | 76,897          | 2,703     |           |
| Animal Control Regulation                 |                |                           |                 |           |           |
| Other Expenses                            | 45,000         | 45,000                    | 39,848          | 5,152     |           |
| Contribution to Child Dev. & Teen Program |                |                           |                 |           |           |
| Other Expenses                            | 59,000         | 59,000                    | 58,413          | 587       |           |

**CITY OF ENGLEWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)**

|   | Appropriations |                           | Expended        |          |           |
|---|----------------|---------------------------|-----------------|----------|-----------|
|   | Budget         | Budget After Modification | Paid or Charged | Reserved | Cancelled |
| Recreation Services and Programs                                  |                |                           |                 |          |           |
| Salaries and Wages  | \$ 654,000     | \$ 646,000                | \$ 643,135      | \$ 2,865 |           |
| Overtime  | 10,000         | 10,000                    | 8,923           | 1,077    |           |
| Other Expenses  | 668,200        | 688,200                   | 677,858         | 10,342   |           |
| Terminal Leave  |                |                           |                 |          |           |
| Salaries and Wages  | 910,000        | 650,000                   | 650,000         | -        |           |
| Construction Code Official  |                |                           |                 |          |           |
| Salaries and Wages  | 956,000        | 956,000                   | 909,293         | 46,707   |           |
| Overtime  | 3,000          | 3,000                     | 2,075           | 925      |           |
| Other Expenses  | 113,550        | 113,550                   | 111,880         | 1,670    |           |
| Contingency   | 6,000          | 6,000                     |                 | 6,000    |           |
| Solid Waste Disposal  | 775,000        | 841,000                   | 775,748         | 65,252   |           |
| Leaf Disposal Site  | 175,000        | 109,000                   | 108,003         | 997      |           |
| Utilities   |                |                           |                 |          |           |
| Street Lighting   | 725,000        | 750,000                   | 749,862         | 138      |           |
| Telephone / Communications  | 120,000        | 190,000                   | 189,425         | 575      |           |
| Water   | 43,000         | 33,000                    | 32,840          | 160      |           |
| Gas and Electric  | 425,000        | 375,000                   | 356,219         | 18,781   |           |
| Fire Hydrant  | 380,000        | 380,000                   | 374,391         | 5,609    | -         |
| Total Operations Within "CAPS"                                    | 44,036,367     | 44,051,367                | 43,196,577      | 854,790  | -         |
| DETAIL:   |                |                           |                 |          |           |
| Salaries and Wages  | 28,872,677     | 26,543,667                | 26,479,440      | 64,227   | -         |
| Other Expenses  | 15,163,690     | 17,507,700                | 16,627,623      | 790,562  | -         |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES                       |                |                           |                 |          |           |
| <u>MUNICIPAL WITHIN "CAPS"</u>                                    |                |                           |                 |          |           |
| Statutory Expenditures:   |                |                           |                 |          |           |
| Contribution to:  |                |                           |                 |          |           |
| Public Employee's Retirement System                               | \$ 1,086,405   | \$ 1,086,405              | \$ 1,086,355    | \$ 50    |           |
| Social Security System (O.A.S.L)                                  | 980,000        | 965,000                   | 963,377         | 1,623    |           |
| Defined Contribution Retirement Program                           | 5,000          | 5,000                     | 3,495           | 1,505    |           |
| C.P.F.P.F.  | 40,000         | 40,000                    | 2,207           | 37,793   |           |
| Police and Firemen's Retirement System                            | 4,597,899      | 4,597,899                 | 4,597,899       | -        | -         |
| Total Deferred Charges and Statutory Expenditures                 |                |                           |                 |          |           |
| Municipal Within "CAPS"   | 6,709,304      | 6,694,304                 | 6,653,333       | 40,971   | -         |
| Total General Appropriations for Municipal Purposes Within "CAPS" | 50,745,671     | 50,745,671                | 49,849,910      | 895,761  | -         |
| <u>OTHER OPERATIONS EXCLUDED FROM "CAPS"</u>                      |                |                           |                 |          |           |
| BCUA  |                |                           |                 |          |           |
| Share of Costs (PL 1968c 404) Sewer Charges                       | 2,565,043      | 2,565,043                 | 2,564,213       | 830      |           |
| Share of Costs (PL 1968c 404) Debt Charges                        | 959,957        | 959,957                   | 959,957         | -        |           |
| Recycling Tax   | 36,000         | 36,000                    | 25,995          | 10,005   |           |

**CITY OF ENGLEWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)**

|  | Appropriations |                           | Expended        |          |           |
|--|----------------|---------------------------|-----------------|----------|-----------|
|  | Budget         | Budget After Modification | Paid or Charged | Reserved | Cancelled |
| Maintenance of Free Public Library                                       | \$ 2,105,870   | \$ 2,105,870              | \$ 2,105,306    | \$ 564   |           |
| Reserve for Tax Appeals  | 553,000        | 600,000                   | 600,000         |          |           |
| Total Other Operations Excluded from "CAPS"                              | 6,219,870      | 6,266,870                 | 6,255,471       | 11,399   | -         |
| <b>STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES</b>                     |                |                           |                 |          |           |
| Reach & 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   |                | 3,776                     | 3,776           |          |           |
| Clean Communities Grant  |                | 46,648                    | 46,648          |          |           |
| Drive Sober or Get Pulled Over   |                | 1,465                     | 1,465           |          |           |
| FDA Retail Standards   |                | 4,123                     | 4,123           |          |           |
| CDBG - Heart Health  |                | 8,380                     | 8,380           | -        | -         |
| Total Public and Private Revenues Offset by Revenues                     | 49,000         | 113,391                   | 113,391         | -        | -         |
| Total Operations Excluded from "CAPS"                                    | 6,268,870      | 6,380,261                 | 6,368,862       | 11,399   | -         |
| <b>DETAIL:</b>   |                |                           |                 |          |           |
| Salaries and Wages   | 2,105,870      | 2,105,870                 | 2,105,306       | 564      | -         |
| Other Expenses   | 4,163,000      | 4,274,391                 | 4,263,556       | 10,835   | -         |
| <b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>                       |                |                           |                 |          |           |
| Capital Improvement Fund   | 390,725        | 343,725                   | 343,725         | -        | -         |
| Total Capital Improv. - Excl. from "CAPS"                                | 390,725        | 343,725                   | 343,725         | -        | -         |
| <b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>                     |                |                           |                 |          |           |
| Payment of Bond Principal  | 2,090,000      | 2,090,000                 | 2,085,000       |          | \$ 5,000  |
| Interest on Bonds  | 646,050        | 646,050                   | 645,875         |          | 175       |
| Payment of Bond Anticipation Notes and Capital Notes                     | 1,075,000      | 1,075,000                 | 1,073,288       |          | 1,713     |
| Interest on Notes  | 896,000        | 896,000                   | 871,857         |          | 24,143    |
| Interest on Loans  | 5,000          | 5,000                     | -               |          | 5,000     |
| BCIA Lease Agreement -Principal and Interest                             | 2,210,000      | 2,210,000                 | 2,210,000       | -        |           |
| Total Mun. Debt Service - Excl. from "CAPS"                              | 6,922,050      | 6,922,050                 | 6,886,019       | -        | 36,031    |
| <b>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</b>                 |                |                           |                 |          |           |
| Deferred Charges:  |                |                           |                 |          |           |
| Special Emergency Authorizations   | 200,000        | 200,000                   | 200,000         |          |           |
| Total Deferred Charges - Municipal Excluded from "CAPS"                  | 200,000        | 200,000                   | 200,000         | -        | -         |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | 13,781,645     | 13,846,036                | 13,798,607      | 11,399   | 36,031    |

**CITY OF ENGLEWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)**

|                                 | Appropriations |                              | Expended           |            |           |
|---------------------------------|----------------|------------------------------|--------------------|------------|-----------|
|                                 | Budget         | Budget After<br>Modification | Paid or<br>Charged | Reserved   | Cancelled |
| Subtotal General Appropriations | \$ 64,527,316  | \$ 64,591,707                | \$ 63,648,517      | \$ 907,160 | \$ 36,031 |
| Reserve for Uncollected Taxes   | 278,434        | 278,434                      | 278,434            |            |           |
| Total General Appropriations    | \$ 64,805,750  | \$ 64,870,141                | \$ 63,926,951      | \$ 907,160 | \$ 36,031 |
| Adopted Budget                  |                | \$ 64,805,750                |                    |            |           |
| Added by NJS 40A:4-87           |                | 64,391                       |                    |            |           |
|                                 |                | \$ 64,870,141                |                    |            |           |



**CITY OF ENGLEWOOD  
COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2018 (UNAUDITED)**

**ASSETS****Assessment Trust Fund**

|                             |                  |
|-----------------------------|------------------|
| Cash                        | \$ 744,366       |
| Cash Held With Fiscal Agent | 3,387            |
| Assessments Receivable      | <u>2,987,250</u> |
| Total Assessment Trust Fund | <u>3,735,003</u> |

**Animal Control Trust Fund**

|                                 |               |
|---------------------------------|---------------|
| Cash                            | <u>27,392</u> |
| Total Animal Control Trust Fund | <u>27,392</u> |

**Community Development Block Grant Fund**

|  |              |
|--|--------------|
| Cash   |              |
| Due from General Capital Fund                | <u>9,886</u> |
| Total Community Development Block Grant Fund | <u>9,886</u> |

**Unemployment Compensation Trust Fund**

|  |                |
|--|----------------|
| Cash                                       | 285,637        |
| Due from Trust Fund Other                  | <u>2,318</u>   |
| Total Unemployment Compensation Trust Fund | <u>287,955</u> |

**Other Trust Fund**

|   |               |
|---|---------------|
| Cash  | 6,525,085     |
| Due from Current Fund                                   | 7,989         |
| Due from Grant Fund                                     | 19,973        |
| Special Improvement District Taxes and Liens Receivable | <u>79,326</u> |

|                        |                  |
|------------------------|------------------|
| Total Other Trust Fund | <u>6,632,373</u> |
|------------------------|------------------|

|  |                      |
|--|----------------------|
|  | <u>\$ 10,692,609</u> |
|--|----------------------|

**CITY OF ENGLEWOOD  
COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2018 (UNAUDITED)**

|   | <u>2016</u>          |
|---|----------------------|
| <b>LIABILITIES, RESERVES AND FUND BALANCE</b> |                      |
| <b>Assessment Trust Fund</b>                  |                      |
| Assessment Serial Bonds Payable               | \$ 3,735,000         |
| Fund Balance                                  | <u>3</u>             |
| Total Assessment Trust Fund                   | <u>3,735,003</u>     |
| <b>Animal Control Trust Fund</b>              |                      |
| Reserve for Animal Control Expenditures       | 16,120               |
| Due to State                                  | 2                    |
| Due to Current Fund                           | <u>11,270</u>        |
| Total Animal Control Trust Fund               | <u>27,392</u>        |
| <b>Community Development Block Grant Fund</b> |                      |
| Reserve for CDBG                              | 300                  |
| Encumbrances Payable                          | <u>9,586</u>         |
| Total Community Development Block Grant Fund  | <u>9,886</u>         |
| <b>Unemployment Compensation Trust Fund</b>   |                      |
| Reserve for Unemployment Insurance Claims     | <u>287,955</u>       |
| Total Unemployment Compensation Trust Fund    | <u>287,955</u>       |
| <b>Other Trust Fund</b>                       |                      |
| Payroll Deductions Payable                    | 14,210               |
| Miscellaneous Reserves and Deposits           | 6,503,305            |
| Due to Unemployment Compensation Fund         | 2,318                |
| Encumbrances Payable                          | 33,214               |
| Reserve for SID Taxes and Liens Receivables   | <u>79,326</u>        |
| Total Other Trust Fund                        | <u>6,632,373</u>     |
|   | <u>\$ 10,692,609</u> |

**CITY OF ENGLEWOOD  
STATEMENT OF CHANGES IN FUND BALANCE - REGULATORY BASIS  
ASSESSMENT TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)**

|   |    |                 |
|---|----|-----------------|
| Balance, January 1, 2018                      | \$ | 1               |
| Increased by:                                 |    |                 |
| Interest Earned on Cash with Fiscal Agent     | \$ | <u>2</u>        |
|   |    | 3               |
| Decreased by:                                 |    |                 |
| Anticipated as Revenue in Current Fund Budget |    | <u>-</u>        |
| Balance, December 31, 2018                    | \$ | <u><u>3</u></u> |

EXHIBIT B-2

**STATEMENT OF ASSESSMENT REVENUES - REGULATORY BASIS  
ASSESSMENT TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)**

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

EXHIBIT B-3

**STATEMENT OF ASSESSMENT EXPENDITURES - REGULATORY BASIS  
ASSESSMENT TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)**

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

**CITY OF ENGLEWOOD  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2018 (UNAUDITED)**

**ASSETS**

|                                      |                      |
|--------------------------------------|----------------------|
| Cash                                 | \$ 7,147,881         |
| Parking Fees Receivable              | 205,634              |
| Deferred Charges to Future Taxation: |                      |
| Funded                               | 32,044,518           |
| Unfunded                             | <u>52,802,698</u>    |
|                                      | <u>\$ 92,200,731</u> |

**LIABILITIES, RESERVES AND FUND BALANCE**

|   |                      |
|---|----------------------|
| General Serial Bonds Payable                  | \$ 28,570,000        |
| BCIA Loan Revenue Bonds Payable               | 3,474,518            |
| Bond Anticipation Notes Payable               | 43,600,000           |
| Due to Community Development Block Grant Fund | 9,886                |
| Due to Grant Fund                             | 399,125              |
| Encumbrances Payable                          | 3,225,094            |
| Improvement Authorizations:                   |                      |
| Funded  | 365,576              |
| Unfunded                                      | 11,575,202           |
| Capital Improvement Fund                      | 12,825               |
| Reserve for Debt Service                      | 11,176               |
| Reserve for Capital Improvements              | 68,759               |
| Fund Balance                                  | <u>888,570</u>       |
|   | <u>\$ 92,200,731</u> |

There were bonds and notes authorized but not issued of \$9,479,591 at December 31, 2018 (Unaudited), respectively.

**CITY OF ENGLEWOOD**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)**

|   |                   |
|---|-------------------|
| Balance, January 1, 2018                    | \$ 619,971        |
| Increased by:                               |                   |
| Premium on Sale of Bonds and Notes          | 465,798           |
| Funded Improvement Authorizations Cancelled | <u>452,801</u>    |
|   | 1,538,570         |
| Decreased by:                               |                   |
| Anticipated As Current Fund Revenue         | <u>650,000</u>    |
| Balance, December 31, 2018                  | <u>\$ 888,570</u> |

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**INDEPENDENT AUDITORS REPORT AND  
FINANCIAL STATEMENTS OF THE CITY  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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**LERCH, VINCI & HIGGINS, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT LERCH, CPA

**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Englewood, as of December 31, 2017, and the related statements of operations and changes in fund balance - regulatory basis, statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year then ended and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

***Auditor's Responsibility***

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Englewood on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Englewood as of December 31, 2017, or changes in financial position, for the year then ended.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

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

#### ***Other Matters***

##### ***Prior Year's Financial Statements Audited by Other Auditors***

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

***Other Reporting Required by Government Auditing Standards***

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

By/s/

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

Fair Lawn, New Jersey  
July 18, 2018

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

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF ENGLEWOOD**  
**COMPATARIVE STATEMENTS OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

|  | <u>2017</u>          |                      | <u>2016</u>          |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | <u>Budget After</u>  | <u>Realized</u>      | <u>Budget After</u>  | <u>Realized</u>      |
|  | <u>Modification</u>  |                      | <u>Modification</u>  |                      |
| <b>FUND BALANCE ANTICIPATED</b>                                    | \$ 1,635,600         | \$ 1,635,600         | \$ 3,300,000         | 3,300,000            |
| <b>MISCELLANEOUS REVENUES</b>                                      |                      |                      |                      |                      |
| Licenses   |                      |                      |                      |                      |
| Alcoholic Beverages  | 60,050               | 58,150               | 61,500               | \$ 60,259            |
| Other  | 253,894              | 244,849              | 233,500              | 258,576              |
| Fees and Permits   |                      |                      |                      |                      |
| Other  | 158,659              | 145,391              | 128,500              | 160,163              |
| Fines and Costs  |                      |                      |                      |                      |
| Municipal Court  | 775,000              | 646,357              | 900,000              | 921,141              |
| Interest and Costs on Taxes  | 143,980              | 179,005              | 164,000              | 143,980              |
| Parking Meters   | 571,276              | 563,990              | 519,100              | 581,222              |
| Interest on Investments and Deposits                               | 3,500                | 23,597               | 2,000                | 6,378                |
| Recreation Advisory Committee                                      | 618,529              | 619,032              | 538,250              | 636,849              |
| Fire Prevention Fees   | 97,000               | 96,122               | 96,500               | 97,234               |
| Kings Garden - PILOT   | 126,850              | 129,875              | 130,000              | 126,850              |
| Rock Creek - Lafayette Housing - PILOT                             | 320,000              | 382,150              | 261,000              | 321,250              |
| Westmoor Gardens - PILOT   | 88,000               | 54,873               | 69,000               | 88,577               |
| Exempt Sewer Charges   | 250,000              | 134,995              | 274,000              | 250,405              |
| Parking Garage Fees  | 249,000              | 194,184              | 265,000              | 249,846              |
| Municipal Hotel Tax  | 202,000              | 187,509              | 212,000              | 202,996              |
| Cable Franchise Fees   | 57,547               | 56,724               | 64,000               | 57,548               |
| Cell Tower Agreement   | 103,000              | 95,687               | 103,000              | 103,664              |
| Sewer Charges  | 67,000               | 37,093               | 193,000              | 67,566               |
| Consolidated Municipal Property Tax Relief                         | 34,739               | 20,937               | 34,739               | 34,739               |
| Energy Receipts Tax  | 2,728,557            | 2,742,359            | 2,728,557            | 2,728,557            |
| Uniform Construction Code Fees                                     | 1,215,400            | 1,117,798            | 1,151,000            | 1,231,937            |
| Public and Private Revenues Offset with Approp:                    |                      |                      |                      |                      |
| Reach & Teach  | 24,000               | 24,000               | 24,000               | 24,000               |
| Municipal Alliance   | 20,000               | 20,000               | 20,000               | 20,000               |
| Open Space Stewardship Project (ANJEC)                             | 1,500                | 1,500                |                      |                      |
| Sustainable Energy Grant   |                      |                      | 5,000                | 5,000                |
| Recycling Tonnage Grant  | 59,373               | 59,373               | 32,972               | 32,972               |
| Drunk Driving Enforcement Fund                                     | 13,596               | 13,596               | 5,213                | 5,213                |
| FDA Foodborne Illness Grant  | 5,892                | 5,892                |                      |                      |
| Clean Communities Grant  | 48,746               | 48,746               | 57,378               | 57,378               |
| State Forestry Services Green Communities                          |                      |                      | 3,000                | 3,000                |
| Body Armor Replacement   | 7,169                | 7,169                | 7,477                | 7,477                |
| FDA Retail Standards   |                      |                      | 5,478                | 5,478                |
| Emergency Prep Grant (NJACCHO)                                     | 2,320                | 2,320                | 6,707                | 6,707                |
| Other Special Items:   |                      |                      |                      |                      |
| Uniform Fire Safety Act  | 63,000               | 61,793               | 51,700               | 64,559               |
| Capital Surplus  | 500,000              | 500,000              | 500,000              | 500,000              |
| Special Assessment Surplus   |                      |                      | 150,000              | 73,469               |
| Reserve for Debt Payment-VESO Loan                                 | 5,000                | 5,000                | 5,000                | 5,000                |
| Phone Commissions  | 35,000               | 36,681               | 35,000               | 35,909               |
| Reserve for Sale of Municipal Assets-Lincoln School                | 1,330,000            | 1,330,000            | 2,150,000            | 2,150,000            |
| <br>   |                      |                      |                      |                      |
| Total Miscellaneous Revenues                                       | <u>10,239,577</u>    | <u>9,846,747</u>     | <u>11,187,571</u>    | <u>11,325,899</u>    |
| <b>RECEIPTS FROM DELINQUENT TAXES</b>                              | <u>54,000</u>        | <u>64,528</u>        | <u>30,000</u>        | <u>63,807</u>        |
| <br>   |                      |                      |                      |                      |
| Subtotal General Revenues  | <u>11,929,177</u>    | <u>11,546,875</u>    | <u>14,517,571</u>    | <u>14,689,706</u>    |
| <br>   |                      |                      |                      |                      |
| <b>AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET</b>         |                      |                      |                      |                      |
| Local Tax for Municipal Purposes                                   | 49,757,789           | 50,531,354           | 46,402,765           | 46,617,167           |
| Minimum Library Tax  | 1,602,484            | 1,602,484            | 1,566,805            | 1,566,805            |
| <br>   |                      |                      |                      |                      |
| Total Amount to be Raised by Taxes for Support of Municipal Budget | <u>51,360,273</u>    | <u>52,133,838</u>    | <u>47,969,570</u>    | <u>48,183,972</u>    |
| <br>   |                      |                      |                      |                      |
| Total General Revenues   | <u>\$ 63,289,450</u> | <u>\$ 63,680,713</u> | <u>\$ 62,487,141</u> | <u>\$ 62,873,678</u> |

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**2017 STATEMENT OF EXPENDITURES**

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

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

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

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

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

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

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

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

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

|   | <u>Appropriations</u> |                                      | <u>Expended</u>            |                     |                   |
|---|-----------------------|--------------------------------------|----------------------------|---------------------|-------------------|
|   | <u>Budget</u>         | <u>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> | <u>Reserves</u>     | <u>Cancelled</u>  |
| <b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>      |                       |                                      |                            |                     |                   |
| Payment of Bonds Principal                                | \$ 1,435,000          | \$ 1,435,000                         | \$ 1,425,000               |                     | \$ 10,000         |
| Interest on Bonds   | 770,000               | 950,322                              | 950,322                    |                     |                   |
| Payments of Bond Anticipation Notes and Capital Notes     | 1,080,000             | 899,678                              | 832,862                    |                     | 66,816            |
| Interest on Notes   | 1,066,000             | 1,066,000                            | 1,065,869                  |                     | 131               |
| Interest on Loans   | 5,100                 | 5,100                                | 5,100                      |                     |                   |
| BCIA Lease Agreement - Principal and Interest             | <u>2,210,000</u>      | <u>2,210,000</u>                     | <u>2,210,000</u>           | -                   | -                 |
| Total Municipal Debt Service Excluded from "CAPS"         | <u>6,566,100</u>      | <u>6,566,100</u>                     | <u>6,489,153</u>           | -                   | <u>76,947</u>     |
| <b>DEFERRED CHARGES</b>                                   |                       |                                      |                            |                     |                   |
| Emergency Authorizations                                  | 35,600                | 35,600                               |                            |                     | 35,600            |
| Special Emergency Authorizations                          | 18,000                | 18,000                               | 18,000                     |                     |                   |
| Deferred Charges to Future Taxation - Ordinance No. 85-22 | <u>35,600</u>         | <u>35,600</u>                        | <u>35,600</u>              | -                   | -                 |
| Total Deferred Charges                                    | <u>89,200</u>         | <u>89,200</u>                        | <u>53,600</u>              | -                   | <u>35,600</u>     |
| Total General Appropriations Excluded from "CAPS"         | <u>13,382,795</u>     | <u>13,769,265</u>                    | <u>13,633,113</u>          | \$ 23,605           | <u>112,547</u>    |
| Subtotal General Appropriations                           | 62,850,854            | 63,989,450                           | 62,281,306                 | 1,595,597           | 112,547           |
| Reserve for Uncollected Taxes                             | <u>300,000</u>        | <u>300,000</u>                       | <u>300,000</u>             | -                   | -                 |
| Total General Appropriations                              | <u>\$ 63,150,854</u>  | <u>\$ 64,289,450</u>                 | <u>\$ 62,581,306</u>       | <u>\$ 1,595,597</u> | <u>\$ 112,547</u> |
| Adopted Budget  |                       | \$ 63,150,854                        |                            |                     |                   |
| Special Emergency Authorizations                          |                       | 1,000,000                            |                            |                     |                   |
| Added by NJS 40A:4-87                                     |                       | <u>138,596</u>                       |                            |                     |                   |
|   |                       | <u>\$ 64,289,450</u>                 |                            |                     |                   |

**2016 STATEMENT OF EXPENDITURES**

**CITY OF ENGLEWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

| GENERAL APPROPRIATIONS<br>OPERATIONS WITHIN "CAPS" | Appropriations |                              | Expended           |          | Cancelled |
|--|----------------|------------------------------|--------------------|----------|-----------|
|  | Budget         | Budget After<br>Modification | Paid or<br>Charged | Reserves |           |
| City Council                                       |                |                              |                    |          |           |
| Salaries and Wages                                 | \$ 30,000      | \$ 30,000                    | \$ 30,000          |          |           |
| Other Expenses                                     | 5,000          | 5,000                        | 3,510              | \$ 1,490 |           |
| City Manager                                       |                |                              |                    |          |           |
| Salaries and Wages                                 | 302,000        | 302,000                      | 301,191            | 809      |           |
| Other Expenses                                     | 68,000         | 68,000                       | 65,052             | 2,948    |           |
| City Clerk   |                |                              |                    |          |           |
| Salaries and Wages                                 | 136,000        | 136,000                      | 134,714            | 1,286    |           |
| Other Expenses                                     | 70,000         | 70,000                       | 66,803             | 3,197    |           |
| Human Resources                                    |                |                              |                    |          |           |
| Salaries and Wages                                 | 215,000        | 225,000                      | 221,548            | 3,452    |           |
| Other Expenses                                     | 40,000         | 52,000                       | 50,250             | 1,750    |           |
| Purchasing   |                |                              |                    |          |           |
| Other Expenses                                     | 2,000          | 2,000                        | 1,622              | 378      |           |
| Finance  |                |                              |                    |          |           |
| Salaries and Wages                                 | 407,000        | 415,000                      | 414,562            | 438      |           |
| Other Expenses                                     | 140,000        | 142,000                      | 141,874            | 126      |           |
| Data Processing                                    |                |                              |                    |          |           |
| Other Expenses                                     | 20,000         | 35,000                       | 31,402             | 3,598    |           |
| Collection of Taxes                                |                |                              |                    |          |           |
| Salaries and Wages                                 | 135,000        | 134,000                      | 132,594            | 1,406    |           |
| Other Expenses                                     | 38,000         | 31,000                       | 30,204             | 796      |           |
| Assessment of Taxes                                |                |                              |                    |          |           |
| Salaries and Wages                                 | 164,000        | 164,000                      | 162,754            | 1,246    |           |
| Other Expenses                                     | 40,000         | 40,000                       | 32,737             | 7,263    |           |
| Legal Service and Costs                            |                |                              |                    |          |           |
| Salaries and Wages                                 | 61,000         | 67,400                       | 65,951             | 1,449    |           |
| Other Expenses                                     | 630,000        | 630,000                      | 602,321            | 27,679   |           |
| Engineering Services                               |                |                              |                    |          |           |
| Other Expenses                                     | 115,000        | 105,500                      | 105,016            | 484      |           |
| Community Development                              |                |                              |                    |          |           |
| Other Expenses                                     | 240,000        | 240,000                      | 227,427            | 12,573   |           |
| Municipal Court                                    |                |                              |                    |          |           |
| Salaries and Wages                                 | 334,000        | 360,000                      | 358,036            | 1,964    |           |
| Other Expenses                                     | 104,000        | 133,000                      | 132,301            | 699      |           |
| Public Defender                                    |                |                              |                    |          |           |
| Other Expenses                                     | 14,000         | 14,000                       | 10,800             | 3,200    |           |
| Insurance  |                |                              |                    |          |           |
| Medical  | 4,767,000      | 5,146,508                    | 5,081,305          | 65,203   |           |
| Health Benefit Waiver                              | 60,000         | 60,000                       | 60,000             |          |           |
| Other Insurance Premium                            | 1,025,000      | 954,939                      | 954,939            | -        |           |
| Workers Compensation                               | 700,000        | 444,153                      | 444,153            | -        |           |
| Land Use   |                |                              |                    |          |           |
| Other Expenses                                     | 64,000         | 64,000                       | 55,250             | 8,750    |           |
| Fire Division                                      |                |                              |                    |          |           |
| Salaries and Wages                                 | 6,925,000      | 6,905,000                    | 6,884,519          | 20,481   |           |
| Other Expenses                                     | 200,800        | 220,800                      | 220,729            | 71       |           |



**CITY OF ENGLEWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

| <b>GENERAL APPROPRIATIONS (Continued)</b><br><b>OPERATIONS WITHIN "CAPS" (Continued)</b> | <u>Appropriations</u> |                                      | <u>Expended</u>            |                 |                  |
|--|-----------------------|--------------------------------------|----------------------------|-----------------|------------------|
|  | <u>Budget</u>         | <u>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> | <u>Reserves</u> | <u>Cancelled</u> |
| <b>PUBLIC SAFETY</b>   |                       |                                      |                            |                 |                  |
| Fire Prevention  |                       |                                      |                            |                 |                  |
| Salaries and Wages   | \$ 245,000            | \$ 245,000                           | \$ 245,000                 |                 |                  |
| Other Expenses   | 5,000                 | 5,000                                | 5,000                      |                 |                  |
| Police   |                       |                                      |                            |                 |                  |
| Salaries and Wages   | 12,838,000            | 12,968,000                           | 12,927,916                 | \$ 40,084       |                  |
| Other Expenses   | 580,400               | 400,400                              | 351,676                    | 48,724          |                  |
| Aid to Volunteer Ambulance   | 40,000                | 40,000                               | 40,000                     | -               |                  |
| DPW Administration   |                       |                                      |                            |                 |                  |
| Salaries and Wages   | 190,000               | 190,000                              | 181,834                    | 8,166           |                  |
| Other Expenses   | 48,100                | 48,100                               | 43,257                     | 4,843           |                  |
| Public Building and Grounds  |                       |                                      |                            |                 |                  |
| Other Expenses   | 285,000               | 285,000                              | 277,388                    | 7,612           |                  |
| Shade Tree   |                       |                                      |                            |                 |                  |
| Salaries and Wages   | 313,000               | 303,000                              | 287,930                    | 15,070          |                  |
| Other Expenses   | 48,000                | 48,000                               | 40,752                     | 7,248           |                  |
| Road Repairs and Maintenance   |                       |                                      |                            |                 |                  |
| Salaries and Wages   | 390,000               | 390,000                              | 357,267                    | 32,733          |                  |
| Other Expenses   | 336,000               | 258,000                              | 182,443                    | 75,557          |                  |
| Central Maintenance - Garage   |                       |                                      |                            |                 |                  |
| Salaries and Wages   | 337,000               | 297,000                              | 284,762                    | 12,238          |                  |
| Other Expenses   | 647,000               | 647,000                              | 642,082                    | 4,918           |                  |
| Construction and Facilities Maintenance  |                       |                                      |                            |                 |                  |
| Salaries and Wages   | 372,000               | 367,000                              | 356,926                    | 10,074          |                  |
| Other Expenses   | 106,000               | 106,000                              | 99,422                     | 6,578           |                  |
| Sanitation   |                       |                                      |                            |                 |                  |
| Salaries and Wages   | 1,696,000             | 1,763,000                            | 1,746,525                  | 16,475          |                  |
| Other Expenses   | 48,000                | 16,000                               | 15,867                     | 133             |                  |
| Sewer Department   |                       |                                      |                            |                 |                  |
| Salaries and Wages   | 314,000               | 284,000                              | 262,557                    | 21,443          |                  |
| Other Expenses   | 73,000                | 73,000                               | 37,319                     | 35,681          |                  |
| Parks Department   |                       |                                      |                            |                 |                  |
| Salaries and Wages   | 243,000               | 243,000                              | 234,365                    | 8,635           |                  |
| Other Expenses   | 44,000                | 44,000                               | 39,086                     | 4,914           |                  |
| Community Services Act   |                       |                                      |                            |                 |                  |
| Condominium Community Costs  | 240,000               | 240,000                              | 172,031                    | 67,969          |                  |
| Board of Health  |                       |                                      |                            |                 |                  |
| Salaries and Wages   | 633,000               | 638,000                              | 634,244                    | 3,756           |                  |
| Other Expenses   | 80,000                | 80,000                               | 73,800                     | 6,200           |                  |
| Animal Control Regulation  |                       |                                      |                            |                 |                  |
| Other Expenses   | 45,000                | 45,000                               | 36,648                     | 8,352           |                  |
| Contribution to Child Dev. And Teen Program  |                       |                                      |                            |                 |                  |
| Other Expenses   | 59,000                | 59,000                               | 58,413                     | 587             |                  |
| Recreation Department  |                       |                                      |                            |                 |                  |
| Salaries and Wages   | 628,000               | 643,600                              | 643,385                    | 215             |                  |
| Other Expenses   | 540,000               | 639,900                              | 639,900                    | -               |                  |

**CITY OF ENGLEWOOD  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

| GENERAL APPROPRIATIONS (Continued)<br>OPERATIONS WITHIN "CAPS" (Continued)           | Appropriations    |                              | Expended           |                | Cancelled |
|--|-------------------|------------------------------|--------------------|----------------|-----------|
|  | Budget            | Budget After<br>Modification | Paid or<br>Charged | Reserves       |           |
| Terminal Leave   |                   |                              |                    |                |           |
| Salaries and Wages   | \$ 400,000        | \$ 510,000                   | \$ 505,836         | \$ 4,164       |           |
| Construction Code Official   |                   |                              |                    |                |           |
| Salaries and Wages   | 884,000           | 859,000                      | 856,988            | 2,012          |           |
| Other Expenses   | 114,000           | 139,000                      | 125,576            | 13,424         |           |
| Contingency  | 6,000             | 6,000                        |                    | 6,000          |           |
| Solid Waste Disposal   | 775,000           | 775,000                      | 775,000            | -              |           |
| Leaf Disposal  | 125,000           | 125,000                      | 125,000            | -              |           |
| Utilities  |                   |                              |                    |                |           |
| Street Lighting  | 965,000           | 715,000                      | 633,986            | 81,014         |           |
| Telephone/Communications   | 195,000           | 218,000                      | 217,322            | 678            |           |
| Water  | 35,000            | 42,000                       | 33,773             | 8,227          |           |
| Gas and Electric   | 400,000           | 400,000                      | 375,014            | 24,986         |           |
| Fire Hydrant   | 400,000           | 363,000                      | 329,519            | 33,481         | -         |
| Total Operations Within "CAPS"   | <u>42,774,300</u> | <u>42,714,300</u>            | <u>41,919,373</u>  | <u>794,927</u> | <u>-</u>  |
| Detail:  |                   |                              |                    |                |           |
| Salaries and Wages   | 28,192,000        | 28,439,000                   | 28,231,404         | 207,596        |           |
| Other Expenses (Including Contingent)  | 14,582,300        | 14,275,300                   | 13,687,969         | 587,331        | -         |
| <b>DEFERRED CHARGES AND STATUTORY<br/>EXPENDITURES - MUNICIPAL<br/>WITHIN "CAPS"</b> |                   |                              |                    |                |           |
| Statutory Charges  |                   |                              |                    |                |           |
| Social Security System (O.A.S.I.)  | 905,000           | 965,000                      | 962,539            | 2,461          |           |
| Consolidated Police & Fireman's Pension Fund   | 40,000            | 40,000                       | 34,858             | 5,142          |           |
| Defined Contribution Retirement Plan (DCRP)  | 5,000             | 5,000                        | 3,203              | 1,797          |           |
| Police and Firemen's Retirement System   | 4,141,446         | 4,141,446                    | 4,141,446          | -              |           |
| Public Employees Retirement System   | 915,000           | 915,000                      | 913,289            | 1,711          | -         |
| Total Deferred Charges & Statutory Expenditures -<br>Municipal within "CAPS"         | <u>6,006,446</u>  | <u>6,066,446</u>             | <u>6,055,335</u>   | <u>11,111</u>  | <u>-</u>  |
| Total General Appropriations for Municipal Purposes<br>within "CAPS"                 | <u>48,780,746</u> | <u>48,780,746</u>            | <u>47,974,708</u>  | <u>806,038</u> | <u>-</u>  |

**CITY OF ENGLEWOOD  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|  | <u>Appropriations</u> |                                      | <u>Expended</u>            |                 | <u>Cancelled</u> |
|--|-----------------------|--------------------------------------|----------------------------|-----------------|------------------|
|  | <u>Budget</u>         | <u>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> | <u>Reserves</u> |                  |
| <b>OPERATIONS - EXCLUDED FROM "CAPS"</b>             |                       |                                      |                            |                 |                  |
| Bergen County Utilities Authority                    |                       |                                      |                            |                 |                  |
| Share of Costs Sewer Charges                         | \$ 3,340,000          | \$ 3,340,000                         | \$ 3,339,154               | \$ 846          |                  |
| Recycling Tax  | 36,000                | 36,000                               | 36,000                     | -               |                  |
| Maintenance of Free Public Library                   | 2,105,870             | 2,105,870                            | 2,062,287                  | 43,583          |                  |
| Storm Water Regulation                               |                       |                                      |                            |                 |                  |
| Salaries and Wages                                   | 291,000               | 291,000                              | 291,000                    |                 |                  |
| Other Expenses                                       | 27,000                | 27,000                               | 27,000                     |                 |                  |
| Reserve for Tax Appeals                              | 600,000               | 600,000                              | 600,000                    | -               | -                |
| Total Other Operations Excluded from "CAPS"          | <u>6,399,870</u>      | <u>6,399,870</u>                     | <u>6,355,441</u>           | <u>44,429</u>   | <u>-</u>         |
| <b>State and Federal Programs Offset by Revenues</b> |                       |                                      |                            |                 |                  |
| Reach and Teach                                      | 24,000                | 24,000                               | 24,000                     |                 |                  |
| Municipal Alliance - State Share                     | 20,000                | 20,000                               | 20,000                     |                 |                  |
| Municipal Alliance - Local Share                     | 4,000                 | 4,000                                | 4,000                      |                 |                  |
| Sustainable Energy Grant                             |                       | 5,000                                | 5,000                      |                 |                  |
| Open Space Stewardship Project (ANJEC)               |                       |                                      |                            |                 |                  |
| Recycling Tonnage Grant                              |                       | 32,972                               | 32,972                     |                 |                  |
| Drunk Driving Enforcement Fund                       |                       | 5,213                                | 5,213                      |                 |                  |
| FDA Foodborne Illness Grant                          |                       |                                      |                            |                 |                  |
| Clean Communities Grant                              |                       | 57,378                               | 57,378                     |                 |                  |
| State Forestry Services Green Communities            |                       | 3,000                                | 3,000                      |                 |                  |
| Body Armor Replacement                               |                       | 7,477                                | 7,477                      |                 |                  |
| FDA Retail Standards                                 |                       | 5,478                                | 5,478                      |                 |                  |
| Emergency Prep Grant (NJACCHO)                       | -                     | 6,707                                | 6,707                      | -               | -                |
| Total Public and Private Programs Offset by Revenues | <u>48,000</u>         | <u>171,225</u>                       | <u>171,225</u>             | <u>-</u>        | <u>-</u>         |
| Total Operations Excluded from "CAPS"                | <u>6,447,870</u>      | <u>6,571,095</u>                     | <u>6,526,666</u>           | <u>44,429</u>   | <u>-</u>         |
| Detail:  |                       |                                      |                            |                 |                  |
| Other Expenses                                       | <u>6,447,870</u>      | <u>6,571,095</u>                     | <u>6,526,666</u>           | <u>44,429</u>   | <u>-</u>         |
| <b>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</b>     |                       |                                      |                            |                 |                  |
| Capital Improvement Fund                             | 500,000               | 500,000                              | 500,000                    | -               | -                |
| Total Capital Improvements Excluded from "CAPS"      | <u>500,000</u>        | <u>500,000</u>                       | <u>500,000</u>             | <u>-</u>        | <u>-</u>         |

**CITY OF ENGLEWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|   | <u>Appropriations</u> |                                      | <u>Expended</u>            |                   |                  |
|---|-----------------------|--------------------------------------|----------------------------|-------------------|------------------|
|   | <u>Budget</u>         | <u>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> | <u>Reserves</u>   | <u>Cancelled</u> |
| <b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>      |                       |                                      |                            |                   |                  |
| Payment of Bonds Principal                                | \$ 1,520,000          | \$ 1,520,000                         | \$ 1,515,000               |                   | \$ 5,000         |
| Interest on Bonds   | 930,000               | 930,000                              | 922,219                    |                   | 7,781            |
| Payments of Bond Anticipation Notes and Capital Notes     | 1,182,100             | 1,182,100                            | 1,173,850                  |                   | 8,250            |
| Interest on Notes   | 470,000               | 470,000                              | 468,241                    |                   | 1,759            |
| Interest on Loans   | 5,200                 | 5,200                                | 5,200                      |                   | \$ -             |
| BCIA Lease Agreement - Principal and Interest             | <u>2,210,000</u>      | <u>2,210,000</u>                     | <u>2,210,000</u>           | <u>-</u>          | <u>-</u>         |
| Total Municipal Debt Service Excluded from "CAPS"         | <u>6,317,300</u>      | <u>6,317,300</u>                     | <u>6,294,510</u>           | <u>-</u>          | <u>22,790</u>    |
| <b>DEFERRED CHARGES</b>                                   |                       |                                      |                            |                   |                  |
| Emergency Authorizations                                  |                       |                                      |                            |                   | -                |
| Special Emergency Authorizations                          | 18,000                | 18,000                               | 18,000                     |                   |                  |
| Deferred Charges to Future Taxation - Ordinance No. 85-22 | <u>-</u>              | <u>-</u>                             | <u>-</u>                   | <u>-</u>          | <u>-</u>         |
| Total Deferred Charges                                    | <u>18,000</u>         | <u>18,000</u>                        | <u>18,000</u>              | <u>-</u>          | <u>-</u>         |
| Total General Appropriations Excluded from "CAPS"         | <u>13,283,170</u>     | <u>13,406,395</u>                    | <u>13,339,176</u>          | <u>\$ 44,429</u>  | <u>22,790</u>    |
| Subtotal General Appropriations                           | 62,063,916            | 62,187,141                           | 61,313,884                 | 850,467           | 22,790           |
| Reserve for Uncollected Taxes                             | <u>300,000</u>        | <u>300,000</u>                       | <u>300,000</u>             | <u>-</u>          | <u>-</u>         |
| Total General Appropriations                              | <u>\$ 62,363,916</u>  | <u>\$ 62,487,141</u>                 | <u>\$ 61,613,884</u>       | <u>\$ 850,467</u> | <u>\$ 22,790</u> |
| Adopted Budget  |                       | \$ 62,363,916                        |                            |                   |                  |
| Added by NJS 40A:4-87                                     |                       | <u>123,225</u>                       |                            |                   |                  |
|   |                       | <u>\$ 62,487,141</u>                 |                            |                   |                  |

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

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

EXHIBIT B-2

**COMPARATIVE STATEMENTS OF ASSESSMENT REVENUES - REGULATORY BASIS  
ASSESSMENT TRUST FUND  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

|             | <u>2017</u>        |                   | <u>2016</u>        |                   |
|-------------|--------------------|-------------------|--------------------|-------------------|
|             | <u>Anticipated</u> | <u>Realized</u>   | <u>Anticipated</u> | <u>Realized</u>   |
| Assessments | <u>\$ 630,000</u>  | <u>\$ 853,500</u> | <u>\$ 630,000</u>  | <u>\$ 853,500</u> |

EXHIBIT B-3

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

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

The Accompanying Notes are an Integral Part of these Financial Statements



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

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the City do not include the volunteer ambulance squad, which is considered a component unit under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**B. Description of Regulatory Basis of Accounting**

The financial statements of the City of Englewood have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

The City uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain City functions or activities. The City also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The City has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

**Comparative Data** - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

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

**Financial Statements – Regulatory Basis**

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

**Inventories** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the City. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The City also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The City may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**Miscellaneous Revenues/Receivables** - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the City's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

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

**Property Acquired for Taxes** – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

**Interfunds** - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

**Appropriation Reserves** – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**Expenditures** – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

**Incurred But Not Reported (IBNR) Reserves and Claims Payable** - The City has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the City has not received notices or report of losses (i.e. IBNR). Additionally, the City has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining potential claims are recorded as a long-term obligation in the government-wide financial statements.

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



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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

General Fixed Assets are stated as follows:

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

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

No depreciation has been provided for in the financial statements.

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

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

**Use of Estimates** - The preparation of financial statements requires management of the City to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgets and Budgetary Accounting (Continued)**

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

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

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017 and 2016 the City Council increased the original budget by \$1,138,596 and \$123,225. The 2017 increases were due to a special emergency appropriation of \$1,000,000 for terminal leave and for additional grant funding awarded to the City. The 2016 increases were due to additional grant funding. In addition, the governing body approved several budget transfers during 2017 and 2016.

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

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

**A. Cash Deposits**

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

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

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**A. Cash Deposits (Continued)**

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

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

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk. As of December 31, 2017 and 2016, the City's bank balances of \$234,983 and \$332,442 were exposed to custodial credit risk as follows:

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

**B. Investments**

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

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

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

**C. Cash With Fiscal Agents**

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

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

**NOTE 4 TAXES RECEIVABLE**

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

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

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

**NOTE 5 DUE TO/FROM OTHER FUNDS**

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

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

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

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

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

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

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

**NOTE 7 FUND BALANCES APPROPRIATED**

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

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

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

**NOTE 8 FIXED ASSETS**

**A. General Fixed Assets**

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

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

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

**NOTE 9 MUNICIPAL DEBT**

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

The City's debt is summarized as follows:

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

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

**NOTE 9 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

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

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

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

**Statutory Borrowing Power**

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

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



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

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

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

**General Obligation Bonds**

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

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

**Assessment Trust Bonds**

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

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

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

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**General Intergovernmental Loans Payable**

**B. Capital Loan**

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

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

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

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

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

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Prior Year Defeasance of Debt**

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

**Guarantee of Debt**

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

**Changes in Long-Term Municipal Debt**

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

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

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

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt (Continued)**

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

**B. Short-Term Debt**

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

**Bond Anticipation Notes – General Capital Fund**

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

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

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes – General Capital Fund (Continued)**

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

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

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

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

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

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Special Emergency Notes**

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

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

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

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

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

**NOTE 11 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

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

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

**Changes in Other Long-Term Liabilities**

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

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

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

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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

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

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

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

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

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

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

**Other Pension Funds**

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



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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Other Pension Funds (Continued)**

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

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funded Status and Funding Progress**

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

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

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

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

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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Annual Pension Cost (APC)**

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

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

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

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

**Public Employees Retirement System (PERS)**

At December 31, 2017 and 2016, the City reported a liability of \$30,472,616 and \$38,858,242, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The City’s proportionate share of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the City’s proportionate share was .13091 percent, which was a decrease of .00029 percent from its proportionate share measured as of June 30, 2016 of .13120 percent.

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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

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

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

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

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

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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

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

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

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

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

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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

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

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

***Discount Rate***

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

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

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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

*Discount Rate (Continued)*

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

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

|                                   |                                     |
|-----------------------------------|-------------------------------------|
| Long-Term Expected Rate of Return | Through June 30, 2040               |
| Municipal Bond Rate *             | From July 1, 2040<br>and Thereafter |

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

*Sensitivity of Net Pension Liability*

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

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

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

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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

*Pension Plan Fiduciary Net Position*

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

**Police and Firemen’s Retirement System (PFRS)**

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

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

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



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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Police and Firemen’s Retirement System (PFRS) (Continued)**

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

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

***Actuarial Assumptions***

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

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

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

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

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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Police and Firemen’s Retirement System (PFRS) (Continued)**

***Long-Term Expected Rate of Return***

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

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

***Discount Rate***

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

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

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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Discount Rate (Continued)*

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

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

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

*Sensitivity of Net Pension Liability*

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

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

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

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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

*Special Funding Situation – PFRS*

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

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

*Pension Plan Fiduciary Net Position*

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

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

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS**

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

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

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

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

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

**Basis of Accounting**

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

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

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Investment Valuation**

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

**Funded Status and Funding Progress**

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

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

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

**Actuarial Methods and Assumptions**

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

**Post-Retirement Medical Benefits Contribution**

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

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

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

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Post-Retirement Medical Benefits Contribution (Continued)**

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

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

**NOTE 14 RISK MANAGEMENT**

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

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

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

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

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

**NOTE 14 RISK MANAGEMENT (Continued)**

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

The GSMJIF offers the following coverages to its members:

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

The relationship between the City and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The City is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

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

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

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



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

**NOTE 15 CONTINGENT LIABILITIES**

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

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

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

**NOTE 16 FEDERAL ARBITRAGE REGULATIONS**

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

**NOTE 17 TAX ABATEMENTS**

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

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

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

**NOTE 18 SUBSEQUENT EVENTS**

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

**Bond Anticipation Notes**

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

**Debt Authorized**

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

**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION FOR THE BONDS**

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90 Woodbridge Center Drive  
Suite 900 Box 10  
Woodbridge, NJ 07095-0958  
732.636.8000

March \_\_, 2019

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

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance and delivery of the \$15,260,000 principal amount of General Improvement Bonds, Series 2019 (the "Bonds"), of the City of Englewood, in the County of Bergen (the "City"), a body politic and corporate of the State of New Jersey (the "State").

The Bonds are authorized by and are issued pursuant to: (i) the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the City Council of the City and published as required by law; and (iii) a resolution duly adopted by the City Council of the City on March 5, 2019.

The Bonds are issued in fully registered, book-entry only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. One certificate shall be issued for the aggregate principal amount of Bonds of each series maturing in each year. Purchases of the Bonds will be made in book-entry only form, without certificates, in principal denominations of \$1,000 each or any integral multiple thereof, with a minimum purchase of \$5,000 required. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the City as Paying Agent (or a Paying Agent duly appointed by the City) directly to Cede & Co., as nominee for DTC. Disbursal of such payments to DTC participants is the responsibility of DTC and disbursal of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semi-annually on the first day of April and October (each an "Interest Payment Date") in each year until maturity or prior redemption, commencing

October 1, 2019. The Bonds shall mature on April 1 in each of the years and in the principal amounts as follows:

| <u>Year</u> | <u>Principal Amount</u> | <u>Year</u> | <u>Principal Amount</u> |
|-------------|-------------------------|-------------|-------------------------|
| 2020        | \$505,000               | 2031        | \$ 675,000              |
| 2021        | 505,000                 | 2032        | 705,000                 |
| 2022        | 505,000                 | 2033        | 730,000                 |
| 2023        | 515,000                 | 2034        | 760,000                 |
| 2024        | 530,000                 | 2035        | 795,000                 |
| 2025        | 545,000                 | 2036        | 825,000                 |
| 2026        | 560,000                 | 2037        | 860,000                 |
| 2027        | 580,000                 | 2038        | 895,000                 |
| 2028        | 600,000                 | 2039        | 925,000                 |
| 2029        | 625,000                 | 2040        | 965,000                 |
| 2030        | 650,000                 | 2041        | 1,005,000               |
|             |                         | Total:      | \$15,260,000            |

The Bonds of this issue maturing prior to April 1, 2028 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after April 1, 2028 are redeemable at the option of the City, in whole or in part, on any date on or after April 1, 2027, upon notice as required therein, at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

We have examined such matters of law, certified copies of the proceedings, including all authorization proceedings for the Bonds, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Local Bond Law, (ii) the Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the City enforceable in accordance with their terms, and (iii) the City has pledged its full faith and credit for the payment of the principal of and interest on the Bonds, and, unless paid from other sources, all the taxable property within the City is subject to the levy of ad valorem taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Bonds in order for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Bonds. The City has covenanted in its tax certificate relating to the Bonds to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the City with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds are not "specified private activity bonds" within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the Federal alternative minimum tax.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

[The Bonds maturing on April 1 of the years \_\_\_ through \_\_\_, inclusive (collectively, the "Premium Bonds"), have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Premium Bonds and not as interest.]

[We are also of the opinion that the difference between the stated principal amount of the Bonds maturing on April 1 in the years \_\_\_\_\_ and \_\_\_\_\_ (the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar person or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the Discount Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is treated as interest and is excludable from gross income for Federal income tax purposes to the same extent described above. In the case of any holder of the Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to the Discount

Bonds is added to the cost basis of the holder in determining, for Federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the Discount Bonds should consult their tax advisors for an explanation of the original issue discount rules.]

Except as stated in the preceding paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of the Bonds, as executed by the City, and, in our opinion, the form of each Bond and their execution are regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.



**APPENDIX D**

**FORM OF APPROVING LEGAL OPINION FOR THE NOTES**

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90 Woodbridge Center Drive  
Suite 900 Box 10  
Woodbridge, NJ 07095-0958  
732.636.8000

March \_\_, 2019

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

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City Council of the City of Englewood, in the County of Bergen, State of New Jersey (the "City"), and other proofs submitted to us relative to the issuance and sale of the

**\$13,865,000**  
**BOND ANTICIPATION NOTES**

**NON-CALLABLE**

**CITY OF ENGLEWOOD**  
**IN THE COUNTY OF BERGEN**  
**STATE OF NEW JERSEY**

**Dated: March 28, 2019**

The \$13,865,000 Bond Anticipation Notes (the "Notes") of the City, are dated March 28, 2019, mature March 27, 2020 and bear interest at the rate of \_\_\_\_\_ and \_\_\_\_\_ hundredths per centum (\_\_\_\_%) per annum. The Notes are issued in fully registered form without coupons, initially registered in the name of, and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes will be made in book-entry only form in the principal amount of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required. The Notes are issued in book-entry only form and are not subject to redemption prior to maturity. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the City or a duly designated paying agent directly to Cede & Co., as nominee for DTC.

The bonds in anticipation of which the Notes are issued have been authorized pursuant to various bond ordinances of the City having been in all respects duly adopted, approved and published as required by law, and a resolution duly adopted by the City Council of the City on March 5, 2019. The Notes are being issued for the purpose of refunding, on a current basis (along with a \$7,944,585 budgeted paydown of the City), a \$21,809,585 portion of prior bond anticipation notes of the City issued in the amount of \$37,070,000 on April 3, 2018 and maturing on April 2, 2019 (the "Prior Notes").

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented, (ii) the Notes are valid and legally binding obligations of the City, and (iii) all the taxable property within the City is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes in order for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The City has covenanted in its tax certificate relating to the Notes to maintain the exclusion of the interest on the Notes from gross income for Federal income tax purposes pursuant to section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the City with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. The Notes are not "specified private activity bonds" within the meaning of Section 57 of the Code and, therefore, the interest on the Notes will not be treated as a preference item for purposes of computing the Federal alternative minimum tax.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the form of the unexecuted Notes and, in our opinion, the form is regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

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**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS**

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## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated \_\_\_\_\_, 2019 (the "Disclosure Certificate") is executed and delivered by the City of Englewood, in the County of Bergen, State of New Jersey (the "City" or the "Issuer") in connection with the issuance of its \$15,260,000 aggregate principal amount of General Improvement Bonds, Series 2019 (the "Bonds"), all such Bonds being dated their date of delivery. The Bonds are being issued pursuant to various bond ordinances duly adopted by the City Council of the City approved and published as required by law, and a resolution entitled, "RESOLUTION (A) PROVIDING FOR THE COMBINATION OF CERTAIN BOND ORDINANCES AND DETERMINING THE FORM AND OTHER DETAILS OF THE OFFERING OF \$15,260,000 GENERAL IMPROVEMENT BONDS, SERIES 2019 OF THE CITY OF ENGLEWOOD, IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY AND PROVIDING FOR THEIR SALE AND (B) AUTHORIZING THE SALE AND ISSUANCE OF \$13,865,000 BOND ANTICIPATION NOTES" (the "Resolution"), being duly adopted by the City Council of the City on February 19, 2019. The City covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders of the Bonds and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter(s) in complying with the Rule (as defined below). The City acknowledges it is an "Obligated Person" under the Rule (as defined below).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

*"Annual Report"* shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

*"Beneficial Owner"* shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds, as applicable (including persons holding Bonds, as applicable through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds, as applicable, for Federal income tax purposes.

*"Business Day"* shall mean any day other than a Saturday, Sunday or a day on which the City or the Dissemination Agent is authorized by law or contract to remain closed.

*"Continuing Disclosure Information"* shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the City with the EMMA (as defined below) pursuant to Section 3 of this Disclosure Certificate, and (iii) any notice of a Listed Event

required to be filed by the Authority with EMMA pursuant to Section 5 of this Disclosure Certificate.

*“Disclosure Representative”* shall mean the Chief Financial Officer of the City or her designee, or such other person as the City shall designate in writing from time to time for the purposes of this Disclosure Certificate.

*“Dissemination Agent”* shall mean, initially, the City or any Dissemination Agent subsequently designated in writing by the City which has filed with the City a written acceptance of such designation.

*“EMMA”* shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined below) and approved by the SEC (as defined below) to provide a central location where investors can obtain municipal bond information including disclosure documents. The City or the Dissemination Agent shall submit disclosure documents to EMMA as a Portable Document File (PDF file) to [www.emma.msrb.org](http://www.emma.msrb.org).

*“Financial Obligation”* shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term *“Financial Obligation”* shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

*“Listed Events”* shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

*“MSRB”* shall mean the Municipal Securities Rulemaking Board.

*“National Repository”* shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the SEC (as defined below) as a repository for purposes of the Rule (as defined below).

*“Rule”* shall mean Rule 15c2-12(b)(5) adopted by the SEC (as defined below) under the Securities Exchange Act of 1934, as the same may be amended from time to time.

*“SEC”* shall mean the United States Securities and Exchange Commission.

*“State”* shall mean the State of New Jersey.

*“Underwriters”* shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

**SECTION 3. Provision of Annual Reports.** (a) The City shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the City's reporting obligations under this Disclosure Certificate pursuant to the provisions of Section 6 of this Disclosure Certificate provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the City (commencing for the fiscal year ending December 31, 2019). Each Annual Report provided to the Dissemination Agent by the City shall comply with the requirements of Section 4 of this Disclosure Certificate but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the City, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate to the National Repository and stating the date it was provided to the National Repository.

(c) If the City fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the City advising of such failure. Whether or not such notice is given or received, if the City thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with a copy of said notice to the City) to the National Repository in substantially the form attached as Exhibit A hereto.

**SECTION 4. Content of Annual Reports.** (a) The City's Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the City as of December 31 of each year (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles ("GAAP") and the budget laws of the State.

(2) The most current annual debt statement of the City (as of December 31);  
and.

(3) The general financial information and operating data of the City consistent with the information set forth in Appendix A to the Official Statement dated March \_\_, 2019 prepared in connection with the sale of the Bonds (the "Official Statement"), consisting of (1) City indebtedness (2) property valuation information, and (3) tax rate, levy and collection data.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the City is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

**SECTION 5. Reporting of Significant Events.** (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;

12. Bankruptcy, insolvency, receivership or similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;
15. Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bondholders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

The City shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB in accordance with the provisions of this Section 5. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the City may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the City has or obtains knowledge of the occurrence of any of the Listed Events, the City shall, as soon as possible, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the City determines that the occurrence of a Listed Event would be material to the Beneficial Owners of the Bonds, the City shall promptly notify the Dissemination Agent in writing (if the City is not the Dissemination Agent) and the City shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the City determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the City shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the City) and the Dissemination Agent (if the Dissemination Agent is not the City) shall be instructed by the City not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA, with a copy to the City (if the Dissemination Agent is not the City). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Resolution.

**SECTION 6. Termination of Reporting Obligation.** The City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the City is no longer an "Obligated Person" (as defined in the Rule). The City shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with EMMA in accordance with the provisions of Section 5(e) of this Disclosure Certificate.

**SECTION 7. Dissemination Agent; Compensation.** The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the City. The City shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the City to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the City or "Obligated Person," or by approving vote of the Beneficial Owners of the Bonds, as applicable pursuant to the terms of the Resolution at the time of the amendment. The City shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 of this Disclosure Certificate. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 of this Disclosure Certificate, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 9. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Default.** In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

**SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the City agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the City) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the City further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of

the City under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

**SECTION 12. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Underwriters, and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

**SECTION 13. Notices.** All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the City:

City of Englewood  
2-10 North Van Brunt Street  
Englewood, New Jersey 07631  
Attention: Chief Financial Officer

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds, initially:

NW Financial Group, LLC  
2 Hudson Place, 3<sup>rd</sup> Floor  
Hoboken, New Jersey 07030

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

**SECTION 14. Counterparts.** This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the City and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

**SECTION 15. Severability.** If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the City and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.



**SECTION 16.** Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey as applicable.

**CITY OF ENGLEWOOD**

By: \_\_\_\_\_  
**MICHAEL KAUFMANN,**  
**Chief Financial Officer**

**EXHIBIT A**

**NOTICE TO EMMA OF FAILURE  
TO FILE ANNUAL REPORT**

Name of Issuer: City of Englewood,  
in the County of Bergen, State of New Jersey

Name of Issue: \$15,260,000 General Improvement Bonds, Series 2019  
Dated: March 28, 2019  
(CUSIP Number: \_\_\_\_\_)

Date of Issuance: March 28, 2019

NOTICE IS HEREBY GIVEN that the above designated City has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution and a Continuing Disclosure Certificate for the General Improvement Bonds dated March 28, 2019 executed by the City.

DATED: \_\_\_\_\_

\_\_\_\_\_  
**DISSEMINATION AGENT**  
(on behalf of the City)

cc: The City

**APPENDIX F**

**FORM OF CERTIFICATE OF COMPLIANCE WITH SECONDARY MARKET DISCLOSURE  
REQUIREMENTS FOR THE NOTES**

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**CERTIFICATE OF COMPLIANCE WITH  
SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

I, MICHAEL KAUFMANN, Chief Financial Officer of the City of Englewood, in the County of Bergen (the "City"), a body politic and corporate organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY on behalf of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, the purchaser (the "Purchaser") of \$13,865,000 aggregate principal amount of Bond Anticipation Notes of the City dated March 28, 2019 and maturing March 27, 2020 (the "Notes"), in connection with the issuance of the Notes, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the City will provide notice of certain material events (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a PDF file to [www.emma.msrb.org](http://www.emma.msrb.org), of any of the following events with respect to the Notes herein described, as applicable, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events effecting the tax-exempt status of the security; (7) modifications to rights of security holders; (8) bond calls; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event; (13) consummation of a merger, consolidation, or acquisition, or sale of all or substantially all of the assets of the City, entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action; (14) appointment of a successor or additional trustee or change of name of a trustee; (15) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Noteholders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

Whenever the City obtains actual knowledge of the occurrence of any of the aforementioned events and when the occurrence of such events will constitute material information to the holders of the Notes, the City shall file a Notice of each such occurrence with the MSRB via EMMA on a timely basis.

The City's obligations under this Certificate shall terminate upon the defeasance, prior redemption or payment in full of the Notes.

In the event the City fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of

the provisions of this Certificate or the City's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the City, the Purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the City and caused the official seal of the City to be hereunto affixed and attested to by the Clerk of the City this \_\_\_\_ day of March, 2019.

**CITY OF ENGLEWOOD**

(SEAL)

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**MICHAEL KAUFMANN,**  
**Chief Financial Officer**

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**YANCY WAZIRMAS,**  
**City Clerk**