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 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.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 2, 2022

NEW ISSUE (BOOK-ENTRY ONLY) **RATING: NOT RATED**

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 by the City (as defined herein) with certain covenants described herein, interest on the Notes (as 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 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.

CITY OF CLIFTON
IN THE COUNTY OF PASSAIC
STATE OF NEW JERSEY

$10,000,000
BOND ANTICIPATION NOTES, SERIES 2022

(NON-CALLABLE)

Dated: August 31, 2022
Due: August 30, 2023
Coupon: ____%
Yield: ____%
CUSIP*: 187090___

The $10,000,000 aggregate principal amount of Bond Anticipation Notes, Series 2022, dated August 31, 2022 and maturing on August 30, 2023 (the "Notes"), are general obligations of the City of Clifton, in the County of Passaic, State of New Jersey (the "City"), payable in the first instance from the proceeds of the sale of the bonds or notes issued in anticipation of bonds, 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 principal of the Notes and the interest thereon without limitation as to rate or amount.

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 Notes. Individual purchases of the Notes will be made in book-entry only form, without certificates, in the principal amount of $5,000 each 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.

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

While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Notes. *See* "BOOK-ENTRY ONLY SYSTEM" herein.

The Notes are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented; and (ii) various bond ordinances duly adopted by the City Council of the City on the dates set forth herein, approved by the Mayor, and published as required by law. The Notes are being issued to temporarily finance the costs of various general capital improvements and purposes in and by the City in the amount of $10,000,000, including paying the costs associated with the issuance of the Notes.

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

The Notes are not a debt or obligation, 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 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 Notes are offered when, as and if issued and delivered to the Underwriter subject to the approval of the legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, acting as Bond Counsel to the City, and certain other conditions. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the City in connection with the issuance of the Notes. Certain legal matters will be passed upon for the City by the City Attorney, Matthew T. Priore, Esq., Clifton, New Jersey. It is anticipated that the Notes will be available for delivery through DTC on or about August 31, 2022.

BIDS FOR THE NOTES, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, WILL BE RECEIVED BY THE MUNICIPAL ADVISOR, ON BEHALF OF THE CHIEF FINANCIAL OFFICER OF THE CITY, UNTIL 11:00 A.M., PREVAILING NEW JERSEY TIME, ON AUGUST 9, 2022 VIA ELECTRONIC MAIL AT AINVERSO@MUNIADVISORS.COM OR VIA THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.

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* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. 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 representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

CITY OF CLIFTON
IN THE COUNTY OF PASSAIC
STATE OF NEW JERSEY

MAYOR

James A. Anzaldi

CITY COUNCIL

Peter C. Eagler
William Gibson
Raymond Grabowski
Lauren E. Murphy
Rosemary L. Pino
Mary Sadrakula

CHIEF FINANCIAL OFFICER

Joseph D. Kunz

CITY MANAGER

Dominick Villano

CITY CLERK

Nancy Ferrigno

CITY ATTORNEY

Matthew T. Priore, Esq.
Clifton, New Jersey

INDEPENDENT AUDITORS

Lerch, Vinci & Bliss, LLP
Fair Lawn, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, 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 Clifton, in the County of Passaic, State of New Jersey (the "City") to give any information or to make any representations with respect to the 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 Notes by any person in any jurisdiction in which it is unlawful for such 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 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. 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, and is not intended to indicate future or continuing trends in the financial condition or other affairs of the City. No representation is made that past experience, as is shown by the financial and other information included herein, 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 thereof, and this Official Statement, including the appendices, must be considered in its entirety.

In order to facilitate the distribution of the Notes, the Underwriter (as defined herein) may engage in transactions intended to stabilize the price of the 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 price at which the Notes are offered to the public by the Underwriter and the yield resulting therefrom may vary from the initial public offering price or yield on the cover page hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering price to dealers and others.

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

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OFFICIAL STATEMENT

OF THE

CITY OF CLIFTON
IN THE COUNTY OF PASSAIC, STATE OF NEW JERSEY

RELATING TO

$10,000,000
BOND ANTICIPATION NOTES, SERIES 2022

(NON-CALLABLE)

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the City of Clifton (the "City"), in the County of Passaic (the "County"), State of New Jersey (the "State"), in connection with the offering, sale and issuance of the City's $10,000,000 aggregate principal amount of Bond Anticipation Notes, Series 2022 (the "Notes"). This Official Statement, which includes the cover page and appendices attached hereto, has been authorized by the City Council of the City, and executed by and on behalf of the City by its Chief Financial Officer, to be distributed in connection with the offering, sale and issuance of the Notes.

This Official Statement contains specific information relating to the Notes including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to the sale, issuance and delivery of the Notes. 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 NOTES

General Description

The Notes shall be dated the date of delivery thereof and shall bear interest at the rate as indicated on the front cover page of this Official Statement, payable upon the maturity date thereof. 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 The Depository Trust Company, New York, New York ("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 of the Notes by wire transfer of immediately available funds to DTC or its nominee, Cede & Co. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of $5,000 each 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 and Indirect Participants, which will in turn remit such payments to the beneficial owners of the Notes. *See* "BOOK-ENTRY ONLY SYSTEM" herein.

Optional Redemption

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

Authorization for the Issuance of the Notes

The Notes are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); and (ii) various bond ordinances duly adopted by the City Council of the City on the dates set forth in the chart below under the subheading "Purpose of the Notes", approved by the Mayor, and published as required by law.

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 for each of the bond ordinances has concluded as of the date of this Official Statement.

Purpose of the Notes

The Notes are being issued to temporarily finance the costs of various general capital improvements and purposes in and by the City in the amount of $10,000,000, including paying the costs associated with the issuance of the 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 Council of the City, which bond ordinances are described in the following table by Ordinance Number, Description and Date of Final Adoption and the Amount of Notes to be Issued for such purposes. The bond ordinances are as follows:

$10,000,000
Bond Anticipation Notes

Ordinance Number	Description and Date of Final Adoption	Amount of Notes to be Issued
7471-18	Various 2018 Capital Improvements, finally adopted 9/4/18	$ 7,000,000
7544-19	Various 2019 Capital Improvements, finally adopted 9/3/19	$ 3,000,000
	TOTAL:	**$10,000,000**

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 the Notes without limitation as to rate or amount.

SECURITY AND PAYMENT FOR THE NOTES

The 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 Notes. Unless 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 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 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 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 NOTES" herein.

The 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.

RECENT HEALTHCARE DEVELOPMENTS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State of New Jersey declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which has spread throughout the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which alter the behavior of businesses and people, have had and may continue to have impacts on regional, state and local economies. The public health emergency was terminated on June 4, 2021, but the state of emergency remained in effect via Executive Order 244. However, on January 11, 2022, the Governor restated the state of emergency and reinstated a public health emergency via Executive Order 280, effective immediately, in order to ensure that the State was able to respond to the threat of COVID-19 and the Omicron variant. The public health emergency declaration, which allows existing orders to continue in effect, was set to expire thirty (30) days from January 11, 2022, unless renewed. On February 10, 2022, the Governor signed Executive Order 288 extending the public health emergency declared on January 11, 2022; however, the public health emergency was terminated on March 7, 2022 via Executive Order 292, while the existing state of emergency remains in effect. See https://covid19.nj.gov for further detail regarding the impact of COVID-19 on the State and the Governor's various executive orders.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020, c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing). Specifically, Chapter 74 authorizes special emergency appropriations for: (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and

public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings related to the COVID-19 pandemic. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19. The City does not expect to issue special emergency notes in order to address any financial impacts caused by the COVID-19 pandemic**.**

AMERICAN RESCUE PLAN ACT OF 2021

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 11, 2021, comprises $1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a $1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan, in part, provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes $350 billion in relief funds to public entities, such as the City.

The City received $30,531,115 in Federal Aid under the Plan, $15,265,557 of which amount was received in June, 2021 and $15,265,558 was received in June, 2022.

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 may issue additional general obligation bonds or bond anticipation notes in 2022.

BOOK-ENTRY ONLY SYSTEM*

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the 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 Notes. The 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 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

* Source: The Depository Trust Company.

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.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of 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 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all 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 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the 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 Notes, unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy (the “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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 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 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 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, the Note certificate is 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, the Note certificate 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 Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Chief Financial Officer of the City or paying agent; (ii) the transfer of any Notes may be registered on the books maintained by the City or paying agent for such purposes only upon the surrender thereof to the Chief Financial Officer of 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 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 Notes. Interest on the Notes will be payable by check or draft, mailed on the maturity date of the Notes 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 of the City and, if applicable, approval by the Mayor prior to publication. The Local Bond Law requires publication and posting of the bond ordinance or a summary thereof. 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 Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and 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 either serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and those improvements involving certain State grants, a five percent (5%) cash down payment of the amount of bonds and notes authorized 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 notes 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. The City has not issued tax anticipation notes during the last ten (10) years.

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

Refunding bonds may be issued by a local unit 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, the present value of unfunded accrued liabilities for State administered early retirement incentive benefits, 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. If the refunding bonds are issued in accordance with N.J.A.C. 5:30-2.5, no approval is required by the Local Finance Board; however, the details of the sale, issuance and delivery of the refunding bonds will be delivered to the Local Finance Board within then (10) days of the delivery of the 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 local unit 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 Valuations 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.

As shown in APPENDIX A, 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 Law, 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 City’s financial procedures. The audit report must also be filed with the City Clerk and be available for review during regular 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 accounting principles in the United States.

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

An unaudited 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, 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. Such Annual Financial Statement 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, (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 district 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.

DEBT INFORMATION OF THE CITY

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.

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 must 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 serve 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. The capital program, when adopted, does not constitute the appropriation of funds, but sets forth a plan of capital expenditures which the local unit may contemplate over the next six (6) years or the next three (3) years, as applicable. Expenditures for capital purposes may be made either by ordinances adopted by the governing body which set forth the items and the methods of financing, or from the annual operating budget. *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 2022. The City adopted its 2022 budget on May 17, 2022 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 the 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 did not utilize any of its "Cap Bank" in its 2022 Budget. Along with the permitted increases for total general appropriations, there are certain items that are allowed to increase outside the "CAP".

Additionally, 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, weather and other "declared" emergencies, pension contributions in excess of 2%, and heath benefit cost increases in excess of 2% and limited by the increase in the State health benefit rate increases. 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% plus one vote.

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 the taxable property within the boundaries of the City to pay debt service on bonds and notes, including the 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 a provision of the Local Budget Law, 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, -55.2, -55.3. 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 for local units. 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 account 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 provides limits for 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:

Total of Local, County, and School Levies - Anticipated Revenues = Cash Required from Taxes to Support Local Municipal Budget and Other Taxes

$$\frac{\text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes}}{\text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)}} = \text{Amount to be Raised by Taxation}$$

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.

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. Because of the escalation of property resale values, annual adjustments could not keep pace with the rising values.

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 of taxes to fund the budgets. The statutory provisions for the assessment of property, the 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 taxing district.

For calendar year municipalities, 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.

Fiscal year municipalities follow the same general rationale for the billing of property taxes, however billing is processed semi-annually. The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formula used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous year’s billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

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 hereinafter defined) 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 and 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 1st day of April of the current tax year for its review or the 1st 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 Notes in order for the interest on the 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 Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the 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 by the City in its tax certificate described above, interest on the Notes is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and will not be treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax.

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

Additional Federal Income Tax Consequences Relating to the Notes

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the 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 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 Notes, and any gain on the sale thereof, are 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 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 Notes, gain from the sale or other disposition of the Notes, the market value of the Notes or the marketability of the Notes. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the 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 Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the 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 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 Notes.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING, BUT NOT LIMITED TO, THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE 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 Notes, and such Notes are authorized security for any and all public deposits.

RISK TO HOLDERS OF NOTES

It is understood that the rights of the holders of the 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 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 provides 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 code.

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.

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 NOTES, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

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 Notes, the original purchaser of the Notes 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 herein, 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 original purchaser of the Notes shall also receive a certificate in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Notes, and signed by the officers who signed the 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 Notes or the levy or collection of taxes to pay the principal of the Notes or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence or boundaries of the City, nor the title of any of the said officers to their respective offices, is being contested.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as APPENDIX C hereto. Certain legal matters with respect to the Notes will be passed on for the City by the City Attorney, Matthew T. Priore, Esq., Clifton, New Jersey (the "City Attorney").

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Joseph D. Kunz, Chief Financial Officer, City of Clifton, 900 Clifton Avenue, Clifton, New Jersey 07013, (973) 470 - 5787, or e-mail: jkunz@cliftonnj.org; the City's Bond Counsel, Everett M. Johnson, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6149, or e-mail: ejohnson@wilentz.com; or the City's Municipal Advisor, Anthony P. Inverso, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, (609) 291-0130, or e-mail: ainverso@muniadvisors.com.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey (the "Municipal Advisor"), has served as Municipal Advisor to the City with respect to the issuance of the Notes. 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 this 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 Notes offered for sale or the levy or collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or collection of taxes to pay the principal of and interest on the Notes, or any action contesting the corporate existence or the boundaries of the City or the title of any of the present officers of the City. 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 City Attorney will provide an opinion or certificate to such effect upon the closing of the Notes.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

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 (the "Notices"), as set forth in Section (b)(5)(i)(C) 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. The Notices will be filed by the City or the Dissemination Agent with the Municipal Securities Rulemaking Board (the "MSRB"). The specific nature of the Notices will be detailed in a certificate (the "Disclosure Certificate") to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in APPENDIX D hereto, such Disclosure Certificate to be delivered concurrently with the delivery of the Notes.

The City has previously entered into continuing disclosure undertakings for certain outstanding issues under the Rule. The City appointed Phoenix Advisors, LLC, Bordentown, New Jersey in July of 2014 to act as continuing disclosure agent to assist the City in the filing of certain information on the MSRB website as required under its obligations.

PREPARATION OF OFFICIAL STATEMENT

Bond Counsel has participated in the preparation and review of this Official Statement, but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement nor verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

The Municipal Advisor has participated in the review of this Official Statement, but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement, nor verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the information contained under the headings entitled "MUNICIPAL ADVISOR" and "COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS" (as to the second paragraph only) and expresses no opinion or other assurance other than that which is specifically set forth therein with respect thereto.

Lerch, Vinci & Bliss, LLP, Fair Lawn, New Jersey, the Auditor to the City, has participated in the preparation of the information contained in APPENDIX A hereto, 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 described below under the heading entitled "FINANCIAL STATEMENTS" and contained in APPENDIX B hereto.

The City Attorney has not participated in the preparation of the information contained in this Official Statement, nor 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 heading 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.

UNDERWRITING

The Notes have been purchased from the City at a public sale by _____ (the "Underwriter") at a price of $_____. The purchase price of the Notes reflects the par amount of Notes equal to $10,000,000.00, plus a bid premium of $_____.

The 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 as of and for the years ended December 31, 2020 and 2019, together with the Notes to the Financial Statements for the years then ended, as well as unaudited financial data of the City for the year ended December 31, 2021, are presented in APPENDIX B to this Official Statement. The audited financial statements referred to above have been audited by Lerch, Vinci & Bliss, LLP (formerly Lerch, Vinci & Higgins, LLP), Fair Lawn, New Jersey, independent auditors, as stated in their Independent Auditor's Report appearing in APPENDIX B hereto. Also included in APPENDIX B is certain unaudited financial data extracted from the City's 2021 unaudited annual financial statements as stated in their Independent Accountant's Compilation Report appearing in APPENDIX B hereto. The City expects that its audited financial statements for the fiscal year ended December 31, 2021 will be released on or about September 20, 2022.

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 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 of the Notes 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 CLIFTON
IN THE COUNTY OF PASSAIC,
STATE OF NEW JERSEY

JOSEPH D. KUNZ,
Chief Financial Officer

DATED: August ___, 2022

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APPENDIX A

CERTAIN ECONOMIC INFORMATION CONCERNING THE CITY OF CLIFTON

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DEMOGRAPHIC AND ECONOMIC FACTORS

Size and Geographical Location

The City of Clifton (the "City") is situated in the lower part of Passaic County (the "County") in the State of New Jersey (the "State") portion of the New York metropolitan area. The City encompasses an area of 11.75 square miles. The Passaic River forms its eastern boundary. Neighboring communities include the City of Paterson, the Township of Montclair, the Township of Bloomfield, the Township of Nutley, the City of Passaic, the Borough of Woodland Park, the Township of Little Falls, the Borough of Rutherford, the Borough of Elmwood Park and the City of Garfield.

Form of Government

The City has operated under the Municipal Manager form of government since 1934. Under this form of government, the City Manager, who is appointed by the City Council, functions as the Chief Executive and Administrative Officer of the City.

The City Manager, who also functions as the Director of Public Safety, makes all police and fire department appointments and promotions from Civil Service eligibility lists. Additionally, the City Manager is responsible for the hiring of all other municipal employees. The City Manager attends all meetings of the City Council and is obligated to implement all of its policy decisions.

The City Charter provides for an elected body of seven (7) members each serving a four-year term. City Council elections are non-partisan with the Council members being elected at large and representing the City as a whole. The City Council in turn selects a Mayor from among its members.

As policy-making body of the City, the City Council has the power to do whatever it deems necessary to promote and maintain the health, safety, welfare, comfort and peace of the City. The Mayor does, however, have additional responsibilities including presiding at City Council meetings and making appointments to the Planning Board and the Board of Library Trustees. City Council meetings, which are open to the public, are held in the City Hall Council Chambers on the first and third Tuesday of each month.

Transportation

The City is located about 13 miles from the Lincoln Tunnel. Residents have access to all parts of New York and New Jersey via nearby highways including Routes 3, 20, 21, 46, the Garden State Parkway, and Interstate 80. Transportation by bus and N.J. Transit commuter train service is also available.

Protection

The City is served by a police department consisting of approximately 150 police officers, including detectives. The department is broken down into the administrative services bureau, the field operations bureau and the investigations bureau. The administrative bureau is responsible for the day-to-day operations of the department including purchasing, hiring, budgeting, maintenance of records, crime statistics, evidence, jail management, new officer training and in-service training. The field operation bureau is directly responsible for the general protection of the City and its residents, as well as enforcement of City ordinances, traffic control and safety, implementing community programs and crime prevention. The investigations bureau is responsible for the investigation of adult and youth related offenses, community policing and crime prevention. The department owns and operates approximately forty (40) marked police cars, thirty (30) unmarked police cars and fifteen (15) other vehicles.

The City's fire department has approximately 140 uniformed personnel who work out of six (6) fire stations. The headquarters for the fire department are located next to City Hall. The department has earned a Class 1, highest public protection rating, by the Insurance Services Office. The department maintains the most up-to-date equipment including eight (8) pumper trucks, one (1) ladder truck, one (1) quint apparatus, five (5) ambulances, one (1) haz-mat response vehicle and one (1) foam pumper. The department also has eight (8) fire prevention vehicles, one (1) chief vehicle, one (1) deputy chief vehicle, one (1) training officer vehicle, one (1) communication officer vehicle and one (1) reserve vehicle. There are over 1,500 fire hydrants within the City limits.

Sanitation and Sewerage Services

The City provides garbage collection for all homes on a twice-weekly basis and recycling every other week. Garbage services are contracted by public bid and City employees collect the recycling.

The City is a member of the Passaic Valley Sewerage Commission ("PVSC") and is responsible for payment of the cost of the maintenance, repair and operation, including debt service, of PVSC based on the City's proportionate share of sewerage discharged into the system. The City's obligation is provided for in full in the municipal budget.

Utilities

Electricity and gas are supplied by Public Service Electric & Gas Company. Water is supplied by the Passaic Valley Water Commission ("PVWC") which is owned and operated by the City and the Cities of Paterson and Passaic.

Industry

A large amount of diversified industry has been attracted to the City, serving to assure the City's economic position. The City has several advantages to offer industry including accessible highways, a convenient location to a large labor supply and a location near the ports of New York and Newark. In addition, it is serviced by the Conrail Railroad.

Housing

As is the case with all older municipalities, it cannot be assumed that growth in the City will stop even though there is no more vacant land to be developed. Recent trends demonstrate that growth continues and land uses change. There is also a trend to redevelop presently built-up land that contains functionally obsolete buildings by demolishing existing structures and building new structures. The new use is always one that is up-to-date to better service the community and its people. Pressures for development will continue. The scarcity of land combined with a favorable tax rate has resulted in relatively high land values.

Recreation

The City's Recreation Center offers a wide variety of programs and activities including: aerobic dancing, drawing and painting, arts and crafts, gymnastics, track and field, and a supplemental program of education for basic school skills.

Presently, there are twenty-nine (29) parks and playgrounds and thirty-two (32) tennis courts for the citizens' enjoyment.

Employment and Unemployment Comparisons

The New Jersey Department of Labor reported the following annual average employment information for the City of Clifton, the County of Passaic and the State of New Jersey:

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
City				
2021	46,035	42,746	3,289	7.1%
2020	44,846	39,826	5,020	11.2%
2019	44,636	43,061	1,575	3.5%
2018	43,894	42,063	1,831	4.2%
2017	45,016	42,901	2,115	4.7%
County				
2021	250,345	229,429	20,916	8.4%
2020	245,187	214,293	30,894	12.6%
2019	242,208	231,779	10,429	4.3%
2018	239,206	227,001	12,205	5.1%
2017	245,454	231,482	13,972	5.7%
State				
2021	4,661,100	4,365,400	295,700	6.3%
2020	4,495,200	4,055,300	439,900	9.8%
2019	4,493,100	4,333,300	159,800	3.6%
2018	4,422,900	4,239,600	183,300	4.1%
2017	4,518,800	4,309,700	209,100	4.6%

Source: New Jersey Department of Labor, Division of Labor Market and Demographic Research.

Population

Area	1980	1990	2000	2010	2020
City	74,388	71,742	78,672	84,136	85,025
County	447,685	453,060	489,049	501,226	500,382
State	7,365,011	7,730,188	8,414,350	8,791,894	8,882,371

Source: New Jersey Department of Labor and Workforce Development

DEBT INFORMATION OF THE CITY

The City must report all new authorizations of debt or changes in previously authorized debt to 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 Director 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.

Debt Incurring Capacity
as of December 31, 2021 (Unaudited)

Year	Equalized Valuations Amount
2019	$10,433,065,162
2020	10,610,333,599
2021	11,324,457,325
Total	$32,367,856,086

Municipal	
Equalized Valuation Basis (last 3 years average)	$ 10,789,285,362
3 1/2% Borrowing Margin	377,624,988
Net Debt Issued, Outstanding and Authorized	91,339,388
Remaining Municipal Borrowing Capacity	$ 286,285,600
Local School	
4% Borrowing Margin	$ 431,571,414
Debt, Issued, Outstanding and Authorized	171,392,735
Remaining School Borrowing Capacity	$ 260,178,679

Source: The City's 2021 Annual Debt Statement

Gross and Statutory Net Debt
as of December 31,

Year	Gross Debt Amount	Statutory Net Debt Amount	Statutory Net Debt Percentage
2021 (Unaudited)	$ 291,127,365	$ 91,339,388	0.84%
2020	122,427,844	90,238,948	0.87%
2019	121,116,657	86,483,288	0.86%
2018	130,622,224	88,926,427	0.92%
2017	128,552,161	88,771,349	0.93%

Source: The City's Annual Audit Reports and 2021 Annual Debt Statement

Statement of Indebtedness
As of December 31, 2021 (Unaudited)

General Purpose		
Bonds	$ 54,710,073	
Loans	951,014	
Authorized But Not Issued	29,125,813	
		$ 84,786,900
Sewer Utility Purpose		
Bonds	24,175,928	
Loans	426,423	
Authorized But Not Issued	10,375,378	
		34,977,729
Local School		
Bonds Issued and Authorized		171,392,735
Total Gross Debt		291,157,364
Statutory Deductions		
Sewer Utility Purpose	28,425,251	
Local School	171,392,735	
		199,817,986
Total Net Debt		$ 91,339,378
Overlapping Debt		
County of Passaic (1)	$ 103,726,700	
Passaic County Utilities Authority (1)	8,846,607	
North Jersey District Water Supply Commission (2)	915,228	
Passaic Valley Sewerage Commission (2)	8,710,580	
Passaic Valley Water Commission (3)	12,592,729	
Total Overlapping Debt		$ 134,791,844
Gross Debt		
Per Capita (2020 Census - 85,025)		$ 3,424
Percent of Net Valuation Taxable (2021- $5,340,514,422)		5.45%
Percent of Estimated True Value of Real Property (2021 - $10,764,538,147)		2.70%
Net Municipal Debt		
Per Capita (2020 Census - 85,025)		$ 1,074
Percent of Net Valuation Taxable (2021- $5,340,514,422)		1.71%
Percent of Estimated True Value of Real Property (2021 - $10,764,538,147)		0.85%
Overall Debt (Net and Overlapping Debt)		
Per Capita (2020 Census - 85,025)		$ 2,660
Percent of Net Valuation Taxable (2021- $5,340,514,422)		4.23%
Percent of Estimated True Value of Real Property (2021 - $10,764,538,147)		2.10%

Source: The City's 2021 Annual Debt Statement
(1) Based on equalized value of municipality to County
(2) Based on usage
(3) Based on ownership (City: 14.29%)

TAX INFORMATION OF THE CITY

Current Tax Collections

Year	Tax Levy	Collection During Year of Levy	
		Amount	Percent
2021 (Unaudited)	$ 293,880,409	$ 290,772,013	98.94%
2020	293,728,123	290,208,489	98.80%
2019	290,787,565	287,233,201	98.78%
2018	288,388,654	285,051,973	98.84%
2017	285,085,917	281,717,718	98.82%

Source: The City's Annual Audit Reports and 2021 Unaudited Financial Statement

Delinquent Taxes and Tax Title Liens

Year	Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Levy
2021 (Unaudited)	$ 17,388	$ 2,487,280	$ 2,504,668	0.85%
2020	27,207	3,217,295	3,244,502	1.10%
2019	24,038	3,428,776	3,452,814	1.19%
2018	24,755	3,197,881	3,222,636	1.12%
2017	104,933	2,775,882	2,880,815	1.01%

Source: The City's Annual Audit Reports and 2021 Unaudited Annual Financial Statement

Assessed Valuations of Property Owned by the City of Clifton Acquired for Taxes

Year	Amount
2021 (Unaudited)	$ 1,441,100
2020	1,441,100
2019	1,441,100
2018	1,441,100
2017	1,441,100

Source: The City's Annual Audit Reports and 2021 Unaudited Annual Financial Statement

Ten Largest Taxpayers

The largest taxpayers in the City and their 2022 assessed valuations are listed below:

Taxpayer	Assessment
201 Main Ave LLC	$ 48,000,000
Castleton Assoc. LLC	40,501,500
GI TC 2 Peekay Drive LLC	37,000,000
Public Service	33,466,700
Clifton Commons, I LLC	27,509,800
PB Nutcliff Master LLC & PB Nutcliff Med LLC	26,211,300
Clifton Lifestyle Ctr LLC	24,962,800
Country Club Towers I & II LLC	23,531,900
Syertowne Shopping Center, LLC	19,696,500
Exelis Inc.	19,500,000
Total	$ 300,380,500
Total as of a % of Net Valuation Taxable	5.61%

Source: The City, Tax Assessor.

Assessed Valuations
Land and Improvements by Class

Year	Vacant Land	Residential	Commercial	Industrial	Apartment	Farm	Total
2022	$44,120,700	$3,823,457,600	$795,287,800	$542,218,700	$140,958,400	$ 311,200	$ 5,346,354,400
2021	40,506,800	3,815,691,000	793,797,400	542,783,000	140,730,600	310,600	5,333,819,400
2020	45,108,800	3,816,479,900	797,234,300	527,226,600	141,088,000	310,900	5,327,448,500
2019	46,461,400	3,810,314,200	797,672,900	519,843,500	141,043,800	310,900	5,315,646,700
2018	46,380,900	3,800,876,300	797,052,600	517,323,300	140,540,900	304,500	5,302,478,500

Source: The City's Tax List District Summary.

Assessed Valuations
Net Valuation Taxable

Year	Real Property	Business Personal Property	Net Valuation Taxable	Ratio of Assessed Value to True Value of Real Property	Total True Value of Assessed Property
2022	$ 5,346,354,400	$ 6,315,636	$ 5,352,670,036	47.10%	$ 11,512,232,791
2021	5,333,819,400	6,695,022	5,340,514,422	50.21%	10,764,538,147
2020	5,327,448,500	6,601,563	5,334,050,063	50.95%	10,593,357,174
2019	5,315,646,700	6,840,163	5,322,486,863	53.28%	10,110,595,494
2018	5,302,478,500	7,000,090	5,309,478,590	54.93%	9,786,938,176

Source: County Abstract of Ratables.

Total Tax Requirements
Including School and County Purposes

Year	Total	Municipal	Local School	County
2022	$ 305,603,702	$ 88,548,055	$ 144,755,495	$ 72,300,152
2021	293,880,409	87,427,231	135,191,260	71,261,918
2020	293,728,123	86,742,800	135,228,660	71,756,663
2019	290,787,565	84,437,228	135,235,060	71,115,277
2018	288,388,654	82,492,274	134,081,082	71,815,298

Source: The City, Tax Collector, Annual Audit Reports, 2021 Unaudited Annual Financial Statement

Components of Real Estate Tax Rate
(Per $100 of Assessment)

Year	Total	Municipal	Local School	County
2022	$ 5.710	$ 1.654	$ 2.705	$ 1.351
2021	5.475	1.615	2.532	1.328
2020	5.493	1.614	2.536	1.343
2019	5.454	1.579	2.541	1.334
2018	5.423	1.546	2.526	1.351

Source: The City, Tax Collector and Annual Audit Reports

SUMMARY OF MUNICIPAL BUDGETS

Current Fund (As Adopted)

	2022	2021	2020	2019	2018
Anticipated Revenues					
Fund Balance Anticipated	$ 8,660,000	$ 6,071,464	$ 7,718,315	$ 6,390,000	$ 7,100,000
Miscellaneous Revenues	36,048,184	37,907,026	28,106,741	25,211,156	21,929,043
Receipts from Delinquent Taxes	2,450,000	3,100,000	3,200,000	3,000,000	2,800,000
Amount to be Raised by Taxes for Support of Municipal Budget	88,548,055	86,259,098	86,152,592	84,015,123	82,127,694
	$ 135,706,239	$ 133,337,588	$ 125,177,648	$ 118,616,279	$ 113,956,737
Appropriations					
Salaries and Wages	$ 49,935,116	$ 48,771,264	$ 47,363,633	$ 47,622,056	$ 47,593,641
Other Expenses	56,681,278	54,985,040	48,994,518	42,791,050	40,191,416
Deferred Charges and Statutory Expenditures	14,463,245	13,518,678	12,455,684	12,412,550	11,931,680
Capital Improvements	500,000	2,252,606	1,898,813	1,870,623	500,000
Municipal Debt Service	8,626,600	8,310,000	8,965,000	8,270,000	8,240,000
Judgements		-	-	150,000	
Reserve for Uncollected Taxes	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
	$ 135,706,239	$ 133,337,588	$ 125,177,648	$ 118,616,279	$ 113,956,737

Source: The City's Adopted Municipal Budgets.

Comparative Schedule of Fund Balances
Current Fund

Year	December 31	of Succeeding Year
2021 (Unaudited)	$ 13,739,658	$ 8,660,000
2020	10,408,764	6,071,464
2019	13,027,266	7,718,315
2018	10,944,432	6,390,000
2017	12,304,010	7,100,000

Source: The City's Annual Audit Reports, 2021 Unaudited Annual Financial Statement and 2022 Adopted Budget

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APPENDIX B

UNAUDITED FINANCIAL DATA OF THE CITY OF CLIFTON
FOR THE YEAR ENDED DECEMBER 31, 2021

AND

AUDITED FINANCIAL STATEMENTS OF THE CITY OF CLIFTON
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

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ACCOUNTANT'S COMPILATION REPORT AND UNAUDITED FINANCIAL STATEMENTS OF THE CITY OF CLIFTON FOR THE YEAR ENDED DECEMBER 31, 2021

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LERCH, VINCI & BLISS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying balance sheets – regulatory basis of the various funds and account group of the City of Clifton, as of December 31, 2021 and the related statement 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 in accordance with the regulatory basis of accounting. We have performed a 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. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared by the City of Clifton 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.

Management has elected to omit substantially all the disclosures required by the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the financial position – regulatory basis of the various funds and account group of the City of Clifton as of December 31, 2021 and the results of operations and change in fund balance – regulatory basis, revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2021. Accordingly, the financial statements are not designed for those who are not informed about such matters.

By/s/ LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants

Fair Lawn, New Jersey
July 28, 2022

17-17 ROUTE 208 • FAIR LAWN, NJ 07410 • TELEPHONE (201) 791-7100 • FACSIMILE (201) 791-3035
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CITY OF CLIFTON
BALANCE SHEET - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2021 (UNAUDITED)

		2021
ASSETS		
REGULAR FUND		
Cash	$	45,846,963
Cash - Change Funds		2,010
Due from State of New Jersey -		
Senior Citizens' and Veterans' Deductions		28,332
		45,877,305
Receivables and Other Assets With		
Full Reserves		
Delinquent Property Tax Receivable		2,487,280
Special Improvement District Tax Receivable		8,632
Tax Title Liens Receivable		17,388
Property Acquired for Taxes - Assessed Valuation		1,441,100
Revenue Accounts Receivable		101,866
Due from Community Development Block Grant Fund		85,190
Due from Public Housing Voucher Program Fund		31,544
Due from Sewer Utility Operating Fund		9,205
		4,182,205
Total Regular Fund		50,059,510
GRANT FUND		
Cash		620,895
Grants Receivable		5,266,202
Due from Current Fund		7,482,332
Total Grant Fund		13,369,429
Grand Total	$	63,428,939

See Independent Accountant's Compilation Report

CITY OF CLIFTON
BALANCE SHEET - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2021 (UNAUDITED)

		2021
LIABILITIES, RESERVES AND FUND BALANCE		
REGULAR FUND		
Liabilities and Reserves		
Appropriation Reserves	$	3,544,730
Encumbrances Payable		3,179,139
Accounts Payable		1,089,058
Fees Payable		27,920
Prepaid Taxes		2,243,501
Prepaid Special Improvement District Taxes		4,181
Prepaid Revenue		46,411
Tax Overpayments - Property Taxes		3,847
County Tax Payable		360,729
Special Improvement District Taxes Payable		1,726
Local District School Taxes Payable		11,743,140
Due to Grant Fund		7,482,332
Due to Other Trust Fund		
Due to Public Library Fund		381,226
Miscellaneous Reserves		207,325
Reserve for Tax Appeals		1,822,382
		32,137,647
Reserve for Receivables and Other Assets		4,182,205
Fund Balance		13,739,658
Total Regular Fund		50,059,510
GRANT FUND		
Encumbrances Payable		4,276,253
Appropriated Grant Reserves		9,086,612
Unappropriated Grant Reserves		6,564
Total Grant Fund		13,369,429
Grand Total	$	63,428,939

CITY OF CLIFTON
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

		2021
REVENUE AND OTHER INCOME REALIZED:		
Fund Balance Utilized	$	6,071,464
Miscellaneous Revenue Anticipated		40,189,878
Receipts from Delinquent Taxes		3,248,495
Receipts from Current Taxes		290,772,013
Non-Budget Revenues		1,050,532
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves Lapsed		2,832,777
Cancellation of Prior Year Accounts Payable		85,196
Interfunds Returned		205,514
Total Income		344,455,869
EXPENDITURES		
Budget Appropriations:		
Operations		
Salaries and Wages		49,611,427
Other Expenses		54,266,769
Deferred Charges and Statutory Expenditures		13,518,678
Capital Improvements		2,854,353
Municipal Debt Service		8,169,472
Judgments		
County Taxes		70,901,189
Amount Due County for Added and Omitted Taxes		360,729
Local District School Taxes		135,191,260
Prior Years' Senior Citizens and Veterans Deductions Disallowed		8,162
Refund of Prior Year Revenue		16,709
Cancelled Grants Receivable		28,824
Interfunds Advanced		125,939
Total Expenditures		335,053,511
Excess in Revenue (Brought Forward)		9,402,358

CITY OF CLIFTON
STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

		2021
Excess in Revenue (Carried Forward)	$	9,402,358
Fund Balance, January 1		10,408,764
		19,811,122
Decreased by:		
Utilized as Anticipated Revenue		6,071,464
Fund Balance, December 31	$	13,739,658

CITY OF CLIFTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	Anticipated Budget	Special Added by 40A:4-87	Realized	Excess (Deficit)
FUND BALANCE ANTICIPATED	$ 6,071,464	-	$ 6,071,464	-
MISCELLANEOUS REVENUES				
Licenses:				
Alcoholic Beverages	281,000		284,253	$ 3,253
Other	210,000		253,423	43,423
Fees and Permits	522,000		742,337	220,337
Municipal Court				
Fines and Costs	911,000		1,037,060	126,060
Interest and Costs on Taxes	800,000		760,421	(39,579)
Interest on Investments and Deposits	450,000		143,216	(306,784)
Ambulance Fees	1,538,000		1,614,428	76,428
Energy Receipts Tax	9,919,454		9,919,454	
Consolidated Municipal Property				
Tax Relief Aid	133,399		133,399	
Uniform Construction Code Fees	1,426,000		1,612,029	186,029
Shared Service Agreements				
Wallington Animal Control	10,500		17,050	6,550
Little Falls Health Officer	113,000		114,498	1,498
Passaic Health Officer	35,149		35,149	
Public and Private Revenues Offset				
Safe and Secure Communities Program	32,400		32,400	
State of NJ Body Armor Replacement Fund	10,567		10,567	
Municipal Alliance on Alcoholism and Drug Abuse	14,952	$ 934	15,886	
Office of Aging Program - Title III B	24,960		24,960	
NJ Recycling Tonnage Grant- Reserve	140,306		140,306	
Passaic County 2019 Open Space - Richardson Scale Park	275,000		275,000	
American Rescue Plan	8,928,713		8,928,713	
Occupant Protection	80,000		80,000	
NJ Department of Transportation				
Local Aid - 2020 Brighton & Phyllis	1,477,606		1,477,606	
Local Aid - 2021 Maple Valley Neighborhood		601,747	601,747	
Transportation Assistance - Passaic County Office of Aging		130,163	130,163	
NJ Strengthening Local Public Health Capacity Prog	291,042		291,042	
Clean Communities Program	138,044		138,044	
Senior and Disabled Resident Transportation Grant	105,203		105,203	
NJOAG Body Camera Grant	407,600		407,600	
Special Items of Revenue				
Hydrant Inspection Fee - PVWC	165,000		165,550	550
Hazmat Fees	15,000		42,551	27,551
Uniform Fire Safety Act	244,000		232,660	(11,340)

CITY OF CLIFTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	Anticipated Budget	Special Added by 40A:4-87	Realized	Excess (Deficit)
Special Items of Revenue (Continued)				
Rents	$ 16,500		$ 22,003	$ 5,503
American Rescue Plan	6,336,844		6,336,844	
In Lieu of Taxes (40:55C-40)	1,146,938		1,460,952	314,014
Police Extra Duty-Administration Fees	269,000		462,972	193,972
Police Extra Duty-Vehicles	306,000		568,939	262,939
Sale of Recyclable Materials	40,000		439,591	399,591
Hotel Occupancy Tax	193,000		233,013	40,013
Cable Television Franchise Fees	596,759		596,759	
Verizon Franchise Fees	277,090		277,090	
CDBG Indirect Costs	25,000	-	25,000	-
Total Miscellaneous Revenues	37,907,026	$ 732,844	40,189,878	1,550,008
RECEIPTS FROM DELINQUENT TAXES	3,100,000	-	3,248,495	148,495
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes	82,720,123		86,279,860	3,559,737
Minimum Library Tax	3,538,975	-	3,538,975	-
	86,259,098	-	89,818,835	3,559,737
Total Budget Revenues	$ 133,337,588	$ 732,844	$ 139,328,672	$ 5,258,240

CITY OF CLIFTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages					
Municipal Council	$ 28,500	$ 28,500	$ 28,500		
Personnel	280,500	281,500	281,500		
City Manager	262,000	262,000	262,000		
City Clerk	300,000	301,000	301,000		
Economic Development	1	1		$ 1	
Management Info. Systems	193,500	193,500	193,500		
Bureau of Cable Television	40,500	41,500	41,500		
Other Expenses					
Municipal Council	5,000	5,000	2,709	2,291	
Personnel	331,500	331,500	254,594	76,906	
City Manager	58,000	58,000	52,603	5,397	
City Clerk	113,500	113,500	98,838	14,662	
Economic Development	42,000	42,000	40,000	2,000	
Management Info. Systems	125,000	125,000	113,376	11,624	
Bureau of Cable Television	12,000	12,000	11,230	770	
Advertising, Printing, Postage & Office Supplies	48,000	48,000	27,617	20,383	
Financial Administration					
Salaries and Wages	598,100	606,600	606,600		
Other Expenses	345,500	345,500	224,667	120,833	
Auditing Expenses	82,600	82,600	80,413	2,187	
Tax Assessor					
Salaries and Wages	507,200	508,700	508,700		
Other Expenses	76,500	76,500	73,810	2,690	
Tax Collector					
Salaries and Wages	233,200	223,200	191,609	31,591	
Other Expenses	22,000	22,000	20,767	1,233	
Legal Services & Costs					
Salaries and Wages	629,000	664,000	664,000		
Other Expenses	180,000	145,000	103,871	41,129	
Engineering Services and Costs					
Salaries and Wages	334,300	334,300	334,300		
Other Expenses	270,500	270,500	239,059	31,441	
Zoning and Planning					
Salaries and Wages	80,000	125,000	123,453	1,547	
Other Expenses	161,500	161,500	153,091	8,409	
Environmental Protection Commission (R.S. 40A:56A-1)					
Other Expenses	800	800		800	
Rent Leveling Board					
Other Expenses	750	750		750	

CITY OF CLIFTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
GENERAL GOVERNMENT (Cont'd)					
Housing Director					
Salaries and Wages	$ 329,000	$ 284,000	$ 283,051	$ 949	
Other Expenses	40,500	40,500	19,257	21,243	
Alcoholic Beverage Control					
Salaries and Wages	8,000	8,000	7,500	500	
Other Expenses	400	400		400	
Traffic Safety Council					
Other Expenses	250	250		250	
PUBLIC SAFETY					
Fire					
Salaries and Wages	14,908,000	15,558,000	15,558,000		
Other Expenses	679,500	679,500	610,974	68,526	
Police					
Salaries and Wages	21,142,600	21,142,600	20,711,523	431,077	
Other Expenses	927,700	927,700	840,571	87,129	
Office of Emergency Management					
Other Expenses	9,500	9,500	8,168	1,332	
HEALTH AND WELFARE					
Board of Health					
Salaries and Wages	892,351	832,351	719,549	112,802	
Other Expenses	150,600	150,600	125,111	25,489	
Human Services					
Salaries and Wages	52,000	52,000	14,448	37,552	
Other Expenses	15,000	15,000	105	14,895	
Animal Control Shelter					
Salaries and Wages	159,500	169,500	169,500		
Other Expenses	30,000	30,000	25,353	4,647	
RECREATION AND EDUCATION					
Public Playgrounds and Recreation					
Salaries and Wages	593,500	593,500	500,314	93,186	
Other Expenses	165,000	165,000	88,025	76,975	
Senior Citizens and Handicapped Programs					
Salaries and Wages	339,000	378,000	315,620	62,380	
Other Expenses	19,890	19,890	15,640	4,250	
Arts Center and Sculpture Park					
Salaries and Wages	64,000	67,000	66,841	159	
Other Expenses	19,300	19,300	18,436	864	

CITY OF CLIFTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
SANITATION					
Garbage and Trash - Contractual	$ 5,650,000	$ 5,600,000	$ 5,443,225	$ 156,775	
Trash Removal - Multi-family Dwelling Units					
Other Expenses	700,000	700,000		700,000	
Special Improvement District Assistance	28,267	28,267	28,267		
Anticipated Deficit - Sewer Utility	554,383	554,383	545,178		$ 9,205
PUBLIC WORKS					
Salary and Wages					
Street and Road Maintenance	1,356,100	1,391,100	1,378,125	12,975	
Other Public Works Functions-Admin.	277,000	277,000	277,000		
Recycling Collection	796,000	781,000	781,000		
Shade Tree	795,000	750,000	750,000		
Vehicle Maintenance	583,500	563,500	559,664	3,836	
Maintenance of Parks	830,000	880,000	875,265	4,735	
Other Expenses					
Street and Road Maintenance	996,000	991,000	877,675	113,325	
Other Public Works Functions	57,000	62,000	59,642	2,358	
Recycling Collection	18,000	18,000	6,030	11,970	
Shade Tree	61,500	61,500	54,240	7,260	
Vehicle Maintenance	731,000	731,000	630,105	100,895	
Maintenance of Parks	91,500	91,500	91,451	49	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)					
Salaries and Wages	826,800	826,800	813,786	13,014	
Other Expenses	160,500	160,500	131,320	29,180	
MUNICIPAL COURT					
Municipal Court Administration					
Salaries and Wages	845,900	845,900	812,394	33,506	
Other Expenses	249,350	249,350	111,599	137,751	
Public Defender (P.L. 1997, C. 256)					
Salaries and Wages	25,000	25,000	12,500	12,500	
UNCLASSIFIED					
Insurance					
General Liability	1,976,800	1,976,800	1,976,800		
Self-Insurance Trust Fund: Other Insurance	1,196,100	1,196,100	1,196,100		
Unemployment Insurance	50,000	50,000	50,000		
Employee Group Health	20,176,380	19,451,380	19,451,380		
Employee Group Health Benefit - Waiver	480,000	480,000	463,408	16,592	
Purchase/Lease of Automobiles	1,000,000	1,000,000	886,995	113,005	

CITY OF CLIFTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
UNCLASSIFIED (Cont'd)					
Utilities:					
Gasoline	$ 300,000	$ 350,000	$ 316,600	$ 33,400	
Fuel Oil	266,600	266,600	266,600		
Electricity	618,800	618,800	484,996	133,804	
Telephone and Telegraph	435,000	510,000	424,194	85,806	
Street Lighting	825,000	825,000	824,843	157	
Reserve for Accumulated Absences	300,001	300,001	300,000	1	-
Total Operations Within "CAPS"	89,165,023	89,165,023	86,011,675	3,144,143	$ 9,205
Contingent	25,000	25,000	-	25,000	-
Total Operations Including Contingent - Within "CAPS"	89,190,023	89,190,023	86,011,675	3,169,143	9,205
Detail:					
Salaries and Wages	48,310,052	48,995,052	48,142,742	852,310	-
Other Expenses (Including Contingent)	40,879,971	40,194,971	37,868,933	2,316,833	9,205
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
STATUTORY CHARGES					
Contribution to:					
Public Employees Retirement System	2,062,573	2,062,573	1,847,917	214,656	
Social Security System (O.A.S.I.)	1,800,000	1,800,000	1,773,940	26,060	
Police and Firemen's Retirement System of N.J.	9,621,105	9,621,105	9,621,105		
Defined Contribution Retirement Plan	35,000	35,000	20,037	14,963	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	13,518,678	13,518,678	13,262,999	255,679	-
Total General Appropriations for Municipal Purposes Within "CAPS"	102,708,701	102,708,701	99,274,674	3,424,822	9,205
OPERATIONS - EXCLUDED FROM "CAPS"					
Reserve for Tax Appeals	300,000	300,000	300,000		
Maintenance of Free Public Library	3,538,975	3,538,975	3,538,975		
Maintenance of Free Public Library - Program Supplies	50,000	50,000	50,000	-	-
Total Other Operations - Excluded from "CAPS"	3,888,975	3,888,975	3,888,975	-	-

CITY OF CLIFTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd)					
Interlocal Municipal Services Agreements					
Animal Control Services					
Salaries and Wages	$ 10,500	$ 10,500	$ 10,500		
Board of Health Services					
Salaries and Wages	148,149	148,149	148,149		
Hamilton House Museum					
Other Expenses - Passaic County Contract	45,000	45,000	45,000	-	-
Total Interlocal Municipal Services Agreements	203,649	203,649	203,649	-	-
Additional Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)					
Fire					
Salaries and Wages	165,000	165,000	165,000		
Other Expenses	15,000	15,000	14,962	38	-
Total Additional Appropriations Offset by Revenues	180,000	180,000	179,962	38	-
Public and Private Programs Offset by Revenues					
Matching Funds for Grants	110,000	110,000		110,000	
Safe and Secure Communities Program					
Salaries and Wages	32,400	32,400	32,400		
NJ Strengthening Local Public Health Capacity Program	291,042	291,042	291,042		
NJACCHO COVID-19 Response					
Clean Communities Program	138,044	138,044	138,044		
Recycling Tonnage	140,306	140,306	140,306		
NJ Body Armor Replacement Fund	10,567	10,567	10,567		
NJOAG Body Camera Grant	407,600	407,600	407,600		
American Rescue Plan	8,928,713	8,928,713	8,928,713		
Occupant Protections	80,000	80,000	80,000		
Senior Cit. and Disabled Res. Transportation Grant					
Salaries and Wages	105,203	210,406	210,406		
Municipal Alliance on Alcoholism and Drug Abuse					
Other Expenses - County Share	14,952	15,886	15,886		
Other Expenses - Local Share	9,870	9,870		9,870	
Office of Aging Program Grant - County of Passaic					
Salaries and Wages - County Share	24,960	49,920	49,920	-	-
Total Public and Private Program Offset by Revenues	10,293,657	10,424,754	10,304,884	119,870	-
Total Operations - Excluded from "CAPS"	14,566,281	14,697,378	14,577,470	119,908	-

CITY OF CLIFTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd)					
Detail:					
Salaries and Wages	$ 486,212	$ 616,375	$ 616,375		
Other Expenses	14,080,069	14,081,003	13,961,095	$ 119,908	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	500,000	500,000	500,000		
NJDOT - Local Aid 2021	1,477,606	2,079,353	2,079,353		
Passaic County Open Space Trust Fund - Zalanka Park	275,000	275,000	275,000	-	-
Total Capital Improvements Excluded from "CAPS"	2,252,606	2,854,353	2,854,353	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	6,750,000	6,750,000	6,660,839		$ 89,161
Interest on Bonds	1,050,000	1,050,000	1,007,703		42,297
Interest on Notes	425,000	425,000	420,502		4,498
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	85,000	85,000	80,428	-	4,572
Total Municipal Debt Service - Excluded from "CAPS"	8,310,000	8,310,000	8,169,472	-	140,528
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	25,128,887	25,861,731	25,601,295	119,908	140,528
Subtotal General Appropriations	127,837,588	128,570,432	124,875,969	3,544,730	149,733
Reserve for Uncollected Taxes	5,500,000	5,500,000	5,500,000	-	-
Total General Appropriations	$ 133,337,588	$ 134,070,432	$ 130,375,969	$ 3,544,730	$ 149,733

Original Budget	$ 133,337,588
Added by 40A:4-87	732,844
	$ 134,070,432

CITY OF CLIFTON
BALANCE SHEET - REGULATORY BASIS
TRUST FUND
AS OF DECEMBER 31, 2021 (UNAUDITED)

	2021
ASSETS	
ANIMAL CONTROL FUND	
Cash	$ 482
OTHER TRUST FUND	
Cash	19,489,940
Other Accounts Receivable	124,900
	19,614,840
UNEMPLOYMENT COMPENSATION INSURANCE FUND	
Cash	330,165
	330,165
SELF-INSURANCE FUND	
Cash	12,658,267
COMMUNITY DEVELOPMENT BLOCK GRANT FUND	
Cash	2,395
Community Development Block Grant Receivable	3,639,082
Deferred Charge	
Cancelled Block Grant Receivable	783,622
	4,425,099
REVOLVING LOAN FUND	
Cash	489,017
Total Assets	$ 37,517,870

CITY OF CLIFTON
BALANCE SHEET - REGULATORY BASIS
TRUST FUND
AS OF DECEMBER 31, 2021 (UNAUDITED)

	2021
LIABILITIES, RESERVES AND FUND BALANCE	
ANIMAL CONTROL FUND	
Due to State	$ 27
Reserve for Animal Control Fund Expenditures	455
	482
OTHER TRUST FUND	
Escrow Deposits	1,902,244
Payroll Deductions Payable	455,153
Encumbrances Payable	1,845,653
Reserve for Affordable Housing	1,814,899
Miscellaneous Reserves and Deposits	13,596,891
	19,614,840
UNEMPLOYMENT COMPENSATION INSURANCE FUND	
Due to State - Claims Payable	129,989
Reserve for Unemployment Compensation	200,176
	330,165
SELF-INSURANCE FUND	
Claims Payable	541,671
Reserve for Self-Insurance Expenditures	12,116,596
	12,658,267
COMMUNITY DEVELOPMENT BLOCK GRANT FUND	
Encumbrances Payable	1,728,245
Due to Current Fund	85,190
Authorized Budgets and Improvement Authorizations	1,866,003
Reserve for Program Income	717,098
Reserve for Miscellaneous Deposits	28,563
	4,425,099
REVOLVING LOAN FUND	
Reserve for Revolving Loan Program	489,017
Total Liabilities, Reserves and Fund Balance	$ 37,517,870

CITY OF CLIFTON
BALANCE SHEET - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2021 (UNAUDITED)

	2021
ASSETS	
Cash	$ 4,423,909
Grants Receivable	106,430
Due from Sewer Utility Capital Fund	613,597
Deferred Charges to Future Taxation:	
Funded	55,661,087
Unfunded	29,125,813
Total Assets	$ 89,930,836
LIABILITIES, RESERVES AND FUND BALANCE	
General Serial Bonds	$ 54,710,073
Green Acres Loans	951,014
Encumbrances Payable	10,110,421
Improvement Authorizations:	
Funded	10,090,975
Unfunded	13,505,315
Capital Improvement Fund	35,308
Reserves for:	
Acquisition of Property	74,605
Senior Citizen Housing	168,687
Debt Service	181,758
Bond Issuance Costs	26,708
Fund Balance	75,972
Total Liabilities, Reserves and Fund Balance	$ 89,930,836

There were Bonds and Notes Authorized But Not Issued on December 31, 2021 of $29,125,813.

CITY OF CLIFTON
STATEMENT OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

		2021
Balance, January 1,	$	311,921
Increased by:		
Premium on Notes Issued		3,175
Funded Improvements Authorizations Cancelled		60,876
		375,972
Decreased By:		
Appropriated to Finance Improvement Authorizations		300,000
Balance, December 31,	$	75,972

CITY OF CLIFTON
BALANCE SHEET - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2021 (UNAUDITED)

	2021
ASSETS	
OPERATING FUND	
Cash	$ 1,038,414
Receivables With Full Reserves	
Sewer User Fees Receivable	1,785,749
Total Operating Fund	2,824,163
CAPITAL FUND	
Cash	5,479,293
Fixed Capital	32,383,958
Fixed Capital Authorized and Uncompleted	26,285,061
Total Capital Fund	64,148,312
	$ 66,972,475

CITY OF CLIFTON
BALANCE SHEET - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2021 (UNAUDITED)
(Continued)

	2021
LIABILITIES, RESERVES AND FUND BALANCE	
OPERATING FUND	
Liabilities	
Appropriation Reserves	$ 48,286
Encumbrances Payable	112,116
Accounts Payable	254,233
Accrued Interest Bonds	227,009
Accrued Interest Loans	2,052
Sewer Fee Overpayments	45,548
Due to Current Fund	9,205
	698,449
Reserve for Receivables	1,785,749
Fund Balance	339,965
Total Operating Fund	2,824,163
CAPITAL FUND	
Serial Bonds	24,175,928
Environmental Infrastructure Trust Loans	426,423
Encumbrances Payable	1,374,083
Due to General Capital Fund	613,597
Improvement Authorizations	
Funded	5,750,719
Unfunded	7,584,433
Capital Improvement Fund	126,290
Reserve for Amortization	22,979,366
Deferred Reserve for Amortization	711,924
Fund Balance	405,549
Total Capital Fund	64,148,312
	$ 66,972,475

There were Bonds and Notes Authorized But Not Issued on December 31, 2021 of $10,375,378.

CITY OF CLIFTON
STATEMENT OF OPERATIONS AND CHANGE IN OPERATING FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	2021
REVENUES AND OTHER INCOME REALIZED	
Fund Balance Anticipated	$ 100,000
Sewer User Fees	10,842,266
Sewer User Fees - Direct	305,534
Miscellaneous Revenues and Fees	163,563
Non-Budget Revenues	52,162
Other Credits to Income	
Unexpended Balances of Appropriation Reserves	234,355
Total Income	11,697,880
EXPENDITURES	
Operating	8,926,700
Capital Improvements	170,000
Debt Service	2,623,053
Deferred Charges and Statutory Expenditures	523,305
Total Expenditures	12,243,058
Excess (Deficit) in Revenues	(545,178)
Adjustments to Income Before Fund Balance	
Realized from General Budget for Anticipated Deficit	545,178
Statutory Excess to Fund Balance	-
Fund Balance, January 1,	439,965
	439,965
Decreased by:	
Utilized as Anticipated Revenue	100,000
Balance, December 31,	$ 339,965

CITY OF CLIFTON
STATEMENT OF OPERATIONS AND CHANGE IN OPERATING FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	2021
Balance, January 1,	$ 90,231
Increased by:	
Cancellation of Funded Improvement Authorizations	315,318
Balance, December 31,	$ 405,549

CITY OF CLIFTON
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	Anticipated	Realized	Excess or (Deficit)
Fund Balance Anticipated	$ 100,000	$ 100,000	
Sewer User Fees	11,205,622	10,842,266	$ (363,356)
Sewer User Fees - Direct	254,000	305,534	51,534
Interest and Cost on User Fees	150,000	163,563	13,563
Deficit	554,383	545,178	(9,205)
Total Budget Revenues	$ 12,264,005	11,956,541	$ (307,464)

CITY OF CLIFTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATING					
Salaries and Wages	$ 803,400	$ 803,400	$ 793,505	$ 9,895	
Other Expenses	435,900	435,900	428,817	7,083	
Other Expenses - Health Benefits	345,600	345,600	345,600		
Other Expenses - PVSC	7,287,800	7,287,800	7,268,695	19,105	
Other Expenses - Joint Sewer Fees	54,000	54,000	50,351	3,649	-
Total Operating	8,926,700	8,926,700	8,886,968	39,732	-
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	50,000	50,000	50,000		
Capital Outlay	120,000	120,000	119,943	57	-
Total Capital Improvements	170,000	170,000	169,943	57	-
DEBT SERVICE					
Payment of Bond Principal	1,900,000	1,900,000	1,895,661		4,339
Interest on Bonds	580,000	626,000	625,937		63
Interest on Notes	104,000	58,000	43,951		14,049
Wastewater Loan - Principal & Interest	60,000	60,000	57,504	-	2,496
Total Debt Service	2,644,000	2,644,000	2,623,053	-	20,947
DEFERRED CHARGES AND STATUTORY					
Statutory Expenditures					
Contribution to					
Public Employees Retirement System	124,000	124,000	124,000		
Social Security System (O.A.S.I.)	69,200	69,200	60,703	8,497	
Deficit in Operations in Prior Years	330,105	330,105	330,105	-	-
Total Deferred Charges and Statutory Expenditures	523,305	523,305	514,808	8,497	-
	$ 12,264,005	$ 12,264,005	$ 12,194,772	$ 48,286	$ 20,947

EXHIBIT E

CITY OF CLIFTON
BALANCE SHEETS - REGULATORY BASIS
PUBLIC HOUSING FUND
AS OF DECEMBER 31, 2021 (UNAUDITED)

	2021
ASSETS	
MODERATE REHABILITATION FUND	
Cash	$ 94,348
Total Moderate Rehabilitation Fund	94,348
VOUCHER PROGRAM FUND	
Cash	679,324
Land, Structures and Equipment	75,350
Total Voucher Program Fund	754,674
Total Assets	$ 849,022
LIABILITIES AND FUND BALANCE	
MODERATE REHABILITATION FUND	
Fund Balance	
Unreserved/Undesignated	$ 94,348
Total Moderate Rehabilitation Fund	94,348
VOUCHER PROGRAM FUND	
Liabilities:	
Accounts Payable	98,933
Due to Current Fund	31,544
Tenant Security Deposits	79,961
Total Liabilities	210,438
Fund Balance	
Investment in Fixed Assets	75,350
Unreserved:	
Designated for Housing Assistance Payments	83,805
Undesignated	385,081
Total Fund Balance	544,236
Total Voucher Program Fund	754,674
Total Liabilities and Fund Balance	$ 849,022

CITY OF CLIFTON
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
PUBLIC HOUSING MODERATE REHABILITATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	2021
REVENUES	
Interest Earned	$ 165
Total Revenues	165
Excess in Revenue	165
Balance, January 1	94,183
Balance, December 31	$ 94,348

CITY OF CLIFTON
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
PUBLIC HOUSING VOUCHER PROGRAM FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	2021
REVENUES	
HUD Public Housing Assistance Grants	$ 2,484,606
HUD Public Housing Assistance Grants - COVID	74,101
Other Income - Portability Fees	453,027
Interest Earned	1,348
Total Revenues	3,013,082
EXPENDITURES	
Administrative Expenses	308,893
COVID Expenses	74,101
Housing Assistance Payments	2,285,252
HAP Portability Expenses	434,415
Total Expenses	3,102,661
Excess (Deficiency) in Revenue	(89,579)
Balance, January 1	633,815
Balance, December 31	$ 544,236

CITY OF CLIFTON
BALANCE SHEET - REGULATORY BASIS
PUBLIC LIBRARY FUND
AS OF DECEMBER 31, 2021 (UNAUDITED)

	2021
ASSETS	
Cash and Cash Equivalents	$ 731,751
Due from Current Fund	381,226
	$ 1,112,977
LIABILITIES AND FUND BALANCE	
Accounts Payable	$ 52,488
Fund Balance	1,060,489
Total Liabilities and Fund Balance	$ 1,112,977

CITY OF CLIFTON
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
PUBLIC LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	2021
REVENUES	
City Contribution	$ 563,090
State Aid	46,172
Fines	9,920
Lost and Paid	4,334
Book Sales	2,167
Public Use Printing and Paper Sales	5,946
Interest	330
Postage - Reimbursement	236
Pals Plus Rent	16,800
Community Room	100
Other Miscellaneous Income	11,706
Grants/Restricted Donations	16,207
Gifts/Unrestricted Donations	3,768
Cancellation of Prior Year Liabilities	112,570
Total Revenues	793,346
EXPENDITURES	
Books/Periodicals	56,303
Consulting Services	17,643
Office/Library Supplies	11,293
Janitorial Supplies	3,147
Computer Equipment and Supplies	10,581
Other Equipment/Furniture	7,221
Repairs and Maintenance	56,483
Telephone	9,994
Electric and Gas	130,922
Restricted Funds	8,796
COVID -19	2,356
Capital Improvements	374
Miscellaneous	20,323
Total Expenditures	335,436
Excess (Deficiency) in Revenue	457,910
Fund Balance, January 1,	602,579
Fund Balance, December 31,	$ 1,060,489

CITY OF CLIFTON
BALANCE SHEET - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2021 (UNAUDITED)

	2021
ASSETS	
Land and Land Improvements	$ 82,098,664
Buildings and Building Improvements	28,972,900
Machinery and Equipment	30,076,396
Construction in Progress	6,478,048
	$ 147,626,008
FUND BALANCE	
Investment in General Fixed Assets	$ 147,626,008

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INDEPENDENT AUDITORS REPORT AND FINANCIAL STATEMENTS OF THE CITY OF CLIFTON FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA
CHRISTINA CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Clifton
Clifton, 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 Clifton, as of December 31, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Clifton 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 Clifton as of December 31, 2020 and 2019, or changes in financial position, or, where applicable, cash flows for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the City of Clifton as of December 31, 2020 and 2019, and the results of operations and changes in fund balance – regulatory basis, the respective revenues – regulatory basis and expenditures – regulatory basis of such funds for the years 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.

By/s/ LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Fair Lawn, New Jersey
September 29, 2021

CITY OF CLIFTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
REGULAR FUND		
Cash	$ 35,491,573	$ 35,993,079
Cash - Change Funds	2,010	2,010
Due from State of New Jersey -		
Senior Citizens' and Veterans' Deductions	33,277	31,343
	35,526,860	36,026,432
Receivables and Other Assets With		
Full Reserves		
Delinquent Property Tax Receivable	3,217,295	3,428,776
Special Improvement District Tax Receivable	7,470	5,412
Tax Title Liens Receivable	27,207	24,038
Property Acquired for Taxes - Assessed Valuation	1,441,100	1,441,100
Revenue Accounts Receivable	61,719	
Due from Federal and State Grant Fund	141,953	
Due from Community Development Block Grant Fund	33,017	80,483
Due from Public Housing Voucher Program Fund	30,544	110,466
	4,960,305	5,090,275
Total Regular Fund	40,487,165	41,116,707
GRANT FUND		
Cash	620,895	333,333
Grants Receivable	7,426,092	3,646,351
Due from Current Fund	-	879,603
Total Grant Fund	8,046,987	4,859,287
Grand Total	$ 48,534,152	$ 45,975,994

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
LIABILITIES, RESERVES AND FUND BALANCE		
REGULAR FUND		
Liabilities and Reserves		
Appropriation Reserves	$ 4,143,021	$ 2,931,404
Encumbrances Payable	3,720,221	2,725,052
Accounts Payable	778,537	287,508
Fees Payable	39,228	45,151
Prepaid Taxes	2,120,055	1,817,044
Prepaid Special Improvement District Taxes	2,783	2,140
Prepaid Revenue	52,976	65,958
Tax Overpayments - Property Taxes	7,683	2,225
County Tax Payable	178,173	122,102
Special Improvement District Taxes Payable	1,726	6,526
Local District School Taxes Payable	11,761,838	11,765,036
Due to Grant Fund		879,603
Due to Other Trust Fund		516
Due to Public Library Fund	306,777	117,559
Miscellaneous Reserves	267,632	183,749
Reserve for Tax Appeals	1,737,446	2,047,593
	25,118,096	22,999,166
Reserve for Receivables and Other Assets	4,960,305	5,090,275
Fund Balance	10,408,764	13,027,266
Total Regular Fund	40,487,165	41,116,707
GRANT FUND		
Encumbrances Payable	1,138,879	261,213
Due to Current Fund	141,953	
Due to Other Trust Fund	403,058	
Appropriated Grant Reserves	6,363,097	4,410,311
Unappropriated Grant Reserves	-	187,763
Total Grant Fund	8,046,987	4,859,287
Grand Total	$ 48,534,152	$ 45,975,994

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
REVENUE AND OTHER INCOME REALIZED:		
Fund Balance Utilized	$ 7,718,315	$ 6,390,000
Miscellaneous Revenue Anticipated	28,584,895	27,689,964
Receipts from Delinquent Taxes	3,411,766	3,203,674
Receipts from Current Taxes	290,208,489	287,233,201
Non-Budget Revenues	742,310	1,056,756
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves Lapsed	2,448,177	3,205,278
Cancellation of Appropriated Grant Reserves	9,431	
Cancellation of Prior Year Accounts Payable	15,503	18,058
Interfunds Returned	190,949	69,888
Total Income	333,329,835	328,866,819
EXPENDITURES		
Budget Appropriations:		
Operations		
Salaries and Wages	47,444,133	47,388,984
Other Expenses	50,240,242	43,693,019
Deferred Charges and Statutory Expenditures	12,455,684	12,387,550
Capital Improvements	1,898,813	1,870,623
Municipal Debt Service	8,927,468	8,240,460
Judgments	-	150,000
County Taxes	71,578,490	70,993,175
Amount Due County for Added and Omitted Taxes	178,173	122,102
Local District School Taxes	135,228,660	135,235,060
Prior Years' Senior Citizens and Veterans Deductions Disallowed	13,045	8,799
Refund of Prior Year Revenue	59,800	27,068
Cancelled Grants Receivable		86,196
Interfunds Advanced	205,514	190,949
Total Expenditures	328,230,022	320,393,985
Excess in Revenue (Brought Forward)	5,099,813	8,472,834

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Excess in Revenue (Carried Forward)	$ 5,099,813	$ 8,472,834
Fund Balance, January 1	13,027,266	10,944,432
	18,127,079	19,417,266
Decreased by:		
Utilized as Anticipated Revenue	7,718,315	6,390,000
Fund Balance, December 31	$ 10,408,764	$ 13,027,266

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		2019	
	Budget After Modification	Realized	Budget After Modification	Realized
FUND BALANCE ANTICIPATED	$ 7,718,315	$ 7,718,315	$ 6,390,000	$ 6,390,000
MISCELLANEOUS REVENUES				
Licenses:				
Alcoholic Beverages	281,000	281,003	275,000	281,479
Other	278,500	210,811	250,000	274,803
Fees and Permits	679,000	522,362	705,000	683,692
Municipal Court				
Fines and Costs	1,200,000	911,745	2,000,000	2,066,670
Interest and Costs on Taxes	650,000	875,955	753,000	916,227
Interest on Investments and Deposits	450,000	487,568	900,000	1,223,442
Recreation Fees	127,000	32,690	120,000	127,297
Ambulance Fees	2,000,000	1,538,032	1,800,000	2,343,187
Energy Receipts Tax	9,816,253	9,816,253	9,557,709	9,557,709
Consolidated Municipal Property				
Tax Relief Aid	236,600	236,600	495,144	495,144
Uniform Construction Code Fees	1,800,000	1,426,231	1,540,000	2,211,730
Shared Service Agreements				
Wallington Animal Control	10,500	5,500	8,660	10,500
Little Falls Health Officer	108,000	113,799	107,894	108,963
Passaic Health Officer	64,000	67,230	60,999	65,000
Public and Private Revenues Offset				
Safe and Secure Communities Program	120,000	120,000		
State of NJ Body Armor Replacement Fund	35,232	35,232	15,424	15,424
Office of Aging Program - Title III B	36,250	36,250	49,920	49,920
NJ Recycling Tonnage Grant- Reserve	127,763	127,763	127,487	127,487
Distracted Driver Fund	24,750	24,750	5,500	5,500
Municiapl Alliance on Alcoholism and Drug Abuse			39,478	39,478
NJ Department of Transportation				
Local Aid - 2020 Brighton & Phyllis	609,128	609,128		
Local Aid - 2018 Curb and Sidewalk			659,935	659,935
Local Aid - 2019 Curb and Sidewalk			710,688	710,688
Partnership for Health Grant	20,000	20,000		
NJ Forest Services	20,000	20,000		
Recreation Grants- NJ DEP Athenia 2	862,685	862,685		
NJ Historic Trust- Hamilton House Preservation	25,312	25,312		
Drive Sober or Get Pulled Over	25,000	25,000	5,500	5,500
CARES Act- Coronavirus Relief Fund	5,589,352	5,589,352		
NJ Strengthening Local Public Health Capacity Prog	142,236	142,236		
Pedestrian Safety, Education & Enforcement Fund	24,999	24,999	30,000	30,000
Sustained Enforcement Grant	80,000	80,000		
Drunk Driving Enforcement Fund			55,855	55,855
Municipal Alcohol Education/Rehabilitation Program	5,085	5,085	4,742	4,742
Senior Citizens and Disable Resident Transportation Grant			210,406	210,406
Office of Aging Program - County of Passaic			25,750	25,750
Bulletproof Vest Partnership	5,481	5,481		
Edward Bryne Memorial Justice Assistance Grant	21,026	21,026	71,052	71,052
Edward Bryne Memorial Justice Assistance Grant - Reserve			18,432	18,432
FEMA- Assistance to Firefighters Grant Program	100,235	100,235	264,591	264,591
NJACCHO COVID-19 Response	46,021	46,021		
Clean Communities Program	129,674	129,674	143,829	143,829
Passaic County Human Services - Stigma Free Event			1,000	1,000
Passaic County 2019 Open Space - Richardson Park			150,000	150,000
Hazardous Materials Emergency Preparadness Grant			22,443	22,443

CITY OF CLIFTON
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		2019	
	Budget After Modification	Realized	Budget After Modification	Realized
Special Items of Revenue				
Hydrant Inspection Fee - PVWC	160,000	165,000	160,000	81,800
Hazmat Fees	20,000	15,873	20,000	29,255
Uniform Fire Safety Act	235,000	244,946	235,000	242,276
Cable Television Franchise Fees	667,000	667,422	684,000	684,187
Rents	$ 29,500	$ 16,500	$ 23,000	$ 29,500
In Lieu of Taxes (40:55C-40)	339,800	353,359	320,800	340,357
In Lieu of Taxes - Seton Hall University	797,200	797,200	797,200	797,200
Police Extra Duty-Administration Fees	269,000	384,473	250,000	269,921
Police Extra Duty-Vehicles	306,000	464,284	275,000	308,321
Sale of Recyclable Materials	40,000	63,364	50,000	92,204
Hotel Occupancy Tax	175,000	193,000	325,000	307,452
Verizon Franchise Fees	292,000	292,082	304,615	304,616
General Capital Fund Balance (Surplus)	277,000	277,000	400,000	400,000
Reserve for Payment of Debt	34,383	34,384	800,000	800,000
CDBG Indirect Costs	40,000	40,000	25,000	25,000
Total Miscellaneous Revenues	29,432,965	28,584,895	25,855,053	27,689,964
RECEIPTS FROM DELINQUENT TAXES	3,200,000	3,411,766	3,000,000	3,203,674
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes	82,672,627	85,243,201	80,695,427	83,063,168
Minimum Library Tax	3,479,965	3,479,965	3,319,696	3,319,696
	86,152,592	88,723,166	84,015,123	86,382,864
Total Budget Revenues	$ 126,503,872	$ 128,438,142	$ 119,260,176	$ 123,666,502

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

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages					
Municipal Council	$ 28,500	$ 28,500	$ 28,500		
Personnel	270,500	270,500	255,868	$ 14,632	
City Manager	256,700	256,700	254,274	2,426	
City Clerk	295,000	295,000	289,325	5,675	
Economic Development	1	1		1	
Management Info. Systems	193,500	193,500	183,118	10,382	
Bureau of Cable Television	48,000	48,000	37,214	10,786	
Other Expenses					
Municipal Council	5,000	5,000	1,247	3,753	
Personnel	200,000	300,000	262,896	37,104	
City Manager	58,000	58,000	51,061	6,939	
City Clerk	113,500	113,500	76,186	37,314	
Economic Development	42,000	42,000	40,000	2,000	
Management Info. Systems	95,000	95,000	93,065	1,935	
Bureau of Cable Television	12,000	12,000	11,687	313	
Advertising, Printing, Postage & Office Supplies	47,500	47,500	29,486	18,014	
Financial Administration					
Salaries and Wages	579,400	579,400	579,400	-	
Other Expenses	257,500	257,500	213,673	43,827	
Auditing Expenses	95,000	95,000	82,775	12,225	
Tax Assessor					
Salaries and Wages	485,100	490,100	487,227	2,873	
Other Expenses	81,500	81,500	70,707	10,793	
Tax Collector					
Salaries and Wages	228,300	223,300	200,386	22,914	
Other Expenses	34,700	34,700	11,162	23,538	
Legal Services & Costs					
Salaries and Wages	612,700	612,700	606,786	5,914	
Other Expenses	145,500	145,500	131,279	14,221	
Engineering Services and Costs					
Salaries and Wages	339,900	339,900	323,624	16,276	
Other Expenses	300,500	250,500	242,136	8,364	
Zoning and Planning					
Salaries and Wages	175,000	110,000	75,497	34,503	
Other Expenses	161,500	161,500	148,938	12,562	
Environmental Protection Commission (R.S. 40A:56A-1)					
Other Expenses	800	800	400	400	
Rent Leveling Board					
Other Expenses	750	750		750	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
GENERAL GOVERNMENT (Cont'd)					
Housing Director					
Salaries and Wages	$ 368,900	$ 333,900	$ 277,280	$ 56,620	
Other Expenses	40,500	40,500	5,993	34,507	
Alcoholic Beverage Control					
Salaries and Wages	8,000	8,000	7,500	500	
Other Expenses	400	400		400	
Traffic Safety Council					
Other Expenses	250	250		250	
PUBLIC SAFETY					
Fire					
Salaries and Wages	14,507,225	14,507,225	14,507,225		
Other Expenses	664,000	664,000	572,639	91,361	
Police					
Salaries and Wages	20,544,200	20,544,200	19,569,591	974,609	
Other Expenses	848,700	883,700	876,852	6,848	
Office of Emergency Management					
Other Expenses	9,500	9,500	9,491	9	
HEALTH AND WELFARE					
Board of Health					
Salaries and Wages	865,607	865,607	865,607		
Other Expenses	230,600	230,600	156,973	73,627	
Human Services					
Salaries and Wages	54,200	54,200	51,246	2,954	
Other Expenses	15,000	15,000	1,145	13,855	
Animal Control Shelter					
Salaries and Wages	156,500	166,500	161,769	4,731	
Other Expenses	30,000	30,000	6,250	23,750	
RECREATION AND EDUCATION					
Public Playgrounds and Recreation					
Salaries and Wages	528,500	493,500	427,428	66,072	
Other Expenses	165,000	165,000	61,709	103,291	
Senior Citizens and Handicapped Programs					
Salaries and Wages	229,635	304,635	291,507	13,128	
Other Expenses	25,290	25,290	14,907	10,383	
Arts Center and Sculpture Park					
Salaries and Wages	60,000	60,000	53,120	6,880	
Other Expenses	19,300	19,300	12,581	6,719	

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

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
SANITATION					
Garbage and Trash - Contractual	$ 5,525,000	$ 5,500,000	$ 5,451,623	$ 48,377	
Trash Removal - Multi-family Dwelling Units					
Other Expenses	700,000	700,000	21,322	678,678	
PUBLIC WORKS					
Salary and Wages					
Street and Road Maintenance	1,226,100	1,261,100	1,242,026	19,074	
Other Public Works Functions-Admin.	267,300	267,300	245,149	22,151	
Recycling Collection	821,000	756,000	715,449	40,551	
Shade Tree	770,000	770,000	754,834	15,166	
Vehicle Maintenance	560,300	560,300	506,512	53,788	
Maintenance of Parks	780,000	825,000	818,889	6,111	
Other Expenses					
Street and Road Maintenance	881,000	981,000	895,877	85,123	
Other Public Works Functions	51,500	51,500	50,115	1,385	
Recycling Collection	18,000	18,000	18,000	-	
Shade Tree	51,500	51,500	46,075	5,425	
Vehicle Maintenance	691,200	691,200	685,148	6,052	
Maintenance of Parks	91,500	91,500	86,878	4,622	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)					
Salaries and Wages	751,800	821,800	809,647	12,153	
Other Expenses	209,500	139,500	94,463	45,037	
MUNICIPAL COURT					
Municipal Court Administration					
Salaries and Wages	843,900	818,900	804,247	14,653	
Other Expenses	249,000	199,000	89,376	109,624	
Public Defender (P.L. 1997, C. 256)					
Salaries and Wages	25,000				
UNCLASSIFIED					
Insurance					
General Liability	1,650,000	1,900,000	1,900,000		
Self-Insurance Trust Fund: Other Insurance	1,148,600	1,148,600	1,148,600		
Unemployment Insurance	150,001	150,001	150,000	1	
Employee Group Health	20,946,980	20,521,980	20,521,980		
Employee Group Health Benefit - Waiver	480,000	445,000	432,893	12,107	
Purchase/Lease of Automobiles	800,000	800,000	686,426	113,574	

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

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
UNCLASSIFIED (Cont'd)					
Utilities:					
Gasoline	$ 300,000	$ 300,000	$ 250,000	$ 50,000	
Fuel Oil	292,600	292,600	275,000	17,600	
Electricity	534,000	614,000	603,769	10,231	
Telephone and Telegraph	325,000	415,000	408,630	6,370	
Street Lighting	800,000	815,000	814,033	967	
Reserve for Accumulated Absences	580,001	580,001	-	580,001	-
Total Operations Within "CAPS"	87,055,440	87,055,440	83,245,691	3,809,749	-
Contingent	25,000	25,000	-	25,000	-
Total Operations Including Contingent - Within "CAPS"	87,080,440	87,080,440	83,245,691	3,834,749	-
Detail:					
Salaries and Wages	46,880,768	46,865,768	45,430,245	1,435,523	-
Other Expenses (Including Contingent)	40,199,672	40,214,672	37,815,446	2,399,226	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
STATUTORY CHARGES					
Contribution to:					
Public Employees Retirement System	1,912,203	1,912,203	1,912,103	100	
Social Security System (O.A.S.I.)	1,583,200	1,583,200	1,583,200		
Police and Firemen's Retirement System of N.J.	8,925,281	8,925,281	8,925,281		
Defined Contribution Retirement Plan	35,000	35,000	17,496	17,504	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	12,455,684	12,455,684	12,438,080	17,604	-
Total General Appropriations for Municipal Purposes Within "CAPS"	99,536,124	99,536,124	95,683,771	3,852,353	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Reserve for Tax Appeals	1	1		1	
Maintenance of Free Public Library	3,479,965	3,479,965	3,479,965	-	-
Total Other Operations - Excluded from "CAPS"	3,479,966	3,479,966	3,479,965	1	-

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

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd)					
Interlocal Municipal Services Agreements					
Animal Control Services					
Salaries and Wages	$ 10,500	$ 10,500	$ 10,500		
Board of Health Services					
Salaries and Wages	172,000	172,000	81,112	$ 90,888	
Hamilton House Museum					
Other Expenses - Passaic County Contract	45,000	45,000	45,000	-	-
Total Interlocal Municipal Services Agreements	227,500	227,500	136,612	90,888	-
Additional Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)					
Fire					
Salaries and Wages	160,000	160,000		160,000	
Other Expenses	20,000	20,000	19,297	703	-
Total Additional Appropriations Offset by Revenues	180,000	180,000	19,297	160,703	-
Public and Private Programs Offset by Revenues					
Matching Funds for Grants	50,000	50,000	10,924	39,076	
Safe and Secure Communities Program					
Salaries and Wages	60,000	120,000	120,000		
Partnership for Health Grant	20,000	20,000	20,000		
NJ Strengthening Local Public Health Capacity Program		142,236	142,236		
NJACCHO COVID-19 Response		46,021	46,021		
Clean Communities Program		129,674	129,674		
Recycling Tonnage	127,763	127,763	127,763		
Alcohol Education and Rehabilitation Program		5,085	5,085		
Byrne Memorial Justice Assistance Program		21,026	21,026		
NJ Body Armor Replacement Fund	14,265	35,232	35,232		
Bulletproof Vest Partnership		5,481	5,481		
Office of Aging Title IIIB					
Salaries and Wages - County Share	25,750	36,250	36,250		
Salaries and Wages - Local Share	79,615	79,615	79,615		
NJ Forest Service Grant	20,000	20,000	20,000		
NJ Historical Trust- Hamilton House Preservation					
Historic Preservation Grant	25,312	25,312	25,312		
Local Match	8,438	8,438	8,438		
Drove Sober or Get Pulled Over	25,000	25,000	25,000		
FEMA-Assistance to Firefighters Grant		100,235	100,235		
CARES Act - Coronavirus Relief Fund	4,909,352	5,589,352	5,589,352		
Pedestrian Safety, Education and Enforcement Fund		24,999	24,999		
Sustained Enforcement Grant		80,000	80,000		
Distracted Driving Fund	24,750	24,750	24,750	-	-
Total Public and Private Program Offset by Revenues	5,390,245	6,716,469	6,677,393	39,076	-
Total Operations - Excluded from "CAPS"	9,277,711	10,603,935	10,313,267	290,668	-

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd)					
Detail:					
Salaries and Wages	$ 507,865	$ 578,365	$ 327,477	$ 250,888	$ -
Other Expenses	8,769,846	10,025,570	9,985,790	39,780	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	427,000	427,000	427,000		
NJDOT - Local Aid- Brighton & Phyllis	609,128	609,128	609,128		
NJ DEP- Athenia 2 Project Improvements	862,685	862,685	862,685	-	-
Total Capital Improvements Excluded from "CAPS"	1,898,813	1,898,813	1,898,813	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	6,500,000	6,500,000	6,477,531		$ 22,469
Payment of Bond Anticipation Notes and Capital Notes	450,000	450,000	450,000		
Interest on Bonds	1,300,000	1,300,000	1,289,532		10,468
Interest on Notes	630,000	630,000	629,977		23
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	85,000	85,000	80,428	-	4,572
Total Municipal Debt Service - Excluded from "CAPS"	8,965,000	8,965,000	8,927,468	-	37,532
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	20,141,524	21,467,748	21,139,548	290,668	37,532
Subtotal General Appropriations	119,677,648	121,003,872	116,823,319	4,143,021	37,532
Reserve for Uncollected Taxes	5,500,000	5,500,000	5,500,000	-	-
Total General Appropriations	$ 125,177,648	$ 126,503,872	$ 122,323,319	$ 4,143,021	$ 37,532
Original Budget		$ 125,177,648			
Added by 40A:4-87		1,326,224			
		$ 126,503,872			

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

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages					
Municipal Council	$ 28,500	$ 28,500	$ 28,500		
Personnel	247,500	245,500	241,810	$ 3,690	
City Manager	249,850	249,850	248,524	1,326	
City Clerk	290,000	286,000	278,223	7,777	
Economic Development	2,500	2,500	2,033	467	
Management Info. Systems	181,000	205,000	202,028	2,972	
Bureau of Cable Television	35,000	11,000	6,575	4,425	
Other Expenses					
Municipal Council	5,000	5,000	2,001	2,999	
Personnel	177,000	192,000	187,123	4,877	
City Manager	58,000	58,000	54,442	3,558	
City Clerk	145,000	135,000	127,526	7,474	
Economic Development	42,000	42,000	40,000	2,000	
Management Info. Systems	115,000	115,000	47,081	67,919	
Bureau of Cable Television	12,000	12,000	7,469	4,531	
Advertising, Printing, Postage & Office Supplies	52,500	52,500	51,621	879	
Financial Administration					
Salaries and Wages	561,800	549,300	546,929	2,371	
Other Expenses	208,300	213,300	211,385	1,915	
Auditing Expenses	95,000	95,000	78,913	16,087	
Tax Assessor					
Salaries and Wages	486,850	476,850	467,517	9,333	
Other Expenses	81,500	81,500	77,292	4,208	
Tax Collector					
Salaries and Wages	210,000	187,500	184,721	2,779	
Other Expenses	33,000	38,000	28,257	9,743	
Legal Services & Costs					
Salaries and Wages	554,900	609,900	604,801	5,099	
Other Expenses	98,750	138,750	99,222	39,528	
Engineering Services and Costs					
Salaries and Wages	390,750	321,750	321,750		
Other Expenses	225,750	290,750	276,045	14,705	
Zoning and Planning					
Salaries and Wages	153,000	117,000	96,348	20,652	
Other Expenses	164,000	164,000	162,343	1,657	
Environmental Protection Commission (R.S. 40A:56A-1)					
Other Expenses	800	800	480	320	
Rent Leveling Board					
Other Expenses	750	750		750	

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

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
GENERAL GOVERNMENT (Cont'd)					
Housing Director					
Salaries and Wages	$ 312,900	$ 282,900	$ 259,076	$ 23,824	
Other Expenses	38,000	38,000	24,268	13,732	
Alcoholic Beverage Control					
Salaries and Wages	8,000	8,000	7,041	959	
Other Expenses	400	400	57	343	
Traffic Safety Council					
Other Expenses	250	250		250	
PUBLIC SAFETY					
Fire					
Salaries and Wages	14,824,300	14,824,300	14,821,399	2,901	
Other Expenses	650,500	650,500	642,942	7,558	
Police					
Salaries and Wages	20,025,200	20,025,200	19,716,665	308,535	
Other Expenses	858,700	838,700	838,658	42	
Office of Emergency Management					
Other Expenses	9,500	9,500	8,017	1,483	
HEALTH AND WELFARE					
Board of Health					
Salaries and Wages	784,007	784,007	784,007	-	
Other Expenses	157,000	157,000	145,416	11,584	
Human Services					
Salaries and Wages	50,000	60,000	49,047	10,953	
Other Expenses	15,000	15,000	13,950	1,050	
Animal Control Shelter					
Salaries and Wages	146,340	143,340	136,819	6,521	
Other Expenses	30,000	30,000	29,570	430	
RECREATION AND EDUCATION					
Public Playgrounds and Recreation					
Salaries and Wages	604,800	604,800	529,814	74,986	
Other Expenses	190,000	190,000	141,998	48,002	
Senior Citizens and Handicapped Programs					
Salaries and Wages	283,887	298,887	279,887	19,000	
Other Expenses	25,290	25,290	25,269	21	
Arts Center and Sculpture Park					
Salaries and Wages	55,000	55,000	51,106	3,894	
Other Expenses	15,000	15,000	14,999	1	

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

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
SANITATION					
Garbage and Trash - Contractual	$ 5,450,000	$ 5,425,000	$ 5,421,700	$ 3,300	
Trash Removal - Multi-family Dwelling Units					
Other Expenses	700,000	700,000		700,000	
PUBLIC WORKS					
Salary and Wages					
Street and Road Maintenance	1,356,400	1,293,900	1,195,195	98,705	
Other Public Works Functions-Admin.	228,500	251,000	246,083	4,917	
Recycling Collection	821,000	706,000	684,274	21,726	
Shade Tree	710,000	780,000	772,794	7,206	
Vehicle Maintenance	658,400	583,400	532,971	50,429	
Maintenance of Parks	635,000	700,000	693,535	6,465	
Other Expenses					
Street and Road Maintenance	827,500	749,000	707,881	41,119	
Other Public Works Functions	58,000	58,000	53,056	4,944	
Recycling Collection	18,000	18,000	9,613	8,387	
Shade Tree	41,500	51,500	42,449	9,051	
Vehicle Maintenance	750,900	700,900	700,046	854	
Maintenance of Parks	75,600	83,100	77,121	5,979	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)					
Salaries and Wages	792,000	762,000	709,049	52,951	
Other Expenses	183,500	213,500	210,926	2,574	
MUNICIPAL COURT					
Municipal Court Administration					
Salaries and Wages	866,500	851,500	803,427	48,073	
Other Expenses	252,350	252,350	211,338	41,012	
Public Defender (P.L. 1997, C. 256)					
Salaries and Wages	25,000	25,000		25,000	
UNCLASSIFIED					
Insurance					
General Liability	1,452,700	1,502,700	1,502,700		
Self-Insurance Trust Fund: Other Insurance	998,500	1,148,500	1,148,500		
Unemployment Insurance	1	1	1		
Employee Group Health	20,536,300	20,536,300	20,536,300		
Employee Group Health Benefit - Waiver	400,000	480,000	466,180	13,820	
Purchase/Lease of Automobiles	1,000,000	1,000,000	939,167	60,833	

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

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
UNCLASSIFIED (Cont'd)					
Utilities:					
Gasoline	$ 393,500	$ 393,500	$ 391,097	$ 2,403	
Fuel Oil	330,000	330,000	128,318	201,682	
Electricity	559,200	559,200	509,513	49,687	
Telephone and Telegraph	325,000	325,000	300,276	24,724	
Street Lighting	835,000	835,000	722,187	112,813	
Reserve for Accumulated Absences	300,001	300,001	176	299,825	-
Total Operations Within "CAPS"	85,570,426	85,595,426	82,916,837	2,678,589	-
Contingent	50,000	50,000	-	50,000	-
Total Operations Including Contingent - Within "CAPS"	85,620,426	85,645,426	82,916,837	2,728,589	-
Detail:					
Salaries and Wages	46,878,885	46,629,885	45,502,124	1,127,761	-
Other Expenses (Including Contingent)	38,741,541	39,015,541	37,414,713	1,600,828	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
STATUTORY CHARGES					
Contribution to:					
Public Employees Retirement System	2,095,715	2,095,715	2,095,715		
Social Security System (O.A.S.I.)	1,600,000	1,575,000	1,532,839	42,161	
Police and Firemen's Retirement System of N.J.	8,691,835	8,691,835	8,691,825	10	
Defined Contribution Retirement Plan	25,000	25,000	24,834	166	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	12,412,550	12,387,550	12,345,213	42,337	-
Total General Appropriations for Municipal Purposes Within "CAPS"	98,032,976	98,032,976	95,262,050	2,770,926	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	3,319,696	3,319,696	3,319,696	-	-
Total Other Operations - Excluded from "CAPS"	3,319,696	3,319,696	3,319,696	-	-

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

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd)					
Interlocal Municipal Services Agreements					
Animal Control Services					
Salaries and Wages	$ 8,660	$ 8,660	$ 8,660		
Board of Health Services					
Salaries and Wages	168,893	168,893	162,172	$ 6,721	-
Hamilton House Museum					
Other Expenses - Passaic County Contract	45,000	45,000	43,151	1,849	-
Total Interlocal Municipal Services Agreements	222,553	222,553	213,983	8,570	-
Additional Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)					
Fire					
Salaries and Wages	160,000	160,000	81,800	78,200	
Other Expenses	20,000	20,000	19,963	37	-
Total Additional Appropriations Offset by Revenues	180,000	180,000	101,763	78,237	-
Public and Private Programs Offset by Revenues					
Matching Funds for Grants	100,130	100,130	26,459	73,671	
Drunk Driving Enforcement Fund					
Salaries and Wages	39,927	55,855	55,855		
Health Department Grant		1,000	1,000		
Clean Communities Grant		143,829	143,829		
Recycling Tonnage	127,487	127,487	127,487		
Alcohol Education and Rehabilitation Program		4,742	4,742		
FEMA - SAFER Grant - Local Match	283,304	283,304	283,304		
Byrne Memorial Justice Assistance Program	53,620	89,484	89,484		
NJ Body Armor Replacement Fund					
Other Expenses	15,424	15,424	15,424		
Senior Cit. and Disabled Res. Transportation Grant					
Salaries and Wages	210,406	210,406	210,406		
HMEP Hazardous Materials Preparedness		22,443	22,443		
Municipal Alliance on Alcoholism and Drug Abuse					
Other Expenses - County Share	39,478	39,478	39,478		
Other Expenses - Local Share	9,870	9,870	9,870		
Office of Aging Program Grant - County of Pasaic					
Salaries and Wages - County Share	49,920	49,920	49,920		
Office of Aging Title IIIB					
Salaries and Wages - County Share	25,750	25,750	25,750		
Salaries and Wages - Local Share	79,615	79,615	79,615		
Assistance to Firefighters Grant		264,591	264,591		
Passaic County Open Space Trust Fund - Zelanka Park		150,000	150,000		
Pedestrian Safety, Education and Enforcement Fund	30,000	35,500	35,500		
Distracted Driving Fund	5,500	5,500	5,500	-	-
Total Public and Private Program Offset by Revenues	1,070,431	1,714,328	1,640,657	73,671	-
Total Operations - Excluded from "CAPS"	4,792,680	5,436,577	5,276,099	160,478	-

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd)					
Detail:					
Salaries and Wages	$ 743,171	$ 759,099	$ 674,178	$ 84,921	
Other Expenses	4,049,509	4,677,478	4,601,921	75,557	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	500,000	500,000	500,000		
NJ DOT - Local Aid - Various Curbs and Sidewalks	1,370,623	1,370,623	1,370,623	-	-
Total Capital Improvements Excluded from "CAPS"	1,870,623	1,870,623	1,870,623	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	6,300,000	6,300,000	6,285,725		$ 14,275
Interest on Bonds	1,470,000	1,470,000	1,464,244		5,756
Interest on Notes	415,000	415,000	410,063		4,937
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	85,000	85,000	80,428	-	4,572
Total Municipal Debt Service - Excluded from "CAPS"	8,270,000	8,270,000	8,240,460	-	29,540
Judgments	150,000	150,000	150,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	15,083,303	15,727,200	15,537,182	160,478	29,540
Subtotal General Appropriations	113,116,279	113,760,176	110,799,232	2,931,404	29,540
Reserve for Uncollected Taxes	5,500,000	5,500,000	5,500,000	-	-
Total General Appropriations	$ 118,616,279	$ 119,260,176	$ 116,299,232	$ 2,931,404	$ 29,540
Original Budget		$ 118,616,279			
Added by 40A:4-87		643,897			
		$ 119,260,176			

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUND
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
ANIMAL CONTROL FUND		
Cash	$ 11,757	$ 27,722
OTHER TRUST FUND		
Cash	15,868,488	14,930,958
Other Accounts Receivable	37,456	75,222
Due from Current Fund	-	516
Due from Federal and State Grant Fund	403,058	
Due from Self Insurance Trust Fund	-	120
	16,309,002	15,006,816
UNEMPLOYMENT COMPENSATION INSURANCE FUND		
Cash	205,764	56,491
Due from State of New Jersey	58,790	-
	264,554	56,491
SELF-INSURANCE FUND		
Cash	12,528,157	7,232,738
COMMUNITY DEVELOPMENT BLOCK GRANT FUND		
Cash	39,622	13,882
Community Development Block Grant Receivable	2,239,793	1,379,922
Deferred Charge		
Cancelled Block Grant Receivable	783,622	783,622
	3,063,037	2,177,426
REVOLVING LOAN FUND		
Cash	488,124	504,032
Total Assets	$ 32,664,631	$ 25,005,225

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUND
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
LIABILITIES, RESERVES AND FUND BALANCE		
ANIMAL CONTROL FUND		
Due to State		$ 534
Encumbrances Payable	$ 7,019	4,672
Reserve for Animal Control Fund Expenditures	4,738	22,516
	11,757	27,722
OTHER TRUST FUND		
Escrow Deposits	1,842,071	2,223,936
Payroll Deductions Payable	540,310	484,041
Encumbrances Payable	684,498	568,599
Reserve for Affordable Housing	2,073,847	1,741,501
Miscellaneous Reserves and Deposits	11,168,276	9,988,739
	16,309,002	15,006,816
UNEMPLOYMENT COMPENSATION INSURANCE FUND		
Due to State - Claims Payable	67,884	4,256
Reserve for Unemployment Compensation	196,670	52,235
	264,554	56,491
SELF-INSURANCE FUND		
Due to Other Trust Fund		120
Claims Payable	457,925	402,245
Reserve for Self-Insurance Expenditures	12,070,232	6,830,373
	12,528,157	7,232,738
COMMUNITY DEVELOPMENT BLOCK GRANT FUND		
Encumbrances Payable	585,951	386,008
Due to Current Fund	33,017	80,483
Authorized Budgets and Improvement Authorizations	2,090,122	1,380,979
Reserve for Program Income	267,574	249,341
Reserve for Miscellaneous Deposits	86,373	80,615
	3,063,037	2,177,426
REVOLVING LOAN FUND		
Reserve for Revolving Loan Program	488,124	504,032
Total Liabilities, Reserves and Fund Balance	$ 32,664,631	$ 25,005,225

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash	$ 9,212,617	$ 7,112,640
Grants Receivable	106,430	106,430
Deferred Charges to Future Taxation:		
Funded	30,003,054	36,539,892
Unfunded	53,490,055	46,003,850
Total Assets	$ 92,812,156	$ 89,762,812
LIABILITIES, RESERVES AND FUND BALANCE		
General Serial Bonds	$ 28,991,541	$ 35,469,072
Green Acres Loans	1,011,513	1,070,820
Bond Anticipation Notes	34,048,963	27,998,963
Encumbrances Payable	2,704,067	4,950,435
Improvement Authorizations:		
Funded	1,911,616	2,650,581
Unfunded	23,556,936	17,021,244
Capital Improvement Fund	32,308	46,308
Reserves for:		
Acquisition of Property	74,604	74,604
Senior Citizen Housing	168,687	168,687
Debt Service		34,384
Fund Balance	311,921	277,714
Total Liabilities, Reserves and Fund Balance	$ 92,812,156	$ 89,762,812

There were Bonds and Notes Authorized But Not Issued on December 31, 2020 and 2019 of $19,622,850 and $18,004,887 respectively.

CITY OF CLIFTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Balance, January 1,	$ 277,714	$ 422,925
Increased by:		
Premium on Notes Issued	311,207	254,789
	588,921	677,714
Decreased By:		
Anticipated as Current Fund Revenue	277,000	400,000
Balance, December 31,	$ 311,921	$ 277,714

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
OPERATING FUND		
Cash	$ 858,803	$ 1,690,886
Receivables With Full Reserves		
Sewer User Fees Receivable	1,150,367	796,928
Deferred Charges		
Operating Deficit	330,105	-
Total Operating Fund	2,339,275	2,487,814
CAPITAL FUND		
Cash	1,905,746	3,690,367
Fixed Capital	31,774,015	25,045,554
Fixed Capital Authorized and Uncompleted	24,275,061	27,573,660
Total Capital Fund	57,954,822	56,309,581
	$ 60,294,097	$ 58,797,395

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2020 AND 2019
(Continued)

	2020	2019
LIABILITIES, RESERVES AND FUND BALANCE		
OPERATING FUND		
Liabilities		
Appropriation Reserves	$ 224,130	$ 183,591
Encumbrances Payable	36,882	115,501
Accounts Payable	254,233	254,233
Accrued Interest Bonds	167,391	182,921
Accrued Interest Loans	2,240	2,552
Accrued Interest Notes	13,391	24,958
Sewer Fee Overpayments	50,676	37,165
	748,943	800,921
Reserve for Receivables	1,150,367	796,928
Fund Balance	439,965	889,965
Total Operating Fund	2,339,275	2,487,814
CAPITAL FUND		
Serial Bonds	17,563,461	19,355,930
Environmental Infrastructure Trust Loans	479,101	531,779
Bond Anticipation Notes	4,285,037	4,437,037
Encumbrances Payable	577,917	1,570,403
Improvement Authorizations		
Funded	4,266,995	4,466,607
Unfunded	9,208,654	6,777,170
Capital Improvement Fund	201,290	303,290
Reserve for Amortization	20,392,205	17,542,758
Deferred Reserve for Amortization	889,931	1,273,541
Fund Balance	90,231	51,066
Total Capital Fund	57,954,822	56,309,581
	$ 60,294,097	$ 58,797,395

There were Bonds and Notes Authorized But Not Issued on December 31, 2020 and 2019 of $12,439,341 and $9,478,169, respectively.

CITY OF CLIFTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Anticipated	$ 450,000	$ 841,000
Sewer User Fees	10,707,810	10,445,047
Sewer User Fees - Direct	254,524	174,838
Miscellaneous Revenues and Fees	199,570	634,954
Non-Budget Revenues	59,905	301,803
Other Credits to Income		
Unexpended Balances of Appropriation Reserves	154,415	102,582
Total Income	11,826,224	12,500,224
EXPENDITURES		
Operating	8,925,100	8,751,200
Capital Improvements	317,300	315,000
Debt Service	2,716,229	2,765,717
Deferred Charges and Statutory Expenditures	197,700	160,784
Total Expenditures	12,156,329	11,992,701
Excess (Deficit) in Revenues	(330,105)	507,523
Operating Deficit to be Raised in Budget of Succeeding Year	330,105	-
Statutory Excess to Fund Balance	-	507,523
Fund Balance, January 1,	889,965	1,223,442
	889,965	1,730,965
Decreased by:		
Utilized as Anticipated Revenue	450,000	841,000
Balance, December 31,	$ 439,965	$ 889,965

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Balance, January 1,	$ 51,066	$ 501,088
Increased by:		
Premium on Notes Issued	39,165	40,378
	90,231	541,466
Decreased by:		
Anticipated as Revenue in Sewer Utility Operating Fund	-	490,400
Balance, December 31,	$ 90,231	$ 51,066

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARAIVE STATEMENTS OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		2019	
	Anticipated	Realized	Anticipated	Realized
Fund Balance Anticipated	$ 450,000	$ 450,000	$ 841,000	$ 841,000
Sewer User Fees	11,237,240	10,707,810	10,400,000	10,445,047
Sewer User Fees - Direct	290,000	254,524	150,000	174,838
Interest and Cost on User Fees	125,000	153,815	125,000	142,969
Debt Service Reimbursement	-		1,584	1,585
Interest on Investments and Deposits	100,000	45,755		
Sewer Capital Fund Balance	-	-	490,400	490,400
Total Budget Revenues	$ 12,202,240	$ 11,611,904	$ 12,007,984	$ 12,095,839

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATING					
Salaries and Wages	$ 883,800	$ 883,800	$ 769,455	$ 114,345	
Other Expenses	434,800	434,800	381,862	52,938	
Other Expenses - Health Benefits	330,300	330,300	330,300	-	
Other Expenses - PVSC	7,174,200	7,174,200	7,165,760	8,440	
Other Expenses - Joint Sewer Fees	102,000	102,000	65,118	36,882	-
Total Operating	8,925,100	8,925,100	8,712,495	212,605	-
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	200,000	200,000	200,000		
Capital Outlay	117,300	117,300	114,612	2,688	-
Total Capital Improvements	317,300	317,300	314,612	2,688	-
DEBT SERVICE					
Payment of Bond Principal	1,795,000	1,795,000	1,792,469		$ 2,531
Payment of Bond Anticipation Notes	152,000	152,000	152,000		-
Interest on Bonds	645,000	645,000	624,558		20,442
Interest on Notes	110,140	110,140	88,266		21,874
Wastewater Loan - Principal & Interest	60,000	60,000	58,936	-	1,064
Total Debt Service	2,762,140	2,762,140	2,716,229	-	45,911
DEFERRED CHARGES AND STATUTORY					
Statutory Expenditures					
Contribution to					
Public Employees Retirement System	121,100	121,100	121,100		
Social Security System (O.A.S.I.)	67,700	67,700	58,863	8,837	-
Unemployment Compensation Insurance	8,900	8,900	8,900	-	-
Total Deferred Charges and Statutory Expenditures	197,700	197,700	188,863	8,837	-
	$ 12,202,240	$ 12,202,240	$ 11,932,199	$ 224,130	$ 45,911

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATING					
Salaries and Wages	$ 840,600	$ 840,600	$ 808,834	$ 31,766	
Other Expenses	419,900	439,900	432,980	6,920	
Other Expenses - Health Benefits	324,700	324,700	324,700	-	
Other Expenses - PVSC	7,063,000	7,046,000	7,035,624	10,376	
Other Expenses - Joint Sewer Fees	100,000	100,000	20,864	79,136	-
Total Operating	8,748,200	8,751,200	8,623,002	128,198	-
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	200,000	200,000	200,000		
Capital Outlay	115,000	115,000	62,097	52,903	-
Total Capital Improvements	315,000	315,000	262,097	52,903	-
DEBT SERVICE					
Payment of Bond Principal	1,750,000	1,750,000	1,744,275		$ 5,725
Payment of Bond Anticipation Notes	135,000	135,000	135,000		-
Interest on Bonds	711,000	711,000	710,718		282
Interest on Notes	130,000	130,000	121,239		8,761
Wastewater Loan - Principal & Interest	55,000	55,000	54,485	-	515
Total Debt Service	2,781,000	2,781,000	2,765,717	-	15,283
DEFERRED CHARGES AND STATUTORY					
Statutory Expenditures					
Contribution to					
Public Employees Retirement System	96,784	96,784	96,784		
Social Security System (O.A.S.I.)	67,000	64,000	61,510	2,490	-
Total Deferred Charges and Statutory Expenditures	163,784	160,784	158,294	2,490	-
	$ 12,007,984	$ 12,007,984	$ 11,809,110	$ 183,591	$ 15,283

The Accompanying Notes are an Integral Part of these Financial Statements

EXHIBIT E

CITY OF CLIFTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC HOUSING FUND
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
MODERATE REHABILITATION FUND		
Cash	$ 94,183	$ 93,424
Total Moderate Rehabilitation Fund	94,183	93,424
VOUCHER PROGRAM FUND		
Cash	785,790	690,690
Land, Structures and Equipment	75,350	75,350
Total Voucher Program Fund	861,140	766,040
Total Assets	$ 955,323	$ 859,464
LIABILITIES AND FUND BALANCE		
MODERATE REHABILITATION FUND		
Fund Balance		
Unreserved/Undesignated	$ 94,183	$ 93,424
Total Moderate Rehabilitation Fund	94,183	93,424
VOUCHER PROGRAM FUND		
Liabilities:		
Accounts Payable	42,865	21,099
Due to Current Fund	30,544	110,466
Tenant Security Deposits	79,815	79,172
Unearned Revenue	74,101	-
Total Liabilities	227,325	210,737
Fund Balance		
Investment in Fixed Assets	75,350	75,350
Unreserved:		
Designated for Housing Assistance Payments	83,805	23,057
Undesignated	474,660	456,896
Total Fund Balance	633,815	555,303
Total Voucher Program Fund	861,140	766,040
Total Liabilities and Fund Balance	$ 955,323	$ 859,464

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
PUBLIC HOUSING MODERATE REHABILITATION FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2020	2019
REVENUES		
Interest Earned	$ 759	$ 2,174
Total Revenues	759	2,174
EXPENDITURES		
Housing Assistance Payments	-	-
Total Expenses	-	-
Excess in Revenue	759	2,174
Balance, January 1	93,424	91,250
Balance, December 31	$ 94,183	$ 93,424

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
PUBLIC HOUSING VOUCHER PROGRAM FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
REVENUES		
HUD Public Housing Assistance Grants	$ 2,552,593	$ 2,424,619
HUD Public Housing Assistance Grants - COVID	32,398	
Other Income - Portability Fees	462,456	515,603
Interest Earned	5,561	15,148
Miscellaneous	-	3,332
Total Revenues	3,053,008	2,958,702
EXPENDITURES		
Administrative Expenses	279,657	329,874
COVID Expenses	32,398	
Housing Assistance Payments	2,237,868	2,244,826
HAP Portability Expenses	424,573	431,325
Total Expenses	2,974,496	3,006,025
Excess (Deficiency) in Revenue	78,512	(47,323)
Balance, January 1	555,303	602,626
Balance, December 31	$ 633,815	$ 555,303

The Accompanying Notes are an Integral Part of these Financial Statements

EXHIBIT F

CITY OF CLIFTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC LIBRARY FUND
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and Cash Equivalents	$ 466,319	$ 448,916
Due from Current Fund	306,777	117,559
	$ 773,096	$ 566,475
LIABILITIES AND FUND BALANCE		
Accounts Payable	$ 170,517	$ 81,845
Fund Balance	602,579	484,630
Total Liabilities and Fund Balance	$ 773,096	$ 566,475

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - REGULATORY BASIS
PUBLIC LIBRARY FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
REVENUES		
City Contribution	$ 383,008	$ 285,805
State Aid	36,458	36,864
Fines	9,424	43,391
Lost and Paid	2,636	7,736
Book Sales	1,600	6,338
Public Use Printing and Paper Sales	6,415	28,366
Interest	1,583	3,985
Postage - Reimbursement	297	1,145
Pals Plus Rent	16,800	16,800
Community Room	315	1,810
Other Miscellaneous Income	3,823	984
Grants/Restricted Donations	5,906	7,125
Gifts/Unrestricted Donations	1,009	4,849
Total Revenues	469,274	445,198
EXPENDITURES		
Books/Periodicals	39,968	106,409
Consulting Services	16,864	82,448
Office/Library Supplies	5,500	12,426
Janitorial Supplies	2,540	9,273
Computer Equipment and Supplies	12,496	51,285
Other Equipment/Furniture	33,951	3,726
Repairs and Maintenance	80,524	67,120
Telephone	11,332	11,408
Electric and Gas	35,755	72,871
Restricted Funds	8,748	10,879
COVID -19	89,779	
Capital Improvements	2,447	1,869
Miscellaneous	11,421	21,504
Total Expenditures	351,325	451,218
Excess (Deficiency) in Revenue	117,949	(6,020)
Fund Balance, January 1,	484,630	490,650
Fund Balance, December 31,	$ 602,579	$ 484,630

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF CLIFTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Land and Land Improvements	$ 82,098,664	$ 81,787,740
Buildings and Building Improvements	28,972,900	28,156,965
Machinery and Equipment	30,076,396	29,548,052
Construction in Progress	6,478,048	6,443,333
	$ 147,626,008	$ 145,936,090
FUND BALANCE		
Investment in General Fixed Assets	$ 147,626,008	$ 145,936,090

The Accompanying Notes are an Integral Part of these Financial Statements

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Clifton (the "City") was incorporated in 1917 and operates under the Municipal Manager form of government. Under this form of government, the City Manager who is appointed by the City Council, functions as the Chief Executive and Administrative Officer of the City. The City Manager, who also functions as the Director of Public Safety, makes all police and fire department appointments and promotions from Civil Service eligibility lists. Additionally, he is responsible for the hiring of all other municipal employees. The City Manager attends all meetings of the City Council and he is obligated to implement all of its policy decisions. The City charter provides for an elected body of seven (7) members each serving a four-year term with each council member being elected at large and representing the City as a whole. The City Council in turn selects the Mayor from among its members. As the policy-making body of the City, the City Council has the power to do whatever it deems necessary to promote and maintain the health, safety, welfare, comfort and peace of the City. The Mayor does, however, have additional responsibilities including presiding at City Council meetings and making appointments to the Planning Board and the Board of Library Trustees. 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.

B. Description of Regulatory Basis of Accounting

The financial statements of the City of Clifton 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.

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.

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

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.

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

Self- Insurance Fund - This fund is used to account for the resources and expenditures for workman's compensation and employee medical self-insurance claims and premiums.

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

Revolving Loan Fund - This fund is used to account for the receipts and disbursements relating to City's revolving economic development loan and grant program.

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.

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the City's sanitary sewerage system and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Public Housing Fund – This fund is used to account for the revenues and expenditures for operation of the City's Public Housing Agency.

Public Library Fund – This fund is used to account for the revenues and expenditures of funds from the City library activities generated by services provided to the Community.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the City, other than those accounted for in the sewer utility and public housing funds. The City's infrastructure is not reported in the account group.

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2019 balances to conform to the December 31, 2020 presentation.

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 Clifton 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

Sewer Utility Revenues/Receivables – Sewer usage charges are levied semi-annually based upon a flat service charge and if applicable, an excess consumption or usage charge**.** Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the City's Sewer Utility Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount. GAAP does not permit the deferral of unpaid school taxes to fund balance at year end.

Operating Deficits – Deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year are recorded as deferred charges on the balance sheet of the respective operating fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of operating deficits at year end.

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

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

General Fixed Assets purchased after December 31, 1989 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 1989 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

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.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the Sewer Utility Fund is recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds
General Capital Fund
Sewer Utility Capital Fund
Public Housing Fund
Public Library Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2020 and 2019 the City Council increased the original budget by $1,326,224 and $643,897. The increases were funded by additional aid allotted to the City in 2020 and 2019. In addition, the governing body approved several budget transfers during 2020 and 2019.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to $250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At December 31, 2020 and 2019, the book value of the City's deposits were $78,579,848 and $72,821,168 and bank and brokerage firm balances of the City's deposits amounted to $77,994,393 and $73,628,153, respectively. The City's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

	Bank Balance	
Depository Account	**2020**	**2019**
Insured	$ 77,986,263	$ 73,620,067
Uninsured and Collateralized	8,130	8,086
	$ 77,994,393	$ 73,628,153

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk. As of December 31, 2020 and 2019, the City's bank balances of $8,130 and $8,086 were exposed to custodial credit risk as follows:

	2020	**2019**
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department but not in the City's name	$ 8,130	$ 8,086

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments

The City is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the City or bonds or other obligations of the school districts which are a part of the City or school districts located within the City, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

As of December 31, 2020 and 2019 the City had no outstanding investments.

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2020 consisted of the following:

	Current	Sewer Utility	Total
2020			
Property Taxes	$ 3,217,295		$ 3,217,295
Tax Title Liens	27,207		27,207
Special Improvement District Taxes	7,470		7,470
Sewer Utility Fees	-	$ 1,150,367	1,150,367
	$ 3,251,972	$ 1,150,367	$ 4,402,339

In 2020, the City collected $3,411,766 from delinquent taxes and tax title liens, $5,400 from special improvement district taxes and $779,723 from sewer utility fees which represented 99%, 100% and 98% of the delinquent receivable balances at December 31, 2019.

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Continued)

Receivables at December 31, 2019 consisted of the following:

2019	Current	Sewer Utility	Total
Property Taxes	$ 3,428,776		$ 3,428,776
Tax Title Liens	24,038		24,038
Special Improvement District Taxes	5,412		5,412
Sewer Utility Fees	-	$ 796,928	796,928
	$ 3,458,226	$ 796,928	$ 4,255,154

In 2019, the City collected $3,203,674 from delinquent taxes and tax title liens, $8,102 from special improvement district taxes and $854,722 from sewer utility fees which represented 99%, 100% and 99% of the delinquent receivable balances at December 31, 2018.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	2020		2019	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund:				
Regular	$ 205,514	$ 306,777	$ 190,949	$ 997,678
Grant		545,011	879,603	
Trust Fund:				
Other Trust	403,058		636	
Self Insurance Fund				120
Community Development Block Grant		33,017		80,483
Public Housing Fund:				
Voucher Program		30,544	-	110,466
Public Library Fund	306,777	-	117,559	-
Total	$ 915,349	$ 915,349	$ 1,188,747	$ 1,188,747

The above balances are the result of expenditures being paid by one fund on behalf of another and receipts deposited or appropriations budgeted in one fund which are due to another fund.

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance, December 31,	Subsequent Year Budget Appropriation	Balance to Succeeding Budgets
2020			
Sewer Utility Operating Fund Operating Deficit	$330,105	$330,105	$ -

NOTE 7 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual school levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2020 and 2019 are as follows:

	Local District School	
	2020	**2019**
Balance of Tax	$ 67,626,968	$ 67,630,166
Deferred	55,865,130	55,865,130
Taxes Payable	$ 11,761,838	$ 11,765,036

NOTE 8 FUND BALANCES APPROPRIATED

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

	2020		2019	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	$ 10,375,487	$ 6,071,464	$ 12,995,923	$ 7,718,315
Non-Cash Surplus	33,277	-	31,343	-
	$ 10,408,764	$ 6,071,464	$ 13,027,266	$ 7,718,315
Sewer Utility Operating Fund				
Cash Surplus	$ 109,860	$ 100,000	$ 889,965	$ 450,000
Non-Cash Surplus	330,105	-	-	-
	$ 439,965	$ 100,000	$ 889,965	$ 450,000

NOTE 9 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2020 and 2019.

	Balance, December 31, 2019	Additions	Reductions	Balance, December 31, 2020
2020				
Land and Land Improvements	$ 81,787,740	$ 310,924		$ 82,098,664
Buildings and Building Improvement	28,156,965	815,935		28,972,900
Machinery and Equipment	29,548,052	1,803,561	$ (1,275,217)	30,076,396
Construction in Progress	6,443,333	342,146	(307,431)	6,478,048
	$ 145,936,090	$ 3,272,566	$ (1,582,648)	$ 147,626,008

	Balance December 31, 2018	Additions	Reductions	Balance, December 31, 2019
2019				
Land and Land Improvements	$ 81,502,283	$ 285,457		$ 81,787,740
Buildings and Building Improvement	27,032,325	1,124,640		28,156,965
Machinery and Equipment	29,370,885	782,006	$ (604,839)	29,548,052
Construction in Progress	5,026,908	1,416,425	-	6,443,333
	$ 142,932,401	$ 3,608,528	$ (604,839)	$ 145,936,090

NOTE 9 FIXED ASSETS (Continued)

B. Sewer Utility Fund Fixed Assets

The following is a summary of changes in the utility fund fixed assets for the years ended December 31, 2020 and 2019.

	Balance, December 31, 2019	Additions	Reductions	Balance, December 31, 2020
2020				
System and System Improvements	$ 24,266,351	$ 6,553,161		$ 30,819,512
Buildings and Building Improvements	470,034			470,034
Vehicles and Equipment	309,169	175,300	-	484,469
	$ 25,045,554	$ 6,728,461	$ -	$ 31,774,015

	Balance December 31, 2018	Additions	Reductions	Balance, December 31, 2019
2019				
System and System Improvements	$ 22,561,471	$ 1,704,880		$ 24,266,351
Buildings and Building Improvements		470,034		470,034
Vehicles and Equipment	308,516	653	-	309,169
	$ 22,869,987	$ 2,175,567	$ -	$ 25,045,554

C. Public Housing Fund Fixed Assets

The following is a summary of changes in the Public Housing Fund fixed assets for the years ended December 31, 2020 and 2019:

	Balance December 31, 2019	Additions	Reductions	Balance, December 31, 2020
2020				
Land, Structures & Equipment	$ 75,350	$ -	$ -	$ 75,350

	Balance December 31, 2018	Additions	Reductions	Balance, December 31, 2019
2019				
Land, Structures & Equipment	$ 75,350	$ -	$ -	$ 75,350

NOTE 10 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and sewer utility capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. Bond anticipation notes, which are issued to temporarily finance capital projects and other acquisitions or other purposes permitted by the Local Bond Law, must be paid off within ten years and four months or retired by the issuance of bonds.

The City's debt is summarized as follows:

	2020	2019
Issued		
General		
Bonds, Notes and Loans	$ 64,052,017	$ 64,538,855
Sewer Utility		
Bonds, Notes and Loans	22,327,599	24,324,746
	86,379,616	88,863,601
Less Funds Temporarily Held to Pay Bonds and Notes	-	34,384
Net Debt Issued	86,379,616	88,829,217
Authorized But Not Issued		
General		
Bonds and Notes	19,622,850	18,004,887
Sewer Utility		
Bonds and Notes	12,439,341	9,478,169
	32,062,191	27,483,056
Net Bonds and Notes Issued and Authorized But Not Issued	$ 118,441,807	$ 116,312,273

NOTE 10 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 .869% and .855% at December 31, 2020 and 2019, respectively.

2020	Gross Debt	Deductions	Net Debt
General Debt	$ 83,674,867		$ 83,674,867
School Debt	3,985,000	$ 3,985,000	
Utility Debt	34,766,940	27,702,859	7,064,081
Total	$ 122,426,807	$ 31,687,859	$ 90,738,948

2019	Gross Debt	Deductions	Net Debt
General Debt	$ 82,543,742	$ 34,384	$ 82,509,358
School Debt	4,770,000	4,770,000	
Utility Debt	33,802,915	29,828,985	3,973,930
Total	$ 121,116,657	$ 34,633,369	$ 86,483,288

Statutory Borrowing Power

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

	2020	**2019**
3-1/2% of Equalized Valuation Basis (Municipal)	$ 365,611,406	$ 354,231,193
Less: Net Debt	90,738,948	86,483,288
Remaining Borrowing Power	$ 274,872,458	$ 267,747,905

NOTE 10 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:

General Obligation Bonds	**2020**	**2019**
$12,671,158 ($14,065,000 Combined Issue), 2009 Refunding Bonds due in annual installments of $702,702 to $720,720 through December 2022, interest at 3.50% to 3.75%	$ 1,414,413	$ 2,135,133
$12,704,545 ($16,854,000 Combined Issue), 2010 Bonds due in annual installments of $2,039,029 to $2,592,318 through February 2021, interest at 3.250% to 3.375%	2,592,318	4,631,347
$8,312,139 ($8,910,000 Combined Issue), 2011 Refunding Bonds due in annual installments of $839,610 to $834,946 through August 2022, interest at 5.00%	1,669,892	2,509,502
$5,272,806 ($6,780,000 Combined Issue), 2011 Bonds due in annual installments of $342,188 through November 2027, interest at 3.50% to 4.25%	2,395,316	2,737,504
$4,894,044 ($6,170,000 Combined Issue), 2012 Refunding Bonds due in an annual installment of $380,736 on June 20, 2020, interest at 4.00%		380,736
$12,479,000 2013 Bonds due in annual installments of $915,000 to $1,450,000 through October 2025, interest at 3.00% to 4.00%	6,644,000	7,559,000
$4,519,763 ($5,600,000 Combined Issue), 2014 Refunding Bonds due in annual installments of $443,905 to $456,012 through August 2026, interest at 3.00% to 5.00%	2,691,680	3,139,620

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

	2020	2019
$2,554,472 ($3,165,000 Combined Issue), 2016 Refunding Bonds due in annual installments of $230,034 to $262,308 through April 2026, interest at 1.960%	$ 1,468,922	$ 1,731,230
$4,756,000, 2016 Bonds due in annual installments of $300,000 to $550,000 through September 2027, interest at 2.00% to 4.00%	3,600,000	3,900,000
$6,975,000, 2018 Bonds due in annual installments of $230,000 to $460,000 through August 2035, interest at 3.00% to 5.00%	6,515,000	6,745,000
	$ 28,991,541	$ 35,469,072

General Intergovernmental Loans Payable

The City has entered into loan agreements with the New Jersey Department of Environmental Protection for the financing relating to the Athenia Steel Recreation Complex Project. The City levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	2020	2019
Green Acres		
$400,000, 2010 Loan due in Semi-annual installments of $10,187 to $12,314 through March, 2030, interest at 2.00%	$ 214,233	$ 234,517
$893,400, 2017 Loan due in Semi-annual installments of $19,414 to $27,502 through August, 2037, interest at 2.00%	797,280	836,303
	$ 1,011,513	$ 1,070,820

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Sewer Utility Bonds

The City pledges revenue from sewer utility operations to pay debt service on utility bonds issued. The sewer utility bonds outstanding at December 31 are as follows:

	2020	2019
$1,393,842 ($14,065,000 Combined Issue), 2009 Refunding Bonds due in annual installments of $77,297 to $79,280 through December 2022, interest at 3.500% to 3.750%	$ 155,586	$ 234,866
$4,149,455 ($16,854,000 Combined Issue), 2010 Bonds due in annual installments of $665,971 to $846,682 on February 2021, interest at 3.250% to 3.375%	846,682	1,512,653
$597,861 ($8,910,000 Combined Issue), 2011 Refunding Bonds due in annual installments of $60,390 to $60,055 through August 2022, interest at 5.00%	120,110	180,500
$1,507,194 ($6,780,000 Combined Issue), 2011 Bonds due in annual installments of $97,812 through November 2027, interest at 3.50% to 4.25%	684,684	782,496
$1,275,956 ($6,170,000 Combined Issue), 2012 Refunding Bonds due in an annual installment of $99,264 on June 20, 2020, interest at 4.00%		99,264
$4,802,000, 2013 Bonds due in annual installments of $265,000 to $320,000 through October 2031, interest at 3.00% to 4.00%	3,487,000	3,752,000
$1,080,237 ($5,600,000 Combined Issue), 2014 Refunding Bonds due in annual installments of $107,060 to $108,988 through August 2026, interest at 3.00% to 5.00%	643,320	750,380
$610,528 ($3,165,000 Combined Issue), 2016 Refunding Bonds due in annual installments of $54,977 to $62,692 through April 2026, interest at 1.96%	351,079	413,771
$7,850,000, 2016 Bonds due in annual installments of $225,000 to $450,000 through September 2036, interest at 2.00% to 4.00%	6,950,000	7,175,000
$4,585,000, 2018 Bonds due in annual installments of $130,000 to $255,000 through August 2038, interest at 3.00% to 5.00%	4,325,000	4,455,000
	$ 17,563,461	$ 19,355,930

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Sewer Utility Intergovernmental Loans Payable

The City has entered into loan agreements with the New Jersey Department of Environmental Protection for the financing relating to the City's replacement of Martin Avenue Pump Station. The City pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Utility intergovernmental loans outstanding of the sewer utility at December 31 are as follows:

	2020	2019
NJ Environmental Infrastructure Trust		
$245,000, 2010 Loan due in annual installments of $15,000 to $20,000 through August, 2029, interest at 3.00% to 5.00%	$ 140,000	$ 155,000
$741,000, 2010 Loan due in semi-annual installments of $12,559 to $25,119 through August, 2029, interest free	339,101	376,779
	$ 479,101	$ 531,779

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

Calendar	General		Sewer Utility		
Year	Principal	Interest	Principal	Interest	Total
2021	$ 6,718,838	$ 1,069,122	$ 1,948,338	$ 583,519	$ 10,319,817
2022	4,999,691	816,346	1,329,701	512,554	7,658,292
2023	3,559,249	618,997	1,336,384	468,089	5,982,719
2024	3,556,479	488,322	1,335,419	416,970	5,797,190
2025	3,556,770	357,701	1,335,419	365,870	5,615,760
2026-2030	5,105,819	712,759	5,700,301	1,240,546	12,759,425
2031-2035	2,397,821	232,064	3,842,000	527,161	6,999,046
2036-2038	108,387	2,723	1,215,000	68,644	1,394,754
	$ 30,003,054	$ 4,298,034	$ 18,042,562	$ 4,183,353	$ 56,527,003

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

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

	Balance, December 31, 2019	Additions	Reductions	Balance, December 31, 2020	Due Within One Year
2020					
General Capital Fund					
Bonds Payable	$ 35,469,072		$ 6,477,531	$ 28,991,541	$ 6,658,340
Intergovernmental Loans Payable	1,070,820	$ -	59,307	1,011,513	60,498
General Capital Fund Long-Term Liabilities	$ 36,539,892	$ -	$ 6,536,838	$ 30,003,054	$ 6,718,838
Sewer Capital Fund					
Bonds Payable	$ 19,355,930		$ 1,792,469	$ 17,563,461	$ 1,895,660
Intergovernmental Loans Payable	531,779	-	52,678	479,101	52,678
General Capital Fund Long-Term Liabilities	$ 19,887,709	$ -	$ 1,845,147	$ 18,042,562	$ 1,948,338

	Balance, December 31, 2018	Additions	Reductions	Balance, December 31, 2019	Due Within One Year
2019					
General Capital Fund					
Bonds Payable	$ 41,754,797		$ 6,285,725	$ 35,469,072	$ 6,477,531
Intergovernmental Loans Payable	1,128,959	$ -	58,139	1,070,820	59,307
General Capital Fund Long-Term Liabilities	$ 42,883,756	$ -	$ 6,343,864	$ 36,539,892	$ 6,536,838
Sewer Capital Fund					
Bonds Payable	$ 21,100,205		$ 1,744,275	$ 19,355,930	$ 1,792,469
Intergovernmental Loans Payable	579,457	-	47,678	531,779	52,678
General Capital Fund Long-Term Liabilities	$ 21,679,662	$ -	$ 1,791,953	$ 19,887,709	$ 1,845,147

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

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

Bond Anticipation Notes

Purpose	Rate (%)	Maturity Date	Balance, December 31, 2019	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2020
2020						
General Capital Fund						
Various Capital Improvements	1.25%	9/29/2021	$ 27,888,963	$ 33,973,963	$ 27,888,963	$ 33,973,963
Acquisition of Technology Equipment	1.25%	9/29/2021	110,000	75,000	110,000	75,000
Total General Capital Fund			$ 27,998,963	$ 34,048,963	$ 27,998,963	$ 34,048,963
Sewer Utility Capital Fund						
Various Sewer Improvements	1.25%	9/29/2021	$ 4,437,037	$ 4,285,037	$ 4,437,037	$ 4,285,037
Total Sewer Capital Fund			$ 4,437,037	$ 4,285,037	$ 4,437,037	$ 4,285,037

			Balance, December 31, 2018	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2019
2019						
General Capital Fund						
Various Capital Improvements	2.25%	10/1/2020	$ 13,591,000	$ 27,888,963	$ 13,591,000	$ 27,888,963
Acquisition of Technology Equipment	2.25%	10/1/2020	110,000	110,000	110,000	110,000
Total General Capital Fund			$ 13,701,000	$ 27,998,963	$ 13,701,000	$ 27,998,963
Sewer Utility Capital Fund						
Various Sewer Improvements	2.25%	10/1/2020	$ 4,287,000	$ 4,437,037	$ 4,287,000	$ 4,437,037
Total Sewer Capital Fund			$ 4,287,000	$ 4,437,037	$ 4,287,000	$ 4,437,037

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

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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.

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

Capital Project	Construction Commitment	Estimated Date of Completion
2020		
Bonsal Preserve Sewer Improvements	$ 130,325	2021
Fire Station Alerting System	443,422	2021
Various Sewer Line Improvements	209,857	2021
Radio System Upgrades	213,117	2021
2019		
Bonsal Preserve Sewer Improvements	$ 712,750	2021
Various Street Improvements	501,229	2020
Curb and Sidewalk Improvements	320,619	2020
Radio System Upgrades	1,651,650	2021
Park and Playground Renovations	347,752	2020
Franklin and Sewall Flood Abatement Project	350,000	2020

As of December 31, the City has other significant commitments as follows:

Purpose	Commitment	Completion
2020		
Acquisition of Street Sweeper	$ 230,342	2021
2019		
Ten (10) Police Interceptor SUV's	$ 321,033	2020
Generator Project	233,276	2020

NOTE 12 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 time, 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 $15,527,771 and $14,393,011 at December 31, 2019 and 2018, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2020 and 2019, the City has reserved in the Other Trust Fund $3,646,681 and $4,695,010, respectively to fund compensated absences in accordance with NJSA 40A:4-39**.**

B. Deferred Pension Obligation

During the year ended December 31, 2009 the City elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled $3,531,897 and will be paid back with interest over 15 years beginning in the 2012 year. The City is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (7.00% effective July 1, 2017) at December 31, 2020 and 2019 is $1,942,779 and $2,354,350, respectively.

During the years ended December 31, 2020, 2019 and 2018 the City was required to contribute for the deferred pension obligation the following amounts which equaled the required contribution for each year.

Years Ended December 31,	PERS	PFRS
2020	$ 79,079	$ 470,602
2019	78,443	468,241
2018	78,006	466,148

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

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, 2020 and 2019 were as follows:

2020	Balance, December 31, 2019	Additions	Reductions	Balance, December 31, 2019	Due Within One Year
Compensated Absences	$ 14,393,011	$ 2,183,089	$ 1,048,329	$ 15,527,771	$ 200,000
Deferred Pension Obligation	2,354,350	138,110	549,681	1,942,779	550,354
Net Pension Liability - PERS	36,052,621		4,639,587	31,413,034	
Net Pension Liability - PFRS	102,431,189	5,123,463	1,946,265	105,608,387	
Net OPEB Liability	245,438,931	27,442,241	7,766,945	265,114,227	
Self-Insurance Claims Liability	4,010,582	25,716,708	25,111,533	4,615,757	-
Total	$404,680,684	$ 60,603,611	$ 41,062,340	$ 424,221,955	$ 750,354

2019	Balance, December 31, 2018	Additions	Reductions	Balance, December 31, 2019	Due Within One Year
Compensated Absences	$ 14,618,927		$ 225,916	$ 14,393,011	$ 150,000
Deferred Pension Obligation	2,735,721	$ 165,313	546,684	2,354,350	549,681
Net Pension Liability - PERS	39,771,400		3,718,779	36,052,621	
Net Pension Liability - PFRS	113,822,894		11,391,705	102,431,189	
Net OPEB Liability	216,466,583	36,802,244	7,829,896	245,438,931	
Self-Insurance Claims Liability	3,666,837	28,802,306	28,458,561	4,010,582	-
Total	$391,082,362	$ 65,769,863	$ 52,171,541	$ 404,680,684	$ 699,681

NOTE 13 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.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The following represents the membership tiers for PFRS:

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

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

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Other Pension Funds

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

The cost of living increase for 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.

Measurement Focus and Basis of Accounting

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

In the July 1, 2019 and 2018 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2019 and 2018 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Continued)

For the years ended December 31, 2020 and 2019 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the City for 2020, 2019 and 2018 were equal to the required contributions.

During the years ended December 31, 2020, 2019 and 2018, the City, was required to contribute for normal cost pension contributions, accrued liability pension contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

Year Ended December 31	PFRS	PERS	DCRP
2020	$ 8,454,679	$ 1,946,265	$ 17,496
2019	8,223,584	2,009,177	24,834
2018	7,974,698	1,867,530	20,894

In addition for the years ended December 31, 2020, 2019 and 2018 the City contributed for long-term disability insurance premiums (LTDI) $7,859, $8,095 and $20,290, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020 and 2019, the City reported a liability of $31,413,034 and $36,052,621, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The City's proportionate share of the net pension liability was based on the ratio of the City's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the City's proportionate share was .19263 percent, which was a decrease of .00746 percent from its proportionate share measured as of June 30, 2019 of .20009 percent.

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2020 and 2019, the pension system has determined the City's pension expense to be $270,071 and $1,432,474, respectively, for PERS based on the actuarial valuations which are less than the actual contributions reported in the City's financial statements of $1,946,265 and $2,009,177, respectively. At December 31, 2020 and 2019, the City's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the City's financial statements are from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 571,980	$ 111,090	$ 647,097	$ 159,265
Changes of Assumptions	1,019,074	13,152,935	3,599,987	12,513,751
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,073,723			569,105
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	449,490	1,813,134	824,539	990,021
Total	$ 3,114,267	$ 15,077,159	$ 5,071,623	$ 14,232,142

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

Year Ending December 31,	Total
2021	$ (4,304,353)
2022	(3,881,081)
2023	(2,442,876)
2024	(1,112,427)
2025	(222,155)
	$ (11,962,892)

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The City's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

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

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2019 and 2018, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

	2020		2019	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

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

Calendar Year	Measurement Date	Discount Rate
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%

NOTE 13 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:

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

***** The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the City's proportionate share of the PERS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.28%, respectively, as well as what the City's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 5.28%, respectively or 1-percentage-point higher 8.00% and 7.28%, respectively than the current rate:

2020	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the PERS Net Pension Liability	$ 39,543,769	$ 31,413,034	$ 24,513,883

2019	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
City's Proportionate Share of the PERS Net Pension Liability	$ 45,540,319	$ 36,052,621	$ 28,057,891

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2020 and 2019, the City reported a liability of $105,608,387 and $102,431,189, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The City's proportionate share of the net pension liability was based on the ratio of the City's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the City's proportionate share was .81732 percent, which was a decrease of .01969 percent from its proportionate share measured as of June 30, 2019 of .83701 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the City pension expense to be $4,076,370 and $8,553,622, respectively, for PFRS based on the actuarial valuations which are less for 2020 and more for 2019 than the actual contributions reported in the City's financial statements of $8,454,679 and $8,223,584, respectively. At December 31, 2020 and 2019, the City's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the City's financial statements are from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 1,064,712	$ 379,016	$ 864,651	$ 648,511
Changes of Assumptions	265,763	28,312,977	3,509,851	33,104,822
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,192,314			1,387,909
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	221,348	8,214,882	1,040,559	7,799,000
Total	$ 7,744,137	$ 36,906,875	$ 5,415,061	$ 42,940,242

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending December 31,	Total
2021	$ (12,814,825)
2022	(9,308,144)
2023	(4,313,202)
2024	(1,478,973)
2025	(1,247,594)
	$ (29,162,738)

Actuarial Assumptions

The City's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

PFRS	**2020 and 2019**
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

	2020		2019	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

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

Calendar Year	Measurement Date	Discount Rate
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

NOTE 13 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:

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

***** The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the City's proportionate share of the PFRS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.85%, respectively, as well as what the City's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 5.85%, respectively or 1-percentage-point higher 8.00% and 7.85%, respectively than the current rate:

2020	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the PFRS Net Pension Liability	$ 140,437,417	$ 105,608,387	$ 76,680,217

2019	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
City's Proportionate Share of the PFRS Net Pension Liability	$ 138,449,641	$ 102,431,189	$ 72,620,730

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

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

At December 31, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is $16,389,940 and $16,174,079, respectively. For the years ended December 31, 2020 and 2019, the pension system has determined the State's proportionate share of the pension expense attributable to the City for the PFRS special funding situation is $1,857,472 and $1,879,296, respectively, which are more than the actual contributions the State made on behalf of the City of $1,261,197 and $1,089,798, respectively. At December 31, 2020 (measurement date June 30, 20120 the State's share of the PFRS net pension liability attributable to the City was .81732 percent, which was a decrease of .01969 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .83701 percent. The State's proportionate share attributable to the City was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the City's financial statements.

Pension Plan Fiduciary Net Position

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

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS

State Administered Post-Retirement Health Benefits Program

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including certain eligible former City employees and/or their dependents under a special funding situation.

Plan Description and Benefits Provided

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

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

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

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

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

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

State Administered Post-Retirement Health Benefits Program (Continued)

State Health Benefit Program Fund – Local Government Retired (the Plan) (Continued)

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2020 was not available and for 2019 is $13.5 billion and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% at June 30, 2019.

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

Actuarial Methods and Assumptions

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

Post-Retirement Medical Benefits Contribution

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

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

State Administered Post-Retirement Health Benefits Program (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

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

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The City is not required to make contributions to the State Plan under the special funding situation. The State as a non-employer contributing entity makes contributions to the Plan on-behalf of the City under a special funding situation.

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

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions.

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

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation

Under N.J.S.A. 43:3C-24 the City would be responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium of periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the City by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the City's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

State Administered Post-Retirement Health Benefits Program (Continued)

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

Special Funding Situation (Continued)

At December 31, 2019, the State's proportionate share of the net OPEB liability attributable to the City for the OPEB special funding situation is $56,903,133. For the year ended December 31, 2019 the plan has determined the State's proportionate share of the OPEB expense attributable to the City for the OPEB special funding situation is $754,265. At December 31, 2019, (measurement date June 30, 2019), the State's share of the OPEB liability attributable to the City was 1.02979 percent, which was a decrease of .07522 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of 1.10501 percent. The State's proportionate share attributable to the City was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Actuarial Assumptions

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

	2019
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%
Rate Thereafter	Not Applicable
Mortality	
PERS	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.
PFRS	Pub-2010 Safety Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

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

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

State Administered Post-Retirement Health Benefits Program (Continued)

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

Actuarial Assumptions (Continued)

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

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

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

Long-Term Expected Rate of Return

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

Discount Rate

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

Calendar Year	Measurement Date	Discount Rate
2019	June 30, 2019	3.50%

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

OPEB Plan Fiduciary Net Position – State Health Benefits Program Fund – Local Government Retired

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

City Administered Post-Retirement Health Benefits Program

In addition to the State sponsored health benefit program plan, under a special funding situation, the City sponsors and administers a post-retirement health benefit program plan.

Plan Description

The City provides a postemployment healthcare plan (OPEB) for its eligible retirees and their dependents**.** The plan is a single-employer defined benefit healthcare plan administered by the City. In accordance with City ordinances, contracts and/or policies, the City can amend the benefit terms and financing requirements of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

City Administered Post-Retirement Health Benefits Program (Continued)

Plan Description (Continued)

The City provides post-retirement health coverage to its eligible retired employees and their dependents at the time of retirement at cost to the retiree as there would be, if any, if they remained an employee. Coverage for a retiree's spouse and/or dependents under certain agreements continues upon the death of the retiree. For an employee to qualify for employer provided post-retirement medical benefits, they shall have retired in compliance with the requirements of the Public Employees Retirement System, the Police and Firemen's Retirement System or eligible for retirement under Senate Bill 3026 and have not attained the age of 70 or 75 years depending on the employment contract. Under the various employment contracts, post-retirement medical benefits can begin for eligible employees upon retirement for a period beginning from age 45 and ending at age 75 depending on the employment contract. Under certain employment contracts, employee provided post-retirement medical benefits are provided to certain employees and their dependents upon permanent disability or death in the line of duty.

Employees Covered by Postemployment Benefits

At December 31, 2020 and 2019, the following employees were covered by postemployment health care benefits:

	2020	2019
Active Employees	426	443
Inactive Employees or Beneficiaries Currently Receiving Benefits	332	328
	758	771

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

At December 31, 2020 and 2019, the City's total OPEB liabilities were $265,114,227 and $245,438,931, respectively. The Net OPEB liabilities were measured as of December 31, 2020 and 2019, respectively, and the OPEB liability was determined by an actuarial valuation as of these dates, respectively.

For the years ended December 31, 2020 and 2019, the City has determined it's OPEB expense to be $13,048,879 and $14,396,430, respectively, based on the actuarial valuation which is more than the actual contributions reported in the City's financial statements of $7,766,945 and $7,829,896, respectively. At December 31, 2020 and 2019, the City deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the City's financial statements are from the following sources:.

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 36,799,176	$ -	$ 22,405,814	$ -
Total	$ 36,799,176	$ -	$ 22,405,814	$ -

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

City Administered Post-Retirement Health Benefits Program (Continued)

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

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized as expense as follows:

Year Ending December 31,	Total
2021	$ 2,661,013
2022	2,661,013
2023	2,661,013
2024	2,661,013
2025	2,661,013
Thereafter	23,494,111
	$ 36,799,176

Actuarial Assumptions

The City's total OPEB liability reported for the year ended December 31, 2020 was based on the December 31, 2020 measurement date as determined by an actuarial valuation as of December 31, 2020. The total OPEB liability reported for the year ended December 31, 2019 was based on the December 31, 2019 measurement date as determined by an actuarial valuation as of December 31, 2019. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement date:

Mortality	*RP 2000 Combined Health Male Mortality Rates Set Forward Three Years*
Turnover	*NJ State Pensions Ultimate Withdrawal Rates – prior to benefits eligibility*
Assumed Retirement Age	*At first eligibility after completing 25 years of service for PBA retirees and after attainment of age 60 and completion of 10 years of service for all others*
Full Attribution Period	*Service to Assumed Retirement Age*
Annual Discount Rate	*2.12% and 2.74% Based on the Bond Buyer 20 Index as of December 31, 2020 and 2019, respectively*
CPI Increase	*2.5%*
Rate of Salary Increase	*2.5%*
Medical Trend	*Medical: 5.6% in 2020 and 5.7% in 2019, reducing by 0.1% per annum, leveling at 5% per annum in 2026* *Drug: 9.0% in 2020, and 9.5% in 2019, reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026* *Dental and Vision: 3.5% per annum*
Medical Cost Aging Factor	*NJ SHBP Medical Morbidity Rates*

- Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

City Administered Post-Retirement Health Benefits Program (Continued)

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

Actuarial Assumptions (Continued)

- Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2018 medical and prescription drug premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (45 in 2020 and 46 in 2019) and scaled to each age based on the medical cost aging factors until age 65. At age 65, Medicare becomes the primary payer of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of medical costs.

- Retiree contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, it was assumed that a future retiree will contribute his/her current employee contribution as reported by the City increased annually by the rate of medial trend. For 2019 and 2018 employer contributions for retiree benefits as reported by the City are $7.8 million and $7.8 million, respectively.

- Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. For 2020 and 2019 salaries as reported by the City are $44.4 million and $45.0 million, respectively.

The actuarial assumptions used in the December 31, 2020 and 2019 valuations were based on the results of an actuarial experience study as of December 31, 2020 and 2019, respectively.

Changes in the Total OPEB Liability

The change in the City's OPEB liability for the years ended December 31, 2020 and 2019 based on measurement date of December 31, 2020 and 2019, respectively, is as follows:

	Total OPEB Liability	
	2020	**2019**
Balance - Beginning of Year	$ 245,438,931	$ 216,466,583
Changes for the Year:		
Service Cost	$ 3,668,723	$ 3,918,121
Interest on the Total OPEB Liability	6,719,143	8,875,260
Differences Between Expected and Actual Experience	17,054,375	24,008,863
Benefit Payments	(7,766,945)	(7,829,896)
Net Changes	19,675,296	28,972,348
Balance - End of Year	$ 265,114,227	$ 245,438,931

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

City Administered Post-Retirement Health Benefits Program (Continued)

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the City's net OPEB liability as of December 31, 2020 and 2019 calculated using the discount rate of 2.12% and 2.74%, respectively, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12% and 1.74%, respectively) or 1-percentage-point higher (3.12% and 3.74%, respectively) than the current rate:

2020	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Net OPEB Liability	$ 288,175,261	$ 265,114,227	$ 245,744,037

2019	1% Decrease (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
Net OPEB Liability	$ 269,128,974	$ 245,438,931	$ 225,449,899

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

The following presents the City's net OPEB liability as of December 31, 2020 and 2019 calculated using the healthcare trend rates as disclosed above as well as what the City's net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

2020	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 242,949,523	$ 265,114,227	$ 289,022,942

2019	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 229,497,364	$ 245,438,931	$ 264,669,588

NOTE 15 RISK MANAGEMENT

The City is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The City has obtained commercial insurance coverage to guard against these events to minimize the exposure to the City should they occur.

The City has established a group health insurance benefit plan (medical and prescription drug) for its employees and their eligible dependents. The City and its retirees contribute to fund the entire cost of the plan. Claims are paid directly by the plan up to a maximum benefit per person, per lifetime of $150,000 with any excess benefit being reimbursed through a Re-Insurance Agreement. The City has not created a liability for loss reserves for claims incurred which were unpaid at December 31, 2020 and 2019. In addition, the City has not created a liability for reserves 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 probably material. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company might be unable to meet their obligations to the City under existing reinsurance agreements. As of December 31, 2020 and 2019 the City has available in the Self Insurance Trust Fund $10,953,191 and $5,846,004, respectively for the payment of self-insured health benefit claims.

Estimates of claims payable and claims incurred, but not reported (IBNR) at December 31, 2020 and 2019 were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of $2,290,000 and $1,815,000, at December 31, 2020 and 2019, respectively is determined based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The City has also established a workers compensation benefit plan for its employees and their eligible dependents. The City contributes to fund the entire cost of the plan. Claims are paid directly by the plan up to a maximum benefit per person, per lifetime of $750,000 with any excess benefit being reimbursed through a Re-Insurance Agreement. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company might be unable to meet their obligations to the City under existing reinsurance agreements. As of December 31, 2020 and 2019 the City has available in the Self- Insurance Trust Fund $815,379 and $556,649, respectively for the payment of unpaid self-insured workers compensation claims.

Estimates of claims payable and claims incurred, but not reported (IBNR) at December 31, 2020 and 2019 for the workers compensation benefit plans were determined based on claim information supplied by the claims administrators and actuary. The unpaid claims liability of $2,325,757 and $2,195,582, at December 31, 2020 and 2019, respectively is determined based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The City has estimated that the balances of claims liabilities for the group insurance medical benefit plan and workers compensation plan for the years ended December 31, 2020 and 2019 are as follows:

	December 31	
	2020	2019
Estimated Claims Liabilities		
Workers Compensation	$2,325,757	$2,195,582
Medical Benefits	2,290,000	1,815,000
	$4,615,757	$4,010,582

NOTE 15 RISK MANAGEMENT (Continued)

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:

Year Ended December 31	City Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2020	$ 150,000	$ 79,561	$ 85,126	$ 196,670
2019		63,975	97,749	52,235
2018	8,600	68,076	89,155	86,009

NOTE 16 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, except as noted below.

Pending Litigation – Bautista Et. E1. v. Hoffman-LaRoche Inc., City of Clifton, and others. This matter is a class action suit that involves multiple alleged releases and plums of contamination and involves thirty-four (34) potentially responsible parties and widely divergent levels and periods of exposure to ground water contamination. The City of Clifton has been named as a direct defendant in the lawsuit. The suit was filed by the adjoining property owners that claim a reduction in their property values based upon the alleged contamination. Hoffman-LaRoche ("Roche") filed a cross claim against the City seeking unspecified damages for past and future costs incurred by Roche as a result of releases of contamination from the City sewer. The City has filed a third-party complaint against E.I. DuPont alleging that DuPont was responsible for discharging PCE, strong acids and bases and other hazardous substances into the City sewer. The City is seeking, inter alia, contributions from DuPont under the New Jersey Spill Compensation and Control Act. Roche has estimated the clean-up costs at up to $10 million. The City has not located any insurance policy that would cover this claim. The City will vigorously contest liability and is seeking potentially responsible parties that may have caused the contamination.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2020 and 2019. Amounts claimed have not yet been determined. The City is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the City does not recognize a liability, if any, until these cases have been adjudicated. The City expects such amounts, if any, could be material. As of December 31, 2020 and 2019, the City reserved $1,737,446 and $2,047,593, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2020 and 2019, significant amounts of grant expenditure have not been audited by the various grantor agencies but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the City.

NOTE 17 FEDERAL ARBITRAGE REGULATIONS

The City is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2020 and 2019, the City has no estimated arbitrage earnings due.

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2020 and 2019, the City provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law"), and the Senior Citizen Nonprofit Rental Housing Tax 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.

- Prior to the enactment of the Long Term Tax Exempt Law (NJSA 40A:20 et.seq.) and under the provisions of the Senior Citizens Nonprofit Rental Housing Tax Law (NJSA 55:141-1), which has since been repealed, allows for the clearance, re-planning, development or redevelopment of blighted areas by means of a non-profit rental housing project for the elderly, developed, erected and owed by a non-profit corporations under the Federal Senior Citizens Housing Loan Program, and pursuant to section 202 of the Federal Housing Act of 1959, as amended; authorizing and providing for the exemption in part of such non-profit rental housing projects from taxation under the law. A qualified municipality could abate for up to 50 years the property taxes on newly construction senior housing. The process beings when the municipality passes by ordinance or resolution, as appropriate, that such residential rental senior housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor to make a PILOT payment to the municipality in an amount equal to a percentage of the annual gross revenue from each senior housing project.

For the years ended December 31, 2020 and 2019 the City abated property taxes totaling $3,862,732 and $3,835,307, respectively under the LTTE and Senior Citizens Nonprofit Rental Housing programs. The City received $1,150,559 and $1,137,557 in PILOT payments under these programs for the years ended December 31, 2020 and 2019, respectively.

NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

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

In compliance with the Governor's executive orders, the City has instituted necessary precautions and procedures, so as to allow the City to continue to provide services during this time. The City is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The City will continue to collect property taxes and other municipal revenues. Because of the evolving nature of the outbreak and federal, state and local responses thereto, the City cannot predict how the outbreak will impact the financial condition or operations of the City, or if there will be any impact on the assessed values of property within the City or deferral of tax payments to municipalities. The City cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. At this time, it is not possible to predict any future financial impacts as a result of this pandemic on the City's operations; however, such amounts, if any, could be material.

NOTE 20 SUBSEQUENT EVENTS

Serial Bonds

On July 20, 2021 the City adopted a resolution for the issuance of $40,960,000 General Obligation Bonds for the purpose of funding various general capital and sewer capital improvements of the City On July 29, 2021 the City awarded the sale of said bonds to R.W. Baird at an interest rate of 2.00% to 4.00% These bonds dated August 19, 2021 will mature over 20 years with the first maturity due August 15, 2022.

On June 1, 2021 the City adopted a refunding bond ordinance authorizing the issuance of up to $2,800,000 in Refunding Bonds to refund certain series 2011 General Obligation Bonds. On July 29, 2021 the City awarded $2,565,000 of said refunding bonds to R.W. Baird at an interest rate of 2.00% to 4.00%. These bonds dated August 19, 2021 will mature over 6 years with the first maturity due August 15, 2022.

Debt Authorized

On May 18, 2021 and August 17, 2021 the City adopted bond ordinances authorizing the issuance of $1,428,000 and $10,450,000, respectively, in Bonds or bond anticipation notes to fund certain general capital and sewer capital projects. As of the date of this report the City has not issued nor awarded the sale of said bonds or notes.

Appropriation of General Capital Fund Balance

On August 17, 2021 the City adopted a capital ordinance appropriating $250,000 of General Capital Fund balance (surplus) for various general capital improvements and acquisitions.

APPENDIX C

FORM OF APPROVING LEGAL OPINION

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WILENTZ
—ATTORNEYS AT LAW—

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

August ___, 2022

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

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City Council of the City of Clifton, in the County of Passaic (the "City"), a municipal corporation organized and existing under the laws of the State of New Jersey, and other proofs submitted to us relative to the authorization, sale, issuance, execution and delivery of the $10,000,000 aggregate principal amount of Bond Anticipation Notes, Series 2022 (the “Notes”) of the City. The Notes are dated August 31, 2022, mature on August 30, 2023, and bear interest at the rate of ____ and _____ hundredths per centum (_____%) per annum.

[The Notes 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. Individual purchases of the Notes will be made in book-entry only form in the principal amount of $5,000 each 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. 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 Notes are not subject to redemption prior to their stated date of maturity.

The Notes are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); and (ii) various bond ordinances duly adopted by the City Council of the City, approved by the Mayor, and published as required by law (the “Ordinances”).

The Notes are being issued to temporarily finance the costs of various general capital improvements and purposes in and by the City in the amount of $10,000,000, including paying the costs associated with the issuance of the Notes.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the authorization, sale, issuance, execution and delivery of the Notes pursuant to the Local Bond Law and the Ordinances; (ii) the Notes have been duly authorized, executed and delivered and constitute valid and legally binding general 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 Notes 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 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 the 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 statutes, regulations, rulings and court decisions, and assuming continuing compliance by the City with the requirements of the Code and the aforementioned covenants and representations stated in its tax certificate, 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 are 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, local or foreign tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state, local or foreign 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.

This opinion is rendered on the basis of Federal law and the laws of the State of New Jersey as enacted and construed on the date hereof.

We have examined the form of the executed Note and, in our opinion, the form of the Note is regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

APPENDIX D

FORM OF CERTIFICATE OF COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

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CERTIFICATE OF COMPLIANCE WITH
SECONDARY MARKET DISCLOSURE REQUIREMENTS

I, JOSEPH D. KUNZ, Chief Financial Officer of the City of Clifton, in the County of Passaic (the "City"), a municipal corporation organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY in connection with the authorization, sale, issuance, execution and delivery of the City's $10,000,000 aggregate principal amount of Bond Anticipation Notes, Series 2022, dated August 31, 2022 and maturing on August 30, 2023 (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 (or its duly appointed Dissemination Agent) will provide notice of certain events (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a Portable Document File (PDF file) to www.emma.msrb.org of any of the following events with respect to the Notes herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment 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 or other material events effecting the tax-exempt status of the security; (7) modifications to rights of security holders, if material; (8) bond calls, if material, and lender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) consummation of a merger, consolidation, or acquisition, or sale of all or substantially all of the assets of the City other than in the ordinary course of business, entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or change of name of a trustee, if material; (15) incurrence of a Financial Obligation (as defined below), 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 (collectively, the "Listed Events").

"*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, through the EMMA system, consistent with the Rule.

If the City (or its duly appointed Dissemination Agent) (a) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (b) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Notes, the City (or its duly appointed Dissemination Agent) shall file a Notice of each such occurrence with the MSRB via EMMA on a timely basis, but no later than ten (10) business days after the receipt of actual knowledge of such events.

The City has appointed Phoenix Advisors, LLC to serve as its dissemination agent for filing certain information on EMMA.

The City's obligations under this Certificate shall terminate upon the redemption, defeasance 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 this _____ day of August, 2022.

CITY OF CLIFTON, IN THE COUNTY OF PASSAIC, STATE OF NEW JERSEY

JOSEPH D. KUNZ,
Chief Financial Officer

Acknowledged and Accepted by:

PHOENIX ADVISORS, LLC,
as Dissemination Agent

Authorized Signatory