

OFFICIAL STATEMENT DATED MARCH 14, 2019

NEW ISSUE (BOOK-ENTRY ONLY)

RATING ON BONDS: S&P: "AA-"

RATING ON NOTES: "SP-1+"

(See "RATINGS" herein)

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

\$15,260,000

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

GENERAL IMPROVEMENT BONDS, SERIES 2019

CALLABLE

Dated: Date of Delivery

Due: April 1, as shown on the inside front cover

\$13,865,000

**CITY OF ENGLEWOOD
IN THE COUNTY OF BERGEN
STATE OF NEW JERSEY
BOND ANTICIPATION NOTES**

NON-CALLABLE

Dated: Date of Delivery

Due: March 27, 2020

Coupon: 3.00%

Yield: 1.70%

CUSIP*: 293191TF9

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

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

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

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

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

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

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

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

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

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

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

ROOSEVELT & CROSS, INC. AND ASSOCIATES

(Bond Underwriter)

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

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

CALLABLE

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

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Interest Rates</u>	<u>Yields</u>	<u>CUSIP Numbers*</u>
2020	\$ 505,000	5.000%	1.450%	293191SH6
2021	505,000	5.000	1.460	293191SJ2
2022	505,000	5.000	1.470	293191SK9
2023	515,000	5.000	1.490	293191SL7
2024	530,000	5.000	1.560	293191SM5
2025	545,000	5.000	1.630	293191SN3
2026	560,000	5.000	1.680	293191SP8
2027	580,000	5.000	1.770	293191SQ6
2028	600,000	5.000	1.890**	293191SR4
2029	625,000	4.000	2.000**	293191SS2
2030	650,000	4.000	2.200**	293191ST0
2031	675,000	4.000	2.350**	293191SU7
2032	705,000	3.000	2.800**	293191SV5
2033	730,000	3.000	2.900**	293191SW3
2034	760,000	3.000	3.000	293191SX1
2035	795,000	3.000	3.040	293191SY9
2036	825,000	3.000	3.100	293191SZ6
2037	860,000	3.000	3.150	293191TA0
2038	895,000	3.125	3.200	293191TB8
2039	925,000	3.125	3.250	293191TC6
2040	965,000	3.250	3.290	293191TD4
2041	1,005,000	3.250	3.320	293191TE2

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

** Yield to the first optional redemption date of April 1, 2027

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

MAYOR

Michael Wildes

CITY COUNCIL

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

CITY ATTORNEY

William J. Bailey, Esq.
Huntington Bailey LLP
Westwood, New Jersey

CHIEF FINANCIAL OFFICER

Michael Kaufmann

CITY CLERK

Yancy Wazirmas

INDEPENDENT AUDITORS

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

MUNICIPAL ADVISOR

NW Financial Group, LLC
Hoboken, New Jersey

BOND COUNSEL

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

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

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

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

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

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

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

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

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

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

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

INTRODUCTION

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

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

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

DESCRIPTION OF THE BONDS

General Description

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

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

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

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

Optional Redemption

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

Notice of Redemption

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

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

Authorization for the Issuance of the Bonds

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

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

Purpose of the Bonds

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

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

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

Payment of Bonds

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

DESCRIPTION OF THE NOTES

General Description

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

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

circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

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

Optional Redemption

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

Authorization for the Issuance of the Notes

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

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

Purpose of the Notes

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

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

Ordinance Number	Description and Date of Final Adoption	Amount
15-13	Providing for Acquisition of Various Fire Equipment and Completion of Various Capital Improvements to Fire Station, finally adopted 11/24/15	312,535
17-03	Providing for Acquisition of Various Equipment and Completion of Various Capital Improvements, finally adopted 6/13/17	<u>5,084,875</u>
TOTAL		<u>\$ 13,865,000</u>

Payment of Notes

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

SECURITY FOR THE BONDS AND NOTES

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

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

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

NO DEFAULT

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

MARKET PROTECTION

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

BOOK-ENTRY ONLY SYSTEM

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

furnished by DTC to the City. Accordingly, the City does not make any representations concerning these matters.

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

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

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

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

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

Beneficial Owners of the Bonds or Notes may wish to ascertain that the nominee holding the Bonds or Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

Discontinuance of Book-Entry Only System

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

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

The City has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of City debt,

including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The City is not required to submit the proposed incurrence of indebtedness to a public referendum.

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

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

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

Short Term Financing

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

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

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

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

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

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

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

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

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

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

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

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

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a

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

Investment of Municipal Funds

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

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

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

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

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the City, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit may examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the

preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

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

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

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

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

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the City is not eligible for local examination of its budget in 2019. The City adopted its 2018 budget in accordance with the procedures described under the heading entitled, "FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)". The City has not introduced its 2019 budget as of the date of this Official Statement.

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

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

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

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the City shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of

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

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

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

Deferral of Current Expenses

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

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

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types

of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

Anticipation of Real Estate Taxes

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

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

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

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

Anticipation of Miscellaneous Revenues

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

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

Debt Statements

The City must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before the end of the first month (January 31) of each fiscal year of the City, the City must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the City Clerk. This report is made under oath and states the authorized, issued and unissued debt of the City as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the City's

authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

CAPITAL IMPROVEMENT PROGRAM

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

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

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

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

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

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

The provisions of chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures, minimum bidding terms and requires the review and approval of the sale by the Division.

Tax Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 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 Bonds and Notes in order for the interest on the Bonds and Notes to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds or Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds and Notes. The City will represent in its tax certificate that it expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

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

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

Original Issue Premium

The Bonds maturing on April 1 in the years 2020 through 2033, inclusive (collectively, the "Premium Bonds"), were purchased at a premium ("original issue premium") over the stated principal amounts of the Bonds. For federal income tax purposes, original issue premium generally must be amortized over the term of the Premium Bonds. Amortizable bond premium is accounted for as reducing the tax-exempt interest on the Premium Bonds rather than creating a deductible expense or loss. Under Section 171(a)(2) of the Code, no deduction is allowed for the amortizable bond premium (determined in accordance with Section 171(b) of the Code) on tax-exempt bonds. Under Section 1016(a)(5) of the Code, however, an adjustment must be made to the purchaser's basis in the Premium Bonds to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(a)(2) of the Code. Holders of the Premium Bonds should consult their tax advisors for an explanation of the bond premium amortization rules.

Original Issue Discount

Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on April 1 in the years 2035 through 2041, inclusive (collectively, the "Discount Bonds"), and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the Discount Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is treated as interest and is excludable from gross income for federal income tax purposes to the same extent described above. In the case of any holder of the Discount Bonds, the

amount of such original issue discount which is treated as having accrued with respect to the Discount Bonds is added to the cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the Discount Bonds should consult their tax advisors for an explanation of the original issue discount rules.

Additional Federal Income Tax Consequences Relating to Bonds and Notes

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

State Taxation

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

Prospective Tax Law Changes

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

Other Tax Consequences

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

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

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

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their

control in any obligations of the City, including the Bonds and Notes, and such Bonds and Notes are authorized security for any and all public deposits.

RISK TO HOLDERS OF BONDS AND NOTES

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

Municipal Bankruptcy

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

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

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

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

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

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

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

CERTIFICATES OF THE CITY

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

APPROVAL OF LEGAL PROCEEDINGS

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

ADDITIONAL INFORMATION

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

MUNICIPAL ADVISOR

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

LITIGATION

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

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE BONDS

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

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

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES

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

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

PREPARATION OF OFFICIAL STATEMENT

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

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

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

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

RATINGS

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

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

UNDERWRITING

The Bonds have been purchased from the City at a public sale by Roosevelt & Cross, Inc. and Associates (the "Bond Underwriter") at a price of \$16,064,137.91. The purchase price of the Bonds reflects the par amount of Bonds (\$15,260,000.00), plus a net original issue premium in the amount of \$965,438.90, less an Underwriter's discount in the amount of \$161,300.99.

The Notes have been purchased from the City at a public sale by J.P. Morgan Securities LLC (the "Note Underwriter") at a price of \$14,040,114.95. The purchase price of the Notes reflects the par amount of Notes (\$13,865,000.00), plus an original issue premium in the amount of \$176,640.10, less an Underwriter's discount in the amount of \$1,525.15

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

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

FINANCIAL STATEMENTS

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

MISCELLANEOUS

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

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

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

CITY OF ENGLEWOOD

/s/ Michael Kaufmann
MICHAEL KAUFMANN,
Chief Financial Officer

DATED: March 14, 2019

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APPENDIX A

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

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GENERAL INFORMATION

General Information

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

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

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

Form of Government

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

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

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

Municipal Services

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

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

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

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

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

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

Parks, Recreation and Open Spaces

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

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

Utilities

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

Transportation

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

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

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

ECONOMIC AND DEMOGRAPHIC INFORMATION

Labor Force, Employment and Unemployment¹

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

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

Population²

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

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

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

² Source: U.S. Census Bureau

Income as of 2017 ³

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

**BUDGET INFORMATION
Current Fund**

	<u>2018⁴</u>	<u>2017⁵</u>	<u>2016⁶</u>
Anticipated Revenues			
Fund Balance	\$1,750,000	\$1,635,600	\$3,300,000
Miscellaneous Revenues	9,147,808	10,100,981	11,064,346
Receipts from Delinquent Taxes	45,000	54,000	30,000
Amount to be Raised by Taxes for Support of Municipal Budget	53,862,942	51,360,273	47,969,570
	<hr/>	<hr/>	<hr/>
	\$64,805,750	\$63,150,854	\$62,363,916
Appropriations			
Salaries and Wages	\$30,978,547	\$28,141,262	\$28,483,000
Other Expenses	19,326,690	21,529,125	20,739,170
Deferred Charges and Statutory Expenditures	6,909,304	6,346,742	6,024,446
Capital Improvement Fund	390,725	267,625	500,000
Municipal Debt Service	6,922,050	6,566,100	6,317,300
Reserve for Uncollected Taxes	278,434	300,000	300,000
	<hr/>	<hr/>	<hr/>
	\$64,805,750	\$63,150,854	\$62,363,916

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

⁴ Source: City of Englewood 2018 Budget

⁵ Source: City of Englewood 2017 Budget

⁶ Source: City of Englewood 2016 Budget

FINANCIAL INFORMATION

Current Fund Balance and Amounts Utilized in Succeeding Year's Budget⁷

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

Current Tax Collections⁷

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

Delinquent Taxes and Tax Title Liens⁷

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

* Unaudited

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

Assessed Valuation of Property Owned by the City Acquired for Taxes⁸

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

Ten Largest Taxpayers⁸

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

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

* Unaudited

⁸ Source: Tax Assessor

Assessed Valuation Land Improvements by Class⁹

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

Assessed Valuations Net Valuation Taxable¹⁰

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

⁹ Source: City of Englewood

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

Components of Real Estate Tax Rate¹¹
(Per \$100 of Assessment)

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

**Includes Library*

DEBT INFORMATION

Debt Statements

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

Debt Incurring Capacity as of December 31, 2018¹²

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

¹¹ Source: Tax Collector

¹² Source: City of Englewood 2018 Annual Debt Statement

Gross and Statutory Net Debt as of December 31, 2018¹³

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

Statement of Indebtedness as of December 31, 2018¹³

General Purposes

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

Local School

Bonds Issued and Outstanding	9,545,000
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Total Gross Debt

\$99,294,594

Statutory Deductions

Municipal Purposes	-
Local School	9,545,000

Total Net Debt

\$89,749,594

Overlapping Debt

County of Bergen ¹⁴	\$39,718,030
Bergen County Utilities Authority ¹⁵	7,741,521

Overlapping Debt Plus Net Debt of City

\$137,209,145

¹³ Source: City of Englewood 2018 Annual Debt Statements

¹⁴ Source: Calculated Based on County of Bergen 2018 Annual Debt Statement

¹⁵ Source: Calculated Based on Bergen County Utilities Authority 2017 Audited Financial Statement

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

APPENDIX B

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

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

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LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
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DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
ROBERT LERCH, CPA

ACCOUNTANT’S COMPILATION REPORT

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

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

As described more fully in Note 1, the City of Englewood has prepared these financial statements in accordance with the financial and accounting reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. The effect on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

By/s/

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

Fair Lawn, New Jersey
February 28, 2019

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

ASSETS**Current Fund**

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

Receivables and Other Assets with Full Reserves:

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

Deferred Charges:

Special Emergency Authorizations	<u>800,000</u>
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Total Current Fund	<u>19,540,257</u>
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Grant Fund

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

Total State and Federal Grant Fund	<u>496,971</u>
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Total	<u><u>\$ 20,037,228</u></u>
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**CITY OF ENGLEWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT AND GRANT FUNDS
AS OF DECEMBER 31, 2018 (UNAUDITED)**

LIABILITIES, RESERVES AND FUND BALANCE

Current Fund

Liabilities

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

Grant Fund

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

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

REVENUES AND OTHER INCOME

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

EXPENDITURES

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

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

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

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

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

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

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

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

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

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

	Appropriations		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Maintenance of Free Public Library	\$ 2,105,870	\$ 2,105,870	\$ 2,105,306	\$ 564	
Reserve for Tax Appeals	553,000	600,000	600,000		
Total Other Operations Excluded from "CAPS"	6,219,870	6,266,870	6,255,471	11,399	-
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES					
Reach & Teach	24,000	24,000	24,000		
Municipal Alliance - State Share	20,000	20,000	20,000		
Municipal Alliance - Local Share	5,000	5,000	5,000		
Drunk Driving Enforcement Fund		3,776	3,776		
Clean Communities Grant		46,648	46,648		
Drive Sober or Get Pulled Over		1,465	1,465		
FDA Retail Standards		4,123	4,123		
CDBG - Heart Health		8,380	8,380	-	-
Total Public and Private Revenues Offset by Revenues	49,000	113,391	113,391	-	-
Total Operations Excluded from "CAPS"	6,268,870	6,380,261	6,368,862	11,399	-
DETAIL:					
Salaries and Wages	2,105,870	2,105,870	2,105,306	564	-
Other Expenses	4,163,000	4,274,391	4,263,556	10,835	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	390,725	343,725	343,725	-	-
Total Capital Improv. - Excl. from "CAPS"	390,725	343,725	343,725	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	2,090,000	2,090,000	2,085,000		\$ 5,000
Interest on Bonds	646,050	646,050	645,875		175
Payment of Bond Anticipation Notes and Capital Notes	1,075,000	1,075,000	1,073,288		1,713
Interest on Notes	896,000	896,000	871,857		24,143
Interest on Loans	5,000	5,000	-		5,000
BCIA Lease Agreement -Principal and Interest	2,210,000	2,210,000	2,210,000	-	
Total Mun. Debt Service - Excl. from "CAPS"	6,922,050	6,922,050	6,886,019	-	36,031
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Deferred Charges:					
Special Emergency Authorizations	200,000	200,000	200,000		
Total Deferred Charges - Municipal Excluded from "CAPS"	200,000	200,000	200,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	13,781,645	13,846,036	13,798,607	11,399	36,031

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

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

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

ASSETS**Assessment Trust Fund**

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

Animal Control Trust Fund

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

Community Development Block Grant Fund

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

Unemployment Compensation Trust Fund

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

Other Trust Fund

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

Total Other Trust Fund	<u>6,632,373</u>
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	<u>\$ 10,692,609</u>
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**CITY OF ENGLEWOOD
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2018 (UNAUDITED)**

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

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

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

EXHIBIT B-2

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

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

EXHIBIT B-3

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

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

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

ASSETS

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

LIABILITIES, RESERVES AND FUND BALANCE

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters

Prior Year's Financial Statements Audited by Other Auditors

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

Other Reporting Required by Government Auditing Standards

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

By/s/

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

Fair Lawn, New Jersey
July 18, 2018

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

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

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2017 STATEMENT OF EXPENDITURES

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

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

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

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

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

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

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

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

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

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

2016 STATEMENT OF EXPENDITURES

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

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

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

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

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

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

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

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

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

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

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

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

EXHIBIT B-2

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

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

EXHIBIT B-3

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

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

FOR THE YEAR ENDED DECEMBER 31, 2016

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Description of Regulatory Basis of Accounting

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The City has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

General Fixed Assets are stated as follows:

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

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

No depreciation has been provided for in the financial statements.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

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

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

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

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

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

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

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

B. Investments

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

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

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

C. Cash With Fiscal Agents

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

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

NOTE 4 TAXES RECEIVABLE

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

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

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

NOTE 5 DUE TO/FROM OTHER FUNDS

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

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

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

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

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

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

NOTE 7 FUND BALANCES APPROPRIATED

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

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

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

NOTE 8 FIXED ASSETS

A. General Fixed Assets

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

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

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

NOTE 9 MUNICIPAL DEBT

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

The City's debt is summarized as follows:

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

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

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

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

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

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

Statutory Borrowing Power

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

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

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

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

Assessment Trust Bonds

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

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

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

B. Capital Loan

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

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

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

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

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Prior Year Defeasance of Debt

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

Guarantee of Debt

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

Changes in Long-Term Municipal Debt

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

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

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

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

B. Short-Term Debt

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

Bond Anticipation Notes – General Capital Fund

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

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes – General Capital Fund (Continued)

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

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

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

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

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Special Emergency Notes

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

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

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

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

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

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

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

Changes in Other Long-Term Liabilities

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

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

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

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

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

Other Pension Funds

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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

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

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

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

Basis of Accounting

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

Investment Valuation

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

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

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

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

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

Public Employees Retirement System (PERS)

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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

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

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

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

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

Sensitivity of Net Pension Liability

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

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen’s Retirement System (PFRS)

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

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

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

Actuarial Assumptions

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

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

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

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

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

Sensitivity of Net Pension Liability

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

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

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

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

Pension Plan Fiduciary Net Position

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

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

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

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

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

Basis of Accounting

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Investment Valuation

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

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

Post-Retirement Medical Benefits Contribution

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

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

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

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

NOTE 14 RISK MANAGEMENT

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

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

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

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

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

NOTE 14 RISK MANAGEMENT (Continued)

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

The GSMJIF offers the following coverages to its members:

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

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

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

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

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

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

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

NOTE 15 CONTINGENT LIABILITIES

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

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

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

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

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

NOTE 17 TAX ABATEMENTS

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

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

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

NOTE 18 SUBSEQUENT EVENTS

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

Bond Anticipation Notes

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

Debt Authorized

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

APPENDIX C

FORM OF APPROVING LEGAL OPINION FOR THE BONDS

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

March 28, 2019

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

Ladies and Gentlemen:

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

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

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rates</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rates</u>
2020	\$505,000	5.000%	2031	\$ 675,000	4.000%
2021	505,000	5.000	2032	705,000	3.000
2022	505,000	5.000	2033	730,000	3.000
2023	515,000	5.000	2034	760,000	3.000
2024	530,000	5.000	2035	795,000	3.000
2025	545,000	5.000	2036	825,000	3.000
2026	560,000	5.000	2037	860,000	3.000
2027	580,000	5.000	2038	895,000	3.125
2028	600,000	5.000	2039	925,000	3.125
2029	625,000	4.000	2040	965,000	3.250
2030	650,000	4.000	2041	<u>1,005,000</u>	3.250
			Total:	<u>\$ 15,260,000</u>	

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

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

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

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

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

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

The Bonds maturing on April 1 in the years 2020 through 2033, inclusive (collectively, the "Premium Bonds"), have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Premium Bonds and not as interest.

We are also of the opinion that the difference between the stated principal amount of the Bonds maturing on April 1 in the years 2035 through 2041, inclusive (collectively, the "Discount Bonds"), and their respective initial public offering prices to the public (excluding bond houses, brokers or similar person or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the Discount Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is treated as interest and is excludable from gross income for Federal

income tax purposes to the same extent described above. In the case of any holder of the Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to the Discount Bonds is added to the cost basis of the holder in determining, for Federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the Discount Bonds should consult their tax advisors for an explanation of the original issue discount rules.

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

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

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

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

APPENDIX D

FORM OF APPROVING LEGAL OPINION FOR THE NOTES

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

March 28, 2019

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

Ladies and Gentlemen:

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

\$13,865,000
BOND ANTICIPATION NOTES

NON-CALLABLE

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

Dated: March 28, 2019

The \$13,865,000 Bond Anticipation Notes (the "Notes") of the City, are dated March 28, 2019, mature March 27, 2020 and bear interest at the rate of three and zero hundredths per centum (3.00%) per annum. The Notes are issued in fully registered form without coupons, initially registered in the name of, and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes will be made in book-entry only form in the principal amount of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required. The Notes are issued in book-entry only form and are not subject to redemption prior to maturity. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the City or a duly designated paying agent directly to Cede & Co., as nominee for DTC.

The bonds in anticipation of which the Notes are issued have been authorized pursuant to various bond ordinances of the City having been in all respects duly adopted, approved and published as required by law, and a resolution duly adopted by the City

Council of the City on March 5, 2019. The Notes are being issued for the purpose of refunding, on a current basis (along with a \$7,944,585 budgeted paydown of the City), a \$21,809,585 portion of prior bond anticipation notes of the City issued in the amount of \$37,070,000 on April 3, 2018 and maturing on April 2, 2019.

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

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

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

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

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

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

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

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated March 28, 2019 (the "Disclosure Certificate") is executed and delivered by the City of Englewood, in the County of Bergen, State of New Jersey (the "City" or the "Issuer") in connection with the issuance of its \$15,260,000 aggregate principal amount of General Improvement Bonds, Series 2019 (the "Bonds"), all such Bonds being dated their date of delivery. The Bonds are being issued pursuant to various bond ordinances duly adopted by the City Council of the City, approved and published as required by law, and a resolution entitled, "RESOLUTION (A) PROVIDING FOR THE COMBINATION OF CERTAIN BOND ORDINANCES AND DETERMINING THE FORM AND OTHER DETAILS OF THE OFFERING OF \$15,260,000 GENERAL IMPROVEMENT BONDS, SERIES 2019 OF THE CITY OF ENGLEWOOD, IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY AND PROVIDING FOR THEIR SALE AND (B) AUTHORIZING THE SALE AND ISSUANCE OF \$13,865,000 BOND ANTICIPATION NOTES" (the "Resolution"), being duly adopted by the City Council of the City on March 5, 2019. The City covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

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

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

“State” shall mean the State of New Jersey.

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

SECTION 3. Provision of Annual Reports. (a) The City shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the City's reporting obligations under this Disclosure Certificate pursuant to the provisions of Section 6 of this Disclosure Certificate provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the City (commencing for the fiscal year ending December 31, 2018). Each Annual Report provided to the Dissemination Agent by the City shall comply with the requirements of Section 4 of this Disclosure Certificate but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

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

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

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

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

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

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

(3) The general financial information and operating data of the City consistent with the information set forth in Appendix A to the Official Statement dated March 14, 2019 prepared in connection with the sale of the Bonds (the "Official Statement"), consisting of (1) City indebtedness (2) property valuation information, and (3) tax rate, levy and collection data.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) If to the City:

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

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

NW Financial Group, LLC
2 Hudson Place, 3rd Floor
Hoboken, New Jersey 07030

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

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

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

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

CITY OF ENGLEWOOD

By: _____
MICHAEL KAUFMANN,
Chief Financial Officer

EXHIBIT A

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

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

Name of Issue: \$15,260,000 General Improvement Bonds, Series 2019
Dated: March 28, 2019
(CUSIP Number: 293191TE2)

Date of Issuance: March 28, 2019

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

DATED: _____

DISSEMINATION AGENT
(on behalf of the City)

cc: The City

APPENDIX F

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

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

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

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

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

In the event the City fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of

the provisions of this Certificate or the City's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the City, the Purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the City and caused the official seal of the City to be hereunto affixed and attested to by the Clerk of the City this 28th day of March, 2019.

CITY OF ENGLEWOOD

(SEAL)

MICHAEL KAUFMANN,
Chief Financial Officer

YANCY WAZIRMAS,
City Clerk