

OFFICIAL STATEMENT DATED JULY 30, 2019

**NEW ISSUE
BOOK-ENTRY ONLY**

NOT RATED

In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, assuming continuing compliance by the Township of River Vale (the "Township") with certain covenants described herein, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended ("Code"), for purposes of computing the federal alternative minimum tax. No opinion is expressed regarding other federal tax consequences arising with respect to the Notes. Further, in the opinion of Bond Counsel, under current law interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**\$12,157,000 GENERAL OBLIGATION NOTES
Consisting of
\$9,878,669 GENERAL IMPROVEMENT BOND ANTICIPATION NOTES,
\$1,506,331 GOLF COURSE UTILITY BOND ANTICIPATION NOTES
and
\$772,000 SPECIAL EMERGENCY NOTES
OF THE
TOWNSHIP OF RIVER VALE
IN THE COUNTY OF BERGEN, NEW JERSEY**

Dated: Date of Delivery

Due: July 17, 2020

The \$12,157,000 aggregate principal amount of General Obligation Notes (the "Notes"), consisting of \$9,878,669 General Improvement Bond Anticipation Notes, \$1,506,331 Golf Course Utility Bond Anticipation Notes and \$772,000 Special Emergency Notes are general obligations of the Township of River Vale, in the County of Bergen, New Jersey (the "Township"), and are secured by a pledge of the full faith and credit of the Township for payment of the principal thereof and interest thereon. The Notes are payable, if not paid from other sources, from ad valorem taxes which may be assessed upon all the taxable property within the Township without limitation as to rate or amount.

The Notes shall be issued in the form of one certificate in the aggregate principal amount of the Notes of each series and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Notes may be in book-entry from only on the records of DTC and its Participants and only in the principal amount of \$1,000 or any integral multiple thereof with a minimum of \$5,000 required. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the Notes will be payable at maturity on July 17, 2020. Principal and interest on the Notes will be paid to DTC by the Township. 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 are not subject to redemption prior to maturity.

**INTEREST
RATE**

1.75%

YIELD

1.39%

The Notes are offered when, as and if issued and delivered to the Purchaser, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Teaneck, New Jersey, and certain other conditions described herein. It is expected that the Notes will be available for delivery to DTC on or about August 8, 2019.

TD SECURITIES (USA) LLC

**TOWNSHIP OF RIVER VALE
BERGEN COUNTY, NEW JERSEY**

MAYOR

Glen Jasionowski

TOWNSHIP COUNCIL

Mark Bromberg, Council President
Paul J. Criscuolo, Council Vice-President
Ari Ben-Yishay
John Donovan
Denise Sieg

TOWNSHIP CLERK

Karen Campanelli

BUSINESS ADMINISTRATOR/CHIEF FINANCIAL OFFICER

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

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

BOND COUNSEL

DeCotiis, FitzPatrick, Cole & Giblin, LLP
Teaneck, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Township. The information contained herein has been obtained from the Township, DTC and other sources which are believed to be reliable; however, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation or warranty of the Township. 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 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.

References in this Official Statement to laws, rules, regulations, ordinances, resolutions, 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 copies of which may be inspected at the offices of the Township during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Township from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Notes described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Township.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement. If given or made, such other information or representation must not be relied upon as having been authorized by the Township or the Purchaser. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used in whole or in part for any other purpose.

DeCotiis, FitzPatrick, Cole & Giblin, LLP, has not participated in the preparation of the financial statements or statistical information contained in this official statement, nor has it verified the accuracy, completeness, or fairness thereof, and accordingly, express no opinion with respect thereto.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TOWNSHIP AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT
OF THE
TOWNSHIP OF RIVER VALE
IN THE COUNTY OF BERGEN, NEW JERSEY
\$12,157,000 GENERAL OBLIGATION NOTES
Consisting of
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and
\$772,000 SPECIAL EMERGENCY NOTES

INTRODUCTION

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the Township of River Vale (the "Township"), in the County of Bergen (the "County"), State of New Jersey (the "State"), to provide certain information in connection with the sale and issuance by the Township of its \$12,157,000 General Obligation Notes consisting of \$9,878,669 General Improvement Bond Anticipation Notes (the "General Notes"), \$1,506,331 Golf Course Utility Bond Anticipation Notes (the "Golf Course Notes") and \$772,000 Special Emergency Notes (the "Special Emergency Notes" and together with the General Notes and the Golf Course Notes, the "Notes"), dated the date of delivery thereof.

This Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

THE NOTES

General Description

The Notes shall be dated and shall bear interest from their date of delivery and shall mature on July 17, 2020. The Notes shall bear interest at the rate set forth on the cover hereof, which interest is payable on July 17, 2020. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as Securities Depository for the Notes. 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. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its Direct Participants and transfers of the interests among its Direct Participants. The Direct Participants and Indirect 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 Township or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial owners of the Notes.

Prior Redemption

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

BOOK-ENTRY ONLY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to Direct and Indirect Participants (defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations as to the completeness or accuracy of such information.

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

DTC, the world's largest 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 2.2 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. 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 Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent, on 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, the Township as Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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 depository with respect to the Notes at any time by giving reasonable notice to the Township as Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, note certificates will be printed and delivered.

The Township may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 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 Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

NEITHER THE TOWNSHIP NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

Discontinuation of Book-Entry Only System

If the Township, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, the Township will attempt to locate another qualified Securities Depository. If the Township fails to find such Securities Depository, or if the Township determines, in its sole discretion, that it is in the best interest of the Township or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Township undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the Township shall notify DTC of the termination of the book-entry only system.

In the event that the book-entry only system for the Notes is discontinued upon receipt of the Note certificates from DTC and the Participant information, the Township will authenticate (or cause to be authenticated) and deliver definitive Notes to the holders thereof, and the principal of and interest on the Notes will be payable and the Notes may thereafter be transferred or exchanged in the manner described in the note certificates so provided.

AUTHORIZATION AND PURPOSE OF THE NOTES

The General Notes and the Golf Course Notes have been authorized and are issued pursuant to the laws of the State, including the Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), and the various bond ordinances of the Township, as set forth below. The bond ordinances were published in full or by 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 Township.

The Special Emergency Notes have been authorized and are issued pursuant to the laws of the State, including the Local Budget Law, Chapter 4 of Title 40A of the New Jersey Statutes, as amended (the "Local Budget Law"). The Local Budget Law provides that unless a suit, action or proceeding questioning the authorization, sale or execution or otherwise questioning the validity of notes issued pursuant to the Local Budget law is begun prior to the delivery of such notes, any such notes reciting that they are issued pursuant to the Local Budget Law shall, after the delivery thereof, be conclusively presumed to be fully authorized by the laws of the State of New Jersey and to have been sold, executed and delivered in accordance therewith and the validity of such notes shall not be questioned.

The Notes are being issued to (i) currently refund \$9,209,200 aggregate principal amount of the Township's outstanding Bond Anticipation Notes maturing August 9, 2019; (ii) currently refund \$772,000 of the Borough's Special Emergency Notes maturing on August 9, 2019 and (iii) provide \$2,175,800 of additional monies for the projects described below; and (iv) pay costs and expenses incidental to the issuance of the delivery of the Notes.

| Ord # | Description | Amount |
|--------------------------------|---------------------------------------|----------------------|
| <u>General Capital Notes</u> | | |
| 239-2010 | Acquisition of Property - Mesker Site | \$ 3,563,165 |
| 301-2015 | Various Capital Improvements | 1,339,956 |
| 311-2016 | Various Capital Improvements | 870,671 |
| 323-2017 | Various Capital Improvements | 898,975 |
| 338-2018 | Various Capital Improvements | 1,030,102 |
| 347-2018 | New Public Safety Building | 950,000 |
| 353-2019 | Various Capital Improvements | <u>1,225,800</u> |
| | <i>Total Capital Notes</i> | <i>9,878,669</i> |
| <u>Golf Course Notes</u> | | |
| 302-2015 | Various Golf Course Improvements | 252,331 |
| 339-2018 | Various Golf Course Improvements | <u>1,254,000</u> |
| | <i>Total Golf Course Notes</i> | <i>1,506,331</i> |
| <u>Special Emergency Notes</u> | | |
| 342-2018 | Terminal Pay | <u>772,000</u> |
| | <i>Total Terminal Pay Notes</i> | <u>772,000</u> |
| | Total Notes | <u>\$ 12,157,000</u> |

SECURITY AND SOURCE OF PAYMENT

The Notes are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. The Notes are direct obligations of the Township and, to the extent that other monies are not available, the Township is required by law to levy ad valorem taxes upon all the real property taxable within the Township for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

NO DEFAULT

The Township has never defaulted in the payment of any bonds or notes, nor are any payments of principal of or interest on the Township's indebtedness past due.

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects

bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized. All bonds and notes issued by the Township are general full faith and credit obligations.

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

This 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 licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

The chief financial officer of every local unit must file annually with the Director a verified statement of financial condition of the local unit and all constituent boards, agencies or commissions.

The annual audit report is filed with the Township Clerk and is available for review during business hours.

Debt Limits

The authorized bonded indebtedness of a municipality in the State of New Jersey is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its equalized valuation basis. The equalized valuation basis of the municipality is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain class II railroad property within its boundaries as annually determined by the State Board of Taxation.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Exceptions to Debt Limits-Extensions of Credit

The debt limit of the Township may be exceeded with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs, State of New Jersey, a State regulatory agency (the "Board"). If all or any part of a proposed debt authorization would exceed its debt limit, the Township must apply to the Board for an extension of credit. If the Board determines that a proposed debt authorization would not materially impair the ability of the Township to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Board to fund certain bonds and notes, 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).

Short-Term Financing

The Township may issue bond anticipation notes to temporarily finance capital improvements. Bond anticipation notes, which are general obligations of the Township, may be issued for a period not exceeding one year. Generally, bond anticipation notes may not be outstanding longer than 10 years. Additionally, beginning in the third year, the amount of outstanding notes that may be renewed is decreased by not less than the minimum amount required for the first year principal payment of bonds in anticipation of which such notes are issued.

School Debt Subject to Voter Approval

State Law permits the school district, upon approval of the voters, to authorize school district debt, including, debt in excess of its independent debt limit by using the available borrowing capacity of the Township. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the Township, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

MUNICIPAL BUDGET

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.) the Township is required to have a balanced budget in which debt service is included in full for each fiscal year.

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

The foundation of the New Jersey local finance system is the annual cash basis budget. The Township must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the "Director") prior to final adoption of the budget. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director is required to review the adequacy of such appropriations, among others, for certification.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis". No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10).

The principal sources of Township revenues are real estate taxes and miscellaneous revenues.

In any year, the municipality may authorize, by resolution, the issuance of tax anticipation notes which may be issued in anticipation of the collection of taxes for such year. Tax anticipation notes, are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty (120) days after the close of the fiscal year.

Real Estate Taxes

The general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to delinquent property taxes. N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The 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."

Section 41 of the Local Budget Law provides with regard to current taxes that: "Receipts 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 such preceding fiscal year."

The 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 product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

Levy Required to Balance Budget

Prior Year's Percentage of Current = Total Taxes to be Levied
Tax Collections (or lesser %)

Miscellaneous Revenues

Section 26 of the Local Budget Law provides: "no 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." The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

Limitations on Municipal Appropriations and Tax Levy

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "cost-of-living adjustment". The cost-of-living adjustment is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the cost-of-living adjustment subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the cost-of-living adjustment is 2.5% or less.

Additionally, P.L. 2007, c. 62, effective April 3, 2007, imposed a 4% cap on the tax levy of a municipality, county, fire district, or solid waste collection district, with certain exclusions and allowing waivers by the Local Finance Board, and on July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment, reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for capital expenditures, including debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on its bonds or notes.

Deferral of Current Expense

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revaluation of real property, codification of ordinances, master plan preparations and contractually required severance liabilities, which may be amortized over five years.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval by the governing body.

Fiscal Year

The Township's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of New Jersey required municipalities with populations in excess of 35,000 or which received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption is granted. Municipalities not meeting the criteria for a mandatory change have the option to choose to change to the State fiscal year. The Township did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

Budget Process

Primary responsibility for the Township's budget process lies with the Township Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Township operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Township may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

TAX MATTERS

The Township has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Notes under the Internal Revenue Code of 1986, as amended ("Code"). Failure to comply with certain requirements of the Code could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, to be delivered at the time of original issuance of the Notes, assuming continuing compliance by the Township with certain covenants described herein, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax. No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Notes.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Notes in order to assure that the interest on the Notes will be and remain excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Notes be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The Township has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Notes will be and will remain excluded from gross income for federal income tax purposes. The Township will deliver its Arbitrage and Tax Certificate concurrently with the issuance of the Notes, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the Township. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Township in connection with the Notes, and Bond Counsel has assumed compliance by the Township with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In the opinion of Bond Counsel, under current law interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

The opinions of Bond Counsel are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date of the opinions, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for their opinions or to any laws or judicial decisions hereafter enacted or rendered. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken after the date of the opinions or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Notes.

Bank Qualification. The Notes will **not** be designated as qualified under Section 265 of the Code by the Township for an exemption from the denial of deduction for interest paid by the financial institutions to purchase or to carry tax exempt obligations.

Branch Profits Tax. Section 884 of the Code imposes on foreign corporations a branch profits tax equal to 30 percent of the "dividend equivalent amount" for the taxable year, unless modified, reduced or eliminated by income tax treaty in certain instances. Interest on the Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation for purposes of the branch profits tax.

S Corporation Tax. Section 1375 of the Code imposes a tax on the "excess net passive income" of certain S corporations with passive investment income in excess of 25 percent of gross receipts for a taxable year. The U.S. Department of Treasury has issued regulations indicating that interest on tax-exempt obligations, such as the Notes, held by an S corporation would be included in the calculation of excess net passive income.

Other Federal Tax Consequences. Owners of the Notes should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations. Owners of the Notes should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

Possible Government Action. Legislation affecting municipal obligations is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax-exempt obligations. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Notes involving either the Notes or other tax-exempt obligations will not have an adverse effect on the tax-exempt status or market price of the Notes.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

LITIGATION

To the knowledge of the Township Attorney, there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Notes, the levy or the collection of any taxes to pay the principal of or the interest on the Notes or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of the taxes, affecting the validity of the Notes or the levy or the collection of taxes or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers of the Township to their respective offices.

Additionally, there is at present no single action pending or threatened against the Township which would impose an undue financial burden on the Township. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Township is a party-defendant in certain law suits, none of a kind unusual for a Township of its size, and none of which, in the opinion of the Township Attorney, would adversely impair the Township's ability to pay its noteholders. All of the Township's tort actions are being defended by either an insurance company or insurance underwriters. Pending municipal real estate tax appeals are limited in number. The Township would fund the ultimate liability arising from tax appeals from amounts currently reserved, succeeding years' budgets or after obtaining the approval of the Local Finance Board, the issuance of tax appeal refunding bonds or notes. Such resolution would not in any way endanger the Township's ability to pay its noteholders.

THE FEDERAL BANKRUPTCY ACT

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 *et seq.*, as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditor's rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the 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, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, 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 such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of the State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX 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 Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, sale, issuance and delivery of the Notes are subject to the approval of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Teaneck, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be substantially in the form provided in Appendix C. Certain legal matters will be passed on for the Township by its Counsel, Silvana D. Raso, Esq., Englewood Cliffs, New Jersey.

CONTINUING DISCLOSURE

The Township has covenanted for the benefit of the holders and beneficial owners of the Notes to provide notices of the occurrence of certain enumerated events. The event notices will be provided to the Municipal Securities Rulemaking Board (the "MSRB") and will be in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is prescribed by the MSRB. The specific nature of the information to be contained in the event notices is set forth in "APPENDIX D – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

In the event that the Township fails to comply with the above-described undertaking and covenants, the Township shall not be liable for any monetary damages, remedy of the beneficial owners of the Notes being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the Township from time to time, without the consent of the Noteholders or the beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

The Township has filed its required disclosure, in accordance with the Rule, in a timely manner under previous filing requirements. The Township has appointed Phoenix Advisors, LLC to serve as continuing disclosure agent.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as municipal advisor to the Township with respect to the issuance of the 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 this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

UNDERWRITING

The Notes have been purchased by TD Securities (USA) LLC at a purchase price of \$12,196,267.11.

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchaser of the Notes, by certificate signed by the Chief Financial Officer, that to his knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The firm of Lerch, Vinci & Higgins, LLP, Fair Lawn, New Jersey, Certified Public Accountants and Registered Municipal Accountants, assisted in the preparation of information contained in this Official Statement, and takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report.

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

DeCotiis, FitzPatrick, Cole & Giblin, LLP, Teaneck, New Jersey has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement including information additional to that contained herein may be directed to Gennaro Rotella, Chief Financial Officer, Township of River Vale, 406 Rivervale Road, River Vale, New Jersey, 07675, telephone 201-664-2346 extension 1007.

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 agreement between the Township and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the Township, the County of Bergen, 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 Township by the Chief Financial Officer.

TOWNSHIP OF RIVER VALE

By /s/ Gennaro Rotella
Gennaro Rotella
Chief Financial Officer

Dated: July 30, 2019

APPENDIX A
CERTAIN INFORMATION OF THE
TOWNSHIP OF RIVER VALE

GENERAL INFORMATION

Size and Geographical Location

The Township of River Vale (the "Township") is a medium sized residential community located in the north central part of Bergen County, New Jersey and is situated 10 miles west of New York City.

The Township is approximately 4.31 square miles in area and borders the Boroughs of Emerson, Harrington Park, Hillsdale, Montvale, Old Tappan, Park Ridge and Westwood.

Governmental Structure

The Township is managed under the policies of the Mayor and Township Council which are elected by the people for three-year terms. The terms of the governing body are staggered so that in one election year the Mayor and two Councilmen are elected; in the second year, three Councilmen are elected; and in the third year, no members of the governing body are elected. Elections are conducted on a partisan basis, with the political parties nominating candidates in the primary election, and the voters electing candidates in the general election from amongst the persons nominated in the primary election.

The Mayor is the presiding officer of the Township Council and is Chief Executive of the community. The Township Council serves as the governing body of the Township and has the power to organize and regulate the internal affairs of the Township. The Mayor and Township Council appoint the Township Administrator and all other Township employees, as well as appointees to Boards, Commissions and Committees.

Transportation

Transportation to New York City is provided by N.J. Transit train which is easily accessible in neighboring municipalities. In addition, bus lines provide excellent service throughout the metropolitan area including New York City.

The Township residents have quick and easy access to all parts of New Jersey and New York via Route 17, Route 4, Garden State Parkway, Palisades Parkway, New Jersey Turnpike and Interstate 80.

Public Safety

The police department is a full-time police department headquartered less than a mile from the municipal complex and is furnished with modern police equipment. The vehicle fleet is comprised of marked and unmarked automobiles and the Police Chief's vehicle. The department has an outstanding record for law enforcement and has one of the lowest crime rates in the area. In addition to law enforcement the Police Department is actively involved in several school programs and community crime prevention programs including the nationally recognized D.A.R.E. drug education program.

The Township is served by a volunteer fire department equipped with modern fire apparatus which is purchased and owned by the Township including pumpers, a ladder truck, a rescue truck, the Chief's vehicle and a fire prevention vehicle. The Township makes an annual appropriation in its budget for the operating expenses of the fire department.

Sanitation

The Township provides recycling pick-up for all homes through its Department of Public Works. Residents contract privately with a private contractor for garbage collection services.

The Township of River Vale is mainly sewered and is a member of the Bergen County Utilities Authority. For this service the Township pays an annual service charge based on the metered flow of sewerage. This service charge is part of the general property tax levy.

Recreation

The Township has a year round community recreation program. It is administered by a full time staff and a Recreation Director.

Located in the Township are athletic fields, tennis courts, municipal parks and playgrounds maintained by Borough employees.

Golf Course

The Township acquired an improved 18 hole golf course and country club commonly known as the River Vale Country Club, and an adjacent property consisting of approximately 5 acres commonly known as the “Mesker” site. These properties were in foreclosure and the Township had been in negotiations with the senior secured lenders of the properties as well as the properties’ owners. While these negotiations were taking place and in order to effectuate the transaction, the Township filed a verified complaint in the Superior Court of New Jersey Law Division – Bergen County (the “Court”) for condemnation of these properties. The Court ordered a Consent Judgment in favor of the Township and the parties entered into an associated Settlement Agreement which was filed with the Court.

The “Mesker” site is zoned for multi-family town house development. The Township will operate the Golf Course as a public utility and expects the revenues generated to be sufficient to cover operating expenses.

Free Public Library

The Township's Free Public Library is a full service library for the residents of the Township. A children's reading and activity room is in use constantly. The library has a total of approximately 50,000 books, CD's, videos, DVD's and downloadable books on tape. It hosts more than 400 library and community sponsored events a year. Through the Bergen County Cooperative Library System, the residents of the Township have access to the collections of other libraries within the County.

Population

Population trends for the Township, County and the State of New Jersey since 1980 are shown below:

| <u>Area</u> | <u>1980</u> | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2018</u> |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Township of River Vale | 9,489 | 9,410 | 9,449 | 9,659 | 10,062 |
| County of Bergen | 845,385 | 825,380 | 884,118 | 905,116 | 936,692 |
| State of New Jersey | 7,364,823 | 7,730,188 | 8,414,350 | 8,791,894 | 8,908,520 |

Source: U.S. Census Bureau, 2015 Estimate.

Income as of 2017

| | Median Household Income | Median Family Income | Per Capita Income |
|------------------------|------------------------------------|---------------------------------|------------------------------|
| Township of River Vale | \$138,914 | \$158,000 | \$62,075 |
| County of Bergen | 91,572 | 112,099 | 46,601 |
| State of New Jersey | 76,475 | 94,337 | 39,069 |

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

ECONOMIC AND DEMOGRAPHIC INFORMATION

Labor Force, Employment and Unemployment

The New Jersey Department of Labor reported the following annual average employment information for the Township of River Vale, the County of Bergen and the State of New Jersey:

| | Total Labor Force | Employed Labor Force | Total Unemployed | Unemployment Rate |
|-------------------------------|------------------------------|---------------------------------|-----------------------------|------------------------------|
| <u>Township of River Vale</u> | | | | |
| 2018 | 4,709 | 4,566 | 143 | 3.0% |
| 2017 | 4,833 | 4,665 | 168 | 3.5% |
| 2016 | 4,794 | 4,611 | 183 | 3.8% |
| 2015 | 4,816 | 4,622 | 194 | 4.0% |
| 2014 | 4,720 | 4,519 | 201 | 4.3% |
| <u>County of Bergen</u> | | | | |
| 2018 | 472,001 | 455,773 | 16,228 | 3.4% |
| 2017 | 483,324 | 464,527 | 18,797 | 3.9% |
| 2016 | 484,167 | 463,988 | 20,179 | 4.2% |
| 2015 | 485,316 | 463,223 | 22,093 | 4.6% |
| 2014 | 479,448 | 453,688 | 25,760 | 5.4% |
| <u>State of New Jersey</u> | | | | |
| 2018 | 4,422,900 | 4,239,600 | 183,300 | 4.1% |
| 2017 | 4,518,800 | 4,309,700 | 209,100 | 4.6% |
| 2016 | 4,524,300 | 4,299,900 | 224,400 | 5.0% |
| 2015 | 4,530,500 | 4,267,900 | 262,600 | 5.8% |
| 2014 | 4,518,700 | 4,218,400 | 300,300 | 6.6% |

Source: State of NJ Data Center.

BUDGET INFORMATION
Current Fund
(As Adopted)

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Anticipated Revenues | | | | | |
| Fund Balance | \$ 1,050,000 | \$ 1,050,000 | \$ 850,000 | \$ 880,000 | \$ 780,000 |
| Miscellaneous Revenues | 3,803,983 | 3,808,911 | 3,428,134 | 3,336,485 | 3,417,219 |
| Receipts from Delinquent Taxes | 360,000 | 350,000 | 325,000 | 300,000 | 225,000 |
| Amount to be Raised by Taxes for Support of Municipal Budget | <u>11,955,018</u> | <u>11,602,498</u> | <u>11,476,275</u> | <u>11,171,542</u> | <u>10,700,461</u> |
| | <u>\$ 17,169,001</u> | <u>\$ 16,811,409</u> | <u>\$ 16,079,409</u> | <u>\$ 15,688,027</u> | <u>\$ 15,122,680</u> |
| Appropriations | | | | | |
| Salaries and Wages | \$ 5,676,207 | \$ 5,878,999 | \$ 5,799,704 | \$ 5,594,472 | \$ 5,562,688 |
| Other Expenses | 6,820,649 | 6,746,165 | 6,470,882 | 6,258,604 | 6,171,101 |
| Deferred Charges and Statutory Expenditures | 2,039,198 | 1,549,795 | 1,531,473 | 1,555,101 | 1,262,107 |
| Capital Improvements | 147,647 | 293,450 | 47,350 | 47,350 | 77,600 |
| Municipal Debt Service | 1,775,300 | 1,633,000 | 1,520,000 | 1,537,500 | 1,354,184 |
| Reserve for Uncollected Taxes | <u>710,000</u> | <u>710,000</u> | <u>710,000</u> | <u>695,000</u> | <u>695,000</u> |
| | <u>\$ 17,169,001</u> | <u>\$ 16,811,409</u> | <u>\$ 16,079,409</u> | <u>\$ 15,688,027</u> | <u>\$ 15,122,680</u> |

Source: Township of River Vale Adopted Municipal Budgets.

FINANCIAL INFORMATION

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

| <u>Year</u> | <u>Fund Balance December 31</u> | <u>Utilized in Budget of Succeeding Year</u> |
|--------------------|--|---|
| 2018 | \$1,672,462 | \$1,050,000 |
| 2017 | 1,634,276 | 1,050,000 |
| 2016 | 1,305,212 | 850,000 |
| 2015 | 1,331,247 | 880,000 |
| 2014 | 1,212,539 | 780,000 |

Source: Township of River Vale Audit Reports.

Current Tax Collections

| <u>Year</u> | <u>Tax Levy</u> | <u>Collection During Year of Levy</u> | |
|-------------|-----------------|---------------------------------------|----------------|
| | | <u>Amount</u> | <u>Percent</u> |
| 2018 | \$52,747,040 | \$52,247,751 | 99.04% |
| 2017 | 51,803,862 | 51,351,686 | 99.12% |
| 2016 | 50,245,608 | 49,768,614 | 99.05% |
| 2015 | 48,792,560 | 48,328,040 | 99.04% |
| 2014 | 47,032,575 | 46,618,643 | 99.11% |

Source: Township of River Vale Audit Reports.

Delinquent Taxes and Tax Title Liens

| <u>Year</u> | <u>Tax Title Liens</u> | <u>Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage of Levy</u> |
|-------------|------------------------|-------------------------|-------------------------|---------------------------|
| 2018 | \$23,480 | \$403,749 | \$427,229 | 0.81% |
| 2017 | 18,912 | 397,484 | 416,396 | 0.80% |
| 2016 | 14,588 | 362,145 | 376,733 | 0.75% |
| 2015 | 6,355 | 325,204 | 331,559 | 0.68% |
| 2014 | 5,620 | 240,097 | 245,717 | 0.52% |

Source: Township of River Vale Audit Reports.

Assessed Valuation of Property Owned by the Township Acquired for Taxes

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2018 | \$41,600 |
| 2017 | 41,600 |
| 2016 | 41,600 |
| 2015 | 41,600 |
| 2014 | 41,600 |

Source: Township of River Vale Audit Reports.

Ten Largest Taxpayers

The ten largest taxpayers in the Township and their 2019 assessed valuations are listed below:

| <u>Taxpayer</u> | <u>Assessment</u> |
|-----------------------------|----------------------|
| Edgewood Country Club | \$ 21,235,400 |
| Gal-Ben Associates, LLC | 7,672,000 |
| Rivervale Collignon Village | 7,266,400 |
| United Water Co of NJ | 6,850,600 |
| Young Property LLC | 5,548,200 |
| Florentine Inc. | 5,187,100 |
| Lindvale Gardens Ltd | 4,875,400 |
| Powder Hill Holdings, LLC | 2,514,600 |
| MWD River Vale One, LLC | 2,326,400 |
| V.E.R. Corp | 2,159,900 |
| | <u>\$ 65,636,000</u> |

Source: Tax Assessor.

Assessed Valuation Land Improvements by Class

| <u>Year</u> | <u>Vacant Land</u> | <u>Residential</u> | <u>Commercial</u> | <u>Apartment</u> | <u>Total</u> |
|-------------|--------------------|--------------------|-------------------|------------------|------------------|
| 2019 | \$ 14,094,200 | \$ 1,987,790,600 | \$ 71,459,800 | \$ 13,034,700 | \$ 2,086,379,300 |
| 2018 | 14,378,600 | 1,981,135,500 | 71,521,600 | 13,034,700 | 2,080,070,400 |
| 2017 | 15,467,100 | 1,974,720,200 | 71,521,600 | 13,034,700 | 2,074,743,600 |
| 2016 | 15,375,500 | 1,974,406,900 | 70,235,800 | 13,034,700 | 2,073,052,900 |
| 2015 | 17,521,400 | 1,964,593,300 | 71,228,200 | 13,034,700 | 2,066,377,600 |

Source: Tax Duplicate.

Assessed Valuations Net Valuation Taxable

| <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 Assessed Property</u> |
|-------------|----------------------|---|--------------------------------------|---|--|
| 2019 | \$ 2,086,379,300 | \$ 1,348,864 | \$ 2,087,728,164 | 100.58% | \$ 2,078,144,276 |
| 2018 | 2,080,070,400 | 1,342,127 | 2,081,412,527 | 100.44% | 2,074,763,194 |
| 2017 | 2,074,743,600 | 1,333,316 | 2,076,076,916 | 101.29% | 2,052,142,618 |
| 2016 | 2,073,052,900 | 1,344,095 | 2,074,396,995 | 103.17% | 2,013,198,179 |
| 2015 | 2,066,377,600 | 1,351,396 | 2,067,728,996 | 105.83% | 1,956,461,720 |

Source: Tax Duplicate and Abstract of Ratables and 2019 Equalization Table of Bergen County

Components of Real Estate Tax Rate
(per \$100 of Assessment)

| <u>Year</u> | <u>Total</u> | <u>Municipal</u> | <u>Local School</u> | <u>Regional School</u> | <u>County</u> |
|-------------|--------------|------------------|---------------------|------------------------|---------------|
| 2018 | \$2.525 | \$0.567 | \$1.079 | \$0.634 | \$0.245 |
| 2017 | 2.488 | 0.562 | 1.065 | 0.612 | 0.249 |
| 2016 | 2.417 | 0.548 | 1.049 | 0.581 | 0.239 |
| 2015 | 2.348 | 0.527 | 1.034 | 0.560 | 0.227 |
| 2014 | 2.272 | 0.500 | 1.018 | 0.534 | 0.220 |

Source: Tax Collector

Apportionment of Tax Levy
(Including School and County Purposes)

| <u>Year</u> | <u>Total</u> | <u>Municipal</u> | <u>Local School</u> | <u>Regional School</u> | <u>County</u> |
|-------------|---------------|------------------|---------------------|------------------------|---------------|
| 2018 | \$ 52,747,040 | \$ 11,989,941 | \$ 22,468,752 | \$ 13,191,208 | \$ 5,097,139 |
| 2017 | 51,803,862 | 11,837,529 | 22,096,260 | 12,700,587 | 5,169,486 |
| 2016 | 50,245,608 | 11,476,483 | 21,748,324 | 12,067,861 | 4,952,940 |
| 2015 | 48,792,560 | 11,147,388 | 21,384,889 | 11,564,510 | 4,695,773 |
| 2014 | 47,032,575 | 10,505,869 | 21,000,498 | 11,002,982 | 4,523,226 |

Source: Tax Collector

DEBT INFORMATION

Debt Statements

The Township 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 Borough 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 Township as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

Debt Incurring Capacity As of December 31, 2018

| | |
|--|------------------|
| Municipal | |
| Equalized Valuation Basis (last 3 years average) | \$ 2,060,127,127 |
| 3 1/2% Borrowing Margin | 72,104,449 |
| Net Debt Issued, Outstanding and Authorized | 19,365,237 |
| Remaining Municipal Borrowing Capacity | 52,739,212 |
| Regional School | |
| 3% Borrowing Margin | 61,803,814 |
| Debt, Issued, Outstanding and Authorized | 4,307,148 |
| Remaining School Borrowing Capacity | 57,496,666 |
| Local School | |
| 3% Borrowing Margin | 61,803,814 |
| Debt, Issued, Outstanding and Authorized | 1,585,948 |
| Remaining School Borrowing Capacity | 60,217,866 |

Gross and Statutory Net Debt as of December 31,

| <u>Year</u> | <u>Gross Debt Amount</u> | <u>Statutory Net Debt</u> | |
|-------------|------------------------------|---------------------------|-------------------|
| | | <u>Amount</u> | <u>Percentage</u> |
| 2018 | \$ 30,977,871 | \$ 19,365,237 | 0.94% |
| 2017 | 39,774,492 | 18,519,710 | 0.91% |
| 2016 | 41,110,190 | 18,688,871 | 0.94% |
| 2015 | 42,928,992 | 23,591,664 | 1.20% |
| 2014 | 43,515,328 | 18,527,653 | 0.95% |

Source: Township of River Vale Audit Reports.

Statement of Indebtedness
As of December 31, 2018

GENERAL PURPOSES

| | | |
|---|----------------|---------------|
| Bonds Issued and Outstanding | \$ 10,322,000 | |
| Bond Anticipation Notes | 7,858,669 | |
| Loans | 237,902 | |
| Bonds and Notes Authorized But Not Issued | <u>969,873</u> | |
| | | \$ 19,388,444 |

REGIONAL SCHOOL

| | | |
|------------------------------|--|-----------|
| Bonds Issued and Outstanding | | 4,307,148 |
|------------------------------|--|-----------|

LOCAL SCHOOL

| | | |
|------------------------------|--|-----------|
| Bonds Issued and Outstanding | | 1,585,948 |
|------------------------------|--|-----------|

GOLF COURSE UTILITY

| | | |
|---|--|-------------------|
| Debt Issued, Outstanding and Authorized | | <u>14,696,331</u> |
|---|--|-------------------|

TOTAL GROSS DEBT 39,977,871

STATUTORY DEDUCTIONS

| | | |
|-------------------|-------------------|-------------------|
| Municipal Purpose | 23,207 | |
| Regional School | 4,307,148 | |
| Local School | 1,585,948 | |
| Self Liquidating | <u>14,696,331</u> | |
| | | <u>20,612,634</u> |

TOTAL NET DEBT \$ 19,365,237

OVERLAPPING DEBT

| | | |
|---|------------------|----------------------|
| County of Bergen (Note 1) | \$ 16,789,146 | |
| Bergen Utilities Authority - Water Pollution (Note 2) | <u>2,253,559</u> | |
| | | <u>\$ 19,042,705</u> |

GROSS DEBT

| | |
|---|----------|
| Per Capita (2018 - 10,062) | \$ 3,973 |
| Percent of Net Valuation Taxable (2018 - \$2,081,412,527) | 1.92% |
| Percent of Estimated True Value of Real Property (2018 - \$2,074,763,194) | 1.93% |

NET MUNICIPAL DEBT

| | |
|---|----------|
| Per Capita (2018 - 10,062) | \$ 1,925 |
| Percent of Net Valuation Taxable (2018 - \$2,081,412,527) | 0.93% |
| Percent of Estimated True Value of Real Property (2018 - \$2,074,763,194) | 0.93% |

OVERALL DEBT (Net and Overlapping Debt)

| | |
|---|----------|
| Per Capita (2018 - 10,062) | \$ 3,817 |
| Percent of Net Valuation Taxable (2018 - \$2,081,412,527) | 1.85% |
| Percent of Estimated True Value of Real Property (2018 - \$2,074,763,194) | 1.85% |

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2018 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

Note (2) Overlapping debt was computed based upon usage.

Source: Township of River Vale 2018 Annual Audit Report.

APPENDIX B

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Township Council
Township of River Vale
River Vale, 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 Township of River Vale, as of December 31, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Township of River Vale 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 above, 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 Township of River Vale as of December 31, 2018 and 2017, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 18 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township's financial statements as of and for the years ended December 31, 2018 and 2017. The LOSAP Trust Fund financial activities are included in the Township's Trust Funds, and represent 39 percent and 40 percent of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2018 and 2017.

The notes to the Township of River Vale's financial statements do not disclose the other post-employment benefit obligations related to post-retirement medical benefits provided to its eligible retirees and their dependents as required by Government Accounting Standards Board Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the omission of the note disclosure regarding the other post-employment benefit obligation and the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, 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 Township of River Vale as of December 31, 2018 and 2017, and the results of operations and changes in fund balance – regulatory basis of such funds, the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the years then ended in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 15, 2019 on our consideration of the Township of River Vale’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 Township of River Vale’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 Township of River Vale’s internal control over financial reporting and compliance.

By/s/

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

Fair Lawn, New Jersey
May 15, 2019

**TOWNSHIP OF RIVER VALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017**

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|----------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 5,828,778 | \$ 11,499,447 |
| Grants Receivable | 362,393 | 133,594 |
| Due from State of New Jersey - Senior Citizens and Veterans Deductions | <u>36,880</u> | <u>36,880</u> |
| | <u>6,228,051</u> | <u>11,669,921</u> |
| Receivables and Other Assets with Full Reserves | | |
| Delinquent Property Taxes | 403,749 | 397,484 |
| Tax Title Liens | 23,480 | 18,912 |
| Property Acquired for Taxes | 41,600 | 41,600 |
| Revenue Accounts Receivable | 8,017 | 7,488 |
| Interfunds Receivable: | | |
| Due from Animal Control Trust Fund | 675 | 897 |
| Due from General Capital Fund | 15,607 | 3,766 |
| Due from Golf Course Utility Operating Fund | 100,000 | |
| Due from Public Assistance Fund | <u>6</u> | <u>75</u> |
| | <u>593,134</u> | <u>470,222</u> |
| Deferred Charges | | |
| Emergency Authorizations | 155,000 | |
| Special Emergency Authorization | <u>965,000</u> | <u>-</u> |
| | <u>1,120,000</u> | <u>-</u> |
| Total Assets | <u>\$ 7,941,185</u> | <u>\$ 12,140,143</u> |

**TOWNSHIP OF RIVER VALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017**

| | <u>2018</u> | <u>2017</u> |
|--|-------------------------|--------------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | |
| Liabilities: | | |
| Appropriation Reserves | \$ 708,267 | \$ 478,304 |
| Encumbrances Payable | 504,014 | 416,159 |
| Accounts Payable | 19,854 | |
| Prepaid Taxes | 324,710 | 6,251,262 |
| Tax Overpayments | 15,267 | 16,398 |
| Fees Payable | 7,885 | 6,440 |
| Special Emergency Note Payable | 965,000 | |
| Regional High School Tax Payable | 2,438,468 | 2,443,158 |
| County Taxes Payable | 18,622 | |
| Due to Other Trust Fund | 44,206 | 44,623 |
| Due to Municipal Open Space Preservation Trust Fund | 3,135 | 986 |
| Due to Length of Service Award Program Fund | 44,392 | 44,392 |
| Reserve for Tax Appeals | 100,000 | 100,000 |
| Miscellaneous Reserves | 153,846 | 31,815 |
| Reserve for Federal and State Grants- Appropriated | 313,219 | 174,003 |
| Reserve for Federal and State Grants- Unappropriated | <u>14,704</u> | <u>28,105</u> |
| | <u>5,675,589</u> | <u>10,035,645</u> |
| Reserve for Receivables | 593,134 | 470,222 |
| Fund Balance | <u>1,672,462</u> | <u>1,634,276</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 7,941,185</u> | <u>\$ 12,140,143</u> |

TOWNSHIP OF RIVER VALE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|-------------------------|-------------------------|
| REVENUE AND OTHER INCOME REALIZED | | |
| Fund Balance Anticipated | \$ 1,050,000 | \$ 850,000 |
| Miscellaneous Revenue Anticipated | 4,080,315 | 3,726,360 |
| Receipts from Delinquent Taxes | 396,900 | 365,107 |
| Receipts from Current Taxes | 52,247,751 | 51,251,686 |
| Non-Budget Revenue | 142,633 | 328,308 |
| Other Credits to Income | | |
| Unexpended Balance of Appropriation Reserves | 137,096 | 298,973 |
| Interfunds Liquidated | 4,738 | 133,805 |
| Statutory Excess - Animal Control Trust Fund | 659 | 844 |
| Cancellation of Accounts Payable | <u>-</u> | <u>76</u> |
| Total Income | <u>58,060,092</u> | <u>56,955,159</u> |
| EXPENDITURES | | |
| Budget and Emergency Appropriations: | | |
| Operations | | |
| Salaries and Wages | 6,892,099 | 5,942,749 |
| Other Expenses | 6,872,657 | 6,520,553 |
| Deferred Charges and Statutory | | |
| Expenditures- Municipal | 1,474,795 | 1,537,428 |
| Capital Improvements | 343,450 | 47,350 |
| Municipal Debt Service | 1,630,417 | 1,519,063 |
| Local District School Taxes | 22,468,752 | 22,096,260 |
| Regional High School Tax | 12,941,208 | 12,700,587 |
| County Taxes Payable | 5,078,517 | 5,154,387 |
| Due to County for Added and Omitted Taxes | 18,622 | 15,099 |
| Municipal Open Space Tax | 208,766 | 208,148 |
| Refunds of Prior Year Revenue/Taxes | 12,180 | 26,751 |
| Senior Citizens and Veterans Deduction Disallowed - Prior Year | 2,000 | 2,982 |
| Cancellation of Grants Receivable | 32,155 | |
| Interfunds Advanced | <u>116,288</u> | <u>4,738</u> |
| Total Expenditures | <u>58,091,906</u> | <u>55,776,095</u> |
| Excess (Deficiency) in Revenue | (31,814) | 1,179,064 |
| Adjustments to Income before Fund Balance: | | |
| Expenditures Included Above which by Statute are | | |
| Required to be Raised in Succeeding Year's Budget | <u>1,120,000</u> | <u>-</u> |
| Statutory Excess to Fund Balance | 1,088,186 | 1,179,064 |
| Fund Balance, January 1 | <u>1,634,276</u> | <u>1,305,212</u> |
| | 2,722,462 | 2,484,276 |
| Decreased by: | | |
| Utilized as Anticipated Revenue | <u>1,050,000</u> | <u>850,000</u> |
| Fund Balance, December 31 | <u>\$ 1,672,462</u> | <u>\$ 1,634,276</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF RIVER VALE
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | | <u>2017</u> | |
|--|----------------------|-------------------|---------------------|----------------------|
| | <u>Budget After</u> | <u>Actual</u> | <u>Budget After</u> | <u>Actual</u> |
| | <u>Modification</u> | | <u>Modification</u> | |
| FUND BALANCE ANTICIPATED | \$ 1,050,000 | \$ 1,050,000 | \$ 850,000 | \$ 850,000 |
| MISCELLANEOUS REVENUES | | | | |
| Licenses | | | | |
| Alcoholic Beverages | 11,000 | 12,050 | 11,000 | 11,500 |
| Other | 16,000 | 14,595 | 20,000 | 16,895 |
| Fees and Permits | 80,000 | 101,062 | 70,000 | 86,293 |
| Fines and Costs | | | | |
| Municipal Court | 55,000 | 102,971 | 60,000 | 55,407 |
| Interest and Costs on Taxes | 100,000 | 110,201 | 75,000 | 103,756 |
| Interest on Investments and Deposits | 30,000 | 123,813 | 20,000 | 34,799 |
| Cable Television Franchise Fees | 165,000 | 165,564 | 159,500 | 160,909 |
| Energy Receipts Tax | 749,670 | 749,670 | 749,670 | 749,670 |
| Watershed Moratorium Offset Aid | 23,359 | 23,359 | 23,359 | 23,359 |
| Uniform Construction Code Fees | 235,000 | 234,653 | 250,000 | 238,002 |
| Interlocal Services Act | | | | |
| Borough of Old Tappan - Dispatching and 911 Services | 126,893 | 126,893 | 126,742 | 126,742 |
| Borough of Montvale - DPW | 1,568,792 | 1,568,800 | 1,538,031 | 1,538,040 |
| Borough of Teterboro - Tax Collector | 12,000 | 12,000 | 7,500 | 7,500 |
| Municipal Court Services - Borough of Harrington Park | 21,420 | 21,420 | 19,250 | 16,154 |
| State and Federal Revenues Offset with Appropriations | | | | |
| Municipal Alliance on Alcoholism and Drug Abuse | 9,876 | 9,876 | | |
| Body Armor Replacement Fund | 2,027 | 2,027 | 2,024 | 2,024 |
| Municipal Recycling Assistance Program | 11,974 | 11,974 | 12,047 | 12,047 |
| Drunk Driving Fund | | | 2,500 | 2,500 |
| Click It Or Ticket | 5,500 | 5,500 | | |
| Community Policing Program | 8,550 | 8,550 | 10,275 | 10,275 |
| Alcohol Education and Rehabilitation | | | 236 | 236 |
| Distracted Driving | | | 5,088 | 5,088 |
| Clean Communities | 19,092 | 19,092 | 19,956 | 19,956 |
| NJ DOT Safe Routes to Schools | 212,000 | 212,000 | | |
| NJ DOT Road Program | | | 165,627 | 165,627 |
| Bergen County Prosecutor - Forfeited Funds | | | 8,000 | 8,000 |
| Bergen County - Senior Center ADA Improvements - 2018 | 26,450 | 26,450 | | |
| Bergen County CDBG - Senior Center ADA Improvements - 2017 | 70,000 | 70,000 | | |
| Other Special Items of Revenue | | | | |
| Uniform Fire Safety Act | 15,000 | 18,965 | 14,500 | 16,845 |
| Rental of Township Owned Property | 250,000 | 249,930 | 199,000 | 257,236 |
| Reimbursement for Utilization of Township Property | 7,500 | 7,500 | 7,500 | 7,500 |
| General Capital Fund Balance | 71,400 | 71,400 | 50,000 | 50,000 |
| | <u>3,903,503</u> | <u>4,080,315</u> | <u>3,626,805</u> | <u>3,726,360</u> |
| RECEIPTS FROM DELINQUENT TAXES | <u>350,000</u> | <u>396,900</u> | <u>325,000</u> | <u>365,107</u> |
| AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET | | | | |
| Local Tax for Municipal Purposes | 10,913,503 | 11,302,891 | 10,793,611 | 11,104,541 |
| Minimum Library Tax | 688,995 | 688,995 | 682,664 | 682,664 |
| Total Amount to be Raised for Support of Municipal Budget | <u>11,602,498</u> | <u>11,991,886</u> | <u>11,476,275</u> | <u>11,787,205</u> |
| Total General Revenues | <u>\$ 16,906,001</u> | <u>17,519,101</u> | <u>16,278,080</u> | <u>\$ 16,728,672</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

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**2018 STATEMENT OF EXPENDITURES
CURRENT FUND**

**TOWNSHIP OF RIVER VALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | <u>2018 Appropriations</u> | | <u>2018 Expended</u> | | |
|--|----------------------------|--------------------------------------|----------------------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| OPERATIONS - WITHIN "CAPS" | | | | | |
| GENERAL GOVERNMENT FUNCTIONS | | | | | |
| Department of Administration | | | | | |
| Salaries and Wages | \$ 103,939 | \$ 103,939 | \$ 103,548 | \$ 391 | |
| Other Expenses | 97,100 | 108,100 | 108,093 | 7 | |
| Mayor and Council | | | | | |
| Salaries and Wages | 32,000 | 32,000 | 32,000 | | |
| Other Expenses | 1,300 | 1,300 | 1,100 | 200 | |
| Township Clerk | | | | | |
| Salaries and Wages | 88,653 | 88,653 | 88,153 | 500 | |
| Other Expenses | 34,720 | 37,720 | 37,464 | 256 | |
| Financial Administration | | | | | |
| Salaries and Wages | 257,816 | 257,816 | 257,816 | | |
| Other Expenses | 10,380 | 10,380 | 9,710 | 670 | |
| Audit Services | | | | | |
| Other Expenses | 35,500 | 35,500 | 3,150 | 32,350 | |
| Revenue Administration | | | | | |
| Salaries and Wages | 61,901 | 61,901 | 60,393 | 1,508 | |
| Other Expenses | 7,525 | 7,525 | 6,696 | 829 | |
| Tax Assessment Administration | | | | | |
| Salaries and Wages | 22,649 | 22,649 | 22,270 | 379 | |
| Other Expenses | 6,800 | 6,800 | 3,318 | 3,482 | |
| Department of Law | | | | | |
| Salaries and Wages | 3,100 | 3,200 | 3,200 | | |
| Other Expenses | 145,000 | 154,900 | 146,003 | 8,897 | |
| Department of Engineering | | | | | |
| Other Expenses | 92,500 | 92,500 | 77,144 | 15,356 | |
| LAND USE ADMINISTRATION | | | | | |
| Municipal Land Use Law (N.J.S.A. 40:55-1): | | | | | |
| Planning Board | | | | | |
| Salaries and Wages | 13,595 | 13,595 | 13,579 | 16 | |
| Other Expenses | 14,700 | 9,700 | 4,929 | 4,771 | |
| INSURANCE | | | | | |
| Unemployment Compensation Insurance | 18,000 | 18,000 | 18,000 | | |
| Joint Insurance Fund | 180,000 | 180,000 | 175,643 | 4,357 | |
| Other Insurance Premiums | 28,500 | 38,500 | 35,010 | 3,490 | |
| Worker Compensation Insurance | 193,126 | 193,126 | 184,641 | 8,485 | |
| Group Insurance Plan for Employees | 1,620,000 | 1,437,500 | 1,426,032 | 11,468 | |
| Health Benefit Waiver | 25,000 | 25,000 | 17,055 | 7,945 | |
| Eyeglass - Dental Reimbursement | 22,725 | 22,725 | 16,981 | 5,744 | |

TOWNSHIP OF RIVER VALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>2018 Appropriations</u> | | <u>2018 Expended</u> | | |
|--|----------------------------|--------------------------------------|----------------------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| OPERATIONS - WITHIN "CAPS" (Cont'd) | | | | | |
| PUBLIC SAFETY FUNCTIONS | | | | | |
| Department of Police | | | | | |
| Salaries and Wages | \$ 3,250,593 | \$ 4,175,593 | \$ 3,927,776 | \$ 247,817 | |
| Other Expenses | 165,866 | 307,366 | 267,399 | 39,967 | |
| Office of Emergency Management | | | | | |
| Salaries and Wages | 8,000 | 8,000 | 7,500 | 500 | |
| Other Expenses | 2,436 | 2,436 | 2,436 | | |
| Contribution to Volunteer Ambulance Corps. | 42,000 | 42,000 | 42,000 | | |
| Fire Department | | | | | |
| Stipends | 35,665 | 35,665 | 35,665 | | |
| Miscellaneous Other Expenses | 70,425 | 70,425 | 70,140 | 285 | |
| Fire Prevention Bureau | | | | | |
| Salaries and Wages | 15,346 | 15,346 | 15,314 | 32 | |
| Other Expenses | 197,990 | 197,990 | 186,184 | 11,806 | |
| Municipal Prosecutor | | | | | |
| Salaries and Wages | 9,884 | 9,884 | 9,838 | 46 | |
| PUBLIC WORKS FUNCTIONS | | | | | |
| Streets and Roads Maintenance | | | | | |
| Salaries and Wages | 892,370 | 982,370 | 900,860 | 81,510 | |
| Other Expenses | 73,610 | 78,610 | 76,429 | 2,181 | |
| Snow and Ice Removal | | | | | |
| Salaries and Wages | 78,886 | 78,886 | 78,875 | 11 | |
| Other Expenses | 171,745 | 171,745 | 171,537 | 208 | |
| Recycling and Garbage Removal | | | | | |
| Other Expenses | 307,505 | 310,505 | 260,868 | 49,637 | |
| Director's Office | | | | | |
| Salaries and Wages | 144,361 | 144,361 | 143,864 | 497 | |
| Other Expenses | 17,325 | 17,325 | 15,020 | 2,305 | |
| Buildings and Grounds | | | | | |
| Salaries and Wages | | | | | |
| Miscellaneous Other Expenses | 177,210 | 177,210 | 158,924 | 18,286 | |
| Vehicle Maintenance | | | | | |
| Salaries and Wages | 69,930 | 72,930 | 72,257 | 673 | |
| Other Expenses | 58,092 | 73,092 | 72,201 | 891 | |
| HEALTH AND HUMAN SERVICES FUNCTIONS | | | | | |
| Public Health Services | | | | | |
| Salaries and Wages | 2,000 | 2,000 | | 2,000 | |
| Other Expenses | 10,350 | 10,350 | 10,000 | 350 | |
| Social Services | | | | | |
| Salaries and Wages | 7,000 | 7,000 | 7,000 | | |
| Other Expenses | 500 | 500 | | 500 | |

**TOWNSHIP OF RIVER VALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | <u>2018 Appropriations</u> | | <u>2018 Expended</u> | | |
|---|----------------------------|--------------------------------------|----------------------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| PARK AND RECREATION FUNCTIONS | | | | | |
| Department of Athletics | | | | | |
| Salaries and Wages | \$ 10,000 | \$ 10,000 | \$ 10,000 | | |
| Other Expenses | 20,850 | 20,850 | 14,490 | \$ 6,360 | |
| Department of Social and Cultural Affairs | | | | | |
| Salaries and Wages | 12,000 | 12,000 | 12,000 | | |
| Other Expenses | 22,639 | 22,639 | 17,916 | 4,723 | |
| OTHER COMMON OPERATING FUNCTIONS | | | | | |
| Municipal Court | | | | | |
| Salaries and Wages | 81,859 | 81,859 | 74,980 | 6,879 | |
| Other Expenses | 10,985 | 10,985 | 6,692 | 4,293 | |
| Public Defender | | | | | |
| Other Expenses | 4,000 | 4,000 | 600 | 3,400 | |
| OSHA | 2,800 | 2,800 | 342 | 2,458 | |
| Community Services Act | 17,554 | 17,554 | | 17,554 | |
| UTILITY EXPENSES AND BULK PURCHASES | | | | | |
| Utilities | | | | | |
| Street Lighting | 60,000 | 60,000 | 45,984 | 14,016 | |
| Telephone | 62,000 | 62,000 | 57,615 | 4,385 | |
| Other (Electric, Gas, Water) | 167,500 | 167,500 | 129,053 | 38,447 | |
| UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17) | | | | | |
| State Uniform Construction Construction Code Officials | | | | | |
| Salaries and Wages | 189,500 | 189,500 | 183,347 | 6,153 | |
| Other Expenses | 16,700 | 16,700 | 6,872 | 9,828 | - |
| Total Operations Within "CAPS" | <u>9,604,005</u> | <u>10,633,005</u> | <u>9,943,906</u> | <u>689,099</u> | <u>-</u> |
| Detail | | | | | |
| Salaries and Wages | 5,355,382 | 6,373,482 | 6,024,570 | 348,912 | - |
| Other Expenses | <u>4,248,623</u> | <u>4,259,523</u> | <u>3,919,336</u> | <u>340,187</u> | <u>-</u> |

**TOWNSHIP OF RIVER VALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | <u>2018 Appropriations</u> | | <u>2018 Expended</u> | | |
|--|----------------------------|--------------------------------------|----------------------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" | | | | | |
| Deferred Charges: | | | | | |
| Anticipate Golf Course Utility Deficit | \$ 100,000 | \$ 100,000 | | | \$ 100,000 |
| Statutory Expenditures: | | | | | |
| Public Employees Retirement System | 305,264 | 305,264 | \$ 305,264 | | |
| Police and Fireman's Retirement System | 742,971 | 742,971 | 742,971 | | |
| Defined Contribution Retirement Program | 3,000 | 3,000 | 2,884 | \$ 116 | |
| Contribution to Social Security (O.A.S.I.) | 398,560 | 423,560 | 422,821 | 739 | - |
| Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" | 1,549,795 | 1,574,795 | 1,473,940 | 855 | 100,000 |
| Total General Appropriations for Municipal Purposes Within "CAPS" | 11,153,800 | 12,207,800 | 11,417,846 | 689,954 | 100,000 |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | |
| Other Operations - Excluded from "CAPS" | | | | | |
| Flow and Other Charges | | | | | |
| Bergen County Utilities Authority | | | | | |
| Operating | 634,729 | 634,729 | 634,729 | | |
| Debt Service | 236,637 | 236,637 | 236,626 | 11 | |
| Borough of Montvale | 3,000 | 3,000 | 3,000 | | |
| Maintenance of Free Public Library | 688,995 | 688,995 | 688,995 | | |
| Length of Service Award Program | 51,000 | 51,000 | 44,392 | 6,608 | - |
| Total Other Operations - Excluded from "CAPS" | 1,614,361 | 1,614,361 | 1,607,742 | 6,619 | - |
| Interlocal Municipal Service Agreements | | | | | |
| Borough of Old Tappan - Dispatching Police | | | | | |
| Salaries and Wages | 126,893 | 126,893 | 126,893 | | |
| Borough of Paramus - 911 Services Police | | | | | |
| Salaries and Wages | 8,200 | 8,200 | 8,200 | | |
| Borough of Teterboro - Tax Collection Salaries and Wages | 10,000 | 10,000 | 10,000 | | |
| Borough of Old Tappan - Gasoline Gasoline | 110,000 | 126,000 | 125,348 | 652 | |
| Borough of Montvale - DPW Public Works Functions | | | | | |
| Salaries and Wages | 373,524 | 373,524 | 373,524 | | |
| Other Expenses | 696,785 | 696,785 | 689,339 | 7,446 | |
| Borough of Harrington Park Other Expenses | 5,000 | 5,000 | 5,000 | | |
| County of Bergen Dog Warden Services | 14,000 | 14,000 | 13,374 | 626 | |
| Health Services | 27,500 | 27,500 | 25,567 | 1,933 | - |
| Total Interlocal Municipal Service Agreements | 1,371,902 | 1,387,902 | 1,377,245 | 10,657 | - |

**TOWNSHIP OF RIVER VALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | <u>2018 Appropriations</u> | | <u>2018 Expended</u> | | |
|--|----------------------------|--------------------------------------|----------------------------|-------------------|-------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| OPERATIONS - EXCLUDED FROM "CAP" | | | | | |
| (Continued) | | | | | |
| Public and Private Programs Offset by Revenues | | | | | |
| Clean Communities Act Grant | | \$ 19,092 | \$ 19,092 | | |
| Body Armor Replacement Fund | \$ 2,027 | 2,027 | 2,027 | | |
| Municipal Recycling Assistance Program | 11,974 | 11,974 | 11,974 | | |
| Distracted Driving | | | | | |
| Click It or Ticket | | 5,500 | 5,500 | | |
| Municipal Alliance on Alcoholism and Drug Abuse | | | | | |
| State Share | 9,876 | 9,876 | 9,876 | | |
| Local Match | 2,469 | 2,469 | 1,432 | \$ 1,037 | |
| Community Policing Program | 8,550 | 8,550 | 8,550 | | |
| Bergen County CDBG - Senior Center ADA | - | 70,000 | 70,000 | - | - |
| Total Public and Private Programs Offset by Revenues | 34,896 | 129,488 | 128,451 | 1,037 | - |
| Total Operations - Excluded from "CAPS" | 3,021,159 | 3,131,751 | 3,113,438 | 18,313 | - |
| Detail: | | | | | |
| Salaries and Wages | 518,617 | 518,617 | 518,617 | - | - |
| Other Expenses | 2,502,542 | 2,613,134 | 2,594,821 | 18,313 | - |
| CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | | | | | |
| NJ DOT Safe Routes to Schools Grant | 212,000 | 212,000 | 212,000 | | |
| Bergen County CDBG - Senior Center ADA Grant | 26,450 | 26,450 | 26,450 | | |
| Capital Improvement Fund | 55,000 | 105,000 | 105,000 | - | - |
| Total Capital Improvements-Excluded from "CAPS" | 293,450 | 343,450 | 343,450 | - | - |
| MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | | | | | |
| Payment of Bond Principal | 950,000 | 950,000 | 950,000 | | |
| Payment of Bond Anticipation Notes & Capital Notes | 128,000 | 128,000 | 128,000 | | |
| Interest on Bonds | 352,000 | 352,000 | 351,068 | | \$ 932 |
| Interest on Bond Anticipation Notes | 140,000 | 140,000 | 139,166 | | 834 |
| Green Acres Loan Principal and Interest | 63,000 | 63,000 | 62,183 | - | 817 |
| Total Municipal Debt Service - Excluded from "CAPS" | 1,633,000 | 1,633,000 | 1,630,417 | - | 2,583 |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | 4,947,609 | 5,108,201 | 5,087,305 | 18,313 | 2,583 |
| Subtotal General Appropriations | 16,101,409 | 17,316,001 | 16,505,151 | 708,267 | 102,583 |
| RESERVE FOR UNCOLLECTED TAXES | 710,000 | 710,000 | 710,000 | - | - |
| Total General Appropriations | <u>\$ 16,811,409</u> | <u>\$ 18,026,001</u> | <u>17,215,151</u> | <u>\$ 708,267</u> | <u>\$ 102,583</u> |
| Budget as Adopted | | \$ 16,811,409 | | | |
| Emergency Appropriations | | 155,000 | | | |
| Special Emergency Appropriation | | 965,000 | | | |
| Added by N.J.S. 40A:4-87 | | 94,592 | | | |
| | | <u>\$ 18,026,001</u> | | | |

**2017 STATEMENT OF EXPENDITURES
CURRENT FUND**

TOWNSHIP OF RIVER VALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>2017 Appropriations</u> | | <u>2017 Expended</u> | | |
|--|----------------------------|--------------------------------------|----------------------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| OPERATIONS - WITHIN "CAPS" | | | | | |
| GENERAL GOVERNMENT FUNCTIONS | | | | | |
| Department of Administration | | | | | |
| Salaries and Wages | \$ 96,283 | \$ 96,283 | \$ 94,170 | \$ 2,113 | |
| Other Expenses | 89,400 | 89,400 | 86,553 | 2,847 | |
| Mayor and Council | | | | | |
| Salaries and Wages | 32,000 | 32,000 | 32,000 | | |
| Other Expenses | 1,100 | 1,100 | 887 | 213 | |
| Township Clerk | | | | | |
| Salaries and Wages | 83,499 | 83,499 | 82,999 | 500 | |
| Other Expenses | 33,420 | 33,420 | 29,690 | 3,730 | |
| Financial Administration | | | | | |
| Salaries and Wages | 244,917 | 244,917 | 244,232 | 685 | |
| Other Expenses | 9,380 | 9,380 | 8,410 | 970 | |
| Audit Services | | | | | |
| Other Expenses | 34,750 | 34,750 | 3,000 | 31,750 | |
| Revenue Administration | | | | | |
| Salaries and Wages | 56,315 | 56,315 | 54,395 | 1,920 | |
| Other Expenses | 4,025 | 4,025 | 3,868 | 157 | |
| Tax Assessment Administration | | | | | |
| Salaries and Wages | 22,205 | 22,205 | 22,164 | 41 | |
| Other Expenses | 6,300 | 2,800 | 1,972 | 828 | |
| Advisory Committees | | | | | |
| Other Expenses | 200 | 200 | | 200 | |
| Department of Law | | | | | |
| Salaries and Wages | 3,100 | 3,100 | 3,100 | | |
| Other Expenses | 125,000 | 135,000 | 134,356 | 644 | |
| Department of Engineering | | | | | |
| Other Expenses | 64,500 | 64,500 | 62,890 | 1,610 | |
| LAND USE ADMINISTRATION | | | | | |
| Municipal Land Use Law (N.J.S.A. 40:55-1): | | | | | |
| Planning Board | | | | | |
| Salaries and Wages | 11,395 | 11,395 | 11,380 | 15 | |
| Other Expenses | 14,200 | 14,200 | 11,095 | 3,105 | |
| Zoning Board of Adjustment | | | | | |
| Salaries and Wages | 2,200 | 2,200 | 642 | 1,558 | |
| Other Expenses | 3,330 | 1,530 | 1,452 | 78 | |
| INSURANCE | | | | | |
| Unemployment Compensation Insurance | 18,000 | 18,000 | 18,000 | | |
| Joint Insurance Fund | 182,000 | 182,000 | 177,725 | 4,275 | |
| Other Insurance Premiums | 28,050 | 28,050 | 24,591 | 3,459 | |
| Worker Compensation Insurance | 199,500 | 199,500 | 184,979 | 14,521 | |
| Group Insurance Plan for Employees | 1,480,000 | 1,430,000 | 1,414,515 | 15,485 | |
| Health Benefit Waiver | 15,000 | 15,000 | 15,000 | | |
| Eyeglass - Dental Reimbursement | 22,565 | 22,565 | 18,716 | 3,849 | |

**TOWNSHIP OF RIVER VALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | <u>2017 Appropriations</u> | | <u>2017 Expended</u> | | |
|--|----------------------------|--------------------------------------|----------------------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| OPERATIONS - WITHIN "CAPS" (Cont'd) | | | | | |
| PUBLIC SAFETY FUNCTIONS | | | | | |
| Department of Police | | | | | |
| Salaries and Wages | \$ 3,270,666 | \$ 3,454,166 | \$ 3,437,359 | \$ 16,807 | |
| Other Expenses | 155,034 | 130,034 | 123,454 | 6,580 | |
| Office of Emergency Management | | | | | |
| Salaries and Wages | 8,000 | 8,000 | 7,500 | 500 | |
| Other Expenses | 2,436 | 2,436 | 356 | 2,080 | |
| Contribution to Volunteer Ambulance Corps. | 42,000 | 42,000 | 42,000 | | |
| Fire Department | | | | | |
| Stipends | 35,665 | 35,665 | 35,665 | | |
| Miscellaneous Other Expenses | 69,125 | 69,125 | 66,906 | 2,219 | |
| Fire Prevention Bureau | | | | | |
| Salaries and Wages | 15,045 | 15,045 | 15,045 | | |
| Other Expenses | 195,000 | 195,000 | 193,695 | 1,305 | |
| Municipal Prosecutor | | | | | |
| Salaries and Wages | 9,690 | 9,690 | 9,646 | 44 | |
| PUBLIC WORKS FUNCTIONS | | | | | |
| Streets and Roads Maintenance | | | | | |
| Salaries and Wages | 860,500 | 854,545 | 823,190 | 31,355 | |
| Other Expenses | 71,500 | 71,500 | 44,293 | 27,207 | |
| Snow and Ice Removal | | | | | |
| Salaries and Wages | 79,300 | 54,300 | 52,451 | 1,849 | |
| Other Expenses | 174,750 | 99,750 | 65,476 | 34,274 | |
| Recycling and Garbage Removal | | | | | |
| Other Expenses | 323,027 | 304,327 | 207,893 | 96,434 | |
| Director's Office | | | | | |
| Salaries and Wages | 141,362 | 141,362 | 140,667 | 695 | |
| Other Expenses | 15,575 | 15,575 | 13,276 | 2,299 | |
| Buildings and Grounds | | | | | |
| Salaries and Wages | | | | | |
| Miscellaneous Other Expenses | 174,578 | 199,578 | 195,474 | 4,104 | |
| Vehicle Maintenance | | | | | |
| Salaries and Wages | 65,400 | 65,400 | 63,468 | 1,932 | |
| Other Expenses | 48,600 | 58,600 | 57,035 | 1,565 | |
| HEALTH AND HUMAN SERVICES FUNCTIONS | | | | | |
| Public Health Services | | | | | |
| Salaries and Wages | 12,750 | 12,750 | 12,245 | 505 | |
| Other Expenses | 10,350 | 10,350 | 10,350 | | |
| Social Services | | | | | |
| Salaries and Wages | 7,000 | 7,000 | 7,000 | | |
| Other Expenses | 500 | 500 | | 500 | |

**TOWNSHIP OF RIVER VALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | <u>2017 Appropriations</u> | | <u>2017 Expended</u> | | |
|---|----------------------------|--------------------------------------|----------------------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| PARK AND RECREATION FUNCTIONS | | | | | |
| Department of Athletics | | | | | |
| Salaries and Wages | \$ 7,000 | \$ 7,000 | \$ 7,000 | | |
| Other Expenses | 20,350 | 20,350 | 15,479 | \$ 4,871 | |
| Department of Social and Cultural Affairs | | | | | |
| Salaries and Wages | 8,000 | 8,000 | 8,000 | | |
| Other Expenses | 19,000 | 19,000 | 14,081 | 4,919 | |
| OTHER COMMON OPERATING FUNCTIONS | | | | | |
| Accumulated Leave Compensation | | | | | |
| Salaries and Wages | 1 | 1 | | 1 | |
| Municipal Court | | | | | |
| Salaries and Wages | 80,401 | 70,901 | 69,075 | 1,826 | |
| Other Expenses | 9,485 | 9,485 | 6,239 | 3,246 | |
| Public Defender | | | | | |
| Other Expenses | 4,000 | 4,000 | 1,050 | 2,950 | |
| OSHA | 2,800 | 2,800 | 697 | 2,103 | |
| Community Services Act | 17,700 | 17,700 | | 17,700 | |
| UTILITY EXPENSES AND BULK PURCHASES | | | | | |
| Utilities | | | | | |
| Street Lighting | 65,000 | 55,000 | 42,812 | 12,188 | |
| Telephone | 62,000 | 62,000 | 52,107 | 9,893 | |
| Other (Electric, Gas, Water) | 172,500 | 162,500 | 134,592 | 27,908 | |
| UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17) | | | | | |
| State Uniform Construction | | | | | |
| Construction Code Officials | | | | | |
| Salaries and Wages | 176,533 | 176,533 | 169,835 | 6,698 | |
| Other Expenses | 16,100 | 16,100 | 13,637 | 2,463 | - |
| Total Operations Within "CAPS" | <u>9,331,357</u> | <u>9,325,402</u> | <u>8,901,829</u> | <u>423,573</u> | <u>-</u> |
| Detail | | | | | |
| Salaries and Wages | 5,293,562 | 5,436,607 | 5,367,563 | 69,044 | - |
| Other Expenses | 4,037,795 | 3,888,795 | 3,534,266 | 354,529 | - |

**TOWNSHIP OF RIVER VALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | <u>2017 Appropriations</u> | | <u>2017 Expended</u> | | |
|--|----------------------------|--------------------------------------|----------------------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" | | | | | |
| Deferred Charges: | | | | | |
| Anticipate Golf Course Utility Deficit | \$ 140,000 | \$ 140,000 | \$ 140,000 | | |
| Overexpenditure of Ordinance Appropriation | 25,905 | 25,905 | 25,905 | | |
| Statutory Expenditures: | | | | | |
| Public Employees Retirement System | 304,078 | 304,078 | 303,345 | \$ 733 | |
| Police and Fireman's Retirement System | 674,990 | 674,990 | 674,971 | 19 | |
| Defined Contribution Retirement Program | 1,500 | 1,710 | 1,710 | | |
| Contribution to Social Security (O.A.S.I.) | 385,000 | 390,745 | 390,744 | 1 | - |
| Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" | 1,531,473 | 1,537,428 | 1,536,675 | 753 | - |
| Total General Appropriations for Municipal Purposes Within "CAPS" | 10,862,830 | 10,862,830 | 10,438,504 | 424,326 | - |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | |
| Other Operations - Excluded from "CAPS" | | | | | |
| Flow and Other Charges | | | | | |
| Bergen County Utilities Authority | | | | | |
| Operating | 600,867 | 600,867 | 600,867 | | |
| Debt Service | 232,433 | 232,433 | 232,429 | 4 | |
| Borough of Montvale | 3,000 | 3,000 | 3,000 | | |
| Maintenance of Free Public Library | 682,664 | 682,664 | 682,664 | | |
| Length of Service Award Program | 46,500 | 46,500 | 44,392 | 2,108 | - |
| Total Other Operations - Excluded from "CAPS" | 1,565,464 | 1,565,464 | 1,563,352 | 2,112 | - |
| Interlocal Municipal Service Agreements | | | | | |
| Borough of Old Tappan - Dispatching | | | | | |
| Police | | | | | |
| Salaries and Wages | 126,742 | 126,742 | 125,572 | \$ 1,170 | |
| Borough of Paramus - 911 Services | | | | | |
| Police | | | | | |
| Salaries and Wages | 8,200 | 8,200 | 7,945 | 255 | |
| Borough of Teterboro - Tax Collection | | | | | |
| Salaries and Wages | 5,000 | 5,000 | 4,554 | 446 | |
| Borough of Old Tappan - Gasoline | | | | | |
| Gasoline | 101,700 | 101,700 | 90,135 | 11,565 | |
| Borough of Montvale - DPW | | | | | |
| Public Works Functions | | | | | |
| Salaries and Wages | 366,200 | 366,200 | 366,200 | | |
| Other Expenses | 683,122 | 683,122 | 675,822 | 7,300 | |
| Borough of Harrington Park | | | | | |
| Other Expenses | 5,000 | 5,000 | 2,806 | 2,194 | |
| County of Bergen | | | | | |
| Dog Warden Services | 13,500 | 13,500 | 13,426 | 74 | |
| Health Services | 34,750 | 34,750 | 34,655 | 95 | - |
| Total Interlocal Municipal Service Agreements | 1,344,214 | 1,344,214 | 1,321,115 | 23,099 | - |

**TOWNSHIP OF RIVER VALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | <u>2017 Appropriations</u> | | <u>2017 Expended</u> | | |
|--|----------------------------|--------------------------------------|----------------------------|-------------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| OPERATIONS - EXCLUDED FROM "CAP" | | | | | |
| (Continued) | | | | | |
| Public and Private Programs Offset by Revenues | | | | | |
| Clean Communities Act Grant | | \$ 19,956 | \$ 9,746 | \$ 10,210 | |
| Body Armor Replacement Fund | \$ 2,024 | 2,024 | | 2,024 | |
| Drunk Driving Enforcement Fund | 2,500 | 2,500 | 2,039 | 461 | |
| Municipal Recycling Assistance Program | 12,047 | 12,047 | 11,780 | 267 | |
| Distracted Driving 2017 | | 5,088 | | 5,088 | |
| Bergen County Prosecutors Forfeited Fund | | 8,000 | 8,000 | | |
| Municipal Alliance on Alcoholism and Drug Abuse | | | | | |
| State Share | | | | | |
| Local Match | 2,469 | 2,469 | | 2,469 | |
| Community Policing Program | 10,275 | 10,275 | 8,908 | 1,367 | |
| Alcohol Education and Rehabilitation | 236 | 236 | | 236 | |
| NJ Dot Road Improvement Grant | - | 165,627 | 158,982 | 6,645 | - |
| | <u>29,551</u> | <u>228,222</u> | <u>199,455</u> | <u>28,767</u> | <u>-</u> |
| Total Public and Private Programs Offset by Revenues | | | | | |
| | <u>29,551</u> | <u>228,222</u> | <u>199,455</u> | <u>28,767</u> | <u>-</u> |
| Total Operations - Excluded from "CAPS" | <u>2,939,229</u> | <u>3,137,900</u> | <u>3,083,922</u> | <u>53,978</u> | <u>-</u> |
| Detail: | | | | | |
| Salaries and Wages | 506,142 | 506,142 | 504,271 | 1,871 | - |
| Other Expenses | 2,433,087 | 2,631,758 | 2,579,651 | 52,107 | - |
| | <u>2,939,229</u> | <u>3,137,900</u> | <u>3,083,922</u> | <u>53,978</u> | <u>-</u> |
| CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | | | | | |
| Capital Improvement Fund | 47,350 | 47,350 | 47,350 | - | - |
| | <u>47,350</u> | <u>47,350</u> | <u>47,350</u> | <u>-</u> | <u>-</u> |
| Total Capital Improvements-Excluded from "CAPS" | <u>47,350</u> | <u>47,350</u> | <u>47,350</u> | <u>-</u> | <u>-</u> |
| MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | | | | | |
| Payment of Bond Principal | 920,000 | 920,000 | 920,000 | | |
| Payment of Bond Anticipation Notes & Capital Notes | 69,000 | 69,000 | 69,000 | | |
| Interest on Bonds | 376,000 | 376,000 | 375,880 | | \$ 120 |
| Interest on Bond Anticipation Notes | 92,000 | 92,000 | 92,000 | | |
| Green Acres Loan Principal and Interest | 63,000 | 63,000 | 62,183 | - | 817 |
| | <u>1,520,000</u> | <u>1,520,000</u> | <u>1,519,063</u> | <u>-</u> | <u>937</u> |
| Total Municipal Debt Service - Excluded from "CAPS" | <u>1,520,000</u> | <u>1,520,000</u> | <u>1,519,063</u> | <u>-</u> | <u>937</u> |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | \$ <u>4,506,579</u> | \$ <u>4,705,250</u> | \$ <u>4,650,335</u> | \$ <u>53,978</u> | \$ <u>937</u> |
| Subtotal General Appropriations | 15,369,409 | 15,568,080 | 15,088,839 | 478,304 | 937 |
| RESERVE FOR UNCOLLECTED TAXES | <u>710,000</u> | <u>710,000</u> | <u>710,000</u> | <u>-</u> | <u>-</u> |
| Total General Appropriations | \$ <u>16,079,409</u> | \$ <u>16,278,080</u> | <u>15,798,839</u> | \$ <u>478,304</u> | \$ <u>937</u> |
| Budget as Adopted | | \$ 16,079,409 | | | |
| Added by N.J.S. 40A:4-87 | | 198,671 | | | |
| | | <u>\$ 16,278,080</u> | | | |

**TOWNSHIP OF RIVER VALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017**

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| ANIMAL CONTROL FUND | | |
| Cash | \$ 8,835 | \$ 9,064 |
| OTHER TRUST FUND | | |
| Cash | 1,408,380 | 1,331,404 |
| Due from Current Fund | 44,206 | 44,623 |
| Due from Golf Course Utility Capital Fund | 3,799 | 3,799 |
| Due from Public Assistance Trust Fund | <u>275</u> | <u>275</u> |
| | <u>1,456,660</u> | <u>1,380,101</u> |
| UNEMPLOYMENT INSURANCE TRUST FUND | | |
| Cash | <u>86,823</u> | <u>68,656</u> |
| LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED) | | |
| Investments | 1,053,907 | 1,090,911 |
| Due from Current Fund | <u>44,392</u> | <u>44,392</u> |
| | <u>1,098,299</u> | <u>1,135,303</u> |
| OPEN SPACE PRESERVATION TRUST FUND | | |
| Cash | 145,470 | 266,230 |
| Due from Current Fund | <u>3,135</u> | <u>986</u> |
| | <u>148,605</u> | <u>267,216</u> |
| Total Assets | <u>\$ 2,799,222</u> | <u>\$ 2,860,340</u> |

**TOWNSHIP OF RIVER VALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017**

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | |
| ANIMAL CONTROL FUND | | |
| Due to Current Fund | \$ 675 | \$ 897 |
| Due to State of New Jersey | | 1 |
| Reserve for Animal Control Trust Expenditures | <u>8,160</u> | <u>8,166</u> |
| | <u>8,835</u> | <u>9,064</u> |
| OTHER TRUST FUND | | |
| Reserves for | | |
| Miscellaneous Deposits | 1,437,447 | 1,302,910 |
| Payroll Deductions | <u>19,213</u> | <u>77,191</u> |
| | <u>1,456,660</u> | <u>1,380,101</u> |
| UNEMPLOYMENT INSURANCE TRUST FUND | | |
| Due to State of New Jersey | | 2,418 |
| Reserve for Unemployment Insurance Claims | <u>86,823</u> | <u>66,238</u> |
| | <u>86,823</u> | <u>68,656</u> |
| LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED) | | |
| Reserve for LOSAP | <u>1,098,299</u> | <u>1,135,303</u> |
| | <u>1,098,299</u> | <u>1,135,303</u> |
| OPEN SPACE PRESERVATION TRUST FUND | | |
| Due to Golf Course Utility Operating Fund | 100,000 | 100,000 |
| Reserve for Open Space Preservation | <u>48,605</u> | <u>167,216</u> |
| | <u>148,605</u> | <u>267,216</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 2,799,222</u> | <u>\$ 2,860,340</u> |

**TOWNSHIP OF RIVER VALE
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS -
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 (UNAUDITED)**

| | <u>2018</u> | | <u>2017</u> | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Budget</u> | <u>Actual</u> |
| Amount to be Raised by Taxation | \$ 208,007 | \$ 208,766 | \$ 207,607 | \$ 208,148 |
| Interest Income | - | 1,451 | - | 374 |
| Reserve Funds | <u>125,000</u> | <u>125,000</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 333,007</u> | <u>\$ 335,217</u> | <u>\$ 207,607</u> | <u>\$ 208,522</u> |

EXHIBIT B-2

**STATEMENT OF EXPENDITURES - REGULATORY BASIS -
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | <u>2018 Budget</u> | <u>2018 Paid or Charged</u> | <u>Reserved</u> |
|---------------------------|------------------------|-------------------------------------|-----------------|
| Other Expenses | \$ 183,007 | \$ 180,218 | \$ 2,789 |
| Debt Service | | | |
| Payment of Bond Principal | <u>150,000</u> | <u>150,000</u> | <u>-</u> |
| | <u>\$ 333,007</u> | <u>\$ 330,218</u> | <u>\$ 2,789</u> |

**STATEMENT OF EXPENDITURES - REGULATORY BASIS -
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | <u>2017 Budget</u> | <u>2017 Paid or Charged</u> | <u>Reserved</u> |
|---------------------------|------------------------|-------------------------------------|------------------|
| Other Expenses | \$ 107,607 | \$ 12,300 | \$ 95,307 |
| Debt Service | | | |
| Payment of Bond Principal | <u>100,000</u> | <u>100,000</u> | <u>-</u> |
| | <u>\$ 207,607</u> | <u>\$ 112,300</u> | <u>\$ 95,307</u> |

TOWNSHIP OF RIVER VALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash | \$ 730,576 | \$ 1,028,277 |
| Deferred Charges to Future Taxation | | |
| Funded | 10,559,902 | 11,566,477 |
| Unfunded | 8,828,542 | 6,976,440 |
| Due from Golf Course Utility Operating Fund | <u>18,803</u> | <u>4,000</u> |
| Total Assets | <u>\$ 20,137,823</u> | <u>\$ 19,575,194</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | |
| Serial Bonds Payable | \$ 10,322,000 | \$ 11,272,000 |
| Green Acres Loan Payable | 237,902 | 294,477 |
| Bond Anticipation Notes | 7,858,669 | 6,958,300 |
| Improvement Authorizations | | |
| Funded | 41,057 | |
| Unfunded | 1,330,230 | 448,906 |
| Contracts Payable | 61,486 | 357,654 |
| Capital Improvement Fund | 3,834 | 6,209 |
| Reserve for Future Capital Improvements | 35,110 | 35,110 |
| Reserve for Payment of Debt | 23,207 | 23,207 |
| Due to Current Fund | 15,607 | 3,766 |
| Due to Golf Course Utility Capital Fund | 19,697 | 2,786 |
| Fund Balance | <u>189,024</u> | <u>172,779</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 20,137,823</u> | <u>\$ 19,575,194</u> |

There were \$969,873 and \$20,430 in bonds and notes authorized but not issued at December 31, 2018 and 2017, respectively.

TOWNSHIP OF RIVER VALE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| Balance, January 1 | \$ 172,779 | \$ 99,502 |
| Increased by: | | |
| Premium on Issuance of Bonds and Notes | 87,645 | 62,178 |
| Refund of Unexpended Costs of Issuance | 26,487 | 26,487 |
| Cancellation of Funded Improvement Authorizations | <u>-</u> | <u>34,612</u> |
| | <u>87,645</u> | <u>123,277</u> |
| | <u>260,424</u> | <u>222,779</u> |
| Decreased by: | | |
| Anticipated as Current Fund Budgeted Revenue | <u>71,400</u> | <u>50,000</u> |
| Balance, December 31 | <u>\$ 189,024</u> | <u>\$ 172,779</u> |

**TOWNSHIP OF RIVER VALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GOLF COURSE UTILITY FUND
AS OF DECEMBER 31, 2018 AND 2017**

| | <u>2018</u> | <u>2017</u> |
|---|-----------------------------|-----------------------------|
| ASSETS | | |
| Operating Fund | | |
| Cash | \$ 979,102 | \$ 466,980 |
| Due from Municipal Open Space Trust Fund | 100,000 | 100,000 |
| Due from Golf Course Utility Capital Fund | 4,579 | 51,009 |
| Deferred Charges | | |
| Operating Deficit | <u>-</u> | <u>88,413</u> |
| Total Operating Fund | <u>1,083,681</u> | <u>706,402</u> |
| Capital Fund | | |
| Cash | 4,094,054 | 3,115,437 |
| Due from General Capital Fund | 19,697 | 2,786 |
| Fixed Capital | 13,962,000 | 13,962,000 |
| Fixed Capital Authorized and Uncompleted | 2,763,300 | 1,443,300 |
| Deferred Charges | <u>-</u> | <u>60,494</u> |
| Total Capital Fund | <u>20,839,051</u> | <u>18,584,017</u> |
| Total Assets | <u><u>\$ 21,922,732</u></u> | <u><u>\$ 19,290,419</u></u> |

TOWNSHIP OF RIVER VALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GOLF COURSE UTILITY FUND
AS OF DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|---|-----------------------------|-----------------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | |
| Operating Fund | | |
| Appropriation Reserves | \$ 145,651 | \$ 31,480 |
| Encumbrances Payable | 44,383 | 8,808 |
| Due to Current Fund | 100,000 | |
| Due to General Capital Fund | 18,803 | 4,000 |
| Sales Tax Payable | 34 | 18 |
| Accrued Interest on Bonds and Notes | 133,570 | 132,454 |
| Reserve for Prepaid Membership Fees | <u>304,615</u> | <u>286,575</u> |
| | 747,056 | 463,335 |
| Fund Balance | <u>336,625</u> | <u>243,067</u> |
| Total Operating Fund | <u>1,083,681</u> | <u>706,402</u> |
| Capital Fund | | |
| Serial Bonds Payable | 13,180,000 | 13,610,000 |
| Bond Anticipation Note Payable | 1,516,331 | 271,700 |
| Improvement Authorizations | | |
| Funded | 3,500 | 3,500 |
| Unfunded | 1,015,107 | 18,905 |
| Contracts Payable | 31,460 | 63,109 |
| Due to Other Trust Fund | 3,799 | 3,799 |
| Due to Golf Course Utility Operating Fund | 4,579 | 51,009 |
| Capital Improvement Fund | 960 | 960 |
| Reserve for Amortization | 1,937,629 | 1,498,260 |
| Deferred Reserve for Amortization | 91,340 | 25,340 |
| Reserve for Payment of Debt | 3,020,604 | 3,020,604 |
| Fund Balance | <u>33,742</u> | <u>16,831</u> |
| Total Capital Fund | <u>20,839,051</u> | <u>18,584,017</u> |
| Total Liabilities, Reserves and Fund Balance | <u><u>\$ 21,922,732</u></u> | <u><u>\$ 19,290,419</u></u> |

There were no bonds and notes authorized but not issued at December 31, 2018 or 2017.

TOWNSHIP OF RIVER VALE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - GOLF COURSE UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|--------------------|
| Revenue and Other Income Realized | | |
| Fund Balance Anticipated | \$ 106,000 | |
| Golf Fees | 2,419,405 | \$ 2,180,157 |
| Reserve for Prepaid Membership Fees | 286,575 | 279,642 |
| Golf Course Utility Capital Fund Surplus | | |
| Reserve for Payment of Debt | 500,000 | 500,000 |
| Bergen County Open Space Grant | 11,500 | |
| Miscellaneous Revenue Not Anticipated | 56,028 | 22,154 |
| Other Credits to Income | | |
| Unexpended Balance of Appropriation Reserves | <u>2,651</u> | <u>161</u> |
| | <u>3,382,159</u> | <u>2,982,114</u> |
| Expenditures | | |
| Budget Appropriations | | |
| Operating | 2,315,662 | 2,223,894 |
| Deferred Charges | 88,413 | 189,248 |
| Capital Improvement Fund | 66,000 | |
| Debt Service | 712,526 | 796,917 |
| Refund of Prior Year Revenue | <u>-</u> | <u>468</u> |
| | <u>3,182,601</u> | <u>3,210,527</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 199,558 | (228,413) |
| Adjustment to Income Before Fund Balance | | |
| Realized from Current Fund for Anticipated Deficit | <u>-</u> | <u>140,000</u> |
| Statutory Excess to Fund Balance | 199,558 | |
| Operating Deficit | | <u>\$ (88,413)</u> |
| Fund Balance, January 1 | <u>243,067</u> | <u>\$ 243,067</u> |
| | 442,625 | |
| Decreased by: | | |
| Utilized as Anticipated Revenue | <u>106,000</u> | <u>-</u> |
| Fund Balance, December 31 | <u>\$ 336,625</u> | <u>\$ 243,067</u> |

TOWNSHIP OF RIVER VALE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GOLF COURSE UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|------------------|------------------|
| Balance, January 1 | \$ 16,831 | \$ 16,831 |
| Increased by: | | |
| Premium on Issuance of Bond Anticipation Notes | <u>16,911</u> | <u>-</u> |
| Balance, December 31 | <u>\$ 33,742</u> | <u>\$ 16,831</u> |

COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
GOLF COURSE UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | | <u>2017</u> | |
|--|--------------------------------------|---------------------|--------------------------------------|---------------------|
| | <u>Budget After Modification</u> | <u>Actual</u> | <u>Budget After Modification</u> | <u>Actual</u> |
| Golf Fees | \$ 2,180,000 | \$ 2,419,405 | \$ 2,293,000 | \$ 2,180,157 |
| Reserve for Prepaid Membership Fees | 286,575 | 286,575 | 279,642 | 279,642 |
| Reserve for Payment of Debt - Bergen County Open Space | 500,000 | 500,000 | 500,000 | 500,000 |
| Bergen County Open Space Grant | 11,500 | 11,500 | 140,000 | 140,000 |
| Operating Surplus | 106,000 | 106,000 | | |
| Deficit (General Budget) | <u>100,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 3,184,075</u> | <u>\$ 3,323,480</u> | <u>\$ 3,212,642</u> | <u>\$ 3,099,799</u> |

**TOWNSHIP OF RIVER VALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
GOLF COURSE UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | <u>Appropriation</u> | | <u>Expended</u> | | |
|--|----------------------|--------------------------------------|----------------------------|-------------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| Operating | | | | | |
| Other Expenses | \$ 2,314,162 | \$ 2,304,162 | \$ 2,158,511 | \$ 145,651 | |
| Capital Improvements | | | | | |
| Capital Improvement Fund | 66,000 | 66,000 | 66,000 | | |
| Debt Service | | | | | |
| Payment of Bond Principal | 280,000 | 280,000 | 280,000 | | |
| Interest on Bonds | 414,000 | 414,000 | 413,157 | | \$ 843 |
| Payment of Note Principal | | 10,000 | 9,369 | | 631 |
| Interest on Notes | 10,000 | 10,000 | 10,000 | | |
| Public & Private Programs Offset with Revenues | | | | | |
| Bergen County Open Space Grant | | 11,500 | 11,500 | | |
| Deferred Charges | | | | | |
| Overexpenditure of Appropriations | <u>88,413</u> | <u>88,413</u> | <u>88,413</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 3,172,575</u> | <u>\$ 3,184,075</u> | <u>\$ 3,036,950</u> | <u>\$ 145,651</u> | <u>\$ 1,474</u> |
| Budget as Adopted | | \$ 3,172,575 | | | |
| Added by N.J.S. 40A:4-87 | | <u>11,500</u> | | | |
| | | <u>\$ 3,184,075</u> | | | |

**STATEMENT OF EXPENDITURES - REGULATORY BASIS
GOLF COURSE UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | <u>Appropriation</u> | | <u>Expended</u> | | |
|-----------------------------------|----------------------|--------------------------------------|----------------------------|------------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| Operating | | | | | |
| Other Expenses | \$ 2,223,894 | \$ 2,223,894 | \$ 2,192,414 | \$ 31,480 | |
| Debt Service | | | | | |
| Payment of Bond Principal | 320,000 | 320,000 | 320,000 | | |
| Interest on Bonds | 475,000 | 475,000 | 472,417 | | \$ 2,583 |
| Interest on Notes | 4,500 | 4,500 | 4,500 | | |
| Deferred Charges | | | | | |
| Overexpenditure of Appropriations | <u>189,248</u> | <u>189,248</u> | <u>189,248</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 3,212,642</u> | <u>\$ 3,212,642</u> | <u>\$ 3,178,579</u> | <u>\$ 31,480</u> | <u>\$ 2,583</u> |

**TOWNSHIP OF RIVER VALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2018 AND 2017**

| | <u>2018</u> | <u>2017</u> |
|---------------------------------|------------------|------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 13,900 | \$ 17,061 |
| Total Assets | <u>\$ 13,900</u> | <u>\$ 17,061</u> |
| LIABILITIES AND RESERVES | | |
| Due to Current Fund | \$ 6 | \$ 75 |
| Due to Other Trust Fund | 275 | 275 |
| Reserve for Expenditures | <u>13,619</u> | <u>16,711</u> |
| | <u>\$ 13,900</u> | <u>\$ 17,061</u> |

**TOWNSHIP OF RIVER VALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2018 AND 2017**

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|--------------------------|--------------------------|
| ASSETS | | |
| Land | \$ 15,727,514 | \$ 15,727,514 |
| Buildings | 4,572,579 | 4,572,579 |
| Machinery and Equipment | 2,568,554 | 2,382,640 |
| Vehicles | <u>5,380,797</u> | <u>5,280,628</u> |
| Total Assets | <u>\$ 28,249,444</u> | <u>\$ 27,963,361</u> |
| FUND BALANCE | | |
| Investment in General Fixed Assets | <u>\$ 28,249,444</u> | <u>\$ 27,963,361</u> |

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of River Vale (the "Township") was incorporated in 1906 and operates under the Faulkner Act, an elected Mayor and Council plan B form of government. The Mayor is elected to a four-year term and the five council members are elected at-large to four-year staggered terms. The Mayor is the Chief Executive Officer of the Township. The Township Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances. A Township Administrator is appointed and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Township affairs and for the day to day operations of the Township. The Township Administrator is the Chief Administrative Officer for the Township. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, golf course operations 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 Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township 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 Township do not include the municipal library, volunteer fire department or volunteer ambulance squad which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Township of River Vale 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 Township 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.

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Township 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 Township functions or activities. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Township 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 Township as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

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

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Township 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 Township as collateral.

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.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Township.

Open Space Preservation Trust Fund - This fund is used to account for the resources, which have accumulated from a dedicated tax, to be used for the preservation of open space, recreation and farmland property.

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.

Golf Course Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Township's golf course facility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the golf course utility is accounted for in the capital section of the fund.

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes. During 2008, the Township transferred administration of its State of New Jersey public assistance program to the County of Bergen. The fund is currently maintained to account for private donations.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Township, other than those accounted for in the golf course utility fund. The Township's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township'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, 2017 balances to conform to the December 31, 2018 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 Township 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 Township of River Vale 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. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. 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 Township 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 Township 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 Township'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).

Utility Revenues/Receivables - Utility charges are levied based upon a schedule of fees approved by Township ordinance. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's golf course utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township'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.

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

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

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township of River Vale has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township 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.

Fixed Assets purchased after December 31, 2008 are stated as cost. Donated fixed assets are recorded at acquisition value at the date of donation.

Fixed Assets purchased prior to December 31, 2008 are stated as follows:

| | |
|-------------------------|------------------|
| Land and Buildings | Assessed Value |
| Machinery and Equipment | Replacement Cost |

No depreciation has been provided for in the financial statements.

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

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

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

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

Use of Estimates - The preparation of financial statements requires management of the Township 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.

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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 Township and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

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

Trust Funds (except Open Space)
Capital Funds
Public Assistance 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 2018 and 2017 the Township Council increased the original Current Fund budget by \$1,214,592 and \$198,671. The increase for 2018 was the result of emergency authorizations for police other expenses and capital improvements in the amounts of \$105,000 and \$50,000, respectively. In addition a Special Emergency authorization was approved in the amount of \$965,000 (net of cancellation) for the terminal pay. Additional aid of \$94,592 was also allotted to the Township for the remaining budget increase. The increase for 2017 was funded by additional aid allotted to the Township. During 2018, the Township Council increased the Golf Course Utility Budget by \$11,500, resulting from additional aid allotted to the Township. In addition, the governing body approved several budget transfers during 2018 and 2017.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Township 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 Township'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 Township 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.

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 and 2017, the book value of the Township's deposits were \$13,295,918 and \$17,802,556 and bank and brokerage firm balances of the Township's deposits amounted to \$13,587,409 and \$16,926,488, respectively. The Township'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>2018</u> | <u>2017</u> |
| Insured | \$ <u>13,587,409</u> | \$ <u>16,926,488</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 Township does not have a formal policy for custodial credit risk. As of December 31, 2018 and 2017, the Township's bank balances were not exposed to custodial credit risk

B. Investments

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Township is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2018 and 2017, the Township had the following investments:

| | <u>Fair Value</u> |
|---|-----------------------|
| <u>2018</u> | |
| Investment: | |
| Length of Service Award Program (LOSAP) (Unaudited) | \$ <u>1,053,907</u> |
| <u>2017</u> | |
| Investment: | |
| Length of Service Award Program (LOSAP) (Unaudited) | \$ <u>1,090,911</u> |

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for custodial risk. As of December 31, 2018 and 2017, \$1,053,907 and \$1,090,911 of the Township's investments was exposed to custodial credit risk as follows:

| | Fair Value (LOSAP) | |
|---|-----------------------|---------------------|
| | <u>2018</u> | <u>2017</u> |
| Uninsured and Collateralized: | | |
| Collateral held by pledging financial institution's trust department but not in the Township's name (unaudited) | <u>\$ 1,053,907</u> | <u>\$ 1,090,911</u> |

Interest Rate Risk – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and N.J.A.C. 5:30-14.19). The Township does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Township places no limit in the amount the Township may invest in any one issuer. More than five (5) percent of the Township's investments are in the Lincoln Financial LOSAP account. These investments are 100% of the Township's total investments.

The fair value of the above-listed investment was based on quoted market prices.

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2018 and 2017 consisted of the following:

| | <u>2018</u> | <u>2017</u> |
|-----------------|-------------------|-------------------|
| <u>Current</u> | | |
| Property Taxes | \$ 403,749 | \$ 397,484 |
| Tax Title Liens | <u>23,480</u> | <u>18,912</u> |
| | <u>\$ 427,229</u> | <u>\$ 416,396</u> |

In 2018 and 2017, the Township collected \$396,900 and \$365,107 from delinquent taxes, which represented 95% and 97%, respectively of the prior year delinquent taxes receivable balance.

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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>2018</u> | | <u>2017</u> | |
|-------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
| | Due from <u>Other Funds</u> | Due to <u>Other Funds</u> | Due from <u>Other Funds</u> | Due to <u>Other Funds</u> |
| Current Fund | \$ 116,288 | \$ 91,733 | \$ 4,738 | \$ 90,001 |
| Trust Funds | | | | |
| Animal Control | | 675 | | 897 |
| Other Trust | 48,280 | | 48,697 | |
| Open Space Preservation | 3,135 | 100,000 | 986 | 100,000 |
| LOSAP | 44,392 | | 44,392 | |
| General Capital Fund | 18,803 | 35,304 | 4,000 | 6,552 |
| Golf Course Utility | | | | |
| Operating | 104,579 | 118,803 | 151,009 | 4,000 |
| Capital | 19,697 | 8,378 | 2,786 | 54,808 |
| Public Assistance Fund | - | 281 | - | 350 |
| Total | <u>\$ 355,174</u> | <u>\$ 355,174</u> | <u>\$ 256,608</u> | <u>\$ 256,608</u> |

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

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

| | Balance <u>December 31,</u> | Subsequent Year Budget <u>Appropriation</u> | <u>Balance</u> |
|-----------------------------------|--------------------------------|---|----------------|
| <u>2018</u> | | | |
| Current Fund | | | |
| Emergency Authorizations | \$ 155,000 | \$ 155,000 | |
| Special Emergency Authorization | 965,000 | 193,000 | \$ 772,000 |
| <u>2017</u> | | | |
| Golf Course Utility | | | |
| Operating Fund | | | |
| Operating Deficit | 88,413 | 88,413 | |
| Capital Fund | | | |
| Expenditure Without Appropriation | 60,494 | 60,494 | |

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 7 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual school levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2016 and 2015 are as follows:

| | <u>2018</u> Regional High School | <u>2017</u> Regional High School |
|--------------------|---|---|
| Balance of Tax | \$6,595,604 | \$6,350,294 |
| Deferred Liability | <u>(4,157,136)</u> | <u>(3,907,136)</u> |
| Taxes Payable | <u><u>\$2,438,468</u></u> | <u><u>\$2,443,158</u></u> |

NOTE 8 FUND BALANCES APPROPRIATED

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

| | Fund Balance December 31, <u>2018</u> | Utilized in Subsequent <u>Year's Budget</u> | Fund Balance December 31, <u>2017</u> | Utilized in Subsequent <u>Year's Budget</u> |
|------------------------------------|--|---|--|---|
| Current Fund | | | | |
| Cash Surplus | \$ 1,118,189 | \$ 1,050,000 | \$ 1,463,802 | \$ 1,050,000 |
| Non-Cash Surplus | <u>554,273</u> | <u>-</u> | <u>170,474</u> | <u>-</u> |
| | <u><u>\$ 1,672,462</u></u> | <u><u>\$ 1,050,000</u></u> | <u><u>\$ 1,634,276</u></u> | <u><u>\$ 1,050,000</u></u> |
| Golf Course Utility Operating Fund | | | | |
| Cash Surplus | \$ 336,625 | \$ 200,000 | \$ 154,654 | \$ 106,000 |
| Non-Cash Surplus | <u>-</u> | <u>-</u> | <u>88,413</u> | <u>-</u> |
| | <u><u>\$ 336,625</u></u> | <u><u>\$ 200,000</u></u> | <u><u>\$ 243,067</u></u> | <u><u>\$ 106,000</u></u> |

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 9 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2018 and 2017.

| | Balance December 31, <u>2017</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2018</u> |
|-------------------------------------|--|-------------------|-------------------|---|
| <u>2018</u> | | | | |
| Land | \$ 15,727,514 | | | \$ 15,727,514 |
| Buildings and Building Improvements | 4,572,579 | | | 4,572,579 |
| Vehicles | 5,280,628 | \$ 489,792 | \$ 389,623 | 5,380,797 |
| Machinery and Equipment | <u>2,382,640</u> | <u>229,001</u> | <u>43,087</u> | <u>2,568,554</u> |
| | <u>\$ 27,963,361</u> | <u>\$ 718,793</u> | <u>\$ 432,710</u> | <u>\$ 28,249,444</u> |
| | | | | |
| | Balance December 31, <u>2016</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2017</u> |
| <u>2017</u> | | | | |
| Land | \$ 15,727,514 | | | \$ 15,727,514 |
| Buildings and Building Improvements | 4,557,079 | \$ 15,500 | | 4,572,579 |
| Vehicles | 5,296,073 | 75,157 | \$ 90,602 | 5,280,628 |
| Machinery and Equipment | <u>2,342,158</u> | <u>40,482</u> | <u>-</u> | <u>2,382,640</u> |
| | <u>\$ 27,922,824</u> | <u>\$ 131,139</u> | <u>\$ 90,602</u> | <u>\$ 27,963,361</u> |

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 9 FIXED ASSETS (Continued)

B. Golf Course Utility Fund Fixed Assets

The following is a summary of changes in the golf course utility fund fixed assets for the years ended December 31, 2018 and 2017.

| | Balance December 31, <u>2017</u> | <u>Increases</u> | <u>Decreases</u> | Balance December 31, <u>2018</u> |
|--|--|-------------------|------------------|--|
| <u>Golf Course Utility Fund</u> | | | | |
| <u>2018</u> | | | | |
| Fixed Capital | | | | |
| Acquisition of Golf Course and Facilities | \$ 13,750,000 | | | \$ 13,750,000 |
| Improvements to Golf Course and Facilities | <u>212,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>212,000</u> |
| | <u>\$ 13,962,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,962,000</u> |
| | | | | |
| | Balance December 31, <u>2016</u> | <u>Increases</u> | <u>Decreases</u> | Balance December 31, <u>2017</u> |
| <u>2017</u> | | | | |
| Fixed Capital | | | | |
| Acquisition of Golf Course and Facilities | \$ 13,750,000 | | | \$ 13,750,000 |
| Improvements to Golf Course and Facilities | <u>-</u> | <u>\$ 212,000</u> | <u>\$ -</u> | <u>212,000</u> |
| | <u>\$ 13,750,000</u> | <u>\$ 212,000</u> | <u>\$ -</u> | <u>\$ 13,962,000</u> |

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10 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 both general capital and golf course utility capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. 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 Township's debt is summarized as follows:

| | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|
| Issued | | |
| General | | |
| Bonds, Notes and Loans | \$ 18,418,571 | \$ 18,524,777 |
| Golf Course Utility | | |
| Bonds and Notes | 14,696,331 | 13,881,700 |
| Less Funds Temporarily Held to Pay Bonds and Notes | <u>(3,043,811)</u> | <u>(3,046,101)</u> |
| Net Debt Issued | 30,071,091 | 29,360,376 |
| Authorized But Not Issued | | |
| General | | |
| Bonds and Notes | 969,873 | 20,430 |
| Golf Course Utility | | |
| Bonds and Notes | <u>-</u> | <u>-</u> |
| | <u>969,873</u> | <u>20,430</u> |
| Net Bonds and Notes Issued and Authorized But Not Issued | <u>\$ 31,040,964</u> | <u>\$ 29,380,806</u> |

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 0.940% and 0.909% at December 31, 2018 and 2017, respectively.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--------------|----------------------|----------------------|----------------------|
| <u>2018</u> | | | |
| General Debt | \$ 19,388,344 | \$ 23,207 | \$ 19,365,137 |
| School Debt | 5,893,096 | 5,893,096 | |
| Utility Debt | <u>14,696,331</u> | <u>14,696,331</u> | <u>-</u> |
| Total | <u>\$ 39,977,771</u> | <u>\$ 20,612,634</u> | <u>\$ 19,365,137</u> |

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--------------|----------------------|----------------------|----------------------|
| <u>2017</u> | | | |
| General Debt | \$ 18,545,207 | \$ 25,497 | \$ 18,519,710 |
| School Debt | 7,347,585 | 7,347,585 | |
| Utility Debt | <u>13,881,700</u> | <u>13,881,700</u> | <u>-</u> |
| Total | <u>\$ 39,774,492</u> | <u>\$ 21,254,782</u> | <u>\$ 18,519,710</u> |

Statutory Borrowing Power

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

| | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|
| 3-1/2% of Equalized Valuation Basis (Municipal) | \$ 72,104,449 | \$ 71,343,906 |
| Net Debt | <u>(19,365,137)</u> | <u>(18,519,710)</u> |
| Remaining Borrowing Power | <u>\$ 52,739,312</u> | <u>\$ 52,824,196</u> |

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The Township's long-term debt consisted of the following at December 31:

General Obligation Bonds

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

| | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|
| \$4,965,000, 2011 Bonds, due in annual installments of \$325,000 to \$340,000 through August 15, 2027, interest at 2.25% to 3.25% | \$ 3,015,000 | \$ 3,340,000 |
| \$4,792,000, 2015 Bonds, due in annual installments of \$240,000 to \$357,000 through August 1, 2031, interest at 3.00% to 3.125% | 4,222,000 | 4,432,000 |
| \$3,505,000, 2016 Refunding Bonds, due in annual installments of \$365,000 to \$405,000 through June 15, 2026, interest at 3.00% to 4.00% | <u>3,085,000</u> | <u>3,500,000</u> |
| | <u>\$ 10,322,000</u> | <u>\$ 11,272,000</u> |

General Intergovernmental Loans Payable

The Township has entered into a loan agreement with the State of New Jersey Green Acres Program for the financing relating to the acquisition of Open Space. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| \$1,000,000, 2002 Loan, due in semi-annual installments of \$28,713 to \$30,784 through September 13, 2022, interest at 2.0% | <u>\$ 237,902</u> | <u>\$ 294,477</u> |

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10 MUNICIPAL DEBT (Continued)

Utility Bonds

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

Golf Course Utility

| | <u>2018</u> | <u>2017</u> |
|--|----------------------|----------------------|
| \$9,600,000, 2014 Bonds, due in annual installments of \$290,000 to \$510,000 through October 1, 2039, interest at 2.25% - 3.25% | \$ 8,535,000 | \$ 8,815,000 |
| \$5,095,000, 2015 Bonds, due in annual installments of \$150,000 to \$300,000 through August 1, 2042, interest at 3.0% - 3.75% | <u>4,645,000</u> | <u>4,795,000</u> |
| | <u>\$ 13,180,000</u> | <u>\$ 13,610,000</u> |

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2018 is as follows:

| Calendar Year | General Bonds | | Intergovernmental Loans | | Utility Bonds | | Total |
|------------------|----------------------|---------------------|----------------------------|------------------|----------------------|---------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2019 | \$ 970,000 | \$ 328,044 | \$ 57,713 | \$ 4,471 | \$ 440,000 | \$ 405,808 | \$ 2,206,036 |
| 2020 | 995,000 | 299,456 | 58,873 | 3,311 | 450,000 | 394,782 | 2,201,422 |
| 2021 | 1,030,000 | 267,231 | 60,054 | 2,129 | 460,000 | 383,532 | 2,202,946 |
| 2022 | 1,065,000 | 232,332 | 61,262 | 922 | 470,000 | 371,670 | 2,201,186 |
| 2023 | 1,050,000 | 196,982 | | | 480,000 | 359,170 | 2,086,152 |
| 2024-2028 | 4,170,000 | 485,208 | | | 2,585,000 | 1,573,550 | 8,813,758 |
| 2029-2033 | 1,042,000 | 64,368 | | | 3,045,000 | 1,158,198 | 5,309,566 |
| 2034-2038 | | | | | 3,560,000 | 655,376 | 4,215,376 |
| 2039-2042 | - | - | - | - | 1,690,000 | 125,752 | 1,815,752 |
| Total | <u>\$ 10,322,000</u> | <u>\$ 1,873,621</u> | <u>\$ 237,902</u> | <u>\$ 10,833</u> | <u>\$ 13,180,000</u> | <u>\$ 5,427,838</u> | <u>\$ 31,052,194</u> |

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2018 and 2017 were as follows:

| | Balance, December 31, <u>2017</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2018</u> | Due Within One Year |
|--|---|------------------|---------------------|---|---------------------------|
| <u>2018</u> | | | | | |
| General Capital Fund | | | | | |
| Bonds Payable | \$ 11,272,000 | | \$ 950,000 | \$ 10,322,000 | \$ 970,000 |
| Intergovernmental Loans Payable | <u>294,477</u> | <u>\$ -</u> | <u>56,575</u> | <u>237,902</u> | <u>57,713</u> |
| General Capital Fund Long-Term Liabilities | <u>\$ 11,566,477</u> | <u>\$ -</u> | <u>\$ 1,006,575</u> | <u>\$ 10,559,902</u> | <u>\$ 1,027,713</u> |
| Golf Course Utility Capital Fund | | | | | |
| Bonds Payable | <u>\$ 13,610,000</u> | <u>\$ -</u> | <u>\$ 430,000</u> | <u>\$ 13,180,000</u> | <u>\$ 440,000</u> |
| Golf Course Utility Capital Fund Long-Term Liabilities | <u>\$ 13,610,000</u> | <u>\$ -</u> | <u>\$ 430,000</u> | <u>\$ 13,180,000</u> | <u>\$ 440,000</u> |
| | Balance, December 31, <u>2016</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2017</u> | Due Within One Year |
| <u>2017</u> | | | | | |
| General Capital Fund | | | | | |
| Bonds Payable | \$ 12,192,000 | | \$ 920,000 | \$ 11,272,000 | \$ 950,000 |
| Intergovernmental Loans Payable | <u>349,937</u> | <u>\$ -</u> | <u>55,460</u> | <u>294,477</u> | <u>56,575</u> |
| General Capital Fund Long-Term Liabilities | <u>\$ 12,541,937</u> | <u>\$ -</u> | <u>\$ 975,460</u> | <u>\$ 11,566,477</u> | <u>\$ 1,006,575</u> |
| Golf Course Utility Capital Fund | | | | | |
| Bonds Payable | <u>\$ 14,030,000</u> | <u>\$ -</u> | <u>\$ 420,000</u> | <u>\$ 13,610,000</u> | <u>\$ 430,000</u> |
| Golf Course Utility Capital Fund Long-Term Liabilities | <u>\$ 14,030,000</u> | <u>\$ -</u> | <u>\$ 420,000</u> | <u>\$ 13,610,000</u> | <u>\$ 430,000</u> |

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Township's short-term debt activity for the years ended December 31, 2018 and 2017 was as follows:

Bond Anticipation Notes

| <u>Purpose</u> | <u>Rate</u> <u>(%)</u> | <u>Maturity</u> <u>Date</u> | Balance, December 31, <u>2017</u> | Renewed/ <u>Issued</u> | Retired/ <u>Redeemed</u> | Balance, December 31, <u>2018</u> |
|------------------------------------|---------------------------|--------------------------------|---|---------------------------|-----------------------------|---|
| <u>2018</u> | | | | | | |
| <u>General Capital Fund</u> | | | | | | |
| Acquisition of Property | 3.00% | 8/9/2019 | \$ 3,703,000 | \$ 3,631,810 | \$ 3,703,000 | \$ 3,631,810 |
| Various Capital Improvements | 3.00% | 8/9/2019 | <u>3,255,300</u> | <u>4,226,859</u> | <u>3,255,300</u> | <u>4,226,859</u> |
| Total General Capital Fund | | | <u>6,958,300</u> | <u>7,858,669</u> | <u>6,958,300</u> | <u>7,858,669</u> |

Golf Course Utility Capital Fund

| | | | | | | |
|--|------|----------|-------------------|---------------------|-------------------|---------------------|
| Various Golf Course Improvements | 3.00 | 8/9/2019 | \$ <u>271,700</u> | \$ <u>1,516,331</u> | <u>271,700</u> | \$ <u>1,516,331</u> |
| Total Golf Course Utility Capital Fund | | | <u>\$ 271,700</u> | <u>\$ 1,516,331</u> | <u>\$ 271,700</u> | <u>\$ 1,516,331</u> |

| <u>Purpose</u> | <u>Rate</u> <u>(%)</u> | <u>Maturity</u> <u>Date</u> | Balance, December 31, <u>2015</u> | Renewed/ <u>Issued</u> | Retired/ <u>Redeemed</u> | Balance, December 31, <u>2016</u> |
|--|---------------------------|--------------------------------|---|---------------------------|-----------------------------|---|
| <u>2017</u> | | | | | | |
| <u>General Capital Fund</u> | | | | | | |
| Acquisition of Property | 2.00% | 8/10/2018 | \$ 3,772,000 | \$ 3,703,000 | \$ 3,772,000 | \$ 3,703,000 |
| Various Capital Improvements | 2.00% | 8/10/2018 | <u>2,356,300</u> | <u>3,255,300</u> | <u>2,356,300</u> | <u>3,255,300</u> |
| Total General Capital Fund | | | <u>6,128,300</u> | <u>6,958,300</u> | <u>6,128,300</u> | <u>6,958,300</u> |
| <u>Golf Course Utility Capital Fund</u> | | | | | | |
| Various Golf Course Improvements | 2.00 | 8/10/2018 | \$ <u>271,700</u> | \$ <u>271,700</u> | <u>271,700</u> | \$ <u>271,700</u> |
| Total Golf Course Utility Capital Fund | | | <u>\$ 271,700</u> | <u>\$ 271,700</u> | <u>\$ 271,700</u> | <u>\$ 271,700</u> |

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund. The amounts issued for the golf course utility activities are accounted for in the Golf Course Utility 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 special emergency appropriations to temporarily finance operating expenditures. This debt which is not included in the Township's statutory debt limit calculation is reported in the Current Fund for the years 2018 and 2017 as follows:

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the Township 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.

2018

| <u>Purpose</u> | <u>Rate</u> <u>(%)</u> | <u>Maturity</u> <u>Date</u> | <u>Balance,</u> <u>December 31,</u> <u>2017</u> | <u>Renewed/</u> <u>Issued</u> | <u>Retired/</u> <u>Redeemed</u> | <u>Balance,</u> <u>December 31,</u> <u>2018</u> |
|---------------------|---------------------------|--------------------------------|---|----------------------------------|------------------------------------|---|
| Terminal Pay - 2018 | 2.47% | 8/9/2019 | \$ - | \$ 965,000 | \$ - | \$ 965,000 |

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

| <u>Capital Project</u> | <u>Commitment</u> | <u>Estimated</u> <u>Date of</u> <u>Completion</u> |
|---------------------------------|-------------------|---|
| <u>2018</u> | | |
| None | | |
| <u>2017</u> | | |
| 2017 Road Improvement Program | \$304,602 | 2018 |
| Poplar Road Improvement Project | 149,632 | 2018 |

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal and sick leave 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 \$962,000 and \$1,007,000 at December 31, 2018 and 2017, respectively. These amounts which are considered material to the financial statements are not reported as an expenditure or liability. As of December 31, 2018 and 2017, the Township has reserved in the Other Trust Fund \$91,651 and \$54,650, respectively, to fund compensated absences in accordance with NJSA 40A:4-39.

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 as either 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 Township's change in other long-term liabilities for the years ended December 31, 2018 and 2017 were as follows:

| | Balance, December 31, <u>2017</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2018</u> | Due Within <u>One Year</u> |
|-----------------------------------|---|------------------|---------------------|---|----------------------------------|
| <u>2018</u> | | | | | |
| Compensated Absences | \$ 1,007,470 | | \$ 44,810 | \$ 962,660 | |
| Net Pension Liability - PERS | 7,565,260 | | 709,682 | 6,855,578 | |
| Net Pension Liability - PFRS | <u>12,960,222</u> | <u>-</u> | <u>1,561,979</u> | <u>11,398,243</u> | <u>-</u> |
| Total Other Long-Term Liabilities | <u>\$ 21,532,952</u> | <u>\$ -</u> | <u>\$ 2,316,471</u> | <u>\$ 19,216,481</u> | <u>\$ -</u> |
| | | | | | |
| | Balance, December 31, <u>2016</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2017</u> | Due Within <u>One Year</u> |
| <u>2017</u> | | | | | |
| Compensated Absences | \$ 1,022,291 | \$ 32,549 | \$ 47,370 | \$ 1,007,470 | \$ 100,000 |
| Net Pension Liability - PERS | 10,087,209 | | 2,521,949 | 7,565,260 | |
| Net Pension Liability - PFRS | <u>15,814,294</u> | <u>-</u> | <u>2,854,072</u> | <u>12,960,222</u> | <u>-</u> |
| Total Other Long-Term Liabilities | <u>\$ 26,923,794</u> | <u>\$ 32,549</u> | <u>\$ 5,423,391</u> | <u>\$ 21,532,952</u> | <u>\$ 100,000</u> |

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

The following represents the membership tiers for PFRS:

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

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

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

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

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The following represents the membership tiers for PERS:

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2017 who earn in excess of established annual maximum compensation limites (equivalent to maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for PERS at June 30, 2018 and 2017 is \$43.4 billion and \$48.9 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 40.45% and 36.78%, respectively. The collective net pension liability of the participating employers for PFRS at June 30, 2018 and 2017 is \$19.7 billion and \$21.6 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 57.91% and 54.52%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017, respectively.

Actuarial Methods and Assumptions

In the July 1, 2017 and 2016 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2018 and 2017 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2018 and 2017 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Township for 2018, 2017 and 2016 were equal to the required contributions.

During the years ended December 31, 2018, 2017 and 2016, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions, long term disability insurance premiums 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>PFRS</u> | <u>PERS</u> | <u>DCRP</u> |
|---|-------------|-------------|-------------|
| 2018 | \$ 742,971 | \$ 305,264 | \$ 2,884 |
| 2017 | 674,971 | 303,345 | 1,710 |
| 2016 | 659,214 | 270,137 | 876 |

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2018 and 2017, the Township reported a liability of \$6,855,578 and \$7,565,260, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Township's proportionate share of the net pension liability was based on a projection of the Township'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, 2018, the Township's proportionate share was .03481 percent, which was an increase of .00232 percent from its proportionate share measured as of June 30, 2017 of .03249 percent.

TOWNSHIP OF RIVER VALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2018 and 2017, the pension system has determined the Township's pension expense to be \$612,140 and \$683,064, respectively, for PERS based on the actuarial valuations which are more than the actual contributions reported in the Township's financial statements of \$305,264 and \$303,345 respectively. At December 31, 2018 and 2017, the Township's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Township's financial statements are from the following sources:

| | 2018 | | 2017 | |
|--|--|---|--|---|
| | <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 | \$ 130,737 | \$ 35,350 | \$ 178,136 | |
| Changes of Assumptions | 1,129,686 | 2,192,049 | 1,524,139 | \$ 1,518,551 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | 64,306 | 51,514 | |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>847,331</u> | <u>215,971</u> | <u>613,666</u> | <u>278,031</u> |
| Total | <u>\$ 2,107,754</u> | <u>\$ 2,507,676</u> | <u>\$ 2,367,455</u> | <u>\$ 1,796,582</u> |

At December 31, 2018 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> |
|---|---------------------|
| 2019 | \$ 255,797 |
| 2020 | 131,636 |
| 2021 | (374,160) |
| 2022 | (340,923) |
| 2023 | (72,272) |
| Thereafter | <u>-</u> |
| | <u>\$ (399,922)</u> |

TOWNSHIP OF RIVER VALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

| <u>PERS</u> | <u>2018</u> | <u>2017</u> |
|---------------------------|-----------------------------|----------------------------|
| Inflation Rate | 2.25% | 2.25% |
| Salary Increases: | | |
| Through 2026 | 1.65-4.15% Based on Age | 1.65-4.15% Based on Age |
| Thereafter | 2.65%-5.15% Based on Age | 2.65-5.15% Based on Age |
| Investment Rate of Return | 7.00% | 7.00% |
| 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, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

TOWNSHIP OF RIVER VALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

| <u>Asset Class</u> | <u>2018</u> | | <u>2017</u> | |
|---------------------------------|--------------------------|---|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Risk Mitigation Strategies | 5.00% | 5.51% | 5.00% | 5.51% |
| Cash Equivalents | 5.50% | 1.00% | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% | 3.00% | 1.87% |
| Investment Grade Credit | 10.00% | 3.78% | 10.00% | 3.78% |
| US Equity | 30.00% | 8.19% | 30.00% | 8.19% |
| Non-US Developed Markets Equity | 11.50% | 9.00% | 11.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.64% | 6.50% | 11.64% |
| High Yield | 2.50% | 6.82% | 2.50% | 6.82% |
| Global Diversified Credit | 5.00% | 7.10% | 5.00% | 7.10% |
| Credit Oriented Hedge Funds | 1.00% | 6.60% | 1.00% | 6.60% |
| Debt Related Private Equity | 2.00% | 10.63% | 2.00% | 10.63% |
| Debt Related Real Estate | 1.00% | 6.61% | 1.00% | 6.61% |
| Private Real Asset | 2.50% | 11.83% | 2.50% | 11.83% |
| Equity Related Real Estate | 6.25% | 9.23% | 6.25% | 9.23% |
| Buyouts/Venture Capital | 8.25% | 13.08% | 8.25% | 13.08% |

Discount Rate

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

| <u>Calendar</u> | | |
|-----------------|-------------------------|----------------------|
| <u>Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
| 2018 | June 30, 2018 | 5.66% |
| 2017 | June 30, 2017 | 5.00% |

TOWNSHIP OF RIVER VALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

| | <u>2018</u> | <u>2017</u> |
|--|-------------------------------------|-------------------------------------|
| Period of Projected Benefit Payments for which the Following Rates were Applied: | | |
| Long-Term Expected Rate of Return | Through June 30, 2046 | Through June 30, 2040 |
| Municipal Bond Rate * | From July 1, 2046 and Thereafter | From July 1, 2040 and Thereafter |

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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 Township's proportionate share of the PERS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, respectively, as well as what the Township'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 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

| | 1% Decrease (4.66%) | Current Discount Rate (5.66%) | 1% Increase (6.66%) |
|---|------------------------------------|--|------------------------------------|
| <u>2018</u> | | | |
| Borough's Proportionate Share of the PERS Net Pension Liability | \$ <u>8,620,099</u> | \$ <u>6,855,578</u> | \$ <u>5,375,257</u> |
| | 1% Decrease (4.00%) | Current Discount Rate (5.00%) | 1% Increase (6.00%) |
| <u>2017</u> | | | |
| Borough's Proportionate Share of the PERS Net Pension Liability | \$ <u>9,385,218</u> | \$ <u>7,565,260</u> | \$ <u>6,049,009</u> |

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

TOWNSHIP OF RIVER VALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2018 and 2017, the Township reported a liability of \$11,398,243 and \$12,960,222, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Township's proportionate share of the net pension liability was based on a projection of the Township'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, 2018, the Township's proportionate share was .08423 percent, which was an increase of .00029 percent from its proportionate share measured as of June 30, 2017 of .08394 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Township pension expense to be \$1,047,444 and \$1,328,574, respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the Township's financial statements of \$742,971 and \$674,971, respectively. At December 31, 2018 and 2017, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Township's financial statements are from the following sources:

| | 2018 | | 2017 | |
|--|--|---|--|---|
| | <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 | \$ 115,962 | \$ 47,169 | \$ 84,078 | \$ 76,066 |
| Changes of Assumptions | 978,386 | 2,921,173 | 1,598,140 | 2,122,505 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | 62,359 | 247,311 | |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>421,733</u> | <u>90,260</u> | <u>596,933</u> | <u>149,255</u> |
| Total | <u>\$ 1,516,081</u> | <u>\$ 3,120,961</u> | <u>\$ 2,526,462</u> | <u>\$ 2,347,826</u> |

TOWNSHIP OF RIVER VALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2018 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:

| <u>Year Ending December 31,</u> | <u>Total</u> |
|---|-----------------------|
| 2019 | \$ 248,209 |
| 2020 | (257,932) |
| 2021 | (848,206) |
| 2022 | (565,235) |
| 2023 | (181,716) |
| Thereafter | - |
| | <u>\$ (1,604,880)</u> |

Actuarial Assumptions

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

| <u>PFRS</u> | <u>2018</u> | <u>2017</u> |
|---------------------------|-----------------------------|-----------------------------|
| Inflation Rate | 2.25% | 2.25% |
| 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% | 7.00% |
| 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, 2017 and July 1, 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

TOWNSHIP OF RIVER VALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

| <u>Asset Class</u> | <u>2018</u> | | <u>2017</u> | |
|---------------------------------|--------------------------|---|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Risk Mitigation Strategies | 5.00% | 5.51% | 5.00% | 5.51% |
| Cash | 5.50% | 1.00% | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% | 3.00% | 1.87% |
| Investment Grade Credit | 10.00% | 3.87% | 10.00% | 3.78% |
| US Equity | 30.00% | 8.19% | 30.00% | 8.19% |
| Non-US Developed Markets Equity | 11.50% | 9.00% | 11.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.64% | 6.50% | 11.64% |
| High Yield | 2.50% | 6.82% | 2.50% | 6.82% |
| Global Diversified Credit | 5.00% | 7.10% | 5.00% | 7.10% |
| Credit Oriented Hedge Funds | 1.00% | 6.60% | 1.00% | 6.60% |
| Debt Related Private Equity | 2.00% | 10.63% | 2.00% | 10.63% |
| Debt Related Real Estate | 1.00% | 6.61% | 1.00% | 6.61% |
| Private Real Asset | 2.50% | 11.83% | 2.50% | 11.83% |
| Equity Related Real Estate | 6.25% | 9.23% | 6.25% | 9.23% |
| Buyouts/Venture Capital | 8.25% | 13.08% | 8.25% | 13.08% |

Discount Rate

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

| <u>Calendar</u> | | |
|-----------------|-------------------------|----------------------|
| <u>Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
| 2018 | June 30, 2018 | 6.51% |
| 2017 | June 30, 2017 | 6.14% |

TOWNSHIP OF RIVER VALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

| | <u>2018</u> | <u>2017</u> |
|--|-------------------------------------|-------------------------------------|
| Period of Projected Benefit Payments for which the Following Rates were Applied: | | |
| Long-Term Expected Rate of Return | Through June 30, 2062 | Through June 30, 2057 |
| Municipal Bond Rate * | From July 1, 2062 and Thereafter | From July 1, 2057 and Thereafter |

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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 Township's proportionate share of the PFRS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, respectively, as well as what the Township'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 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

| | 1% Decrease (<u>5.51%</u>) | Current Discount Rate (<u>6.51%</u>) | 1% Increase (<u>7.51%</u>) |
|---|---|---|---|
| <u>2018</u> | | | |
| Borough's Proportionate Share of the PFRS Net Pension Liability | <u>\$ 15,255,134</u> | <u>\$ 11,398,243</u> | <u>\$ 8,217,011</u> |
| | 1% Decrease (<u>5.14%</u>) | Current Discount Rate (<u>6.14%</u>) | 1% Increase (<u>7.14%</u>) |
| <u>2017</u> | | | |
| Borough's Proportionate Share of the PFRS Net Pension Liability | <u>\$ 17,076,160</u> | <u>\$ 12,960,222</u> | <u>\$ 9,578,511</u> |

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

TOWNSHIP OF RIVER VALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Township 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 Township 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 Township'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, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$1,548,263 and \$1,451,654, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$183,389 and \$177,570, respectively, which is more than the actual contributions the State made on behalf of the Township of \$91,695 and \$72,589, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Township was .08423 percent, which was an increase of .00029 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .08394 percent. The State's proportionate share attributable to the Township 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 Township'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.

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

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

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

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

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

GASB 75 – Other Post-Employment Benefits

The Township of River Vale has elected to omit the required disclosures regarding the unfunded liability related to Other Post-Employment Medical Benefits. The actuarial valuation report is prepared by independent accountants for the State of New Jersey. This information was not available at the time of audit.

NOTE 15 RISK MANAGEMENT

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

The Township of River Vale is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Township.

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 15 RISK MANAGEMENT (Continued)

The relationship between the Township 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 Township 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 Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Township 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 Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's unemployment compensation trust fund for the current and previous two years:

| <u>Year Ended</u> <u>December 31</u> | <u>Township</u> <u>Contributions</u> | <u>Employee</u> <u>Contributions</u> | <u>Amount</u> <u>Reimbursed</u> | <u>Ending</u> <u>Balance</u> |
|---|---|---|------------------------------------|---------------------------------|
| 2018 | \$ 18,000 | \$ 5,715 | \$ 3,510 | \$ 86,823 |
| 2017 | 18,000 | 4,105 | 7,402 | 66,238 |
| 2016 | 18,000 | 6,733 | 16,039 | 51,312 |

NOTE 16 CONTINGENT LIABILITIES

The Township 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 Township's Attorney, the potential claims against the Township not covered by insurance policies would not materially affect the financial condition of the Township.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2018 and 2017. Amounts claimed have not yet been determined. The Township 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 Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, to be immaterial. As of December 31, 2018 and 2017, the Township reserved \$100,000 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.

TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 16 CONTINGENT LIABILITIES (Continued)

Federal and State Awards - The Township 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 Township may be required to reimburse the grantor government. As of December 31, 2018 and 2017, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

NOTE 17 FEDERAL ARBITRAGE REGULATIONS

The Township 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, 2018 and 2017, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 18 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Township of River Vale Length of Service Award Program (the Plan) was created by a Township ordinance adopted in 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of River Vale approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the Volunteer Ambulance Squad, come from contributions made solely by the Township on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Township of River Vale has contributed \$1,233 for both 2018 and 2017, for each eligible volunteer member into the Plan. The total Township contributions were \$44,392 for both 2018 and 2017.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Township has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial is the administrator of the plan. The Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**TOWNSHIP OF RIVER VALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 18 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Township perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Township's Trust Fund.

NOTE 19 SUBSEQUENT EVENT

On April 8, 2019, the Township adopted a bond ordinance authorizing the issuance of \$1,225,816 in bonds or bond anticipation notes to fund various capital improvements. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

*An opinion in substantially the following form
will be delivered at Closing, assuming no
material changes in facts or law*

_____, 2019

Township Council of the
Township of River Vale in the
County of Bergen, New Jersey

Re: Township of River Vale, in the County of Bergen, New Jersey
\$12,157,000 General Obligation Notes, Series 2019

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of River Vale, in the County of Bergen, New Jersey (the “Issuer”), of its \$12,157,000 aggregate principal amount of General Obligation Notes, Series 2019, consisting of \$9,878,669 General Improvement Bond Anticipation Notes, \$1,506,331 Golf Course Utility Bond Anticipation Notes and \$772,000 Special Emergency Notes (collectively, the “Notes”). The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer are available to pay the principal of and the interest on the Notes. The Notes are issued in registered form and are dated _____, 2019, mature on July 17, 2020, bear interest at a rate of 1.75% percent per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes are issued under the provisions of the Local Bond Law and the Local Budget Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (collectively, the “Act”), and bond ordinances of the Issuer numbered 239-2010, 301-2015, 302-2015, 311-2016, 323-2017, 338-2018, 339-2018, 342-2018, 347-2018 and 353-2019 (the “Ordinances”). The Notes are issued for the purpose of providing funds to finance and refinance the projects as described in the Ordinances (the “Projects”). The Projects are authorized by the Ordinances. The Issuer has designated the Notes as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Notes, including: (a) copies of the Ordinances; (b) such matters of law, including inter alia, the Act and the Code; and (c) such other agreements, proceedings, certificates, records, approvals, resolutions, and

documents as to various matters with respect to the issuance of the Notes as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Notes have been duly authorized, issued, executed and sold by the Issuer; the Ordinances have been duly authorized and adopted by the Issuer; and the Notes and the Ordinances are legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms.

2. The power and obligation of the Issuer to pay the Notes is unlimited, and, unless paid from other sources, the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

3. The Issuer has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Notes under the Code. Failure to comply with certain requirements of the Code could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In our opinion, assuming continuing compliance by the Issuer with its covenants, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

4. Interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes.

DECOTIIS, FITZPATRICK, COLE & GIBLIN, LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Township of River Vale, in the County of Bergen, New Jersey (the “Issuer”) in connection with the issuance by the Issuer of \$12,157,000 General Obligation Notes, Series 2019, consisting of \$9,878,669 General Improvement Bond Anticipation Notes, \$1,560,331 Golf Course Utility Bond Anticipation Notes and \$772,000 Special Emergency Notes (the “Notes”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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, the following capitalized terms shall have the following meanings:

“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 Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

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

“EMMA” means the MSRB’s Electronic Municipal Markets Access System.

“Financial Obligation” means 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); provided, however that the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Noteholder” shall mean any person who is the registered owner of any Note, including holders of beneficial interests in the Notes.

“Participating Underwriter” shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

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

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the 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 Notes, or other material events affecting the tax status of the Notes;
7. modifications to rights of Noteholders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Notes, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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; or

14. appointment of a successor or additional trustee, or the change of name of a trustee, if material.
15. Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect holders of the Bonds, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall file or cause to be filed a notice of such occurrence with the MSRB through EMMA in a timely manner not in excess of ten (10) business days after the occurrence of such event.

SECTION 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(b)

SECTION 5. Dissemination Agent. The Issuer 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 Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, it may only be 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 an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, 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, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer 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 Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in the same manner as for a Listed Event under Section 3(b).

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer 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 notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future or notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Noteholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer 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 Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its 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. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Dated: _____, 2019

TOWNSHIP OF RIVER VALE, IN THE
COUNTY OF BERGEN, NEW JERSEY

By: _____
Gennaro Rotella, Chief Financial Officer