

OFFICIAL STATEMENT DATED AUGUST 3, 2021

NEW ISSUE (BOOK-ENTRY ONLY)

RATING: MOODY'S: "Aa2"
(See "RATING" herein)

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, interest on the Bonds (as herein defined) is includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX MATTERS" herein.

TOWNSHIP OF TEANECK
IN THE COUNTY OF BERGEN
STATE OF NEW JERSEY

\$8,250,000 TAX APPEAL REFUNDING BONDS, SERIES 2021
(FEDERALLY TAXABLE)

NON-CALLABLE

Dated: Date of Delivery

Due: August 15, as shown on the inside front cover

The \$8,250,000 aggregate principal amount of Tax Appeal Refunding Bonds, Series 2021 (Federally Taxable) (the "Bonds"), are general obligations of the Township of Teaneck, in the County of Bergen, State of New Jersey (the "Township") for which the full faith and credit of the Township are pledged. The Township is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Township without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

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

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on the fifteenth day of February and August of each year, commencing February 15, 2022, at such rates of interest as shown on the inside front cover hereof until maturity. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Township or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the Township to the registered owner thereof as of the Record Dates (as defined herein).

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

The Bonds are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), specifically, N.J.S.A. 40A:2-51 and 55; (ii) a resolution duly adopted by the Local Finance Board, Division of Local Government Services, Department of Community Affairs, State of New Jersey on March 10, 2021, after a hearing held thereon, consenting to the issuance of the Bonds; (iii) a refunding bond ordinance duly adopted by the Township Council of the Township on March 16, 2021, approved by the Mayor, and published as required by law; and (iv) a resolution duly adopted by the Township Council of the Township on July 13, 2021.

The Bonds are being issued to: (i) permanently finance the cost of various tax appeal judgments and settlements with various taxpayers in the Township in the amount of \$8,150,000 by currently refunding the existing tax appeal refunding notes of the Township in the aggregate principal amount of \$8,150,000, issued on April 14, 2021 and maturing on August 18, 2021; and (ii) pay the costs associated with the issuance of the Bonds.

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

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

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

The Bonds are offered when, as and if issued and delivered subject to the approval of the legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel, and certain other conditions. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Township in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the Township by the Township Attorney, McCusker, Anselmi, Rosen & Carvelli, Florham Park, New Jersey. It is anticipated that the Bonds will be available for delivery through DTC on or about August 17, 2021.

BNY Mellon Capital Markets, LLC

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

<u>Year</u> <u>(August 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Yields</u>	<u>CUSIPs*</u>
2022	\$ 780,000	1.00%	0.25%	878164EC2
2023	785,000	1.00	0.35	878164ED0
2024	800,000	1.00	0.50	878164EE8
2025	810,000	1.00	0.60	878164EF5
2026	820,000	1.00	0.85	878164EG3
2027	830,000	1.00	1.00	878164EH1
2028	840,000	1.15	1.15	878164EJ7
2029	850,000	1.25	1.25	878164EK4
2030	860,000	1.40	1.40	878164EL2
2031	<u>875,000</u>	1.55	1.55	878164EM0
Total:	\$8,250,000			

*A registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Markets Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Bonds only at the time of issuance of the Bonds and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity of the Bonds is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**TOWNSHIP OF TEANECK
IN THE COUNTY OF BERGEN
STATE OF NEW JERSEY**

MAYOR

James Dunleavy

TOWNSHIP COUNCIL

Elie Y. Katz, Deputy Mayor
Mark J. Schwartz, Deputy Mayor 2
Keith Kaplan
Karen Orgen
Michael Pagan
Gervonn Romney Rice

TOWNSHIP ATTORNEY

McCusker, Anselmi, Rosen & Carvelli
Florham Park, New Jersey

TOWNSHIP MANAGER

Dean Kazinci

CHIEF FINANCIAL OFFICER

Issa Abbasi

TOWNSHIP CLERK

Doug Ruccione

INDEPENDENT AUDITORS

Bowman & Company LLP
Voorhees, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

BOND COUNSEL

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

No dealer, broker, salesperson or other person has been authorized by the Township of Teaneck, in the County of Bergen, State of New Jersey (the "Township") to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and if given or made, such information or representation must not be relied upon as having been authorized by the 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 Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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

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

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

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

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

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

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

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OFFICIAL STATEMENT
OF THE
TOWNSHIP OF TEANECK
IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY
RELATING TO
\$8,250,000 TAX APPEAL REFUNDING BONDS, SERIES 2021
(FEDERALLY TAXABLE)

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Township of Teaneck (the "Township"), in the County of Bergen (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$8,250,000 Tax Appeal Refunding Bonds, Series 2021 (Federally Taxable) (the "Bonds") of the Township. This Official Statement, which includes the cover page, inside front cover page and appendices attached hereto, has been authorized by the Township Council, and executed by and on behalf of the Township by its Chief Financial Officer, to be distributed in connection with the sale of the Bonds.

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

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

DESCRIPTION OF THE BONDS

General Description

The Bonds are dated the date of delivery thereof and shall bear interest at the rates shown on the inside front cover page hereof from such date, payable semi-annually on the fifteenth day of February and August of each year (each an "Interest Payment Date") until maturity, commencing February 15, 2022. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be paid by check, draft or wire transfer mailed, transmitted or delivered to the registered owners of the Bonds as of each respective February 1 and August 1 preceding each Interest Payment Date (the "Record Dates"), at the address shown on the registration books for the Bonds kept for that purpose by the Township's Chief Financial Officer, as Registrar and Paying Agent.

The Bonds will mature on August 15 in each of the years and in the respective principal amounts as set forth on the inside front cover page.

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

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

Optional Redemption

The Bonds are not subject to redemption prior to their stated maturities.

Authorization for the Issuance of the Bonds

The Bonds are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), specifically N.J.S.A. 40:2-51 and 55; (ii) a resolution duly adopted by the Local Finance Board, Division of Local Government Services, Department of Community Affairs, State of New Jersey on March 10, 2021, after a hearing held thereon, consenting to the issuance of the Bonds; (iii) a refunding bond ordinance duly adopted by the Township Council of the Township on March 16, 2021, approved by the Mayor, and published as required by law; and (iv) a resolution duly adopted by the Township Council of the Township on July 13, 2021.

The refunding bond ordinance authorizing the Bonds was published in full or in summary after its 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 refunding 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. Such estoppel period has concluded as of the date of this Official Statement.

Purpose of the Bonds

The proceeds of the Bonds are being used to permanently finance the cost of various tax appeal judgments and settlements with various taxpayers in the Township in the amount of \$8,150,000 by currently refunding the existing tax appeal refunding notes of the Township in the amount of \$8,150,000, issued on April 14, 2021 and maturing on August 18, 2021 and (ii) pay the costs associated with the issuance of the Bonds.

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

Ordinance Number	Description and Date of Final Adoption	Amount
8-2021	Pay amounts owing to various taxpayers for tax liabilities resulting from settlements and judgements of property tax appeals, finally adopted March 16, 2021	<u>\$8,250,000</u>
TOTAL		<u>\$8,250,000</u>

Payment of Bonds

As hereinafter stated, the Bonds are general obligations of the Township for which the full faith and credit of the Township will be pledged. The Township is authorized and required by law to levy *ad valorem*

taxes on all taxable property within the Township for the payment of principal of and interest on Bonds without limitation as to rate or amount.

SECURITY FOR THE BONDS

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

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

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

THE TOWNSHIP

The Township is located in Bergen County and is approximately fifteen miles north-west of the City of New York. See APPENDIX A for more information concerning the Township including demographic and statistical information.

NO DEFAULT

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

MARKET PROTECTION

The Township does not anticipate issuing any additional bonds in 2021. The Township may issue additional bond anticipation notes or special emergency notes as necessary in 2021.

BOOK-ENTRY ONLY SYSTEM

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities,

through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Paying Agent, upon direction of the Township, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond 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.

Discontinuance of Book-Entry Only System

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

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

The Township has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of Township debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The Township is not required to submit the proposed incurrence of indebtedness to a public referendum.

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

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

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

Short Term Financing

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

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

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

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

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

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

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

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

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

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

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

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

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

Investment of Municipal Funds

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a cash management plan pursuant to the requirements outlined by said statute. Once a municipality adopts a cash management plan it must deposit or invest its funds pursuant to such plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its cash management plan. Some of the permitted securities are as follows: (a) obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"), (b) Government money market mutual funds which invest in securities permitted under the statute, (c) bonds of certain Federal Government agencies having a maturity date not greater than 397 days from the date of purchase, (d) bonds or other obligations of the particular municipality or school districts of which the local unit is a part

or within which the school district is located, and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

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

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

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

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

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

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate section of the budget. The budget is required to be balanced and to provide fully for debt service. The

regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the “current” or operating budget.

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

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow “eligible” and “qualifying” municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the Township was not eligible for local examination of its budget in 2021. The Township has adopted its 2021 budget in accordance with the procedures described under the heading entitled, “FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)”.

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

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

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

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the “Cap Law” (the “Cap Law”). The Cap Law provides that the Township shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year’s final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Township may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Township for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year’s final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored “CAP” banking to the Local Budget Law. Municipalities are permitted to appropriate available “CAP Bank” in either of the next two (2) succeeding years’ final appropriations. The Township has not utilized a portion of its “Cap Bank” in its 2021 budget. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the “CAP”.

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

The Division of Local Government Services has advised that counties and municipalities must comply with both budget “CAP” and the tax levy limitation. Neither the tax levy limitation nor the “CAP” law, however,

limits the obligation of the Township to levy *ad valorem* taxes upon all taxable property within the boundaries of the Township to pay debt service on bonds and notes, including the Bonds.

Deferral of Current Expenses

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

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

Budget Transfers

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

Anticipation of Real Estate Taxes

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

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

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

Total of Local, County, and School Levies	-	Anticipated Revenues	=	Cash Required from Taxes to Support Local Municipal Budget and Other Taxes
<u>Cash Required from Taxes to Support Local Municipal Budget and Other Taxes</u> Prior Year's Percentage of Current Tax Collection (or Lesser %)				= Amount to be Raised by Taxation

Anticipation of Miscellaneous Revenues

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

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

Debt Statements

The Township must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before the end of the first month (January 31) of each fiscal year of the Township, the Township must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the Township Clerk. 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. Even though the Township's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

CAPITAL IMPROVEMENT PROGRAM

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

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

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

Upon the filing of certified adopted budgets by the Township, the local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of

the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special district.

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

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

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

Tax Appeals

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

TAX MATTERS

In the opinion of Wilentz, Goldman & Spitzer, P.A., Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code. Ownership of the Bonds may result in other federal income tax consequences to certain taxpayers. No opinion is expressed regarding any other federal tax consequences arising with respect to the Bonds.

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

See "APPENDIX C – Form of Approving Legal Opinion" for the complete text of the proposed form of Bond Counsel's approving legal opinion.

Bond Counsel assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO ALL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF HOLDING THE BONDS.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

LEGALITY FOR INVESTMENT

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

RISK TO HOLDERS OF BONDS

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

Municipal Bankruptcy

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

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

impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

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

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

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

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

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

RECENT HEALTHCARE DEVELOPMENTS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State of New Jersey declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which had spread throughout the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which alter the behavior of businesses and people, have had and may continue to have impacts on regional, state and local economies. The declaration of the state of emergency and of a public health emergency has been lifted by the Governor and will officially expire 30 days from June 4, 2021 (although the Governor retains the authority to issue orders and waivers under the Emergency Health Powers Act through January 11, 2022). See <https://covid19.nj.gov> for further detail regarding the impact of COVID-19 on the State and the Governor's various executive orders.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020, c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency

appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): Specifically, Chapter 74 authorizes special emergency appropriations for: (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings related to the COVID-19 pandemic. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19. On May 7, 2021, the Township issued \$2,351,000 Special Emergency Notes (Federally Taxable) to temporarily finance a \$2,351,000 deficit in operations resulting from COVID-19 related revenue loss during the 2020 budget year.

AMERICAN RESCUE PLAN ACT OF 2021

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

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

The Township is expected to receive \$4,216,468.04 in Federal Aid ("Federal Aid") under the American Rescue Plan, \$2,108,234.02 of which amount was received by the Township as of July 2, 2021. The United States Department of Treasury will administer the Federal Aid and will be disbursing the Federal Aid to the State of New Jersey (the "State") within 60 days of the law's enactment. The State then has 30 days to disburse the aid to its political subdivisions, including the Township.

CERTIFICATES OF THE TOWNSHIP

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as APPENDIX C hereto. Certain legal matters with respect to the Bonds will be passed on for the Township by its Township Attorney, John Shahdanian, McCusker, Anselmi, Rosen & Carvelli, Florham Park, New Jersey (the "Township Attorney").

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Township of Teaneck, Issa Abbasi, Chief Financial Officer, 818 Teaneck Road, Teaneck, New Jersey 07666, (201) 837-1600, Lisa A. Gorab, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6459, or Sherry L. Tracey, Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, (609) 291-0130.

MUNICIPAL ADVISOR

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

LITIGATION

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

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE BONDS

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

The Township previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements, a component of its operating data, specifically, the Fund Balance data, for the fiscal years ending December 31, 2017 and 2018. Additionally, the Township acknowledges that it previously failed to file, in a timely manner, late filing notices in connection with its late filings of such annual financial information. Such financial information and notices of late filings have been filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA") as of the date of this Official Statement. The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey, in August of 2015 to serve as continuing disclosure agent.

PREPARATION OF OFFICIAL STATEMENT

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

Bowman & Company LLP, Voorhees, New Jersey, the Auditor to the Township, has participated in the preparation of the information contained in this Official Statement but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the financial statements appearing in APPENDIX B hereto.

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

All other information has been obtained from sources which the Township (including the unaudited financial information set forth in APPENDIX B) considers to be reliable but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

RATING

Moody's Investors Service, Inc. (the "Rating Agency") has assigned a rating of "Aa2" to the Bonds.

The rating reflects only the view of the Rating Agency and an explanation of the significance of the rating may only be obtained from the Rating Agency at the following address: 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. The Township forwarded to the Rating Agency certain information and materials concerning the Bonds and the Township. There can be no assurance that the rating will be maintained for any given period of time or that the rating will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of, the rating may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by BNY Mellon Capital Markets, LLC (the "Underwriter") at a price of \$8,262,127.75. The purchase price of the Bonds reflects the par amount of Bonds, less an Underwriter's discount of \$34,433.75 plus an original issue premium of \$46,561.50.

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

FINANCIAL STATEMENTS

Appendix "B" to this Official Statement contains (a) compiled financial statements of the Township for the year ended December 31, 2020 and (b) audited financial statements of the Township for the years ending December 31, 2019, 2018, 2017, 2016 and 2015. The compiled and audited financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete 2020 Annual Financial Statement (unaudited) and Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

MISCELLANEOUS

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

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

/s/ ISSA ABBASI

**ISSA ABBASI,
Chief Financial Officer**

DATED: August 3, 2021

APPENDIX A

**CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION
CONCERNING THE TOWNSHIP OF TEANECK**

GENERAL INFORMATION ON THE TOWNSHIP

Size and Geographical Location

The Township is physically the seventh largest municipality in Bergen County, with an area of 6.22 square miles. Neighboring communities include Hackensack, Bogota, Ridgefield Park, Leonia, Englewood, Bergenfield and New Milford.

History

The area which is now Teaneck was originally inhabited by the Hackensack Indians, a tidewater tribe of the Lenni Lenape. Settled in the 1600's by the Dutch colonists, it was incorporated as the Township of Teaneck in 1895. Some of the oldest homes in New Jersey are in Teaneck. The municipality experienced its greatest growth rate between 1920 and 1930 when the population quadrupled. After World War II, there was a second major spurt of building and population growth.

Form of Government

In 1930, the residents voted to establish the nonpartisan Council-Manager form of government. In 1987, a referendum to alter the form of government was approved, creating staggered terms for the Council. As part of that change, Council elections now occur every two years on the second Tuesday in May. Seven members serve four year terms which expire in even numbered years as follows: four in the first election and three in the following, etc. The Council, so elected, serves as Teaneck's governing body. It sets policies and standards and passes laws, known as ordinances. The Council adopts an annual budget and approves contracts and agreements for services and appoints the Manager, Clerk, Auditor, Attorney, Chief Financial Officer, Magistrate, and Tax Assessor. The Council also appoints members to the Planning Board, the Redevelopment Agency, the Board of Adjustment, and all advisory boards.

Health Care Facilities

Holy Name Medical Center is located within the Township. In addition, emergency and acute medical care facilities are available at Englewood Hospital, the Hackensack University Medical Center in Hackensack, Pascack Valley Hospital in Westwood and Valley Hospital in Ridgewood.

Protection – Police and Fire

The Township's police department and fire department provide a multitude of services for the safety, well-being and benefit of the community.

The police department consists of 97 sworn officers including 47 police officers, 21 detectives who work in juvenile, narcotics or general investigations, burglary, 15 sergeants, 9 lieutenants, 3 captains, a deputy chief, and a chief. The police operate 30 marked vehicles and 20 unmarked vehicles. The department also employs 9 dispatchers, 6 clerical workers, and 2 parking enforcement officers. Finally, the Teaneck Police received its accreditation status in 2013 and has renewed its accreditation status in 2016 and 2019.

The fire department consists of 91 paid firefighters who operate 6 pumpers, 2 ladder trucks, 2 fire prevention vehicles, 6 support vehicles, and a foam tanker provided through federal funds. The Department also employs 2 clerical workers.

Public Works Department

The Department of Public Works (the "DPW") is staffed with 62 employees. The DPW is responsible for recycling pick up, maintenance of roads, municipal facilities, and a myriad of other tasks required to maintain the physical features of the Township looking healthy and prosperous.

Utilities

Gas and electricity is supplied by Public Service Electric and Gas, Water is provided by Suez Water Resources. Wastewater treatment is provided by the Bergen County Utilities Authority. Solid waste pick up is provided by a variety of private solid waste contractors who contract directly with property owners. Sewer charges are included in the Township's property tax levy tax rate, however, commercial users are billed for usage over 100,000 gallons on an annual basis.

Transportation

Major highways (Route No. 4 and Interstates 80 and 95) traverse the Township. This network of major highways offers ready access to all parts of New Jersey as well as the New York Thruway and New York City via the George Washington Bridge and Holland and Lincoln Tunnels.

Recreation

The Township has 23 municipally owned parks, of which 11 are developed. The Recreation Department offers a variety of programs such as Sports and Arts, Kindergym, Dance, Swimming, Open Basketball, Gymnastics, Tennis, Toddler Program and the Afterschool Program.

The Richard Rodda Community Center offers a full range of recreational, health, educational, and cultural opportunities to Teaneck and other Bergen County residents ages 18 months to over 90 years or older.

Township Employees - As of December 31st

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Full-time	371	371	371	360	360
Part-time	296	296	296	338	338
Total	667	667	667	698	698

Employee Collective Bargaining Units

Employees are recognized under eight (8) separate collective bargaining units, which are as follows:

1. Police Superior Officers Association (SOA) – Union for all supervising police officers (Sergeants, Lieutenants, Captains)
Contract expires on December 31, 2021
2. Police Benevolent Association Local 215 (PBA) – Union for all rank and file police officers
Contract expires on December 31, 2021 and is currently being negotiated
3. Fire Officers Association (FOA Local 242) – Union for all supervising fire officers (Lieutenants, Captains, Battalion Chiefs)
Contract expires on December 31, 2026

4. Fire Members Benevolent Association (FMBA Local 42) – Union for all rank and file fire fighters
Contract expires on December 31, 2024
5. Public Works Supervisors – Union for all Public Works Supervisors
Contract expires on December 31, 2024
6. United Public Service Employees Union (UPSEU) – Union for all rank and file Public Works Staff
Contract expires on December 31, 2026
7. Association of Federal, State, County, Municipal Employees Local 52 (AFSCME) – Union for all non-management employees in the Township
Contract expires on December 31, 2021 and is currently being negotiated
8. Teaneck Public Library Staff Association – Union for all Public Library Staff with the exception of the Library Director
Contract expires on December 31, 2021 and is currently being negotiated

Compensated Absences

Township employees are entitled to paid sick leave for a bona fide absence because of illness or an off-duty injury (not covered by workman's compensation) based on the following collective bargaining contracts:

Police and Fire Department Uniform Personnel – 1 Year

Public Works Uniform Personnel – 90 days in 30 day renewal increments

All other employees – 30 days

Employees injured on duty (IOD) are monitored by our risk provider

All unused sick leave may accrue for the duration of the employee's tenure with the Township. Police officers hired prior to 1996 may receive 50% of their sick time's value while all other employees are capped at \$15,000 for their unused sick time.

All paid Township employees working on a regular 35 hour a week or 40 hour a week schedule shall receive vacation time, with the provision that vacation pay shall not be paid unless the employee actually takes vacation from his employ. Vacation may be accumulate for no more than 2 years' worth of total time the employee is entitled to based on their length of service with the Township.

The Township does record accrued expenses related to compensated absences. (For additional information regarding compensated absences, see Appendix B: Audited Financial Statements, Note 11).

Pension Plans

Those Township employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. (For additional information regarding pension plans, see Appendix B: Audited Financial Statements, Note 8).

Township Population

2010 Federal Census	39,776
2000 Federal Census	39,260
1990 Federal Census	37,825
1980 Federal Census	39,007

Selected Census 2019 Data ⁽¹⁾

Median household income	\$124,943
Per capita income	\$53,067

Labor Force ⁽²⁾

The following table discloses current labor force data for the Township, County and State.

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township					
Labor Force	19,701	20,148	19,813	19,958	20,155
Employment	17,986	19,543	19,154	19,184	19,301
Unemployment	1,715	605	659	774	854
Unemployment Rate	8.7%	3.0%	3.3%	3.9%	4.2%
County					
Labor Force	477,892	482,038	474,700	475,764	478,906
Employment	432,189	467,946	458,630	457,269	458,863
Unemployment	45,703	14,092	16,070	18,495	20,043
Unemployment Rate	9.6%	2.9%	3.4%	3.9%	4.2%
State					
Labor Force	4,495,200	4,493,100	4,432,500	4,454,700	4,473,800
Employment	4,055,300	4,333,300	4,250,800	4,248,700	4,251,200
Unemployment	439,900	159,800	181,700	206,000	222,600
Unemployment Rate	9.8%	3.6%	4.1%	4.6%	5.0%

Business and Industry

The Township is home to approximately 1,200 small businesses in addition to a Marriot hotel and a dual-branded hotel (Homewood Inn and Comfort Suites).

In addition to the Township's several business districts, recent developments has been undertaken on several properties to bring in additional housing units throughout the Township.

- 1500 Teaneck Road – 231 units
- 1475 Palisade Avenue – 128 units
- 227 Teaneck Road – 24 units
- 100 State Street – 57 units proposed
- 1775 Windsor Road – Avalon Bay – 248 units

Several other properties, 1425 Teaneck Road, 1085 Decatur Avenue, 520 Palisade Avenue, 329 Alfred Avenue, and 1600 River Road have been rezoned or classified as areas in need of redevelopment. The Township Council is currently working to identify a developer for these properties.

⁽¹⁾ Source: U.S. Department of Commerce, Bureau of Census.

⁽²⁾ Source: New Jersey Department of Labor.

Building, Zoning, and Development Codes

The Township has established development regulations governing the size of lots for various types of construction. The land requirements are based on the type and nature of the building.

The Township building codes conform to standards of the Uniform Construction Code of New Jersey. These codes and other municipal codes are codified as a basis for improved administration and regulation.

The Township adopted the Municipal Land Use Law Ordinance on December 21, 1976. The Municipal Land Use Law gave the Township Zoning Board of Adjustment authority to regulate most land use other than family residential use. In this way, the Township is able to guide the approximate use or development of land to promote the public health, safety, morals, and general welfare.

Building Permits ⁽¹⁾

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2021 ²	1,030	\$19,329,532
2020	1,565	\$46,975,031
2019	2,075	\$51,617,615
2018	2,178	\$90,062,081
2017	2,316	\$41,486,402
2016	2,397	\$102,478,901

TEN LARGEST EMPLOYERS IN THE COUNTY-2020⁽³⁾

<u>Employer</u>	<u>Type of Business</u>	<u>Location</u>
Hackensack University Medical Center	Private Hospital	Hackensack
Valley Health Systems, Inc.	Private Hospital	Ridgewood
Bio-Reference Laboratories	Clinical Testing	Elmwood Park
Express Scripts	Managed Health Care	Franklin Lakes
Quest Diagnostics	Medical Testing	Teterboro/Lyndhurst
KPMG LLP	Professional Services	Montvale
Englewood Hospital and Medical	Private Hospital	Englewood
Englewood Hospital Home Health Care	Health Care	Englewood
Unilever Best Foods	Manufacturing	Englewood Cliffs
Stryker	Manufacturing	Allendale/Mahway

INFORMATION ON THE SCHOOL DISTRICT ⁽⁴⁾

History and Education

As a Type II District, the Board of Education of the Township of Teaneck School District functions independently through the Board, a nine member body, elected by the voters for alternate three year terms.

⁽¹⁾ Source: Township Construction Office.

⁽²⁾ As of June 30, 2021

⁽³⁾ Source: County Department of Planning and Economic Development

⁽⁴⁾ Source: Local School District Officials.

The Township's public school system has a total of four elementary schools, two middle schools and one high school.

Local School District School Enrollments ⁽¹⁾

<u>Grade</u>	<u>2019</u>	<u>2018</u>	<u>October 15,</u> <u>2017</u>	<u>2016</u>	<u>2015</u>
Preschool	74	85	64	58	--
K	178	188	175	181	209
1	182	180	173	199	220
2	183	178	181	183	233
3	180	176	170	203	223
4	182	165	197	189	276
5	181	207	192	215	255
6	213	202	215	184	231
7	203	215	186	191	236
8	214	199	202	203	229
9	212	209	222	245	229
10	211	210	240	264	225
11	216	244	270	265	243
12	241	276	277	260	245
Sp. Ed.	<u>834</u>	<u>841</u>	<u>777</u>	<u>789</u>	<u>475</u>
Totals	<u>3,504</u>	<u>3,575</u>	<u>3,541</u>	<u>3,629</u>	<u>3,529</u>

Present School Facilities, Enrollment and Capacity ⁽¹⁾

<u>Facility</u>	<u>Date</u> <u>Constructed</u>	<u>Renovations/</u> <u>Additions</u>	<u>Grades</u>	<u>Enrollment</u> <u>10/15/19</u>	<u>Functional</u> <u>Capacity</u>
Bryant Elementary	1927		Kind/Pre-K	287	314
Whittier Elementary	1923		1-4	340	375
Hawthorne Elementary	1925		1-4	314	322
Lowell Elementary	1935		1-4	338	321
Thomas Jefferson MS	1955		5-8	526	676
Benjamin Franklin MS	1954		5-8	538	641
Teaneck HS	1929	1936/2004	9-12	1,165	1,203

HIGHER EDUCATION FACILITIES

There are 5 institutions of higher learning located in the County.

Fairleigh Dickinson University (Teaneck)
 Ramapo College of New Jersey (Mahwah)
 Felician College (Lodi)
 Bergen Community College (Paramus)
 St. Peter's College (Englewood Cliffs)

⁽¹⁾ Source: Teaneck School District audit reports.

Bergen Community College operates on a \$90 million campus, which was completed in September 1972 in Paramus, New Jersey. It has two satellite campuses; Bergen at the Meadowlands and the Philip Ciarco Learning Center. The student population as of June 30, 2019 was approximately 15,651 enrolled in Associates Programs and an additional 7,040 enrolled in the Division of Continuing Education.

The campus complex consists of a mega-structure building comprising seven distinct areas:

1. Administration Building Area
2. Library Learning Resources Area
3. Collee Center Area
4. Science and Allied Health Area
5. Business and Classroom Area
6. Physical and Health Education and Swimming Pool Area
7. Performing Arts Laboratory and Theater

The County Vocational High Schools have the following programs:

1. At the Academies in Hackensack, approximately 1,044 session students are enrolled.
2. There is one shared-time technical education center at Paramus. The Paramus facility offers training to 499 students.
3. The Teterboro campus has an enrollment of 665 students.
4. There is one school to meet the needs of students with special requirements. The full-time vocational high schools at Paramus and Teterboro provide customized services to 653 students.
5. The adult division provides both full-time day services as well as evening and weekend program offerings.

In April, 1995, the County and the Private Industry Council entered into an agreement to designate the Board of Vocational and Technical Schools of Bergen County as the Job Training Partnership Act (JTPA) grant recipient and administrative entity for all JTPA programs operated within the Service Delivery Area for the County effective July 1, 1995.

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS(1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2021 Valuation</u>
A. Sanzari Enterprises Associates	Real Estate Developer	\$147,899,800
Avalon Teaneck LLC	Real Estate Developer	46,557,000
Glenpointe Associates, IV LLC	Real Estate Developer	42,525,000
1500 Teaneck Rd Realest LLC	Apartments	32,727,200
SNH Teaneck Properties LLC	Senior Housing	32,122,000
SHP V Teaneck LLC	Commercial Office Space	31,685,000
1480 Realty, LP	Apartments	22,845,500
Teaneck Gardens Owners Corp.	Apartments	17,257,000
Holy Name Real Estate Corp	Medical Office Buildings	12,217,500
Cedar Holding Associates	Apartments	10,500,000

CURRENT TAX COLLECTIONS(2)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding December 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2020 (3) \$	168,441,504	\$ 167,392,618	99.38%	\$ 940,346	0.56%
2019	164,577,586	163,479,317	99.33%	968,890	0.59%
2018	160,958,141	159,885,392	99.33%	835,324	0.52%
2017	158,617,105	157,401,355	99.23%	985,034	0.62%
2016	156,163,269	155,186,664	99.37%	717,336	0.46%

DELINQUENT TAXES(2)

<u>Year</u>	<u>Outstanding January 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transfer to Liens</u>	<u>Other Credits</u>	<u>Outstanding December 31</u>
			<u>Amount</u>	<u>Percentage</u>			
2020 (3) \$	970,956	\$ 3,813	\$ 910,324	93.39%	\$ -	\$ 62,298	\$ 2,148
2019	835,324	25,741	842,118	97.80%	-	16,881	2,066
2018	989,328	8,672	991,443	99.34%	-	6,557	-
2017	744,955	8,679	722,342	95.85%	105	26,893	4,294
2016	826,136	7,620	805,274	96.58%	-	864	27,618

(1) Source: Township Tax Assessor

(2) Source: Annual Reports of Audit, unless otherwise indicated

(3) Compiled Annual Financial Statement

TAX TITLE LIENS(1)

<u>Year</u>		<u>Balance</u> <u>January 1</u>	<u>Added by</u> <u>Sales and</u> <u>Transfers</u>	<u>Collected</u>	<u>Other</u> <u>Credits</u>	<u>Balance</u> <u>December 31</u>
2020	(2)	\$ 9,104	\$ -	\$ 9,104	\$ -	\$ -
2019		8,704	1,224	-	824	9,104
2018		7,860	844	-	-	8,704
2017		6,917	1,156	-	213	7,860
2016		15,422	823	53	9,275	6,917

FORECLOSED PROPERTY (1)

<u>Year</u>		<u>Balance</u> <u>January 1</u>	<u>Added by</u> <u>Transfer</u>	<u>Canceled to</u> <u>Fixed Asset</u> <u>Account Group</u>	<u>Adjustments</u>	<u>Balance</u> <u>December 31</u>
2020	(2)	\$ -	\$ -	\$ -	\$ -	\$ -
2019		-	-	-	-	-
2018		-	-	-	-	-
2017		263,167	-	263,167	-	-
2016		263,167	-	-	-	263,167

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES(3)

<u>Year</u>	<u>Net</u> <u>Valuation</u> <u>Taxable</u>	<u>Tax Rate (4)</u>			
		<u>Total</u> <u>Rate</u>	<u>Municipal</u>	<u>County</u>	<u>Local</u> <u>School</u>
2021	\$ 5,188,972,400	N/A	N/A	N/A	N/A
2020	5,152,540,200	\$ 3.234	\$ 1.098	\$ 0.303	\$ 1.833
2019	5,102,745,800	3.197	1.100	0.281	1.816
2018	5,040,468,988	3.173	1.099	0.271	1.803
2017	5,021,485,602	3.143	1.102	0.275	1.766
2016	5,017,874,773	3.096	1.102	0.259	1.735

(1) Source: Annual Reports of Audit, unless otherwise indicated

(2) Compiled Annual Financial Statement

(3) Source: Township Tax Collector

(4) Per \$100 of assessed valuation

**RATIO OF ASSESSED VALUATION TO TRUE VALUE
AND TRUE VALUE PER CAPITA(1)**

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita (2)</u>
2021	\$ 5,188,972,400	81.46%	\$6,369,963,663	\$ 160,146
2020	5,152,540,200	82.34%	6,257,639,300	157,322
2019	5,102,745,800	86.37%	5,908,007,178	148,532
2018	5,035,997,900	90.27%	5,578,816,772	140,256
2017	5,017,183,700	91.60%	5,477,274,782	137,703

REAL PROPERTY CLASSIFICATION(3)

<u>Year</u>	<u>Assessed Value of Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>
2021	\$ 5,188,972,400	\$ 18,140,900	\$ 4,290,898,000	\$ 510,457,800	\$ 35,730,600	\$ 333,745,100
2020	5,152,540,200	28,814,200	4,277,118,800	531,918,300	35,730,600	278,958,300
2019	5,102,745,800	23,693,300	4,259,287,200	557,122,000	34,805,600	227,837,700
2018	5,035,997,900	28,885,600	4,241,567,100	501,407,900	34,805,600	229,331,700
2017	5,017,183,700	30,694,700	4,217,971,300	502,513,400	34,805,600	231,198,700

(1) Source: State of New Jersey, Department of Treasury, Division of Taxation

(2) Based on Federal Census 2010 of 39,776

(3) Source: Township Tax Assessor

**TOWNSHIP OF TEANECK
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2020**

The following table summarizes the direct debt of the Township of Teaneck as of December 31, 2020 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et.seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General and debt of the School District. Deductions from gross debt to arrive at net debt include school district debt, open space debt, and reserve for payment of debt. The resulting net debt of \$53,659,392 represent .877% of the average of equalized valuations for the Township for the last three years, which is within the 3.5 % limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued				Deductions				Net Debt
	<u>Bonds</u>	<u>Loans</u>	<u>Notes</u>	<u>Authorized But Not Issued</u>	<u>Gross Debt</u>	<u>School Debt</u>	<u>Open Space for Payment of Bonds and Loans</u>	<u>Reserve for Payment of Debt</u>	
General	\$24,780,000	\$143,309	\$9,750,000	\$19,217,695	\$53,891,004		\$103,309	\$128,303	\$53,659,392
School - Local	9,840,000				9,840,000	\$9,840,000			
	<u>\$34,620,000</u>	<u>\$143,309</u>	<u>\$9,750,000</u>	<u>\$19,217,695</u>	<u>\$63,731,004</u>	<u>\$9,840,000</u>	<u>\$103,309</u>	<u>\$128,303</u>	<u>\$53,659,392</u>

Source: Township Annual Debt Statement
As of: December 31, 2020

DEBT RATIOS AND VALUATIONS (1)(2)

Average of Equalized Valuations of Real Property with Improvements for 2018, 2019 and 2020	\$ 6,117,710,209
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2018, 2019, and 2020	0.877%
2021 Net Valuation Taxable	\$ 5,188,972,400
2021 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	6,369,963,663
Gross Debt (3):	
As a percentage of 2021 Net Valuation Taxable	1.23%
As a percentage of 2021 Equalized Valuations	1.00%
Net Debt (3):	
As a percentage of 2021 Net Valuation Taxable	1.03%
As a percentage of 2021 Equalized Valuations	0.84%
Gross Debt Per Capita (4)	\$ 1,602
Net Debt Per Capita (4)	1,349

TOWNSHIP BORROWING CAPACITY(1)(2)

3.5% of Averaged (2018-20) Equalized Valuation of Real Property including Improvements (\$6,117,710,209)	\$ 214,119,857
Net Debt	53,659,392
	<hr/>
Remaining Borrowing Capacity	\$ 160,460,465
	<hr/>

LOCAL BOARD OF EDUCATION BORROWING CAPACITY(1)(2)

4.0% of Averaged (2018-20) Equalized Valuation of Real Property including Improvements (\$6,117,710,209)	\$ 244,708,408
Local School Debt	9,840,000
	<hr/>
Remaining Borrowing Capacity	\$ 234,868,408
	<hr/>

(1) As of December 31, 2020

(2) Source: Township Annual Debt Statement

(3) Excluding overlapping debt

(4) Based upon 2010 population of 39,776 by the New Jersey Department of Labor

TOWNSHIP OF TEANECK
OVERLAPPING DEBT AS OF DECEMBER 31, 2020

DEBT ISSUED					
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>County Debt Auth. but not Issued</u>
County of Bergen(1):					
General:					
Bonds	\$ 586,007,715	\$ 13,570,862 (2)	\$ 572,436,853	\$ 19,520,097 (4)	
Notes	105,690,000		105,690,000	3,604,029 (4)	\$ 276,627,268
Bonds Issued by Other Public Bodies					
Guaranteed by the County	533,615,000	533,615,000 (3)			
	<u>\$ 1,225,312,715</u>	<u>\$ 547,185,862</u>	<u>\$ 678,126,853</u>	<u>\$ 23,124,126</u>	<u>\$ 276,627,268</u>

(1) Source: County of Bergen

(2) Includes County College Bonds.

(3) Deductible in accordance with N.J.S. 40:37A-80.

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2020 Net Valuation on which County taxes are apportioned, which is 3.41%.

TOWNSHIP OF TEANECK
SCHEDULE OF DEBT SERVICE (1)(2)
(BONDED DEBT AND LONG-TERM LOANS)

<u>Year</u>	<u>General</u>			<u>Loans</u>			<u>Grand Total</u> <u>Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2021	\$ 1,900,000	\$ 481,219	\$ 2,381,219	\$ 45,970	\$ 2,036	\$ 48,006	\$ 2,429,225
2022	1,925,000	450,719	2,375,719	6,090	1,917	8,006	2,383,725
2023	1,940,000	419,656	2,359,656	6,212	1,794	8,006	2,367,662
2024	1,965,000	385,406	2,350,406	6,337	1,669	8,006	2,358,412
2025	1,975,000	346,594	2,321,594	6,464	1,542	8,006	2,329,600
2026	2,000,000	306,156	2,306,156	6,594	1,412	8,006	2,314,162
2027	2,115,000	263,906	2,378,906	6,727	1,279	8,006	2,386,912
2028	2,235,000	217,075	2,452,075	6,862	1,144	8,006	2,460,081
2029	2,250,000	168,469	2,418,469	7,000	1,006	8,006	2,426,475
2030	2,275,000	119,656	2,394,656	7,141	866	8,006	2,402,662
2031	2,400,000	69,000	2,469,000	7,284	722	8,006	2,477,006
2032	1,800,000	25,500	1,825,500	7,430	576	8,006	1,833,506
2033				7,580	426	8,006	8,006
2034				7,732	274	8,006	8,006
2035				7,888	119	8,006	8,006
	<u>\$ 24,780,000</u>	<u>\$ 3,253,356</u>	<u>\$ 28,033,356</u>	<u>\$ 143,309</u>	<u>\$ 16,782</u>	<u>\$ 160,091</u>	<u>\$ 28,193,448</u>

(1) As of December 31, 2020

(2) Source: Township Auditor

**TOWNSHIP OF TEANECK
2021 MUNICIPAL BUDGET**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 6,312,500.00
Miscellaneous Revenues:	
Local Revenues	2,302,500.00
State Aid Without Offsetting Appropriations	3,379,296.00
Dedicated Uniform Construction Code Fees	1,475,000.00
Director of Local Government Services - Shared Service Agreements	7,000.00
Director of Local Government Services - Public and Private Revenues	171,309.84
Director of Local Government Services - Other Special Items of Revenue	1,019,000.00
Receipts From Delinquent Taxes	925,000.00
Amount to be Raised by Taxation for Municipal Purposes	<u>56,756,525.21</u>
Total Anticipated Revenues	<u><u>\$ 72,348,131.05</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 50,180,779.80
Deferred Charges and Statutory Expenditures	9,424,500.00
Excluded from CAPS:	
Other Operations	7,346,769.00
Shared Service Agreements	7,000.00
Public and Private Programs offset by Revenues	171,309.84
Capital Improvements	105,000.00
Debt Service	2,824,120.00
Deferred Charges	617,369.20
Reserve for Uncollected Taxes	<u>1,671,283.21</u>
Total Appropriations	<u><u>\$ 72,348,131.05</u></u>

**TOWNSHIP OF TEANECK
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2021 - 2026**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants-in Aid and Other Funds</u>	<u>Bonds and Notes</u>	
				<u>General</u>	<u>Self-Liquidating</u>
Acquisition of Vehicles and Equipment	\$ 9,234,000.00	\$ 461,700.00		\$ 8,772,300.00	
Improvement to Municipal Properties and Facilities	2,170,000.00	108,500.00		2,061,500.00	
Road, Sewer and Drainage Improvements	15,390,000.00	769,500.00	\$ 288,521.00	14,331,979.00	
	<u>\$ 26,794,000.00</u>	<u>\$ 1,339,700.00</u>	<u>\$ 288,521.00</u>	<u>\$ 25,165,779.00</u>	<u>\$ -</u>

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP OF TEANECK
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018, 2017, 2016 AND 2015
AND UNAUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED
DECEMBER 31, 2020**

FOR THE YEAR ENDED 2020
COMPILED FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Township Council
Township of Teaneck
Teaneck, New Jersey 07666

Management is responsible for the accompanying financial statements of the Township of Teaneck, in the County of Bergen, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance-- regulatory basis of the various funds as of December 31, 2020 and the related statements of operations and changes in fund balances-- regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements referred to above have been prepared in conformity with accounting practices 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.

Management has elected to omit substantially all of the disclosures required by these regulatory accounting practices. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township's assets, liabilities, reserves, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

/s/ Daniel M. DiGangi
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
May 28, 2021

TOWNSHIP OF TEANECK
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2020

ASSETS

Regular Fund:

Cash	\$ 31,626,219.03
Petty Cash	1,800.00
Change Funds	900.00
	<hr/>
	31,628,919.03
	<hr/>

Receivables with Full Reserves:

Delinquent Property Taxes Receivable	942,494.04
Sewer Rents Receivable	49,883.30
Revenue Accounts Receivable	19,721.50
Due Animal Control Fund	1,453.87
Due Trust Other Fund	52,278.82
Due Public Assistance Trust Fund	9,077.08
	<hr/>
	1,074,908.61
	<hr/>

Deferred Charges:

Special Emergency Appropriation (40A:4-53):

Codification of Ordinances	20,000.00
Revision of Tax Maps	80,000.00
Contractually Required Severance Liabilities - 2019	1,077,120.00
Contractually Required Severance Liabilities - 2020	1,615,446.00
COVID Deficit	2,351,426.14
	<hr/>
	5,143,992.14
	<hr/>
	37,847,819.78
	<hr/>

Federal and State Grant Fund:

Cash	881,460.14
Federal and State Grants Receivable	305,341.32
	<hr/>
	1,186,801.46
	<hr/>
	\$ 39,034,621.24
	<hr/> <hr/>

(Continued)

TOWNSHIP OF TEANECK**CURRENT FUND****Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2020****LIABILITIES, RESERVES
AND FUND BALANCE****Regular Fund:****Liabilities:**

Appropriation Reserves	\$ 4,283,360.63
Reserve for Encumbrances	1,638,742.58
Accounts Payable	232,871.70
Tax Overpayments	1,249,347.19
Sewer Rent Overpayments	78,154.60
Prepaid Taxes	1,136,512.78
Due County for Added and Omitted Taxes	153,626.71
Local District School Taxes Payable	15,539,718.60
Prepaid Tax Sale Deposits	1,000.00
Due Municipal Open Space Trust	888,428.31
Due General Capital Fund	254,626.72

Due to State of New Jersey:

State Training Fees	14,788.00
Division of Youth and Family Services	1,700.00
Senior Citizens' and Veterans Deduction	8,500.69

Reserves for:

Tax Appeals	611,481.15
Maintenance of Free Public Library with State Aid	157,793.82
Severance Liabilities	5.07
Codification of Ordinances	15,802.00
Revision of Tax Maps	100,000.00

26,366,460.55

Reserve for Receivables and Other Assets	1,074,908.61
Special Emergency Note Payable	2,692,000.00
Fund Balance	7,714,450.62

37,847,819.78**Federal and State Grant Fund:**

Reserve for Grants Appropriated	1,050,983.58
Reserve for Grants Unappropriated	120,784.08
Reserve for Encumbrances	15,033.80

1,186,801.46

\$ 39,034,621.24

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF TEANECK**CURRENT FUND**Statement of Operations and Changes in Fund Balance--Regulatory Basis
For the Year Ended December 31, 2020**Revenue and Other Income Realized**

Fund Balance Utilized	\$ 5,075,000.00
Miscellaneous Revenues Anticipated	8,031,202.55
Receipts from Delinquent Taxes and Tax Title Liens	919,427.71
Revenue from Current Taxes	167,392,618.06
Non-Budget Revenue	709,687.71
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	2,222,913.71
Liquidation of Reserves for:	
Due from General Capital Fund	244.19
	<hr/>
Total Income	184,351,093.93

Expenditures

Budget Appropriations:	
Within "CAPS":	
Operations - Salaries and Wages	33,368,601.00
Operations - Other Expenses	17,265,554.06
Deferred Charges and Statutory Expenditures	8,744,500.00
Excluded from "CAPS":	
Operations - Salaries and Wages	1,800,000.00
Operations - Other Expenses	6,439,170.70
Capital Improvements--Excluded from "CAPS"	255,000.00
Municipal Debt Service--Excluded from "CAPS"	2,944,281.22
Deferred Charges	294,280.00
Local District School Tax	94,433,784.00
County Taxes	15,565,403.64
Due County for Added and Omitted Taxes	153,626.71
Special District Taxes	167,196.00
Open Space Trust Tax	520,327.81
Other Debits to Expenditures:	
Prior Year Senior and Veteran Deductions Disallowed	3,813.01
Refund of Prior Year Revenue	216,458.64
Creation of Reserve for:	
Due from Public Assistance Trust Fund	6,119.96
Due from Trust Other Fund	52,278.82
Due from Animal Control Fund	1,453.87
	<hr/>
Total Expenditures	182,231,849.44

Excess in Revenues	2,119,244.49
Adjustments to Income Before Fund Balance:	
Expenditures included above which are by Statute	
Deferred Charges to Budget of Succeeding Year	3,966,872.14
	<hr/>
Statutory Excess to Fund Balance	6,086,116.63

Fund Balance

Balance Jan. 1	6,703,333.99
	<hr/>
	12,789,450.62
Decreased by:	
Utilized as Revenue	5,075,000.00
	<hr/>
Balance Dec. 31	\$ 7,714,450.62

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF TEANECK
TRUST FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2020

ASSETS

Animal Control Fund:	
Cash	\$ 20,045.55
	<u>20,045.55</u>
Other Funds:	
Cash--Treasurer	3,096,779.11
Police Outside Services Receivable	171,001.40
Due General Capital Fund	4,745,484.67
	<u>8,013,265.18</u>
Municipal Open Space Fund:	
Cash	1,229,259.13
Due Trust Other Fund	600,000.00
Due Current Fund	888,428.31
	<u>2,717,687.44</u>
	<u><u>\$ 10,750,998.17</u></u>

(Continued)

TOWNSHIP OF TEANECK
TRUST FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2020

LIABILITIES, RESERVES
AND FUND BALANCE

Animal Control Fund:	
Reserve for Dog Fund Expenditures	\$ 18,587.48
Due to State of New Jersey	4.20
Due Current Fund	1,453.87
	<u>20,045.55</u>
Other Funds:	
Due Municipal Open Space Fund	600,000.00
Due Current Fund	52,278.82
Reserve for Premiums Received at Tax Sale	1,263,175.08
Reserve for Tax Title Lien Redemptions	332.26
Reserve for Bail Void Checks (Unclaimed Bail)	4,494.50
Reserve for Police Outside Services	29,996.22
Reserve for Street Opening and Other Deposits	1,254,378.30
Reserve for POAA	41,760.59
Reserve for Dedicated Fire Penalties	19,035.81
Reserve for Elevator Inspections	37,814.00
Reserve for Storm Recovery	328,063.38
Reserve for Donations Historical Burial Grounds	25,844.00
Reserve for Accumulated Absences	205,536.08
Reserve for Recycling	95,861.17
Reserve for Gifts and Donations	216,958.81
Reserve for Zoning Escrow Deposits	98,697.68
Reserve for Forfeited Property - Special Law Enforcement	963,298.92
Reserve for Cedar Lane Special Improvement District	189,796.83
Reserve for Self Insurance (Commission)	10,084.29
Reserve for Workers Compensation	286,728.32
Reserve for Unemployment Compensation	91,398.28
Reserve for Affordable Housing (HYATT)	308,683.67
Reserve for COAH Fees	1,373,571.28
Reserve for Bid Deposits	500.00
Reserve for Green Acres	29,124.18
Reserve for Encumbrances	177,883.90
Payroll Deductions Payable	307,968.81
	<u>8,013,265.18</u>
Municipal Open Space Fund:	
Contracts Payable	44,966.40
Reserve for Encumbrances	13,508.13
Reserve for Future Use	2,659,212.91
	<u>2,717,687.44</u>
	<u><u>\$ 10,750,998.17</u></u>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF TEANECK
GENERAL CAPITAL FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2020

ASSETS

Cash	\$ 465,599.72
Grant Receivables	397,656.75
Due Current Fund	254,626.72
Deferred Charges to Future Taxation:	
Funded	24,923,309.37
Unfunded	28,967,695.04
	<hr/>
	\$ 55,008,887.60
	<hr/>

LIABILITIES, RESERVES
AND FUND BALANCE

General Serial Bonds	\$ 24,780,000.00
Bond Anticipation Notes	9,750,000.00
Green Acres Loan	103,309.37
Downtown Business Improvement Loan	40,000.00
Due Trust Other Fund	4,745,484.67
Improvement Authorizations:	
Funded	2,097,016.69
Unfunded	10,484,613.67
Capital Improvement Fund	139,850.07
Reserve for Encumbrances	300,065.67
Contracts Payable	2,346,980.65
Reserve for Payment of Debt	128,302.87
Fund Balance	93,263.94
	<hr/>
	\$ 55,008,887.60
	<hr/>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF TEANECK
PUBLIC ASSISTANCE FUND
Statement of Assets, Liabilities, and Reserves --Regulatory Basis
As of December 31, 2020

ASSETS

Cash	\$ 12,278.77
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LIABILITIES AND RESERVES

Due Current Fund	\$ 9,077.08
Reserve for Social Services	3,201.69

\$ 12,278.77

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF TEANECK
Selected Information - Substantially All Disclosures Required
by the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Teaneck (hereafter referred to as the "Township") was incorporated on February 19, 1985 and is located in Bergen County, New Jersey approximately fifteen miles north-west of the City of New York. The population according to the 2020 census is 40,446.

The Township has a Council-Manager form of government under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act pursuant to NJSA 40:69A-81et.seq. The Mayor is appointed by the Council from the Council's members and presides over the Council meetings. The Council appoints a Township Manager that has executive and administrative responsibilities.

Component Units - The financial statements of the component unit of the Township is not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Teaneck Public Library
840 Teaneck Road
Teaneck, New Jersey 07666

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Township contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Township accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

Public Assistance/Social Services Fund - The Public Assistance/Social Services Fund accounts for the receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes. On April 1, 1998 the governing body resolved to transfer all public assistance activities to the County of Bergen. Funds remaining are used to assist certain residents who do not qualify for the general public assistance programs.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its current and municipal open space funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents and Investments (Cont'd) - N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

Inventories of Supplies - 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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balance included in the current fund represents amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Bergen, the Teaneck Public Library and the Township of Teaneck School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Teaneck School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Bergen. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Teaneck Public Library. The amount of the library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves 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 income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital fund. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

**FOR THE YEARS ENDED 2019, 2018, 2017, 2016
AND 2015 AUDITED FINANCIAL STATEMENTS**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Teaneck
Teaneck, New Jersey 07666

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township Teaneck, in the County of Bergen, State of New Jersey, as of December 31, 2019, 2018, 2017, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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 reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of 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 requirements of the State of New Jersey.

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 Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Teaneck, in the County of Bergen, State of New Jersey, as of December 31, 2019, 2018, 2017, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Teaneck, in the County of Bergen, State of New Jersey, as of December 31, 2019, 2018, 2017, 2016 and 2015, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
September 30, 2020

TOWNSHIP OF TEANECK
CURRENT FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Cash	\$ 30,983,785	\$ 31,370,695	\$ 37,655,418	\$ 28,310,889	\$ 26,022,310
Petty Cash	1,800	1,800	1,800	1,800	1,800
Change Funds	900	900	900	900	900
Note Receivable - General Capital Fund					434,333
Due from State of New Jersey					2,658
Receivables with Full Reserves:					
Delinquent Property Taxes Receivable	970,956	835,324	989,328	744,955	826,136
Tax Title Liens Receivable	9,104	8,704	7,860	6,917	15,422
Sewer Rents Receivable	67,400	264,307	32,622	40,678	40,470
Property Acquired for Taxes--Assessed Valuation				263,167	263,167
Revenue Accounts Receivable	49,328	46,450	43,450	50,203	52,111
Interfunds Receivable	3,201	1,568		486,099	434,867
Deferred Charges	1,471,400		142,494	284,988	581,147
Federal and State Grant Funds Receivable	13,403	6,428	1,081	130,939	40,221
Total Assets	<u>\$ 33,571,278</u>	<u>\$ 32,536,175</u>	<u>\$ 38,874,953</u>	<u>\$ 30,321,535</u>	<u>\$ 28,715,541</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$ 4,238,942	\$ 3,278,250	\$ 2,621,497	\$ 2,502,215	\$ 2,829,376
Accounts/Contracts Payable	387,540		1,480	105,008	15,553
Reserve for Encumbrances	1,013,268	1,668,904	1,432,557	2,659,038	1,820,565
Prepaid Taxes	1,021,397	978,364	14,804,806	841,008	782,535
Tax Overpayments	1,264,516	1,529,432	998,264	977,450	1,012,541
Due County for Added and Omitted Taxes	112,119	73,160	54,547	53,972	14,800
Sewer Rent Overpayments	71,610				
Local District School Taxes	13,742,278	11,961,648	9,761,920	7,638,222	6,523,560
Special Emergency Note Payable					153,332
Prepaid Tax Sale Deposits	42,000	2,000	11,000	370,215	484,050
Interfunds Payable	2,259,921	3,718,042	977,327	5,102,779	6,068,786
Due to State of New Jersey	13,912	16,145	12,245	15,504	17,245
Other Reserves	617,726	138,335	124,944	166,489	389,043
Reserve for Receivables and Other Assets	1,099,990	1,156,353	1,073,260	1,105,920	1,208,517
Reserve for Federal and State Grants	982,725	803,458	737,562	483,884	456,496
Fund Balance	<u>6,703,334</u>	<u>7,212,085</u>	<u>6,263,544</u>	<u>8,299,832</u>	<u>6,939,141</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 33,571,278</u>	<u>\$ 32,536,175</u>	<u>\$ 38,874,953</u>	<u>\$ 30,321,535</u>	<u>\$ 28,715,541</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF TEANECK
CURRENT FUND
Statements of Operations and Changes in Fund Balance--
Regulatory Basis

	Years Ended December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenue Realized:					
Current Tax Collections	\$ 163,479,317	\$ 159,885,392	\$ 157,401,355	\$ 155,186,664	\$ 152,471,383
Delinquent Tax Collections	842,118	991,443	722,342	805,327	1,029,895
Total Taxes	164,321,435	160,876,835	158,123,697	155,991,991	153,501,278
Miscellaneous Revenues Anticipated	10,299,920	10,844,870	8,282,242	9,258,489	9,061,848
Non-Budget and Other Income	2,808,201	3,198,229	2,678,843	3,760,429	3,622,556
Fund Balance Utilized	5,600,000	4,910,000	5,729,000	4,735,000	6,000,000
Liquidation of Reserves				11,212	
Total Income	183,029,556	179,829,934	174,813,782	173,757,121	172,185,683
Expenditures and Encumbrances:					
Operating	59,373,908	56,966,848	56,741,671	56,416,592	56,661,935
Capital Improvements	374,000	213,161	265,000	312,950	87,400
Debt Service	3,075,736	2,914,078	2,747,334	2,698,503	2,604,650
Deferred Charges and Statutory Expenditures	8,662,000	8,441,451	8,089,670	7,412,746	8,678,438
County Taxes	14,420,634	13,685,359	13,799,275	12,943,284	12,051,538
Special District Taxes	167,196	167,196	167,835	162,685	161,696
Due County for Added and Omitted Taxes	112,119	73,160	54,547	53,972	14,800
Open Space Trust Tax	514,262	506,700	504,126	503,880	502,733
Local District School Tax	92,636,343	90,855,713	88,655,985	87,068,117	85,417,625
Creation of Reserves	1,633	1,568			11,212
Other Expenditures	71,875	146,159	95,627	88,700	10,552
Total Expenditures and Encumbrances	179,409,707	173,971,393	171,121,070	167,661,429	166,202,580
Excess in Revenues	3,619,849	5,858,541	3,692,712	6,095,692	5,983,102
Adjustment in Income Before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years	1,471,400	---	---	---	---
Statutory Excess to Fund Balance	5,091,249	5,858,541	3,692,712	6,095,692	5,983,102
Fund Balance Beginning of Year	7,212,085	6,263,544	8,299,832	6,939,141	6,956,039
	12,303,334	12,122,085	11,992,544	13,034,832	12,939,141
Decreased by:					
Utilized as Revenue	5,600,000	4,910,000	5,729,000	4,735,000	6,000,000
Fund Balance Ending of Year	\$ 6,703,334	\$ 7,212,085	\$ 6,263,544	\$ 8,299,832	\$ 6,939,141

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF TEANECK
TRUST FUND
Statements of Assets, Liabilities and Reserves--
Regulatory Basis

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Cash	\$ 4,362,643	\$ 4,314,717	\$ 2,589,822	\$ 2,143,588	\$ 2,320,862
Other Accounts Receivable	558,487	475,961	335,251	402,993	614,072
Interfunds Receivable	4,685,758	3,931,860	3,044,199	4,159,279	5,136,358
Total Assets	<u>\$ 9,606,887</u>	<u>\$ 8,722,538</u>	<u>\$ 5,969,272</u>	<u>\$ 6,705,860</u>	<u>\$ 8,071,292</u>
LIABILITIES AND RESERVES					
Interfunds Payable				\$ 11,212	
Assessment Overpayments					114
Fund Balance					3,263
Due to State of New Jersey	\$ 27	\$ 11	\$ 5	\$ 14	5
Liabilities and Reserve for Special Funds	9,606,860	8,722,527	5,969,267	6,705,846	8,056,698
Total Liabilities and Reserves	<u>\$ 9,606,887</u>	<u>\$ 8,722,538</u>	<u>\$ 5,969,272</u>	<u>\$ 6,705,860</u>	<u>\$ 8,071,292</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF TEANECK
GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Cash	\$ 465,509	\$ 288,513	\$ 207,090		\$ 2,734,450
Deferred Charges to Future Taxation:					
Funded	12,589,161	13,534,898	14,566,534	\$ 15,595,166	16,518,206
Unfunded	39,148,595	34,773,945	28,474,473	20,649,473	19,373,006
Interfunds Receivable				457,401	508,773
Grants and Open Space Receivables	393,907	165,627	193,875	615,332	380,332
Total Assets	<u>\$ 52,597,172</u>	<u>\$ 48,762,983</u>	<u>\$ 43,441,972</u>	<u>\$ 37,317,372</u>	<u>\$ 39,514,767</u>
LIABILITIES, RESERVES AND FUND BALANCE					
General Serial Bonds	\$ 12,400,000	\$ 13,300,000	\$ 14,200,000	\$ 15,100,000	\$ 15,900,000
Bond Anticipation Notes	19,843,700	16,400,000	11,105,000	12,355,000	13,232,000
Long Term Loans	189,161	234,898	280,522	326,034	368,750
Notes Payable - Current Fund					434,333
Improvement Authorizations:					
Funded	1,278,332	1,160,629	687,516	1,594,548	1,138,470
Unfunded	11,127,260	11,104,167	8,941,622	5,147,230	5,514,943
Capital Lease Payable			86,012	169,132	249,456
Contracts Payable	4,675,758	5,908,139	4,524,273	1,620,774	
Reserve for Encumbrances	257,417	143,426	453,326	578,201	2,307,113
Reserve for Payment of Debt	201,303	97,530	835,628		
Reserve for Preliminary Expenses					62,690
Interfunds Payable	2,426,081	213,839	2,066,872		
Capital Improvement Fund	105,950	31,000	198,512	363,762	307,012
Fund Balance	92,210	169,355	62,690	62,690	
Total Liabilities, Reserves and Fund Balance	<u>\$ 52,597,172</u>	<u>\$ 48,762,983</u>	<u>\$ 43,441,972</u>	<u>\$ 37,317,372</u>	<u>\$ 39,514,767</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF TEANECK
PUBLIC ASSISTANCE FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Cash	\$ 12,276	\$ 12,268	\$ 4,267	\$ 5,984	\$ 6,344
Total Assets	<u>\$ 12,276</u>	<u>\$ 12,268</u>	<u>\$ 4,267</u>	<u>\$ 5,984</u>	<u>\$ 6,344</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Other Reserves	\$ 9,318	\$ 10,721	\$ 4,267	\$ 5,984	\$ 6,344
Interfunds Payable	2,957	1,547			
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,276</u>	<u>\$ 12,268</u>	<u>\$ 4,267</u>	<u>\$ 5,984</u>	<u>\$ 6,344</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF TEANECK
Notes to Financial Statements
For the Year Ended December 31, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Teaneck was incorporated on February 19, 1895 and is located in Bergen County, New Jersey approximately fifteen miles north-west of the City of New York. The population according to the 2010 census is 39,776.

The Township has a Council-Manager form of government under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act pursuant to NJSA 40:69A-81et.seq. The Mayor is appointed by the Council from the Council's members and presides over the Council meetings. The Council appoints a Township Manager that has executive and administrative responsibilities.

Component Units - The financial statements of the component unit of the Township are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Teaneck Public Library
840 Teaneck Road
Teaneck, New Jersey 07666

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Township contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Township accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Public Assistance/Social Services Fund - The Public Assistance/Social Services Fund accounts for the receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes. On April 1, 1998 the governing body resolved to transfer all public assistance activities to the County of Bergen. Funds remaining are used to assist certain residents who do not qualify for the general public assistance programs.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its current and municipal open space funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents and Investments (Cont'd) - N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

Inventories of Supplies - 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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balance included in the current fund represents the amount available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Bergen, the Teaneck Public Library and the Township of Teaneck School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Teaneck School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Bergen. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Teaneck Public Library. The amount of the library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves 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 income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital fund. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2019, the Township's bank balances of \$36,984,193.72 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 35,312,061.03
Uninsured and Uncollateralized	<u>1,672,132.69</u>
Total	<u>\$ 36,984,193.72</u>

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$ 3.197</u>	<u>\$ 3.173</u>	<u>\$ 3.143</u>	<u>\$ 3.096</u>	<u>\$ 3.047</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.051	\$ 1.052	\$ 1.056	\$ 1.057	\$ 1.061
Municipal Library	.039	.037	.036	.035	.034
Municipal Open Space					
Preservation Trust Fund	.010	.010	.010	.010	.010
County	.271	.261	.264	.256	.238
County Open Space Preservation					
Trust Fund	.010	.010	.011	.003	.003
Local School	1.816	1.803	1.766	1.735	1.701

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2019	\$ 5,102,745,800.00
2018	5,040,468,988.00
2017	5,021,485,602.00
2016	5,017,874,773.00
2015	5,021,113,390.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2019	\$ 164,577,585.92	\$ 163,479,317.08	99.33%
2018	160,958,141.43	159,885,392.41	99.33%
2017	158,617,104.50	157,401,355.48	99.23%
2016	156,163,269.39	155,186,663.67	99.37%
2015	153,339,992.28	152,471,382.95	99.43%

Note 3: PROPERTY TAXES (CONT'D)

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

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 Tax Levy</u>
2019	\$ 9,103.99	\$ 970,956.40	\$ 980,060.39	0.60%
2018	8,703.81	835,323.70	844,027.51	0.52%
2017	7,859.79	989,328.05	997,187.84	0.63%
2016	6,917.06	744,954.78	751,871.84	0.48%
2015	15,421.88	826,135.61	841,557.49	0.55%

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2019	2
2018	2
2017	2
2016	1
2015	3

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2019	-
2018	-
2017	-
2016	\$ 263,167.00
2015	263,167.00

Note 5: SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year Receivable</u>	<u>Liens</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
2019	\$264,307.04		\$ 774,956.64	\$ 1,039,263.68	\$ 971,863.58
2018	32,622.35	-	601,972.94	634,595.29	370,288.25
2017	40,678.41	-	622,234.14	662,912.55	630,290.20
2016	40,469.80	-	683,474.98	723,944.78	666,501.14
2015	-	-	875,274.91	875,274.91	834,805.11

Note 6: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

<u>Current Fund</u>			
<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2019	\$ 6,703,333.99	\$ 5,075,000.00	75.71%
2018	7,212,084.91	5,600,000.00	77.65%
2017	6,263,544.08	4,910,000.00	78.39%
2016	8,299,832.23	5,729,000.00	69.03%
2015	6,939,140.72	4,735,000.00	68.24%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2019:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 3,201.41	\$ 2,259,921.30
Trust - Animal Control	13,791.07	
Trust - Other	3,567,153.59	
Trust - Municipal Open Space	1,104,813.58	
General Capital		2,426,081.23
Public Assistance Trust Fund		2,957.12
	<u>\$ 4,688,959.65</u>	<u>\$ 4,688,959.65</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2020, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

A substantial number of the Township's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Township employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Township. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 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 tiers 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 tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 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 a 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 at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 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 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% (tiers 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.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10.0% in State fiscal year 2019. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2019 was 13.87% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$1,409,912.00, and was payable by April 1, 2020. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$1,414,065.00, which was paid on April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$781,519.99.

Police and Firemen's Retirement System - The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 10.0% in State fiscal year 2019. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - *Special Funding Situation Component* - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State 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 local participating employers 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. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Township's contractually required contribution rate for the year ended December 31, 2019 was 29.76% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$5,909,180.00, and was payable by April 1, 2020. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$5,778,092.00, which was paid on April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$1,996,731.40.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2019 was 3.84% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2019 is \$761,686.00, and was payable by April 1, 2020. Based on the PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2018 was \$643,367.00, which was paid on April 1, 2019.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2019, employee contributions totaled \$20,751.29, and the Township's contributions were \$9,908.55. There were no forfeitures during the year.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Public Employees' Retirement System - At December 31, 2019, the Township's proportionate share of the PERS net pension liability was \$26,117,337.00. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The Township's proportion 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 employers, actuarially determined. For the June 30, 2019 measurement date, the Township's proportion was .1449474782%, which was an increase of .0027842317% from its proportion measured as of June 30, 2018.

At December 31, 2019, the Township's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is \$1,612,172.00. This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the Township's contribution to PERS was \$1,414,065.00, and was paid on April 1, 2019.

Police and Firemen's Retirement System - At December 31, 2019, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 71,591,640.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>11,304,456.00</u>
	<u>\$ 82,896,096.00</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The Township's proportion 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 employers and the State of New Jersey, actuarially determined. For the June 30, 2019 measurement date, the Township's proportion was .5850032683%, which was a decrease of .006018066% from its proportion measured as of June 30, 2018. Likewise, at June 30, 2019, the State of New Jersey's proportion, on-behalf of the Township, was .5850032683%, which was a decrease of .0060168066% from its proportion, on-behalf of the Township, measured as of June 30, 2018.

At December 31, 2019, the Township's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is \$6,108,263.00. This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the Township's contribution to PFRS was \$5,778,092.00, and was paid on April 1, 2019.

At December 31, 2019, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2019 measurement date is \$1,313,485.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2019, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 468,772.00	\$ 604,325.00	\$ 1,073,097.00	\$ 115,375.00	\$ 453,260.00	\$ 568,635.00
Changes of Assumptions	2,607,912.00	2,453,120.00	5,061,032.00	9,065,245.00	23,137,762.00	32,203,007.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	412,272.00	970,044.00	1,382,316.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	1,370,268.00	1,428,230.00	2,798,498.00	532,110.00	2,926,581.00	3,458,691.00
Township Contributions Subsequent to the Measurement Date	704,956.00	2,954,590.00	3,659,546.00	-	-	-
	<u>\$ 5,151,908.00</u>	<u>\$ 7,440,265.00</u>	<u>\$ 12,592,173.00</u>	<u>\$ 10,125,002.00</u>	<u>\$ 27,487,647.00</u>	<u>\$ 37,612,649.00</u>

\$704,956.00 and \$2,954,590.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2020. These amounts were based on an estimated April 1, 2021 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2019 to the Township's year end of December 31, 2019.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	5.00	-	5.00	-
June 30, 2016	5.00	-	5.00	-
June 30, 2017	-	5.00	-	5.00
June 30, 2018	-	5.00	-	5.00
June 30, 2019	-	5.00	-	5.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2020	\$ (410,992.00)	\$ (3,757,170.00)	\$ (4,168,162.00)
2021	(2,292,156.00)	(8,054,853.00)	(10,347,009.00)
2022	(2,058,389.00)	(6,249,615.00)	(8,308,004.00)
2023	(836,610.00)	(3,250,721.00)	(4,087,331.00)
2024	(79,903.00)	(1,689,613.00)	(1,769,516.00)
	<u>\$ (5,678,050.00)</u>	<u>\$ (23,001,972.00)</u>	<u>\$ (28,680,022.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases (1):		
Through 2026	2.00% - 6.00%	
Thereafter	3.00% - 7.00%	
Through All Future Years		3.25% - 15.25%
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2013 - June 30, 2018

(1) Based on Years of Service

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PFRS, pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan 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 rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2019 was 6.28% for PERS and 6.85% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057 for PERS and 2076 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 for PERS and 2076 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the Township's proportionate share of the net pension liability at June 30, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (<u>5.28%</u>)	Current Discount Rate (<u>6.28%</u>)	1% Increase (<u>7.28%</u>)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 32,990,440.00</u>	<u>\$ 26,117,337.00</u>	<u>\$ 20,325,773.00</u>

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2019, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.85%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Township's Proportionate Share of the Net Pension Liability	\$ 96,765,809.00	\$ 71,591,640.00	\$ 50,756,388.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	15,279,505.00	11,304,456.00	8,014,530.00
	<u>\$ 112,045,314.00</u>	<u>\$ 82,896,096.00</u>	<u>\$ 58,770,918.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Supplementary Pension Information

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Seven Plan Years)***

	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.1449474782%	0.1421632465%	0.1394652939%	0.1448583622%
Township's Proportionate Share of the Net Pension Liability	\$ 26,117,337.00	\$ 27,991,235.00	\$ 32,465,291.00	\$ 42,902,892.00
Township's Covered Payroll (Plan Measurement Period)	\$ 10,223,844.00	\$ 9,858,380.00	\$ 9,420,364.00	\$ 9,924,832.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	255.46%	283.93%	344.63%	432.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.1379845429%	0.1357402448%	0.3351284270%	
Township's Proportionate Share of the Net Pension Liability	\$ 30,974,765.00	\$ 25,414,286.00	\$ 25,516,957.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 9,518,820.00	\$ 9,150,896.00	\$ 8,907,768.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	325.41%	277.72%	286.46%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Seven Years)***

	<u>Year Ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 1,409,912.00	\$ 1,414,065.00	\$ 1,291,997.00	\$ 1,286,901.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>\$ (1,409,912.00)</u>	<u>(1,414,065.00)</u>	<u>(1,291,997.00)</u>	<u>(1,286,901.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 10,165,935.00	\$ 10,265,209.00	\$ 9,903,946.00	\$ 9,579,351.00
Township's Contributions as a Percentage of Covered Payroll	13.87%	13.78%	13.05%	13.43%
	<u>Year Ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 1,186,297.00	\$ 1,119,023.00	\$ 1,005,992.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(1,186,297.00)</u>	<u>(1,119,023.00)</u>	<u>(1,005,992.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 9,754,966.00	\$ 10,158,393.00	\$ 9,159,219.00	
Township's Contributions as a Percentage of Covered Payroll	12.16%	11.02%	10.98%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Seven Plan Years)***

	Measurement Date Ended June 30,			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.5850032683%	0.5910200749%	0.6079257389%	0.6106640639%
Township's Proportionate Share of the Net Pension Liability	\$ 71,591,640.00	\$ 79,974,760.00	\$ 93,851,981.00	\$ 116,652,457.00
State's Proportionate Share of the Net Pension Liability associated with the Township	11,304,456.00	10,863,249.00	10,512,212.00	9,795,913.00
Total	<u>\$ 82,896,096.00</u>	<u>\$ 90,838,009.00</u>	<u>\$ 104,364,193.00</u>	<u>\$ 126,448,370.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 19,863,748.00	\$ 19,463,604.00	\$ 19,624,812.00	\$ 19,518,328.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	360.41%	410.89%	478.23%	597.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.00%	62.48%	58.60%	52.01%
	Measurement Date Ended June 30,			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.5746736975%	0.5888858430%	0.5957067665%	
Township's Proportionate Share of the Net Pension Liability	\$ 95,720,606.00	\$ 74,076,377.00	\$ 79,193,839.00	
State's Proportionate Share of the Net Pension Liability associated with the Township	8,394,376.00	7,976,781.00	7,381,828.00	
Total	<u>\$ 104,114,982.00</u>	<u>\$ 82,053,158.00</u>	<u>\$ 86,575,667.00</u>	
Township's Covered Payroll (Plan Measurement Period)	\$ 18,174,252.00	\$ 18,649,364.00	\$ 18,726,480.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	526.68%	397.21%	422.90%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS) (Last Seven Years)***

	<u>Year Ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 5,909,180.00	\$ 5,778,092.00	\$ 5,380,255.00	\$ 4,978,992.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(5,909,180.00)</u>	<u>(5,778,092.00)</u>	<u>(5,380,255.00)</u>	<u>(4,978,992.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 19,857,812.00	\$ 19,895,820.00	\$ 19,617,414.00	\$ 19,784,438.00
Township's Contributions as a Percentage of Covered Payroll	29.76%	29.04%	27.43%	25.17%
	<u>Year Ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 4,671,240.00	\$ 4,523,050.00	\$ 4,346,144.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(4,671,240.00)</u>	<u>(4,523,050.00)</u>	<u>(4,346,144.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 19,401,859.00	\$ 18,549,002.32	\$ 18,711,618.00	
Township's Contributions as a Percentage of Covered Payroll	24.08%	24.38%	23.23%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years: 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017, 5.66% 2018, and 6.28% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years: 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

Police and Firemen's Retirement System (PFRS)**Changes in Benefit Terms**

In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions

The Discount Rate changed at June 30th over the following years: 6.32% 2014, 5.79% 2015, 5.55% 2016, 6.14% 2017, 6.51% 2018 and 6.85% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years: 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information (Cont'd)*****Police and Firemen's Retirement System (PFRS) (Cont'd)*****Changes in Assumptions (Cont'd)**

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2013 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-201 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees, the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For beneficiaries mortality, the Pub-2010 General Retiree Below-Median Income Weighted mortality table, unadjusted, and with future improvement from the base year of 2010 on a generational basis was used. For disabled mortality, the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, the mortality improvement scale incorporated the plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the OPEB Plan**

Plan Description and Benefits Provided - The Township contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which 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 participating 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) retired 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) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the OPEB Plan (Cont'd)**

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Township was billed monthly by the Plan and paid \$93,564.96, for the year ended December 31, 2019, representing 0.31% of the Township's covered payroll. During the year ended December 31, 2019, retirees were required to contribute \$2,398.08 to the Plan.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Township, is not known, however, under the Special Funding Situation, the State's OPEB (benefit) expense, on-behalf of the Township, is \$778,834.00 for the year ended December 31, 2019 representing 2.59% of the Township's covered payroll.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

OPEB Liability - At December 31, 2019 the Township's and State's proportionate share of the net OPEB liability were as follows:

Township's Proportionate Share of Net OPEB Liability	\$ 18,775,125.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township	<u>58,756,625.00</u>
	<u>\$ 77,531,750.00</u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The Township's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the Township's proportion was .138602% which was a decrease of .018790% from its proportion measured as of the June 30, 2018 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the Township was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the State's proportion on-behalf of the Township was 1.063330% which was a decrease of .055759% from its proportion measured as of the June 30, 2018 measurement date.

OPEB (Benefit) Expense - At December 31, 2019, the Township's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is (\$409,934.00). This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the Township made contributions to the Plan totaling \$93,564.96.

At December 31, 2019, the State's proportionate share of the OPEB (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2019 measurement date is \$778,834.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2019, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 5,490,578.00
Changes of Assumptions	-	6,653,487.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	15,466.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	1,532,729.00	3,754,114.00
Township Contributions Subsequent to the Measurement Date	54,579.56	-
	<u>\$ 1,602,774.56</u>	<u>\$ 15,898,179.00</u>

\$54,579.56 reported as deferred outflows of resources resulting from the Township's contributions subsequent to the measurement date will be included as a reduction of the Township's net OPEB liability during the year ending December 31, 2020. The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
June 30, 2017	-	-
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

Year Ending Dec. 31,	
2020	\$ (2,210,298.00)
2021	(2,210,298.00)
2022	(2,211,510.00)
2023	(2,213,470.00)
2024	(2,215,260.00)
Thereafter	(3,289,148.00)
	<u>\$ (14,349,984.00)</u>

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Initial Fiscal Year Applied:	
Rate Through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Rate for all Years	3.25% to 15.25%

* Salary Increases are Based on Years of Service
Within the Respective Plan

PERS mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2019.

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2019.

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

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

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions (Cont'd)**

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays a portion of the Township's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2019, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Township's Proportionate Share of the Net OPEB Liability	\$ 21,708,821.00	\$ 18,775,125.00	\$ 16,391,110.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	67,937,605.00	58,756,625.00	51,295,865.00
	<u>\$ 89,646,426.00</u>	<u>\$ 77,531,750.00</u>	<u>\$ 67,686,975.00</u>

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The Township's and State's proportionate share of the net OPEB Liability as of June 30, 2019, the Plan's measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Township's Proportionate Share of the Net OPEB Liability	\$ 15,843,892.00	\$ 18,775,125.00	\$ 22,514,406.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	49,583,351.00	58,756,625.00	70,458,681.00
	<u>\$ 65,427,243.00</u>	<u>\$ 77,531,750.00</u>	<u>\$ 92,973,087.00</u>

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Township's Proportionate Share of the net OPEB Liability (Last Three Plan Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.138602%	0.157392%	0.156314%
Township's Proportionate Share of the Net OPEB Liability	\$ 18,775,125.00	\$ 24,658,004.00	\$ 31,912,736.00
State's Proportionate Share of the Net OPEB Liability Associated with the Township	58,756,625.00	69,538,450.00	96,528,912.00
Total	<u>\$ 77,531,750.00</u>	<u>\$ 94,196,454.00</u>	<u>\$ 128,441,648.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 30,194,043.00	\$ 29,991,448.00	\$ 29,594,091.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	62.18%	82.22%	107.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Supplementary OPEB Information (Cont'd)*****Schedule of the Township's Contributions (Last Three Years)***

	<u>Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Required Contributions	\$ 93,564.96	\$ 112,643.06	\$ 82,489.86
Township's Contributions in Relation to the Required Contribution	<u>(93,564.96)</u>	<u>(112,643.06)</u>	<u>(82,489.86)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 30,023,747.00	\$ 30,161,029.00	\$ 29,521,360.00
Township's Contributions as a Percentage of Covered Payroll	0.31%	0.37%	0.28%

Other Notes to Supplementary OPEB Information**Changes in Benefit Terms**

In 2019, there were slight changes to the Chapter 48 provisions.

Changes in Assumptions

In 2019, the discount rate changed to 3.50% from 3.87%, and there were changes in the assumed health care cost trend, PPO/HMO future retiree elections, and excise tax assumptions. Further, decrements, salary scale, and mortality assumptions were updated based on the July 1, 2013 - June 30, 2018 PFRS and July 1, 2014 - June 30, 2018 PERS experience studies. For mortality related to PFRS members and retirees, the Pub-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used. For mortality related to PERS members and retirees, the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used.

In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

In 2017, the discount rate changed to 3.58% from 2.85%.

Note 10: ON-BEHALF PAYMENTS**Pension Costs**

Certain Teaneck Public Library employees are members of the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. The Library participates in PERS as part of the Township of Teaneck. The Township does not require the Library to pay any portion of required employer contributions.

Payments made by the Township of Teaneck, on-behalf of the Library, for the Library's share of employer contributions during the year ended December 31, 2019 totaled \$164,282.45.

Other Post Employment Benefit Costs

Certain Teaneck Public Library employees are members of the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan, which is administered by the New Jersey Division of Pensions and Benefits. The Library participates in the Plan as part of the Township of Teaneck. The Township does not require the Library to pay any portion of required employer contributions.

The Township of Teaneck, on-behalf of the Library, was billed monthly by the Plan and paid \$387,829.08 for the year ended December 31, 2019.

Note 11: COMPENSATED ABSENCES

Full-time employees under various Township labor contracts and Township policies are entitled to between twelve and fifteen paid sick leave days each year. Firefighters are entitled to up to one hundred eighty (180) hours of sick leave and one hundred fifty six (156) holiday leave each year. Unused sick and holiday leave may be accumulated and carried forward to the subsequent years. Vacation days not used during the year may be accumulated and carried forward for a maximum of two (2) years or three (3) years if the employee was hired prior to 1989. The Township also allows employees covered under certain labor contracts who are eligible to earn overtime the choice to convert overtime hours into compensated absences up to the limits specified in their respective labor agreement.

The Township of Teaneck compensates employees for unused sick leave upon retirement. Employees with at least twenty five (25) years of service to the Township shall be eligible for a lump sum payment based on 50% of the employee's accumulated sick time. Any employee who otherwise vests in his or her pension but does not have twenty five (25) years of service to the Township shall be eligible for a lump sum payment of 50% of his or her accumulated sick time based on the ratio of his or her months of service to between three hundred (300) and five hundred forty (540) months of service, contingent upon which labor contract he or she is employed under. Accumulated sick time paid out to employees shall not exceed \$12,000.00 to \$16,000.00 based upon that employee's respective labor agreement unless otherwise grandfathered into the labor contract based upon hire date with the Township. Unused overtime hours which were converted into compensated absences at the employee's request would be required to be paid to the employee at the time the employee ceases employment or if the employee requests to be compensated.

The Township has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2019, the balance of the fund was \$205,536.08. It is estimated that, at December 31, 2019, accrued benefits for compensated absences are valued at \$8,019,969.98.

Note 12: DEFERRED COMPENSATION SALARY ACCOUNT

The Township offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

Note 13: LEASE OBLIGATIONS

At December 31, 2019, the Township had lease agreements in effect for the following:

Operating:

Seventeen (11) Ricoh Copiers
One (1) Pitney Bowes Mailing Machine
Three (3) Sharp Copiers

Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 29,134.78
2021	11,058.33

Rental payments under operating leases for the year 2019 were \$36,900.09.

Note 14: CAPITAL DEBT**General Improvement Bonds**

General Improvement Bonds, Series 2013 - On April 15, 2013, the Township issued \$10,000,000.00 of general improvement bonds, with interest rates ranging from 2.0% to 3.0%. The purpose of the bonds is to fund various capital ordinances, specifically 3706, 3814, 3813/4807, 3874, 3875, 3932, 3944, 3945, 3954, 3960, 4003, 4076, 4152, 4164 and 4186. The final maturity of the bonds is April 15, 2032.

General Improvement Bonds, Series 2014 - On July 15, 2014, the Township issued \$7,200,000.00 of general improvement bonds, with interest rates ranging from 1.0% to 3.0%. The purpose of the bonds is to fund various capital ordinances, specifically 4145, 4165, 4166, 4167, 4168, 4182, 4186, 4190, 4203, 4204, 4205, 4214, 4216, 4220, 4221, 4222 and 4223. The final maturity of the bonds is April 15, 2031.

Note 14: CAPITAL DEBT (CONT'D)**General Improvement Bonds (Cont'd)**

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 900,000.00	\$ 324,500.00	\$ 1,224,500.00
2021	900,000.00	306,500.00	1,206,500.00
2022	900,000.00	288,500.00	1,188,500.00
2023	900,000.00	270,250.00	1,170,250.00
2024	900,000.00	249,000.00	1,149,000.00
2025-2029	5,000,000.00	828,000.00	5,828,000.00
2030-2032	2,900,000.00	115,500.00	3,015,500.00
	<u>\$ 12,400,000.00</u>	<u>\$ 2,382,250.00</u>	<u>\$ 14,782,250.00</u>

General Debt – New Jersey Downtown Improvement District Loan

In 2006, the Township entered into a loan agreement with the New Jersey Downtown Business Improvement Zone Loan Fund to provide \$600,000.00, at no interest. The proceeds were used to fund the upgrading of sidewalks and curbing on Cedar Lane. Annual debt payments are due August 1st through 2021.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Downtown Special Improvement District Loan – Principal Only Loan:

<u>Year</u>	<u>Principal</u>	<u>Total</u>
2020	\$ 40,000.00	\$ 40,000.00
2021	40,000.00	40,000.00
	<u>\$ 80,000.00</u>	<u>\$ 80,000.00</u>

Note 14: CAPITAL DEBT (CONT'D)**General Debt - New Jersey Green Acres Loans**

On March 14, 2016, the Township entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$128,750.00, at an interest rate of 2.0%. The proceeds were used to fund the redevelopment of the Township's Votee Park Athletic Field. Semiannual debt payments are due June 17th and December 17th through 2035.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 5,851.97	\$ 2,154.11	\$ 8,006.08
2021	5,969.60	2,036.48	8,006.08
2022	6,089.59	1,916.50	8,006.09
2023	6,211.99	1,794.10	8,006.09
2024	6,336.85	1,669.24	8,006.09
2025-2029	33,646.78	6,383.62	40,030.40
2030-2034	37,166.98	2,863.45	40,030.43
2035	7,887.58	118.51	8,006.09
	<u>\$ 109,161.34</u>	<u>\$ 18,936.01</u>	<u>\$ 128,097.35</u>

The following schedule represents the Township's summary of debt for the current and two previous years:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 32,432,861.34	\$ 29,934,898.00	\$ 25,585,521.63
Bonds Issued by Another Public Body Guaranteed By the Township			86,012.21
Total Issued	<u>32,432,861.34</u>	<u>29,934,898.00</u>	<u>25,671,533.84</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	<u>19,304,895.04</u>	<u>18,373,945.04</u>	<u>17,369,473.04</u>
Total Issued and Authorized but not Issued	<u>51,737,756.38</u>	<u>48,308,843.04</u>	<u>43,041,006.88</u>
<u>Deductions</u>			
Bonds Issued by Another Public Body Guaranteed by the Township			86,012.21
Reserve for Payment of Debt	201,302.87	96,627.80	
Open Space Debt	109,161.34	114,898.00	
Refunding Bonds - Judgments	<u>825,000.00</u>	<u>1,650,000.00</u>	<u>2,475,000.00</u>
Total Deductions	<u>1,135,464.21</u>	<u>1,861,525.80</u>	<u>2,561,012.21</u>
<u>Net Debt</u>	<u>\$ 50,602,292.17</u>	<u>\$ 46,447,317.24</u>	<u>\$ 40,479,994.67</u>

Note 14: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .863%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 11,470,000.00	\$ 11,470,000.00	
General	51,737,756.38	1,135,464.21	\$ 50,602,292.17
	<u>\$ 63,207,756.38</u>	<u>\$ 12,605,464.21</u>	<u>\$ 50,602,292.17</u>

Net debt \$50,602,292.17 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$5,861,955,210.67, equals .863%.

The foregoing debt information is in agreement with the annual debt statement filed by the chief financial officer.

Note 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

<u>Description</u>	<u>Balance December 31, 2019</u>	<u>2020 Budget Appropriation</u>
Current Fund:		
Codification of Ordinances	\$ 25,000.00	\$ 5,000.00
Revision of Tax Maps	100,000.00	20,000.00
Severance Liabilities	1,346,400.00	269,280.00

The appropriations in the 2020 Budget as adopted are not less than that required by the statutes.

Note 16: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

New Jersey Unemployment Compensation Insurance - 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, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 40,000.00	\$ 42,098.02	\$ 49,572.94	\$ 40,747.44
2018	15,000.00	40,153.88	71,903.16	8,222.36
2017	15,000.00	40,747.99	32,915.02	24,971.64

It is estimated that there are no unreimbursed payments on behalf of the Township at December 31, 2019.

Joint Insurance Pool - The Township is a member of the Public Entity Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Fund provides the Township with the following coverage:

Property - Blanket Building and Grounds
Automobile Liability
General Liability
Worker's Compensation and Employer's Liability
Boiler and Machinery
Public Employee Dishonesty
Environmental Liability
Crime Coverage
Law Enforcement Liability

Contributions to the Fund, are payable in a semi-annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for excess claims based on the line of coverage for each insured event.

The Township's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

Note 16: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2019, which can be obtained from:

Public Entity Joint Insurance Fund
Suite 503
900 Route 9 North
Woodbridge, NJ 07095

Self-Insurance Plan – Prior to January 1, 2015, the Township had adopted a plan of self-insurance for workers' compensation and general liability insurance, and as a result, established a trust fund to fund potential claims up to \$1,000,000.00 per any one incident for a workers compensation claim and \$100,000.00 to \$1,000,000.00 per any one accident for a general liability claim, based on the type of claim. Claims greater than this amount are covered by an excess workers' compensation and general liability insurance policy. D&H Alternative Risk Solutions administers the plan. Any additional funding required for claims in excess of the trust fund's reserve will be paid and charged to future budgets.

On January 1, 2015, the Township obtained workers compensation and general liability insurance through the Joint Insurance Pool, however, claims still exist as of December 31, 2019 from the period in which the Township was self-insured. The workers' compensation insurance claims liability (incurred) is based on an analysis prepared by management. The remaining claims liability (incurred) is based on an evaluation performed by the third-party administrator of the plan. The total estimate of claims incurred but not reported is \$1,391,348.82 for workers compensation and \$1,000.00 for general liability.

The following is a summary of the activity of the Township's trust fund for self-insured workers' compensation and general liability for the current and previous years:

Workers Compensation	<u>2019</u>	<u>2018</u>
Balance, January 1	\$ 33,936.20	\$ 237.53
Receipts	1,312,069.00	1,250,821.85
Payment of Claims	<u>(1,051,525.85)</u>	<u>(1,217,123.18)</u>
Balance, December 31	<u>\$ 294,479.35</u>	<u>\$ 33,936.20</u>
 General Liability	 <u>2019</u>	 <u>2018</u>
Balance, January 1	\$ 8,202.56	\$ 1,785.19
Receipts	236,301.04	533,039.40
Payment of Claims	<u>(233,838.56)</u>	<u>(526,622.03)</u>
Balance, December 31	<u>\$ 10,665.04</u>	<u>\$ 8,202.56</u>

There have been no settlements that exceed the Township's coverage for years ended December 31, 2019, 2018, and 2017.

Note 17: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 2, 2004, November 4, 2008 and November 6, 2012 pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township of Teaneck authorized the establishment of the Township of Teaneck Open Space, Recreation and Farmland Preservation Trust Fund effective January 1, 2009, for the purpose of raising revenue for the acquisition of lands and interests in lands for recreation, the conservation purposes, acquisition of historical sites and structures for preservation purposes and for payment of debt service for any of these purposes. Overall, as a result of the referendums, the Township levies a tax not to exceed one cent per one hundred dollars of equalized valuation.

Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a Trust Fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township of Teaneck Open Space, Recreation and Farmland Preservation Trust Funds.

On November 8, 2016 pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township of Teaneck voted to reauthorize the establishment of the Township of Teaneck Open Space, Recreation and Farmland Preservation Trust Fund effective for the four year period January 1, 2017 through December 31, 2020.

Note 18: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Township expects such amount, if any, to be immaterial.

Litigation - The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Tax Appeals - As of December 31, 2019, there is a commercial tax assessment appeal filed against the Township for years ranging from 2007 to 2018. While the outcome of this appeal has yet to be determined, there is a possibility that the Tax Court may find in favor of the property owner, reducing the property assessment. If a judgment is ruled in favor of the property owner, the Township is required to refund or give credit to future taxes levied for any overpayment created by the judgment. The Township is unable to estimate the timing and amount of this pending judgment but it could potentially be \$4,200,000.00 in excess of \$6,000,000.00. In addition, approximately 98 tax appeals have been filed. The outcome of these appeals has yet to be determined, however it is expected that some will be in favor of the property owner. The Township is unable to estimate the timing and amount of these pending judgments but it could potentially be in excess \$300,000.00. Although the Township is unable to estimate the outcome of these appeals, the Township has reserved \$338,147.96 as of December 31, 2019 and has appropriated \$300,000.00 in the 2020 budget for any potential 2020 refunds. The Township anticipates funding these judgments though budget appropriation or the adoption of a refunding bond ordinance which will allow the Township to fund these payments over several years.

Note 19: CONCENTRATIONS

The Township depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Jersey. As a result of this dependency, the Township is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

Note 20: SUBSEQUENT EVENTS

COVID-19 - On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Township is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2020.

Authorization of Debt - Subsequent to December 31, the Township authorized additional bonds and notes as follows:

<u>Purpose</u>	<u>Date Introduced</u>	<u>Authorization</u>
Bonds & Notes:		
General Capital:		
Acquisition of Equipment	9/22/2020	\$ 170,000.00
Reconstruction of Roads, Curbs and Sidewalks	9/22/2020	2,315,000.00
Various Park and Recreation Improvements	9/22/2020	701,500.00
Improvements to Municipal Facilities	9/22/2020	1,655,000.00
		<u>\$ 4,841,500.00</u>

APPENDIX C

FORM OF APPROVING LEGAL OPINION FOR THE BONDS



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

August 17, 2021

Mayor and Township Council of
the Township of Teaneck
Teaneck, New Jersey

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance and delivery of the \$8,250,000 aggregate principal amount of Tax Appeal Refunding Bonds, Series 2021 (Federally Taxable) (the "Bonds"), of the Township of Teaneck, in the County of Bergen (the "Township"), a municipal corporation organized and existing under the laws of the State of New Jersey.

The Bonds are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), specifically N.J.S.A. 40A:2-51 and 55; (ii) a resolution duly adopted by the Local Finance Board, Division of Local Government Services, Department of Community Affairs, State of New Jersey on March 10, 2021, after a hearing held thereon, consenting to the issuance of the Bonds; (iii) a refunding bond ordinance duly adopted by the Township Council of the Township on March 16, 2021, approved by the Mayor, and published as required by law; and (iv) a resolution duly adopted by the Township Council of the Township on July 13, 2021.

The Bonds are being issued to permanently finance the cost of various tax appeal judgments and settlements with various taxpayers in the Township in the amount of \$8,150,000 by currently refunding the existing tax appeal refunding notes of the Township in the amount of \$8,150,000 issued on April 14, 2021 and maturing on August 18, 2021; and (ii) pay the costs associated with the issuance of the Bonds.

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

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semi-annually on the fifteenth (15th) day of February and August in each year (each an "Interest Payment Date"), commencing February 15, 2022, until maturity. The Bonds shall mature on August 15th in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$ 780,000	1.00%	2027	\$ 830,000	1.00%
2023	785,000	1.00	2028	840,000	1.15
2024	800,000	1.00	2029	850,000	1.25
2025	810,000	1.00	2030	860,000	1.40
2026	820,000	1.00	2031	875,000	1.55

The Bonds of this issue are not subject to redemption prior to their stated maturities.

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

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

In our opinion, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is includable in gross income of the owners of the Bonds for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended. Ownership of the Bonds may result in other federal income tax consequences to certain taxpayers. No opinion is expressed regarding any other federal tax consequences arising with respect to the Bonds.

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

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

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

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

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

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate, dated August 17, 2021 (the "Disclosure Certificate"), is executed and delivered by the Township of Teaneck, in the County of Bergen (the "Township" or the "Issuer"), a municipal corporation organized and existing under the laws of the State of New Jersey, in connection with the issuance of its \$8,250,000 aggregate principal amount of Tax Appeal Refunding Bonds, Series 2021 (Federally Taxable) (the "Bonds"), all such Bonds being dated their date of delivery. The Bonds are authorized by, and are issued pursuant to, among other things, (i) the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented, specifically N.J.S.A. 40A:2-51 and 55; (ii) a resolution duly adopted by the Local Finance Board, Division of Local Government Services, Department of Community Affairs, State of New Jersey on March 10, 2021, after a hearing held thereon, consenting to the issuance of the Bonds; (iii) a refunding bond ordinance duly adopted by the Township Council of the Township on March 16, 2021, approved by the Mayor, and published as required by law; and (iv) a resolution entitled, "RESOLUTION DETERMINING THE FORM AND OTHER DETAILS OF THE OFFERING OF \$8,250,000 TAX APPEAL REFUNDING BONDS, SERIES 2021 (FEDERALLY TAXABLE) OF THE TOWNSHIP OF TEANECK, IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY AND PROVIDING FOR THEIR SALE AND DETERMINING CERTAIN OTHER MATTERS WITH RESPECT THERETO", duly adopted by the Township Council of the Township on July 13, 2021 (the "Resolution"). The Township covenants and agrees as follows:

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

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

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

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

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

"Continuing Disclosure Information" shall mean, collectively, (i) each Annual Report; (ii) any notice required to be filed by the Township or the Dissemination Agent (as defined below) with EMMA (as defined below) pursuant to Section 3 of this Disclosure Certificate; and (iii) any notice of a Listed Event required to be filed by the Township or the Dissemination Agent (as defined below) with EMMA pursuant to Section 5 of this Disclosure Certificate.

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

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

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

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

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

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

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

“State” shall mean the State of New Jersey.

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

SECTION 3. Provision of Annual Reports. (a) The Township shall, not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Township’s reporting obligations under this Disclosure Certificate pursuant to the provisions of Section 6 of this Disclosure Certificate, provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Township (commencing for the fiscal year ending December 31, 2020). Each Annual Report provided to the Dissemination Agent by the Township shall comply with the requirements of Section 4 of this Disclosure Certificate but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated

by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

(b) The Dissemination Agent, promptly (within ten (10) Business Days) after receiving the Annual Report from the Township, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the Township certifying that the Annual Report has been provided pursuant to this Disclosure Certificate to the National Repository and stating the date it was provided to the National Repository.

(c) If the Township fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Township advising of such failure. Whether or not such notice is given or received, if the Township thereafter fails to submit the Annual Report to the Dissemination Agent within ten (10) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with a copy of said notice to the Township) to the National Repository in substantially the form attached as Exhibit A hereto.

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

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

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

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

(3) The general financial information and operating data of the Township consistent with the information set forth in Appendix A to the Official Statement dated August 3, 2021 prepared in connection with the sale of the Bonds, consisting of (1) Township indebtedness, (2) property valuation information, and (3) tax rate, levy and collection data.

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

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

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the Township;
13. The consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;
15. Incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Township, any of which affect Bondholders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial

Obligation of the Township, any of which reflect financial difficulties.

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

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

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

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

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

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

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

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Township may amend this Disclosure Certificate and any provision of

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Township 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 Township. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 of this Disclosure Certificate, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

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

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

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

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

(a) If to the Township:

Township of Teaneck
818 Teaneck Road
Teaneck, New Jersey 07666
Attention: Chief Financial Officer

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

Township of Teaneck
818 Teaneck Road
Teaneck, New Jersey 07666
Attention: Chief Financial Officer

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

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

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

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

**TOWNSHIP OF TEANECK
IN THE COUNTY OF BERGEN,
STATE OF NEW JERSEY**

By: _____
ISSA A. ABBASI,
Chief Financial Officer

EXHIBIT A

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

Name of Issuer: Township of Teaneck,
in the County of Bergen, State of New Jersey

Name of Issue: \$8,250,000 Tax Appeal Refunding Bonds, Series 2021
(Federally Taxable)
Dated: August 17, 2021
(CUSIP Number: 878164EM0)

Date of Issuance: August 17, 2021

NOTICE IS HEREBY GIVEN that the above designated Township has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution and a Continuing Disclosure Certificate for the Bonds dated August 17, 2021 executed by the Township and acknowledged and accepted by the Dissemination Agent.

DATED: _____

DISSEMINATION AGENT
(on behalf of the Township)

cc: The Township