

NEW ISSUE
SERIAL BONDS

RATING: Moody's: Aa2

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Township, assuming compliance by the Township with its Tax Certificate described herein, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; such interest, however, is included in "adjusted current earnings" for purposes of computing the alternative minimum tax that may be imposed on corporations. In addition, Bond Counsel is further of the opinion that, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof. See "TAX MATTERS" herein.

\$7,200,000
TOWNSHIP OF TEANECK
COUNTY OF BERGEN, NEW JERSEY
GENERAL IMPROVEMENT BONDS
(Callable) (Bank-Qualified) (Book-Entry Only)

Dated: July 15, 2014

Due: April 15, as shown below

The General Improvement Bonds (the "Bonds") of the Township of Teaneck, in the County of Bergen, New Jersey (the "Township"), will be issued as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, with the Bonds immobilized in the custody of DTC. Owners of beneficial interests in the Bonds will not receive physical delivery of bond certificates, but are to receive statements or other evidence of such ownership of beneficial interests from sources from which such interests were purchased. Investors may purchase beneficial interests in the Bonds in book-entry form in the denomination of \$5,000 or any integral multiple thereof. See "THE BONDS - Book-Entry Only System" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will, in turn, remit such payments to the owners of beneficial interests in the Bonds. Principal of the Bonds is payable on April 15 of each of the years set forth below, and interest on the Bonds is payable on each April 15 and October 15, commencing October 15, 2014, in each year until maturity or prior redemption.

The Bonds are subject to redemption prior to their stated maturities at the prices, at the times and in the manner described herein. See "Prior Redemption" herein.

The Bonds are general obligations of the Township and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and the interest thereon. The Township is authorized and required by law to levy *ad valorem* taxes upon all the taxable real property within the Township for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

MATURITY SCHEDULE, INTEREST RATES AND YIELDS OR PRICES

<u>Year</u>	<u>Amount</u> <u>Maturing</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>	<u>Year</u>	<u>Amount</u> <u>Maturing</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>
2015	\$300,000	1.00 %	0.25%	2024	\$400,000	2.25%	2.35%
2016	300,000	1.00	0.40	2025	400,000	3.00	2.40
2017	400,000	1.00	0.60	2026	400,000	3.00	2.50
2018	400,000	1.25	0.90	2027	500,000	3.00	2.60
2019	400,000	2.00	1.30	2028	500,000	3.00	2.73
2020	400,000	2.00	1.60	2029	500,000	3.00	2.80
2021	400,000	2.00	1.85	2030	500,000	3.00	3.00
2022	400,000	2.00	2.05	2031	600,000	3.00	3.10
2023	400,000	2.125	2.25				

(plus accrued interest from July 15, 2014)

The Bonds are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about July 24, 2014.

ROOSEVELT & CROSS, INC. AND ASSOCIATES

Dated: July 15, 2014

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

Mayor

Lizette P. Parker

Township Council

Jason Castle
Mohammed Hameeduddin
Elie Y. Katz
Henry J. Pruitt
Mark J. Schwartz
Alan Sohn

Township Manager

William Broughton

Township Clerk

Jaime L. Evelina

Chief Financial Officer

Christine L. Brown, CPA,RMA

Township Attorney

Winne Banta Hetherington Basralian & Kahn, P.C.
Hackensack, New Jersey

Township Auditor

Garbarini & Co. P.C. CPAs
Registered Municipal Accountants
Carlstadt, New Jersey

Bond Counsel

Rogut McCarthy LLC
Cranford, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations, with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Township. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness, and such information is not to be construed as a representation or warranty of accuracy or completeness by the Underwriters or, as to information from sources other than itself, by the Township. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

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

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. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representation must not be relied upon as having been authorized by the Township or the Underwriters.

**OFFICIAL STATEMENT
OF
TOWNSHIP OF TEANECK
IN THE COUNTY OF BERGEN, NEW JERSEY**

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**OFFICIAL STATEMENT
OF
TOWNSHIP OF TEANECK
IN THE COUNTY OF BERGEN, NEW JERSEY
RELATING TO**

\$7,200,000 General Improvement Bonds

INTRODUCTION

This Official Statement (the "Official Statement") which includes the cover page and the Appendices attached hereto, has been prepared by 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 its \$7,200,000 General Improvement Bonds (the "Bonds") dated July 15, 2014. This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and the Township Clerk and may be distributed in connection with the Bonds.

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

THE BONDS

General Description

The Bonds shall be dated July 15, 2014 and shall mature on April 15 in the years and in the principal amounts as set forth on the next page. The Bonds shall bear interest from their dated date, payable on each April 15 and October 15, (each, an "Interest Payment Date"), commencing October 15, 2014, in each year until maturity or prior redemption at the interest rates shown on the cover page hereof. Principal of and interest on the Bonds will be paid to The Depository Trust Company, New York, New York ("DTC"), acting as securities depository, by the Chief Financial Officer, as "Bond Registrar/Paying Agent". Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of the last business day of the month preceding the month in which such Interest Payment Date occurs (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity and in the principal amount of such maturity. The Bonds will be issued in book-entry form only. Investors may purchase beneficial interests in the Bonds in the denomination of \$5,000 or integral multiples thereof. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Bond Registrar/Paying Agent directly to Cede & Co. (or any successor or assign), as nominee for DTC. Disbursement of such payments to the participants of DTC is the responsibility of DTC. Disbursement of such payments to the beneficial owners is the responsibility of the DTC participants. See "Book-Entry Only System" below.

Maturity Schedule:

Year	Principal
2015	\$ 300,000
2016	300,000
2017	400,000
2018	400,000
2019	400,000
2020	400,000
2021	400,000
2022	400,000
2023	400,000
2024	400,000
2025	400,000
2026	400,000
2027	500,000
2028	500,000
2029	500,000
2030	500,000
2031	600,000
Total:	\$7,200,000

Prior Redemption

The Bonds maturing on or before April 15, 2024 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after April 15, 2025 are subject to redemption at the option of the Township prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after April 15, 2024, upon notice as hereinafter set forth at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

If the Township determines to optionally redeem a portion of the Bonds prior to maturity, such Bonds so redeemed shall be in such maturities as determined by the Township, and within any maturity, by lot; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, the Bond Registrar/Paying Agent shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000.

Notice of redemption shall be given by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Bond Registrar/Paying Agent at least thirty (30) but no more than sixty (60) days before the date fixed for redemption. Such mailing is not a condition precedent to redemption, and the failure to mail or to receive any redemption notice will not affect the validity of the redemption proceedings. If any Bond subject to redemption is a part of a greater principal amount of the Bonds not to be redeemed, such entire amount shall be surrendered to the Bond Registrar/Paying Agent and, for that portion of the Bond not to be redeemed, a new Bond shall be issued in the name of the registered owner in an amount equal to the principal amount of the Bond surrendered less the amount to be redeemed.

Book-Entry Only System

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 each year of maturity of the Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 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 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 each Bond ("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 are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, 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 the 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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).

Redemption proceeds and 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, if any, 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, the paying agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall 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 the paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Township may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

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.

Security for the Bonds

The Bonds are direct and general obligations of the Township. The Township has pledged its full faith and credit to the payment of the principal of and interest on the Bonds, and unless paid from other sources, the Township is authorized and required by law to levy on all real property taxable by the Township such *ad valorem* taxes as may be necessary to pay the Bonds and the interest thereon, without limitation as to rate or amount.

Enforcement of a claim for the payment of principal of or interest on bonds or notes of the Township is subject to applicable provisions of Federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Bonds or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission whose powers have been vested in the Local Finance Board, Division of Local Government Services, New Jersey Department of Community Affairs (the "Local Finance Board").

Authorization and Purpose of the Bonds

The Bonds have been authorized and are issued pursuant to the laws of the State, including the Local Bond Law, N.J.S.A. 40A:2-1 et seq. (the “Local Bond Law”). The Bonds also are authorized by various bond ordinances of the Township set forth below and resolutions adopted by the Township Council of the Township on June 10, 2014.

The bond ordinances included in the sale of the Bonds were published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced, began to run from the date of the first publication of such estoppel 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 any person shall be estopped from questioning the sale or the execution or the delivery of the Bonds by the Township.

The proceeds of the Bonds will be used to (i) currently refund \$5,980,324 of the Township’s outstanding Bond Anticipation Notes maturing on July 24, 2014 and (ii) provide \$1,219,676 to finance various unfunded capital projects of the Township.

The projects to be funded in the sale are listed below:

<u>Ordinance</u>	<u>Description</u>	<u>Amount</u>
<u>General Improvement Bonds</u>		
4145	Improvements to various Township buildings	315,000
4165	Stormwater drainage improvements at Ardsley Court	254,636
4166	Improvements to Votee Park Pool	176,896
4167	Restoration and drainage improvements at Greenbelt Walkway	183,448
4168	Sanitary sewer trunk line replacement at Perry Lane and Lozier Place	144,448
4182	Acquisition of new fire pumper truck	450,000
4186	Acquisition of new recycling trucks for DPW	399,893
4190	2010 Road Resurfacing and Curb Improvement Program	720,000
4203	Acquisition of personal emergency escape system for Fire Dept.	81,000
4204	Acquisition of new vehicles for DPW	371,910
4205	Acquisition of radio communications upgrade equipment	202,500
4214	Fire House signal improvements	108,000
4216	Stormwater drainage improvements at Northumberland Road	56,278
4220	HVAC improvements at Library, Police HQ and Municipal Building	917,241
4221	Sanitary sewer improvements at Winthrop Road	1,022,392
4222	Renovation of old Police Building	1,605,882
4223	Various improvements to Public buildings	190,476
	Total General Improvement Bonds	<u>\$ 7,200,000</u>

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Township has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and has represented that it reasonably expects that, collectively, neither it nor its subordinate entities will issue more than \$10,000,000 of new money tax-exempt obligations in the current calendar year.

NO DEFAULT

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

MARKET PROTECTION - BOND AND NOTE FINANCING

The Township does not intend to issue tax anticipation notes or additional bonds during the remainder of 2014. The Township may issue new money bond anticipation notes later in the year, as necessary.

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized.

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

This law regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion. The annual audit report is filed with the Township Clerk and is available for review during business hours.

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

Debt Limits

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

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. On December 31, 2013, the Township's percentage of statutory net debt was 0.53% and was comprised of the following:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 35,560,078	\$ 6,538,000	\$29,022,078
School Debt	<u>21,190,000</u>	<u>21,190,000</u>	<u>0</u>
	<u>\$56,750,078</u>	<u>\$27,728,000</u>	<u>\$29,022,078</u>

Exceptions to Debt Limits-Extensions of Credit

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 would exceed its debt limit, the Township must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the ability of the Township to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition, debt in excess of the statutory debt limit may be issued without the approval of the Local Finance Board to fund certain notes, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes).

Short-Term Financing

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

School Debt Subject to Voter Approval

State Law permits the school district, upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limit of 3% of the equalized valuation basis, by using the available borrowing capacity of the Township. If such debt is in excess of the school district debt limit, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

The Municipal Finance Commission (R.S. 52:27-1 et seq.)

The Municipal Finance Commission was created in 1931 to assist in the financial rehabilitation of municipalities which had defaulted in their obligations. The powers of such Commission are exercised today by the Local Finance Board. The local finance system is intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the "Municipal Finance Commission Statutes" are available to assist in restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the Superior Court of New Jersey. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations causes the "Municipal Finance Commission" to become operative in that community.

The "Municipal Finance Commission" exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. Such commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors, and the readjustment of debts under the Federal Municipal Bankruptcy Act. Such Act was substantially revised in 1976 so as to permit municipalities to have access to bankruptcy court for protection against suits by bondholders and without prior warranty for creditors' approvals in cases of impending default.

The Local Finance Board also serves as the "funding commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such funding commission for the proposed reorganization of its debt.

INVESTMENT OF MUNICIPAL FUNDS

Investment of funds by New Jersey municipalities is governed by State statute. Pursuant to N.J.S.A. 40A:5-15.1, municipalities are limited to purchasing the following securities: (1) direct obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"); (2) U.S. Government money market mutual funds; (3) obligations of Federal Government agencies or instrumentalities having a maturity of 397 days or less, provided such obligations bear a fixed rate of interest not dependent on any index or external factor; (4) bonds or other obligations of the particular municipality or a school district encompassing the geographic area of the particular municipality; (5) bonds or other obligations having a maturity of 397 days or less approved by the Division of Investment of the State Department of the Treasury; (6) local government investment pools, rated in the highest rating category, investing in U.S. government securities and repurchase agreements fully collateralized by securities set forth in (1) and (3) above; (7) deposits with the New Jersey Cash Management Fund (created pursuant to N.J.S.A. 52:18A-90.4; the "Cash Management Fund"); and (8) repurchase agreements with a maximum 30 day maturity fully collateralized by securities set forth in (1) and (3) above. 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. or may invest directly in permitted investments. Municipalities are required to deposit their funds in interest-bearing bank accounts or invest in permitted investments to the extent practicable, and may invest in bank certificates of deposit.

The Cash Management Fund is governed by regulations of the State Investment Council, a non-partisan oversight body, and is not permitted to invest in derivatives. The Cash Management Fund is permitted to invest in Government Obligations, Federal Government Agency obligations, certain short-term investment grade corporate obligations, commercial paper rated "prime", certificates of deposit, repurchase agreements involving Government Obligations and Federal Government Agency Obligations and certain other types of instruments. The average maturity of the securities in the Cash Management Fund must be one year or less, and only a quarter of the securities are permitted to mature in as much as two years.

The Township has no investments in derivatives.

GENERAL INFORMATION REGARDING THE TOWNSHIP

Size and Geographical Location

The Township of Teaneck's municipal offices are located at 818 Teaneck Road. Teaneck is physically the seventh largest municipality in Bergen County, with an area of 6.22 square miles. Neighboring communities include Hackensack, Bogota, Ridgely Park, Leonia, Englewood, Bergenfield and New Milford.

About 80% of the residents live in single family homes. The remaining residents live in garden apartments, two family homes, apartment houses and condominiums. There is a little light industry and only one major development, Glenpointe, which includes townhouses, a hotel, two office buildings and a retail shopping area.

History

The area which is now Teaneck was originally inhabited by the Hackensack Indians, a tidewater tribe of the 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 America 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.

Population

1950 Census	33,772
1960 Census	42,085
1970 Census	42,355
1980 Census	39,007
1990 Census	37,825
2000 Census	39,260
2010 Census	39,776
2013 NJ Dept. of Labor (est. at 7/1/13)	40,329

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. The Council elects the Mayor who presides over Council meetings. The Council sets policies, standards and passes laws, known as ordinances. The Council adopts an annual budget and approves contracts and agreements for services and appoints the Manager, Chief Financial Officer, Clerk, Auditor, Attorney, Magistrate and Tax Assessor. The Council also appoints members to the Planning Board, the Redevelopment Agency, the Board of Adjustment, and all other statutory and advisory boards. The Manager is the chief executive and administrative official of the Township and prepares the budget for submission to the Council.

Educational Facilities

The Township's school district, coterminous with the Township, is a type II school district, an independent legal entity administered by a nine member Board of Education elected by the voters of the school district. The school district serves students in Kindergarten to twelfth grade. The School District has four (4) elementary schools, two (2) junior high schools and one (1) high school. The present facilities of the School District have a maximum capacity of 5,314 students with a current enrollment utilizing District facilities of 4,098. The school district is authorized by law to issue debt for school purposes upon vote of the electorate. There is at present \$21,190,000 principal amount of serial bonds outstanding for the Township's school district.

The Board is a policy making body and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the District, responsibility to draw up the annual budget and present it to the legally registered voters in the District for approval and the power to appoint the Superintendent of Schools (the "Superintendent").

The administrative structure of the Board gives final responsibility for both the educative process and the business operation to the Superintendent. The Superintendent is the chief executive officer of the Board in charge of carrying out Board policies. The Board Secretary is the chief financial officer and must submit monthly financial reports to the Board and annual reports to the State Department of Education. State law requires a Treasurer of School Monies to hold in trust all school monies and to make a monthly report to the Board.

Enrollment

2013-2014	4,098
2012-2013	4,131
2011-2012	4,196
2010-2011	4,308
2009-2010	4,192
2008-2009	4,284

Health Care Facilities

Holy Name Hospital 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.

Municipal Services

Protection – Police and Fire

The Township's law enforcement agency provides a multitude of services for the safety, well-being and benefit of the community.

The police department consists of 91 sworn officers including 22 Detectives who work in juvenile, narcotics or general investigation. The police operate 31 marked vehicles and 17 unmarked vehicles. The department also employs 6 dispatchers and 6 clerical workers.

The fire department consists of 91 paid firefighters and operates 4 pumpers, 1 ladder truck, 1 rescue truck, and 3 fire prevention vehicles. The Department also employs 2 clerical workers.

Public Works Department

The Department of Public Works (the “DPW”) has 58 employees. The DPW is responsible for recycling pick up, maintenance of roads, municipal facilities, and a myriad of other tasks required to keep the physical features of the Township looking healthy and prosperous.

Utilities

Gas and electricity is supplied by Public Service Gas and Electric. Water is provided by United 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.

Transportation Facilities

Major highways Route No. 4, and Interstate 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 14 are developed. The Recreation Department offers a variety of programs such as Sports and Arts, Kindergym, Dance, Swimming, Wrestling, Open Basketball, Gymnastics, Tennis, Toddler Program and Afterschool Program.

The Senior Services Center, offers a full range of recreational, health, educational and cultural opportunities to Teaneck and other Bergen County residents 60 years or older.

Retirement Systems

The Township is enrolled in three retirement systems established by acts of the State Legislature. Benefits, contributions, means of funding and administration of the retirement systems are set by the State. The Division of Pensions within the Treasury Department of the State is the administrator of the systems with benefit and contribution levels set by the State. All full-time permanent or qualified employees who began employment after 1944 must enroll in one of two retirement systems, depending upon their employment status. Township employees, employed or retired, are enrolled in either the Public Employees’ Retirement System (“PERS”), or the Police and Firemen’s Retirement System (“PFRS”), or if retired in the Consolidated Police and Firemen’s Pension Fund (“CPFPPF”). Employee rates for contribution are normally determined by the Division of Pensions. The Township is current in its payments to the retirement systems as well as the Federal Social Security System (“OASI”).

TREND OF NEW CONSTRUCTION

Number of Permits

<u>Year</u>	<u>New Construction</u>	<u>Additions/Alterations</u>	<u>Total</u>
2013	49	2976	3025
2012	27	2691	2718
2011	22	2486	2508
2010	27	2317	2344
2009	61	2398	2459

TREND OF NEW CONSTRUCTION
(continued)

Estimated Construction Costs

<u>Year</u>	<u>Total</u>
2013	\$ 55,575,262
2012	35,516,813
2011	27,812,513
2010	29,196,359
2009	36,537,852

Source: Township of Teaneck Building Department

Income as of 2012

	<u>Median Household Income</u>	<u>Median Family Income</u>	<u>Per Capita Income</u>
Township of Teaneck	\$94,068	\$109,606	\$41,496
County of Bergen	\$82,729	\$99,233	\$69.919
State of New Jersey	\$69,667	\$84,442	\$54,987

Source: New Jersey Department of Labor, Division of Planning & Research

Employment and Unemployment Data

The following represents average employment figures from 2010-2013 for the Township, County and State.

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
Township of Teaneck				
2013	20,516	19,180	1,336	6.5%
2012	21,200	19,600	1,600	7.4%
2011	20,650	19,212	1,438	7.0%
2010	20,561	19,005	1,556	7.6%
County of Bergen				
2013	477,410	443,734	33,676	7.1%
2012	488,500	451,000	37,500	7.7%
2011	479,131	441,277	37,854	7.9%
2010	476,243	436,522	39,721	8.3%
State of New Jersey				
2013	4,537,700	4,166,000	371,700	8.2%
2012	4,621,000	4,177,200	443,800	9.6%
2011	4,556,200	4,131,800	424,400	9.3%
2010	4,554,100	4,131,800	437,400	9.6%

Source: New Jersey Department of Labor, Division of Planning & Research.

MUNICIPAL BUDGET

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

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

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

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

The principal sources of Township revenues are real estate taxes and miscellaneous revenues, including State Aid.

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

Real Estate Taxes

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

Section 41 of the Local Budget Law provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

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

Levy required to Balance Budget

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

Chapter 28 of the Pamphlet Laws of 1997 of New Jersey amended Section 41 of the Local Budget Law to allow municipalities to reduce the reserve for uncollected taxes by taking into account prior year tax reductions resulting from tax appeal judgments awarded to property owners. Another statute, Chapter 99 of the Pamphlet Laws of 1997 of New Jersey, allows a municipality to (1) reduce the reserve for uncollected taxes by deducting receipts anticipated during the fiscal year from the sale of unpaid taxes or municipal liens when such sale is concluded in the final month of the fiscal year or (2) not budget for the reserve for uncollected taxes if it sells its total property tax levy pursuant to such statute. See "TAX INFORMATION OF THE TOWNSHIP – Tax Collection Procedures" herein for a brief discussion of Chapter 99.

Miscellaneous Revenues

Section 26 of the Local Budget Law provides: "no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof. (N.J.S.A. 40A:4-10). The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

Limitations on Municipal Appropriations and Tax Levy

A statute passed in 1976, as amended and supplemented (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. While the Cap Law restricts the ability of a municipality to increase its overall appropriations, the payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the Cost-of-Living Adjustment ("COLA"). Increases up to 3.5% are allowed by adoption of an ordinance whenever the COLA is less than 2.5%. If the COLA is greater than 2.5%, an increase in any amount above 2.5% will be permitted by adoption of an ordinance to 3.5% and beyond 3.5% upon passage of a referendum. The COLA is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other items including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. The Cap Law does not limit the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service.

Chapter 62 of the Pamphlet Laws of 2007 imposed restrictions upon the allowable annual increase in the tax levy. In general, starting with the 2008 budgets, municipalities will have their tax levies limited to a four percent (4%) increase. The cap calculation is subject to various adjustments, such as the value of increased assessments, and allows for an increase in the adjusted tax levy for various items, including amounts required to be added to the adjusted tax levy for increases in debt service, amounts required to replace reductions in State formula aid, certain increased pension contributions, increases greater than four percent (4%) in the reserve for uncollected taxes, and increases in health care costs in excess of four percent (4%) (but not in excess of the percentage increase in the State Health Benefits Program). The law also allows the Local Finance Board to grant waivers for extraordinary circumstances (some of which are defined in the Law) and authorizes a municipality to submit a public question to the voters for approval (by an affirmative vote of at least sixty percent (60%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met. Neither cap law limits the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service.

On July 13, 2010, P.L. 2010, c.44 was approved, effective for budget years following enactment (the 2011 budget for the Township) reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy. Chapter 44 eliminated the process for obtaining waivers for additional spending under the tax levy limitation.

The Township's appropriation and tax levy increases for 2012 to 2014, inclusive, were within the limits allowed under the CAP Law, taking into account applicable adjustments and without conducting a referendum to exceed the CAP limits.

Deferral of Current Expense

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

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

Budget Transfers

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

Fiscal Year

The Township's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of the State (codified as N.J.S.A. 40A:4-3.1) required municipalities with populations in excess of 35,000 or that received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption was granted. Municipalities not meeting the criteria for a mandatory change had the option to choose to change to the State fiscal year. N.J.S.A. 40A:4-3.1 was amended by P.L. 2000, c. 126, to eliminate the criteria for mandatory change of the fiscal year, but to continue to grant all municipalities the option to change to the State fiscal year. The Township did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

Budget Process

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

Capital Budget

In accordance with the Local Budget Law, each local governmental unit shall revise annually a one to a six-year capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local governmental unit may contemplate over the next one to six years.

Summary of Township Budgets - Current Fund (As Adopted 2010-2013)

	<u>2014*</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues					
Surplus Anticipated	\$ 3,050,000.00	\$ 4,450,000.00	\$ 4,450,000.00	\$ 4,450,000.00	\$ 4,150,000.00
Miscellaneous Revenues	9,959,009.27	8,724,780.96	8,190,103.61	8,057,029.23	7,976,712.76
Receipts from Delinquent Taxes	2,510,847.55	2,550,000.00	2,323,155.00	1,845,274.00	1,470,274.00
Amount to be Raised by Taxation for Support of Municipal Budget	<u>55,339,458.08</u>	<u>53,403,860.13</u>	<u>51,465,960.57</u>	<u>51,466,293.88</u>	<u>50,242,039.84</u>
	<u>\$ 70,859,314.90</u>	<u>\$ 69,128,641.09</u>	<u>\$ 66,429,219.18</u>	<u>\$ 65,818,597.11</u>	<u>\$ 63,839,026.60</u>
Expenditures					
Salaries and Wages	\$ 35,445,782.08	\$ 34,613,197.00	\$ 33,549,784.00	\$ 33,043,153.00	\$ 32,545,672.00
Other Expenses	21,355,808.27	21,145,578.96	20,516,193.75	19,438,057.19	18,748,226.38
Deferred Charges and Statutory Expenditures	7,902,217.37	7,773,943.81	7,025,622.38	7,878,602.31	6,980,835.05
Capital Improvement Fund	0.00	142,000.00	326,740.00	546,838.00	428,525.00
Municipal Debt Service	2,561,798.79	2,153,921.32	1,880,879.05	1,843,946.61	1,635,768.17
Reserve for Uncollected Taxes	<u>3,593,708.39</u>	<u>3,300,000.00</u>	<u>3,130,000.00</u>	<u>3,068,000.00</u>	<u>3,500,000.00</u>
	<u>\$ 70,859,314.90</u>	<u>\$ 69,128,641.09</u>	<u>\$ 66,429,219.18</u>	<u>\$ 65,818,597.11</u>	<u>\$ 63,839,026.60</u>

***2014 Budget as introduced/approved, but not yet adopted.**

Source: Township of Teaneck Budget as Adopted December 31, 2010-2013.

Comparative Schedule of Current Fund Balances

<u>Year</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
2013	\$ 4,319,144	3,050,000 *
2012	5,165,316	4,450,000
2011	5,629,612	4,450,000
2010	7,051,532	4,450,000
2009	6,371,159	4,150,000

***2014 Budget as introduced/approved, but not yet adopted.**

Source: Township of Teaneck Annual Independent Audit Reports

TAX INFORMATION OF THE TOWNSHIP

Tax Collection Procedures

Real property taxes are assessed locally, based upon assessed value. The tax bill includes a levy for the Township, County and School purposes. Tax bills are normally mailed annually in June. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, transferred as of June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15 to the County by the Township. Annually, the properties with unpaid taxes for the previous year are placed in a tax sale in accordance with New Jersey statutes. Annual *in rem* tax foreclosure proceedings are instituted to enforce tax collection procedures or the acquisition of title to the property by the Township.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey allows 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 a surety bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division.

Tax Appeals

New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the County Board of Taxation on or before the first day of April of the current tax year for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the State Department of Taxation, Division of Tax Appeals, for a further hearing. State tax appeals tend to take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations or, with the permission of the Local Finance Board, may be financed, generally, over a three year period.

Current Tax Collections

<u>Year</u>	<u>Total Tax Levy</u>	<u>Collection During</u> <u>Year of Levy</u>	
		<u>Amount</u>	<u>Percentage</u>
2013	\$147,422,218.34	\$143,144,669.03	97.10%
2012	144,713,011.43	142,114,347.01	98.20%
2011	143,730,387.60	140,216,492.59	97.56%
2010	142,355,042.31	139,650,760.11	98.10%
2009	139,401,520.52	136,507,230.17	97.92%

Source: Township of Teaneck Annual Audit Reports.

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Levy</u>
2013	\$2,444.50	\$2,588,729.44	\$2,591,173.94	1.76%
2012	\$2,444.50	\$2,598,960.07	\$2,601,404.57	1.80%
2011	1,593.56	2,341,715.51	2,343,308.07	1.63%
2010	0	2,089,402.46	2,089,402.46	1.47%
2009	0	2,580,756.87	2,580,756.87	1.85%

Source: Township of Teaneck Annual Audit Reports.

Assessed Valuations of Property Owned by the Township Acquired for Taxes

<u>Year</u>	<u>At December 31</u>
2013	\$263,167.00
2012	263,167.00
2011	263,167.00
2010	263,167.00
2009	263,167.00

Source: Township of Teaneck Annual Audit Reports.

Ten Largest Taxpayers

The ten largest taxpayers in the Township and their 2014 assessed valuations are listed below:

<u>Taxpayer</u>	<u>2014 Assessment</u>
Glenpointe Associates	\$56,210,100
Glenpointe Associates III	43,186,000
Glenpointe Associates II	40,714,500
SNH Teaneck Properties LLC	38,000,000
Heritage Pointe of Teaneck	35,000,000
Glenpointe Associates	31,324,200
Teaneck Gardens Owners Corp.	16,500,000
Care One at Teaneck LLC	12,000,000
Glenpointe Associates II	13,469,200
411 Alfred LLC	10,750,000

Source: Tax Assessor

Assessed Valuations/Land and Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Real Property</u>
2014	\$26,244,900	\$5,020,366,900	\$550,175,000	\$219,780,400	\$5,816,567,200
2013	24,818,100	5,069,898,600	594,955,500	219,962,200	5,909,634,400
2012	23,156,300	5,202,928,400	599,205,600	186,093,300	6,011,383,600
2011	25,463,300	5,243,263,500	608,092,200	184,038,300	6,060,857,300
2010	28,599,600	5,250,478,800	614,853,100	191,725,400	6,085,656,900

Assessed Valuations/Net Valuation Taxable

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2014	\$ 5,816,567,200	\$ 4,643,673	\$5,821,210,873	113.81%	\$ 5,115,413,553
2013	5,909,634,400	5,307,402	5,914,941,802	108.79	5,432,148,543
2012	6,011,383,600	5,549,185	6,016,932,785	108.39	5,531,225,810
2011	6,060,857,300	5,815,726	6,066,673,026	104.34	5,814,572,962
2010	6,085,656,900	7,236,257	6,092,893,157	104.35	5,839,202,620

Source: Tax Duplicate and Abstract of Ratables of Bergen County

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

<u>Calendar Year</u>	<u>Total</u>	<u>Municipal (2)</u>	<u>Local School</u>	<u>County (1)</u>
2014	N/A (3)			
2013	\$2.486	0.912	1.365	0.209
2012	\$2.397	0.865	1.322	0.210
2011	\$2.363	0.858	1.306	0.199
2010	\$2.328	0.834	1.297	0.197
2009	\$2.281	0.797	1.282	0.202

- (1) Includes Open Space tax
- (2) Includes Open Space tax and Library tax
- (3) 2014 Budget as introduced/approved, but not yet adopted.

Source: Tax Collector

Apportionment of Tax Levy Including School and County Purposes

<u>Fiscal Year</u>	<u>Total</u>	<u>Municipal (1)</u>	<u>Added Taxes</u>	<u>Local School</u>	<u>County (2)</u>	<u>Special District</u>
2014	N/A (3)					
2013	147,327,739.97	53,995,354.31	127,117.83	80,716,841.00	12,308,485.44	179,941.39
2012	144,610,836.58	52,067,653.57	256,164.46	79,546,326.00	12,560,509.62	180,182.93
2011	143,730,387.60	52,073,770.12	188,723.53	79,235,126.00	12,048,879.54	183,888.41
2010	142,355,042.31	50,852,742.93	309,390.81	79,018,427.50	11,991,112.37	183,368.70
2009	139,401,520.52	48,558,437.47	260,741.93	78,155,445.50	12,240,770.57	186,125.05

- (1) Includes Open Space tax and Library Levy
- (2) Includes Open Space tax and Added taxes
- (3) 2014 Budget as introduced/approved, but not yet adopted.

Source: Tax Collector

DEBT INFORMATION OF THE TOWNSHIP

Debt Statements

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

Debt Incurring Capacity As of December 31, 2013

Municipal:	
Equalized Valuation Basis (last 3 years average)	\$ 5,508,992,642
3 1/2% Borrowing Margin	\$ 192,814,742
Net Debt Issued, Outstanding and Authorized	29,022,078
Remaining Municipal Borrowing Capacity	\$ 163,792,664
Local School:	
4% Borrowing Margin	\$ 220,359,706
Debt Issued, Outstanding and Authorized	21,190,000
Remaining School Borrowing Capacity	\$ 199,169,706

Gross and Statutory Net Debt as of December 31,

<u>Fiscal</u> <u>Year</u>	<u>Gross Debt</u> <u>Amount</u>	<u>Statutory Net Debt</u>	
		<u>Amount</u>	<u>Percentage</u>
2013	\$56,750,078	\$29,022,078	.53%
2012	55,913,371	27,838,371	.49
2011	50,902,957	29,422,957	.50
2010	45,651,357	29,086,357	.48
2009	44,950,592	27,405,592	.44

Source: Township of Teaneck Annual Debt Statement

**Statement of Indebtedness
As of December 31, 2013**

GENERAL PURPOSES

Bonds, Loans and Notes Issued and Outstanding		
Bond Anticipation Notes	\$ 23,546,087	
Bonds and Notes Authorized But Not Issued	<u>12,013,991</u>	
		\$ 35,560,078

LOCAL SCHOOL

Bonds Issued and Authorized		<u>21,190,000</u>
Gross debt		56,750,078
Less: Statutory Deduction		<u>(27,728,000)</u>
Net debt		<u>\$ 29,022,078</u>

OVERLAPPING DEBT

County of Bergen (Note 1)	\$ 29,041,622	
Bergen County Utilities Authority (Note 2)	<u>14,385,737</u>	
Overlapping debt		<u>\$ 43,427,359</u>

GROSS DEBT

Per Capita (2013 pop. – 40,329)		\$ 1,407
Percent of Net Valuation Taxable (2013 – \$5,914,941,802)		.96%
Percent of Estimated True Value of Real Property (2013 – \$5,432,148,543)		1.04%

NET MUNICIPAL DEBT

Per Capita (2013 pop. – 40,329)		\$ 720
Percent of Net Valuation Taxable (2013 – \$5,914,941,802)		0.49%
Percent of Estimated True Value of Real Property (2013 – \$5,432,148,543)		0.53%

OVERALL DEBT (Gross and Overlapping Debt)

Per Capita (2013 pop. – 40,329)		\$ 2,484
Percent of Net Valuation Taxable (2013 – \$5,914,941,802)		1.69%
Percent of Estimated True Value of Real Property (2013 – \$5,432,148,543)		1.84%

Note 1: Overlapping debt was computed based upon the real property ratio of equalized valuations of the Township to all municipalities within the County, as provided in the 2013 Abstract of Ratables published by the Bergen County Board of Taxation.

Note 2: Overlapping debt was computed based upon usage.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Bonds and other amounts and rebate of certain arbitrage earnings to the United States. Noncompliance by the Township with such requirements may cause interest on the Bonds to be included in gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

The Township has covenanted, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The Township's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Township, in executing the Tax Certificate, will certify to the effect that the Township expects and intends to comply with the provisions and procedures contained therein.

In rendering the opinion described below with respect to the Bonds, Bond Counsel has relied upon the covenant and has assumed the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate.

Tax Opinions

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Township, assuming compliance by the Township with the Tax Certificate, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; such interest, however, is included in "adjusted current earnings" for purposes of computing the alternative minimum tax that may be imposed on corporations. For other Federal tax information, see "TAX MATTERS - Additional Federal Income Tax Consequences" herein.

In the opinion of Bond Counsel, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof.

Additional Federal Income Tax Consequences

Prospective purchasers of the Bonds should be aware that ownership of governmental obligations, such as the Bonds, may have collateral Federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from the ownership of the Bonds. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

Proposals for Tax Changes

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

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

STATEMENT OF LITIGATION

There is no litigation pending or threatened restraining or enjoining the issuance or the delivery of the Bonds or the levy or the collection of taxes to pay the Bonds or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes. There is at present no single action against the Township which would impose an undue financial burden on the Township due to the ability of the Township to fund any such judgments over a multi-year period through the issuance of refunding obligations or budget appropriations or a combination thereof. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Township is party-defendant in certain law suits, none of a kind unusual for a municipality of its size, and none of which, in the opinion of the Township Attorney, would impair the Township's ability to pay its bondholders. All of the Township's tort actions are being defended by insurance companies. There are numerous municipal real estate tax appeals pending. Assuming that such tax appeals are resolved adversely to the interest of the Township, such resolution would not impair the Township's ability to pay its bondholders.

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 institutions, 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 bonds of the Township, including the Bonds, and such bonds are authorized security for any and all public deposits.

RATING

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

An explanation of the significance of such credit rating may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. The Township furnished Moody's with certain information and materials concerning the Bonds and the Township. Generally, Moody's formulates a rating by using such information and materials and also on investigations, studies and assumptions that it may undertake independently. The rating is not a recommendation to buy, sell or hold the Bonds and there can be no assurance that any such rating will be maintained for any given period of time or that such rating may not be raised, lowered or withdrawn entirely if, in Moody's judgment, circumstances so warrant. Any downward change in or withdrawal of any such rating may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITING

The Bonds have been purchased at a public sale from the Township for resale by the following purchasers (the "Underwriters"): Manager: Roosevelt & Cross, Inc.; Co-Managers: BNY Capital Markets, C.L. King & Associates, UBS Financial Services, Inc., Ramirez & Co., Inc., Ross, Sinclair & Associates Inc., R. Seelaus & Company, Inc., and Stifel, Nicolaus & Co., Inc.* The proceeds of the Bonds total \$7,201,582 (par plus a premium of \$1,582).

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all of the Bonds. If all the Bonds are sold at the public offering prices or yields set forth on the cover of this Official Statement, the Underwriters anticipate total selling compensation of \$96,005.* The public offering prices or yields of the Bonds may be changed from time to time by the Underwriters.

*Information obtained from the Underwriters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

Upon delivery of the Bonds, the Township shall furnish a certificate of the Township Attorney, dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition, due to the ability of the Township to fund any such judgments over a multi-year period through the issuance of refunding obligations, budget appropriations or any combination thereof, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Township, or adversely affect the power of the Township to enforce the collection of taxes or other revenues for the payment of its bonds and notes, which has not been disclosed in this Official Statement.

Legal Matters

The legality of the Bonds will be subject to the approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. Such opinion will be to the effect that:

1. The Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Township, enforceable in accordance with their terms, except as enforcement of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

2. 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, the Township is authorized and required by law to levy on all real property taxable by the Township such *ad valorem* taxes as may be necessary to pay the Bonds and the interest thereon, without limitation as to rate or amount.

Rogut McCarthy LLC has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement and will not express, and has not been requested to express, an opinion as to the accuracy, completeness or fairness of such statements. See "Appendix C – Proposed Form of Bond Counsel Opinion" herein.

Certificates of Township Officials

The original purchaser of the Bonds shall also receive a certificate, dated as of the date of delivery of the Bonds and signed by the Chief Financial Officer and the Township Clerk certifying that (a) as of the date of the Official Statement furnished by the Township in relation to the Bonds, said Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the Township is not guaranteed as to accuracy, completeness or fairness, such officers have no reason to believe and do not believe that such information is materially inaccurate or misleading, and (b) to the knowledge of such officers, since the date of said Official Statement and since the date of the sale of the Bonds, there have been no material transactions not in the ordinary course of affairs entered into by the Township and no material adverse change in the general affairs of the Township or in its financial condition as shown in said Official Statement, other than as disclosed in or contemplated by said Official Statement, provided such certificate shall not include consideration of information supplied by, or that should have been supplied by, the successful bidder for the Bonds. In addition, the original purchaser of the Bonds shall also receive certificates in form satisfactory to Rogut McCarthy LLC, 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 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 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 the said officers to their respective offices, is being contested.

SECONDARY MARKET DISCLOSURE

The Township has agreed, pursuant to a resolution adopted on June 10, 2014, to undertake for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12 to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format, as prescribed by the MSRB. Specifically, the Township will do the following for the benefit of the holders of the Bonds and the beneficial owners thereof:

(A) Not later than seven months after the end of the Township's fiscal year (presently December 31), commencing with the report for the fiscal year ending December 31, 2013, provide or cause to be provided, annual financial information with respect to the Township consisting of (i) audited financial statements (or unaudited financial statements if audited financial statements are not then available by the date of filing, which audited financial statements will be delivered when and if available) of the Township and (ii) certain financial information and operating data consisting of (a) information concerning the Township's debt, overlapping indebtedness, tax rate, levy and collection data, property valuation and fund balance of the type contained under the headings "Municipal Budget", "Tax Information of the Township" and "Debt Information of the Township" herein and (b) the Township's most recent adopted budget. The audited financial statements will be prepared in accordance with mandated State statutory accounting principles, as in effect from time to time. Audited financial statements if not available by the filing date will be submitted separately when available.

(B) Provide or cause to be provided in a timely manner not in excess of ten days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal or interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, 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 the rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property which secures the repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Township (the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Township in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Township, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business 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; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(C) Provide or cause to be provided, in a timely manner, notice of a failure of the Township to provide required annual financial information on or before the date specified above.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

If the Township fails to comply with the above-described undertaking, any Bondholder or beneficial owner of the Bonds may pursue an action for specific performance to enforce the rights of all Bondholders and beneficial owners with respect to such undertaking; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Bonds or any liability by the Township for monetary damages. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Bondholders and beneficial owners of the Bonds.

The Township reserves the right to terminate its obligation to provide annual financial information and notice of material events, as set forth above, if and when the Township no longer remains an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12.

The undertaking may be amended by the Township from time to time, without the consent of the Bondholders or the beneficial owners of the Bonds, in order to make modifications required in connection with a change in legal requirements, a change in law or a change in identity, nature, type of operation or status of the Township, which in the opinion of nationally recognized bond counsel complies with Rule 15c2-12 and does not, in such bond counsel's opinion, materially impair the interests of the Bondholders and the beneficial owners of the Bonds.

Prior to its issuance of \$10,000,000 of General Improvement Bonds, dated April 15, 2013 and issued on April 25, 2013, the Township had never issued obligations for which it was required to provide secondary market disclosure of annual financial information. The Township had, however, voluntarily provided annual financial information prior to the 2013 issue.

The Township previously failed to timely file certain of its 2012 annual financial information as required in accordance with Rule 15c2-12. The Township had made timely filings of the following 2012 financial information: the 2012 Annual Financial Statement and Annual Debt Statement on April 1, 2013; the 2013 Adopted Budget on June 28, 2013; and the 2012 Audit on August 15, 2013. The Township subsequently filed the remainder of its 2012 required annual financial information and operating data schedules on June 20, 2014, which constituted a late filing. On June 23, 2014, the Township filed a notice of such failure to timely file said annual financial information and operating data schedules, and is now in compliance with all existing continuing disclosure agreements in all material respects. The Township has agreed to implement measures to ensure the continued and timely filing of such financial information going forward, which compliance shall be overseen by the Chief Financial Officer of the Township.

PREPARATION OF OFFICIAL STATEMENT

The firm of Garbarini & Co. P.C., Carlstadt, New Jersey, Certified Public Accountants, Registered Municipal Accountants, takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report.

The firm of Garbarini & Co. P.C. CPAs, RMAs assisted in the preparation of information contained in this Official Statement and information has been obtained from sources which Garbarini & Co. P.C., CPAs, RMAs considers to be reliable but they make no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

APPROVAL OF OFFICIAL STATEMENT

Prior to the delivery of the Bonds, the Township Council of the Township will have adopted a resolution approving this Official Statement, deeming it a "final official statement" for purposes of Rule 15c2-12 and directing the Chief Financial Officer to deliver a reasonable number of copies thereof in final form to the purchasers of the Bonds for their use in the sale, resale or distribution of the Bonds.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement including information additional to that contained herein may be directed to Christine L. Brown, Chief Financial Officer, Township of Teaneck, 818 Teaneck Road, Teaneck, New Jersey, 07666 (201) 837-1600, ext. 1251.

MISCELLANEOUS

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

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the 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 and the Township Clerk.

TOWNSHIP OF TEANECK

By:/s/ Christine L. Brown
Christine L. Brown
Chief Financial Officer

By:/s/ Jaime L. Evelina
Jaime L. Evelina
Township Clerk

Dated: July 15, 2014

APPENDIX A

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012**

**TOWNSHIP OF TEANECK
BERGEN COUNTY, NEW JERSEY**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

FOR THE YEARS ENDED DECEMBER 31, 2013

TOWNSHIP OF TEANECK
BERGEN COUNTY, NEW JERSEY

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying comparative balance sheets –regulatory basis of various funds of the Township of Teaneck, County of Bergen, State of New Jersey (the “Township”), as of December 31, 2013 and 2012, and the related comparative statements of operations and changes in fund balance—regulatory basis for the years then ended, and the related statements of revenue and expenditures—regulatory basis, and statement of general fixed asset group of accounts for the year ended December 31, 2013, 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Township’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.

The Deferred Compensation Plan of the Township has not been audited or reviewed, and we were not engaged to audit or review the Deferred Compensation financial statements as part of our audit of the Township's financial statements.

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

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position- regulatory basis of the various funds of the Township as of December 31, 2013 and 2012, and the results of its operations and the changes in fund balance of such funds for the years then ended, and the revenues-regulatory basis, expenditures-regulatory basis, of the various funds, and general fixed assets, for the year ended December 31, 2013, in accordance 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.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental financial statements presented for the purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

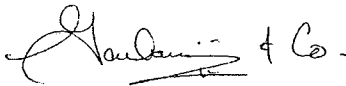
The accompanying schedules of expenditures of federal awards and/or state financial assistance are presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and State of New Jersey Circular 04-04-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are also not a required part of the financial statements. The supplementary schedules and schedules of expenditures of federal awards and/or state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 6, 2014 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C.
Certified Public Accountants

June 6, 2014
Carlstadt, New Jersey

TOWNSHIP OF TEANECK
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

A

	Reference	<u>At December 31:</u>	
		<u>2013</u>	<u>2012</u>
ASSETS			
Current Assets:			
Cash	A-4	\$ 18,228,667.89	\$ 22,355,891.20
Petty Cash	A-6	1,800.00	1,800.00
Change Fund	A-7	800.00	750.00
Note Receivable- Capital Fund	C	1,060,979.32	1,060,979.32
Senior Citizens' and Veterans' Deductions Due from State of New Jersey	A-8	<u>4,058.90</u>	<u>3,249.31</u>
		<u>19,296,306.11</u>	<u>23,422,669.83</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	\$2,588,729.44	\$2,598,960.07
Tax Title Liens Receivable	A-10A	\$2,444.50	\$2,444.50
Property Acquired for Taxes - Assessed Valuations	A-10	263,167.00	263,167.00
Revenue Accounts Receivable	A-11	44,945.28	47,865.25
Interfunds	A-12	1,096,669.22	
Sales Contracts Receivable	A-13	5,000.00	10,000.00
Other Accounts Receivable	A-14	<u>-</u>	<u>21,150.74</u>
		<u>4,000,955.44</u>	<u>2,943,587.56</u>
Deferred Charges :			
Special Emergency Authorizations NJS A 40A:4-53	A-15	<u>1,173,469.40</u>	<u>614,666.40</u>
		<u>24,470,730.95</u>	<u>26,980,923.79</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-12	158,216.62	171,338.30
Grants Receivable	A-17	<u>114,211.32</u>	<u>120,423.60</u>
		<u>272,427.94</u>	<u>291,761.90</u>
TOTAL ASSETS		<u><u>\$ 24,743,158.89</u></u>	<u><u>\$ 27,272,685.69</u></u>

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(CONTINUED)

A

		At December 31:	
	Reference	2013	2012
LIABILITIES, RESERVES AND FUND BALANCES			
Current Fund:			
Appropriation Reserves	A-3/A-18	\$ 3,329,145.37	\$ 3,373,864.14
Encumbrances Payable	A-3/A-19	1,115,403.13	1,242,599.60
Interfunds	A-12	6,506,813.32	11,825,139.97
Special Emergency Note Payable	A-16	460,666.00	614,333.00
Prepaid Taxes	A-20	602,145.03	508,601.44
Prepaid Licenses and Permits	A-21	200.00	0.00
Added County Taxes Payable	A-23		22,240.56
Due to State of New Jersey:			
Domestic Violence	A-26	1,475.00	2,275.00
Building Surcharge Fees	A-26	11,431.00	7,707.00
Dog License Fees	A-26		16.80
Tax and Interest Overpayments	A-26	3,020,445.86	780,834.66
Miscellaneous Suspense Deposits	A-26		34,135.00
Accounts Payable	A-26	45,385.75	53,295.25
Reserve for:			
Library Grants	A-26	195.80	195.80
Maintenance of Free Public Library with State Aid	A-26	82,319.32	85,932.00
Revaluation	A-26	196,847.62	196,847.62
Revaluation-2013	A-26	712,470.00	
Master Plan Update	A-26	3,188.78	3,188.78
Property Deposits	A-26	6,750.00	6,750.00
Tax Settlement	A-26	0.00	58,313.47
Debt Payment Cedar Lane SID Loan	A-26	40,000.00	40,000.00
Sale of Municipal Assets	A-26	15,750.00	15,750.00
		16,150,631.98	18,872,020.09
Reserve for Receivables	Contra	4,000,955.44	2,943,587.56
Fund Balance	A-1	4,319,143.53	5,165,316.14
		24,470,730.95	26,980,923.79
Federal and State Grant Fund :			
Appropriated Reserve for Grants	A-27	190,828.28	200,498.19
Unappropriated Reserves for Grants	A-29	74,328.39	78,959.48
Encumbrances Payable	A-28	7,271.27	12,304.23
		272,427.94	291,761.90
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 24,743,158.89	\$ 27,272,685.69

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
CURRENT FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

A-1

	Reference	<u>For the Years Ended December 31:</u>	
		<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 4,450,000.00	\$ 4,450,000.00
Miscellaneous Revenue Anticipated	A-2	9,261,067.20	8,372,079.25
Receipts from Delinquent Taxes	A-2	2,428,413.06	2,334,089.20
Receipts from Current Taxes	A-2	143,144,669.03	142,114,347.01
Non-Budget Revenues	A-2	1,796,585.10	938,615.18
Other Credits to Income:			
Unexpended Balance of Appropriations	A-3	807,004.93	350.03
Unexpended Balance of Appropriation Reserves	A-18	2,398,784.41	2,339,427.05
Canceled School Taxes	A-22		0.02
Canceled Special District Taxes	A-24	0.05	
Cancellation of Accounts Payable	A-26	53,295.25	
Revenue Accounts Receivable-Sales Contracts Receipts	A-13		5,000.00
		<u>164,339,819.03</u>	<u>160,553,907.74</u>
Total Revenues and Other Income			
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	34,648,197.00	33,510,684.00
Other Expenses	A-3	21,823,048.96	20,555,293.75
Municipal Debt Service	A-3	2,153,921.32	1,880,879.05
Capital Improvements	A-3	142,000.00	326,740.00
Deferred Charges and Statutory Expenditures - Municipal	A-3	7,773,943.81	7,025,622.38
Local District School Taxes	A-22	80,716,841.14	79,546,326.00
County Taxes including Added Taxes	A-23	12,307,923.77	12,582,750.18
Special District Taxes	A-24	179,941.39	180,182.93
Municipal Open Space Taxes	A-25, B-15	592,055.85	602,765.64
Interfund Advances		1,091,669.22	-
Bank Service Charges and Fees	A-4		19,804.61
Prior Year Senior Citizen & Veteran Deductions	A-8	18,919.18	3,250.00
Refund of Prior Years Revenue	A-4		3,953.60
Refund Tax Appeals	A-4		329,951.61
		<u>161,448,461.64</u>	<u>156,568,203.75</u>
Total Expenditures			
Excess in Revenue		2,891,357.39	3,985,703.99
Adjustments to Income Before Fund Balance			
Emergency Authorization - Which are by Statute			
Deferred to Budget of Succeeding Year		<u>712,470.00</u>	
Statutory Excess to Fund Balance		3,603,827.39	3,985,703.99
Fund Balance January 1	A	<u>5,165,316.14</u>	<u>5,629,612.15</u>
		8,769,143.53	9,615,316.14
Decreased by:			
Fund Balance Utilizes as Budget Revenue		<u>4,450,000.00</u>	<u>4,450,000.00</u>
Fund Balance December 31	A	<u>\$ 4,319,143.53</u>	<u>\$ 5,165,316.14</u>

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

STATEMENT OF REVENUES - REGULATORY BASIS

A-2

	Reference	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 4,450,000.00	\$ 4,450,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	71,000.00	70,564.00	(436.00)
Other	next pg.	118,000.00	122,966.00	4,966.00
Fees and Permits - Other	next pg.	1,020,000.00	1,160,410.54	140,410.54
Fines and Costs:				
Municipal Court	A-11	675,000.00	783,601.53	108,601.53
Other	A-11	19,000.00	20,606.60	1,606.60
Interest and Costs on Taxes	A-4	540,000.00	541,360.97	1,360.97
Interest and Costs on Assessments	A-4	6,400.00	-	(6,400.00)
Interest on Investments and Deposits	A-11	2,000.00	748.89	(1,251.11)
Rent of Township Property	A-11	55,000.00	134,968.40	79,968.40
Sewer Use Charges	A-11	565,000.00	633,699.34	68,699.34
Consolidated Municipal Property Tax Relief Aid	A-11	232,952.00	232,952.00	-
Energy Receipts Tax	A-11	3,146,344.00	3,146,344.01	0.01
Uniform Construction Code Fees	A-11	1,015,000.00	1,125,575.60	110,575.60
Special Items of General Revenue Anticipated				
With prior written Consent of Director of Local Government Services - Public and Private Revenue Offset with Appropriations				
Pedestrian Safety	A-17	15,000.00	15,000.00	-
NJ Clean Energy Program	A-17	14,997.00	14,997.00	-
Click it or Ticket Grant	A-17	4,000.00	4,000.00	-
Federal Highway Safety Grant	A-17	14,000.00	14,000.00	-
Municipal Alliance Grant	A-17	19,098.00	15,279.00	(3,819.00)
Drunk Driving Enforcement Fund	A-17	5,309.90	5,309.90	-
Clean Communities	A-17	52,720.58	52,720.58	-
Office of Emergency Management	A-17	5,000.00	5,000.00	-
Reserve for:				
NJ Body Armor Grant	A-17	8,818.74	8,818.74	-
Click it or Ticket Grant	A-17	4,000.00	4,000.00	-
Federal Bulletproof Vest Fund	A-17	24,942.38	24,942.38	-
Alcohol Education and Rehabilitation Fund	A-17	971.33	971.33	-
Recycling Tonnage Grant	A-17	40,227.03	40,227.03	-
Other Special Items:				
Hotel Occupancy Fee (P.L. 2003, c. 114)	A-11	430,000.00	462,003.36	32,003.36
Reserve for CLSID Downtown Loan Payment	A-26	40,000.00	40,000.00	-
Capital Surplus	A-12	580,000.00	580,000.00	-
Total Miscellaneous Revenues	A-1	8,724,780.96	9,261,067.20	536,286.24
Receipts from Delinquent Taxes	A-1, next pg.	2,550,000.00	2,428,413.06	(121,586.94)
Subtotal General Revenues		15,724,780.96	16,139,480.26	414,699.30
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes				
	A-9, next pg.	53,403,860.13	52,647,906.88	(755,953.25)
Budget Totals		69,128,641.09	68,787,387.14	(341,253.95)
Non-Budget Revenue	A-1, next pg.		1,796,585.10	1,796,585.10
		<u>\$ 69,128,641.09</u>	<u>\$ 70,583,972.24</u>	<u>\$ 1,455,331.15</u>
		A-3		
Adopted Budget	A-3	\$ 69,128,641.09		
Appropriated by N.J.S.A. 40A:4-87	A-3			
		<u>\$ 69,128,641.09</u>		

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)

A-2

<u>Analysis of Realized Revenues</u>		
	<u>Reference</u>	
Revenue from Collections	A-1	\$ 143,144,669.03
Allocated to School, County and Special District Taxes and Municipal Open Space Taxes	A-9	<u>(93,796,762.15)</u>
Balance for Support of Municipal Appropriations		49,347,906.88
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>3,300,000.00</u>
Amount for Support of Municipal Budget Appropriations	prev. pg.	<u>\$ 52,647,906.88</u>
Receipts from Delinquent Taxes		
Delinquent Taxes	A-9	<u>\$ 2,428,413.06</u>
	prev. pg.	<u>\$ 2,428,413.06</u>
Licenses - Other:		
Township Clerk	A-11	\$ 8,175.00
Health Department	A-11	<u>114,791.00</u>
	prev. pg.	<u>\$ 122,966.00</u>
Fees and Permits - Other:		
Township Clerk	A-11	\$ 55,041.07
Department of Public Works	A-11	39,363.25
Fire Department	A-11	43,977.77
Planning Board/Board of Adjustment	A-11	161,603.61
Registrar	A-11	106,998.10
Police Department	A-11	47,338.70
Recreation Department	A-11	<u>718,602.94</u>
	A-2	<u>\$ 1,172,925.44</u>

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)

A-2

Analysis of Non-Budget Revenues
Miscellaneous Revenues Not Anticipated

	<u>Reference</u>	
Revenues Accounts Receivable:		
Teaneck Senior Citizens Housing Association		
Lease Agreement (PILOT)	A-11	\$ 143,586.00
Township Clerk/ Manager	A-11	12,514.90
Health Department	A-11	1,194.00
Department of Public Works	A-11	10,600.35
Police Department	A-11	12.55
Building Department	A-11	13,989.60
Recreation	A-11	42,584.00
Fire Department	A-11	3,335.63
Planning Board and Zoning Board	A-11	42.00
Registrar	A-11	353.20
Library Miscellaneous	A-11	25.00
Miscellaneous Suspense Deposits Canceled	A-26	34,135.00
Administrative Fees- Off Duty Police	A-12	<u>203,064.18</u>
		\$ 465,436.41
Fire Services Reimbursement LEA Rebate		52,177.02
Duplicate Tax Bills		524.20
Appropriation Refunds		58,436.24
Miscellaneous Department Fees		90.00
Lot Cleanings		90,548.02
TBOE Shared Services		19,852.77
Cable Franchise Fee		210,444.59
Tax Searches		10.00
Returned Check Fees		2,928.00
Copier Fees		167.90
Miscellaneous Revenue - Other		69,837.28
Township Auctions		4,733.00
FEMA Reimbursement		806,165.17
Veterans & Sr. Citizen Deduction/Homestead Reb Fees		4,467.27
Miscellaneous Charges Receivable		5,000.00
DMV Inspection Reimbursements		<u>5,767.23</u>
	A-4	<u>1,331,148.69</u>
	A-2	<u>\$ 1,796,585.10</u>

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

<u>General Appropriations</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>	<u>Over- Expenditure</u>
OPERATIONS - WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Township Manager						
Salaries and Wages	\$ 337,461.00	\$ 337,461.00	\$ 298,733.96	\$ 38,727.04	\$ -	\$ -
Other Expenses	60,725.00	60,725.00	26,568.73	34,156.27	-	-
Township Council						
Salaries and Wages	49,000.00	49,000.00	48,998.88	1.12	-	-
Other Expenses	32,500.00	32,500.00	31,636.98	863.02	-	-
Township Clerk						
Salaries and Wages	177,318.00	185,318.00	180,081.82	5,236.18	-	-
Other Expenses	84,175.00	76,175.00	61,232.84	14,942.16	-	-
Human Resources						
Salaries and Wages	319,973.00	319,973.00	305,707.96	14,265.04	-	-
Other Expenses	51,350.00	51,350.00	12,748.30	38,601.70	-	-
Finance Office						
Salaries and Wages	211,150.00	211,150.00	186,588.77	24,561.23	-	-
Other Expenses	60,770.00	60,770.00	56,490.19	4,279.81	-	-
Purchasing						
Salaries and Wages	155,922.00	155,922.00	154,577.45	1,344.55	-	-
Other Expenses	3,830.00	3,830.00	1,393.31	2,436.69	-	-
Annual Audit						
Other Expenses	86,000.00	86,000.00	64,658.75	21,341.25	-	-
Management Information Systems						
Other Expenses	93,775.00	93,775.00	74,432.73	19,342.27	-	-
Tax Collection Office						
Salaries and Wages	213,363.00	223,363.00	220,804.20	2,558.80	-	-
Other Expenses	7,875.00	7,875.00	6,104.68	1,770.32	-	-
Assessment of Taxes						
Salaries and Wages	182,116.00	189,116.00	185,501.59	3,614.41	-	-
Other Expenses	111,795.00	104,795.00	60,466.12	44,328.88	-	-
Revaluation						
Other Expenses		712,470.00	712,470.00	-	-	-
Legal Services and Costs						
Salaries and Wages	71,000.00	71,000.00	69,487.92	1,512.08	-	-
Other Expenses	929,800.00	917,800.00	887,805.39	29,994.61	-	-
Municipal Court:						
Salaries and Wages	437,897.00	437,897.00	420,877.75	17,019.25	-	-
Other Expenses	46,370.00	46,370.00	25,291.37	21,078.63	-	-

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

<u>General Appropriations</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>	<u>Over- Expenditure</u>
OPERATIONS - WITHIN "CAPS" (CONT'D)						
INSURANCE:						
Group Insurance Plan for Employees	\$ 5,708,100.00	\$ 5,708,100.00	\$ 5,385,754.23	\$ 322,345.77	\$ -	\$ -
Health Benefit Waiver Cost	325,000.00	325,000.00	325,000.00	-	-	-
Unemployment Insurance Contribution	25,000.00	25,000.00	25,000.00	-	-	-
Other Insurance Premiums	231,500.00	231,500.00	231,500.00	-	-	-
Insurance Fund Commission	1,110,000.00	1,110,000.00	1,110,000.00	-	-	-
PUBLIC SAFETY:						
Police						
Salaries and Wages	12,349,421.00	12,339,421.00	11,487,272.15	452,148.85	400,000.00	-
Other Expenses	218,459.00	218,459.00	193,066.53	25,392.47	-	-
Purchase of Police Cars	195,000.00	195,000.00	195,000.00	-	-	-
School Guards						
Salaries and Wages	161,262.00	161,262.00	121,206.55	40,055.45	-	-
Other Expenses	1,000.00	1,000.00	998.55	1.45	-	-
Emergency Management						
Other Expenses	37,500.00	37,500.00	24,191.51	13,308.49	-	-
Volunteer Ambulance Corps						
Other Expenses	70,000.00	70,000.00	70,000.00	-	-	-
Fire						
Salaries and Wages	9,787,058.00	9,787,058.00	9,509,236.45	227,821.55	50,000.00	-
Other Expenses	126,464.00	126,464.00	73,032.60	53,431.40	-	-
PUBLIC WORKS:						
Department of Public Works						
Salaries and Wages	3,398,673.00	3,398,673.00	3,232,296.34	76,376.66	90,000.00	-
Other Expenses	1,774,715.00	1,774,715.00	1,101,846.90	672,868.10	-	-
Building and Grounds						
Salaries and Wages	566,921.00	566,921.00	521,568.80	352.20	45,000.00	-
Other Expenses	103,300.00	103,300.00	96,872.23	6,427.77	-	-
Maintenance Garage						
Salaries and Wages	815,379.00	815,379.00	765,781.91	4,597.09	45,000.00	-
Other Expenses	470,795.00	470,795.00	389,102.11	81,692.89	-	-
HEALTH AND WELFARE:						
Health Department						
Salaries and Wages	708,284.00	708,284.00	646,683.78	61,600.22	-	-
Other Expenses	258,202.00	258,202.00	216,231.42	41,970.58	-	-

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

General Appropriations	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled	Over- Expenditure
OPERATIONS - WITHIN "CAPS" (CONT'D)						
PARKS AND RECREATION:						
Recreation Department						
Salaries and Wages	\$ 1,682,951.00	\$ 1,682,951.00	\$ 1,612,967.04	\$ 69,983.96	\$ -	\$ -
Other Expenses	295,978.00	295,978.00	272,335.03	23,642.97	-	-
UNIFORM CONSTRUCTION CODE:						
Construction Code officials						
Salaries and Wages	888,463.00	908,463.00	875,122.19	33,340.81	-	-
Other Expenses	96,885.00	76,885.00	60,679.19	16,205.81	-	-
UNCLASSIFIED:						
Terminal Leave	150,000.00	150,000.00	150,000.00	-	-	-
Postage	78,000.00	78,000.00	57,268.40	20,731.60	-	-
Central Supply	53,300.00	53,300.00	42,423.97	10,876.03	-	-
Employee Allowances	76,300.00	76,300.00	69,759.89	6,540.11	-	-
Advertising	15,000.00	27,000.00	18,833.74	8,166.26	-	-
Utilities:						
Electricity, Gas and Street Lighting	1,186,500.00	1,181,500.00	1,038,449.23	143,050.77	-	-
Telephone and Telegraph	94,100.00	94,100.00	92,825.57	1,274.43	-	-
Water & Fire Hydrants	555,800.00	555,800.00	517,138.20	38,661.80	-	-
Heating Oil	22,000.00	27,000.00	21,915.51	5,084.49	-	-
Diesel Fuel	262,000.00	262,000.00	261,493.47	506.53	-	-
Gasoline	243,500.00	243,500.00	197,481.79	46,018.21	-	-
 Total Operations within "CAPS"	 47,866,975.00	 48,579,445.00	 45,102,994.97	 2,846,450.03	 630,000.00	 -
Contingent	20,000.00	20,000.00	5,089.40	14,910.60	-	-
Total operations Including Contingent Within "CAPS"	47,886,975.00	48,599,445.00	45,108,084.37	2,861,360.63	630,000.00	-
 Detail:						
Salaries and Wages	32,663,612.00	32,698,612.00	30,993,495.51	1,075,116.49	630,000.00	-
Other Expenses	15,223,363.00	15,900,833.00	14,114,588.86	1,786,244.14	-	-

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

General Appropriations	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled	Over- Expenditure
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Deferred Charges:						
Payment of Prior Years Bills:						
Schwanewede/Hals Engineering 2010	\$ 1,940.00	\$ 1,940.00	\$ 1,940.00	\$ -	\$ -	\$ -
Chrysler, Jeep, Dodge of Paramus 2011	328.20	328.20	328.20	-	-	-
Hackensack Chevrolet 2011 DPW Garage	159.60	159.60	-	-	159.60	-
United Motor Parts 2011 DPW Garage	388.55	388.55	388.55	-	-	-
Statutory Expenditures						
Contribution to:						
Public Employees' Retirement System	1,007,061.00	1,007,061.00	1,007,061.00	-	-	-
Social Security System (O.A.S.I.)	1,445,000.00	1,445,000.00	1,238,443.78	206,556.22	-	-
Consolidated Police and Fireman's Pension Fund	58,666.46	58,666.46	31,759.48	26,906.98	-	-
Police and Fireman's Retirement System	4,357,733.00	4,357,733.00	4,357,733.00	-	-	-
DCRP	5,000.00	5,000.00	-	5,000.00	-	-
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	<u>6,876,276.81</u>	<u>6,876,276.81</u>	<u>6,637,654.01</u>	<u>238,463.20</u>	<u>159.60</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>\$4,763,251.81</u>	<u>\$5,475,721.81</u>	<u>\$1,745,738.38</u>	<u>3,099,823.83</u>	<u>630,159.60</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
Reserve for Tax Appeals	1,000,000.00	1,000,000.00	1,000,000.00	-	-	-
Maintenance of Free Public Library (P.L. 1985 Ch. 82-541)						
Salaries and Wages	1,949,585.00	1,949,585.00	1,812,714.86	136,870.14	-	-
Other Expenses	406,950.00	406,950.00	359,957.99	46,992.01	-	-
Bergen County Utilities Authority (40:14A-9)						
Sewer Service Charge	4,290,000.00	4,290,000.00	4,284,082.91	5,917.09	-	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:						
Clean Communities Program						
Department of Public Works	52,720.58	52,720.58	52,720.58	-	-	-
Other Expenses	-	-	-	-	-	-

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

General Appropriations	Budget	Budget After Modification	Paid or Charged	Reserved	Canceled	Over- Expenditure
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (CONT'D):						
Emergency Management Grant	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ -	\$ -	\$ -
Matching Funds for Grants	16,181.00	16,181.00		16,181.00	-	-
NJ Clean Energy Program	14,997.00	14,997.00	14,997.00			
Pedestrian Safety	15,000.00	15,000.00	15,000.00			
Click it or Ticket	4,000.00	4,000.00	4,000.00	-	-	-
Drunk Driving Enforcement Fund	5,309.90	5,309.90	5,309.90			
Municipal Alliance Against Drug & Alcohol Abuse	15,279.00	15,279.00	15,279.00	-	-	-
Municipal Match	3,819.00	3,819.00	3,819.00			
Federal Highway Safety Grant	14,000.00	14,000.00	14,000.00	-	-	-
Reserve for:						
Recycling Tonnage Grant	40,227.03	40,227.03	40,227.03			
NJ Body Armor Grant	8,818.74	8,818.74	8,818.74	-		
Click it or Ticket	4,000.00	4,000.00	4,000.00	-	-	-
Federal Bullet Proof Vest Fund	24,942.38	24,942.38	24,942.38	-	-	-
Alcohol Education & Rehabilitation Grant	971.33	971.33	971.33	-	-	-
Total Operations - Excluded from "CAPS"	<u>7,871,800.96</u>	<u>7,871,800.96</u>	<u>7,665,840.72</u>	<u>205,960.24</u>	<u>-</u>	<u>-</u>
Detail:						
Salaries and Wages	1,949,585.00	1,949,585.00	1,812,714.86	136,870.14		
Other Expenses	<u>5,922,215.96</u>	<u>5,922,215.96</u>	<u>5,853,125.86</u>	<u>69,090.10</u>	<u>-</u>	<u>-</u>
Capital Improvements Excluded from "CAPS"						
Capital Improvement Fund	79,500.00	79,500.00	79,500.00	-		
Rhodda Center Upgrades	44,000.00	44,000.00	26,470.00	17,530.00		
Fire Department Protective Gear	18,500.00	18,500.00	12,668.70	5,831.30		
Total Capital Improvements Excluded from "CAPS"	<u>142,000.00</u>	<u>142,000.00</u>	<u>118,638.70</u>	<u>23,361.30</u>	<u>-</u>	<u>-</u>
Municipal Debt Service:						
Payment of Bond Principal	325,000.00	325,000.00	325,000.00	-		
Payment of Bond Anticipation Notes	1,060,992.00	1,060,992.00	1,060,992.00	-		
Interest on Bonds	340,000.00	340,000.00	163,639.25	-	176,360.75	
Interest on Notes	229,926.83	229,926.83	229,926.80	(0.00)	0.03	
EDA Loan - Principal	67,500.00	67,500.00	67,500.00	-		
EDA Loan - Interest	1,012.50	1,012.50	1,012.50	-		
BCIA -Principal	72,489.99	72,489.99	72,489.99	-		
BCIA -Interest	17,000.00	17,000.00	16,515.45	(0.00)	484.55	
Downtown Business District Loan - Principal	40,000.00	40,000.00	40,000.00	-		
Total Municipal Debt Service - Excluded from "CAPS"	<u>2,153,921.32</u>	<u>2,153,921.32</u>	<u>1,977,075.99</u>	<u>(0.00)</u>	<u>176,845.33</u>	<u>-</u>

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED			Over- Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved	Canceled	
OPERATIONS - EXCLUDED FROM "CAPS"						
Deferred Charges:						
Special Emergency Authorization - 5 Years	\$ 153,667.00	\$ 153,667.00	\$ 153,667.00	\$ -	\$ -	\$ -
Tax Refunding Ordinance- Funding	<u>744,000.00</u>	<u>744,000.00</u>	<u>744,000.00</u>			
Total Deferred Charges - Municipal- Excluded From "CAI"	<u>897,667.00</u>	<u>897,667.00</u>	<u>897,667.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE-EXCLUDED FROM "CAPS"	<u>11,065,389.28</u>	<u>11,065,389.28</u>	<u>10,659,222.41</u>	<u>229,321.54</u>	<u>176,845.33</u>	<u>0.00</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>65,828,641.09</u>	<u>66,541,111.09</u>	<u>62,404,960.79</u>	<u>3,329,145.37</u>	<u>807,004.93</u>	<u>0.00</u>
Reserve for Uncollected Taxes	<u>3,300,000.00</u>	<u>3,300,000.00</u>	<u>3,300,000.00</u>		-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 69,128,641.09</u>	<u>\$ 69,841,111.09</u>	<u>\$ 65,704,960.79</u>	<u>\$ 3,329,145.37</u>	<u>\$ 807,004.93</u>	<u>\$ -</u>
Reference	A-2	A-2	Below	A	A-1	A

Reference		
Cash Expended	A-4	\$58,954,322.98
Encumbrance Payable	A, A-19	1,115,403.13
Reserve for Uncollected Taxes	A-2	3,300,000.00
Budget Offsets	A-4	(563,487.28)
Deferred Charges- Special Emergency Authorization	A-15	153,667.00
Tax Refunding Ordinance- Funding	A-12	744,000.00
Emergency Revaluation Reserve	A-15, A-26	712,470.00
Reserve for Tax Appeals	A-26	1,000,000.00
Capital Improvement Fund	A-12	79,500.00
Transfer to Grant Fund	A-27	205,265.96
Transfer to Grant Fund - Matching Funds	A-4,27	<u>3,819.00</u>
	Above	<u>\$65,704,960.79</u>

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
TRUST FUND

COMPARATIVE BALANCE SHEET- REGULATORY BASIS

B

	<u>Reference</u>	<u>At December 31:</u>	
ASSETS		<u>2013</u>	<u>2012</u>
Assessment Fund:			
Cash	B-2	\$ 8,201.85	\$ 8,201.85
Assessments Receivable	B-4	3,091.66	7,917.40
Due From Current Fund	B-5	345,797.46	340,971.72
		357,090.97	357,090.97
Animal License Fund:			
Cash	B-2	12,411.49	12,411.49
Due from Current Fund	B-5	7,383.20	29,088.40
Due from Board of Health	B-8	28.00	48.00
		19,822.69	41,547.89
Other Trust Funds:			
Cash	B-2	416,932.93	126,646.07
Cash - Payroll	B-2	370,880.87	327,876.62
Due From Social Services	B-12	-	5,000.00
Due from Current Fund	B-5	5,995,416.04	5,100,630.04
Due from General Capital Fund	B-6	919,350.89	3,094,550.61
		7,702,580.73	8,654,703.34
TOTAL ASSETS		\$ 8,079,494.39	\$ 9,053,342.20

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
TRUST FUND

**COMPARATIVE BALANCE SHEET- REGULATORY BASIS
(CONTINUED)**

B

	<u>Reference</u>	<u>At December 31:</u>	
LIABILITIES, RESERVE AND FUND BALANCE		<u>2013</u>	<u>2012</u>
Assessment Fund:			
Due to General Capital Fund	B-7,C	\$ 353,828.21	\$ 353,828.21
Fund Balance	B-1	3,262.76	3,262.76
		357,090.97	357,090.97
Animal License Fund:			
Reserve for Dog Fund Expenditures	B-8	19,806.49	41,547.89
Due to State of New Jersey	B-8A	16.20	
		19,822.69	41,547.89
Other Trust Funds:			
Tax Sale Premiums	B-9	2,348,910.00	1,767,000.00
Returned Bail	B-9	5,494.50	5,494.50
Outside Police Duty	B-9	98,933.79	218,448.79
Street and Other Deposits Payable	B-9	894,371.19	918,232.79
Deposits for Redemption of Tax Sale Certificates	B-9	716,467.88	277,046.46
Drunk Driving Enforcement Fund	B-9	17,152.12	18,952.12
Municipal Court - POAA	B-9	48,773.64	52,635.73
Dedicated Fire Penalties	B-9	8,344.64	8,587.00
Reserve for Elevator Inspection Fees	B-9	6,682.00	4,571.00
Snow Removal Reserve	B-9	180,519.59	355,159.97
Donations- Historical Burial Grounds	B-9	25,844.00	25,844.00
Reserve for Accumulated Absence Liability	B-9	22,762.95	20,740.71
Reserve for Recycling	B-9	531,279.61	526,973.41
Other Gifts and Donations	B-9	130,575.31	106,616.43
Zoning Escrow Deposits	B-9	92,379.65	131,574.65
Reserve for Special Law Enforcement Trust	B-9	514,287.94	249,802.99
Cedar Lane Special Improvement District	B-9	139,796.26	118,473.00
Payroll Deductions	B-10	370,880.87	327,876.62
Reserve For:			
Self Insurance Fund (Commission)	B-11	68,676.03	179,687.67
Worker's Compensation Self Insurance	B-11	727.44	85,842.17
Unemployment Insurance Trust Fund	B-11	151,891.03	205,449.60
Affordable Housing	B-12	290,286.07	295,606.89
COAH Fees	B-13	71,037.93	71,030.83
Municipal Open Space	B-14	154,133.08	251,783.93
Municipal Open Space- Recreation	B-15	812,373.21	2,431,272.08
		7,702,580.73	8,654,703.34
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		\$ 8,079,494.39	\$ 9,053,342.20

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

STATEMENT OF FUND BALANCE - REGULATORY BASIS
ASSESSMENT FUND

B-1

	Reference	
Balance December 31, 2012	B	\$ 3,262.76
		<hr/>
Balance December 31, 2013	B	\$ 3,262.76
		<hr/> <hr/>

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
CAPITAL FUND

C

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

ASSETS	<u>Reference</u>	<u>At December 31:</u>	
		<u>2013</u>	<u>2012</u>
Cash	C-2, 3	\$ 119,663.84	\$ 385,170.33
Due from Current Fund	C-2A		6,183,111.51
Due from Trust Assessment Fund	B	353,828.21	353,828.21
Due from Community Development - Grants	C-4	286,559.89	85,315.89
Due from State of New Jersey- State Road Aid	C-4	216,247.36	523,367.11
Due from Bergen County Open Space Trust	C-4	280,435.54	214,708.00
Due from Green Acres Grant	C-4	750,000.00	
Deferred Charges to Future Taxation:			
Funded	C-5	11,569,841.94	1,946,081.93
Unfunded	C-6	24,477,036.36	31,761,068.08
TOTAL ASSETS		<u>\$ 38,053,613.14</u>	<u>\$ 41,452,651.06</u>
LIABILITIES, RESERVE AND FUND BALANCE			
Due to Current Fund	C-2A	\$ 1,096,669.22	\$ -
E.D.A. Loan/ Green Acres Loan Payable	C-7	128,750.00	67,500.00
Downtown Business Improv. Fund Loan Payable	C-8	320,000.00	360,000.00
General Serial Bonds Payable	C-9	10,719,000.00	1,044,000.00
Bond Anticipation Notes	C-10	11,317,358.00	22,378,350.00
Notes Payable- Current Fund	C-10A	1,060,979.32	1,060,979.32
Capital Lease Payable	C-11	402,091.94	474,581.93
Due to Other Trust Fund	C-15	919,350.89	3,094,550.61
Reserve for Improvements	C-1		25,000.67
Reserve for Preliminary Cost Studies	C-16	104,818.67	107,964.77
Improvement Authorizations:			
Funded	C-12	779,309.63	1,158,761.80
Unfunded	C-12	2,683,173.04	8,245,119.50
Encumbrance Payable	C-18	7,473,044.64	1,715,618.34
Capital Improvement Fund	C-13	572,377.09	726,717.09
Reserve for Payment of BANS	C-17	99,616.90	398,817.24
Fund Balance	C-1	377,073.80	594,689.79
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		<u>\$ 38,053,613.14</u>	<u>\$ 41,452,651.06</u>

Bonds and notes authorized but not issued on December 31, 2013
amounted to \$ 12,098,699.04 (Exhibit C-14).

STATEMENT OF FUND BALANCE - REGULATORY BASIS

C-1

	<u>Reference</u>		
Balance December 31, 2012	C		\$ 594,689.79
Increased by:			
Bond Premium	C-2A	\$ 38,183.00	
Canceled Reserve for Payment of BANS	C-17	299,200.34	
Canceled Reserve for Improvements	C	25,000.67	362,384.01
			<u>957,073.80</u>
Decreased by:			
Appropriated to 2013 Budget Revenue	C-2A		<u>580,000.00</u>
Balance December 31, 2013	C		<u>\$ 377,073.80</u>

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
PUBLIC ASSISTANCE FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

D

	<u>Reference</u>	<u>At December 31:</u>	
ASSETS		<u>2013</u>	<u>2012</u>
Cash	D-1	\$ 1,248.50	\$ 11,323.79
TOTAL ASSETS		<u>\$ 1,248.50</u>	<u>\$ 11,323.79</u>
 LIABILITIES, RESERVE AND FUND BALANCE			
Due to Other Trust Fund	B	\$ -	\$ 5,000.00
Reserve for Social Services	D-2	1,248.50	6,323.79
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		<u>\$ 1,248.50</u>	<u>\$ 11,323.79</u>

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
GENERAL FIXED ASSET

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS- REGULATORY BASIS

E

	<u>At December 31,</u>	
	<u>2013</u>	<u>2012</u>
<u>GENERAL FIXED ASSETS:</u>		
Land	\$ 119,004,300.00	\$ 119,004,300.00
Buildings	25,987,300.00	15,717,300.00
Machinery, Equipment and Vehicles	<u>13,671,623.00</u>	<u>16,091,151.12</u>
TOTAL ASSETS	<u>\$ 158,663,223.00</u>	<u>\$ 150,812,751.12</u>
Investment in General Fixed Assets	<u>\$ 158,663,223.00</u>	<u>\$ 150,812,751.12</u>

See independent auditor's report and the notes to the financial statements.

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. Summary of Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

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

A. Reporting Entity

The Township operates under a Council-Manager form of government. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14, which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either a) the ability to impose will by the primary government or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not issue financial statements in accordance with GAAP, and thus, do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers, or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the municipal library, which is considered a component unit under GAAP. Complete financial statements of the above component can be obtained by contacting the Treasurer of the respective entity.

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

The accounting policies of the Township conform to the accounting principles applicable to municipalities, which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. The accounts of the Township are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts, which include its assets, liabilities, fund equity, revenues, and expenses or expenditures. The following funds and groups of accounts are used by the Township:

Current Fund - Resources and expenditures for governmental operations of a general nature.

Trust Fund - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. The Division regulates the accounting for these funds.

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

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

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

General Capital Fund - 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 - Receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes. Effective April 1, 1998, the Township transferred administration of the general assistance program to the Bergen County Board of Social Services. The funds remaining in the public assistance fund are to be used to assist certain residents who do not qualify for the general assistance program.

Grant Fund - Receipt and disbursement of funds from Federal and State Grants.

General Fixed Assets - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or insurable cost if the actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

C. Basis of Accounting

A modified accrual basis of accounting is followed by the Township. Under this method of accounting, revenues, except for State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Revenues - Revenues are recorded when received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the municipal budget. Receivables for property taxes are recorded with offsetting reserves on the Financial Position of the municipality's Current Fund. Accordingly, such amounts are not recorded as revenue until collected. Other amounts, which are susceptible to accrual, that are due the municipality are recorded as receivables with offsetting reserves and are recorded as revenue when received.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the financial position of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund, are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by Division per N.J.S.A. 40A:4 et seq. Transfers can be made during the last two months and the first three months of the following year. The budget may also be amended by emergency appropriation, which must be raised in the succeeding year's budget. Special items of revenue and corresponding expenditure may be added to the budget with special written consent from the Division (Chapter 159).

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

Trust Funds
General Capital Fund
Public Assistance Fund

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

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

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

Appropriation Reserves - 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 additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Self-Insurance Contributions - Payments to self-insurance funds are charged to current budget appropriations. GAAP requires payments to be accounted for as an operating transfer and not as an expenditure.

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

Inventories - The cost 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 Financial Positions.

Cash and Investments - Cash includes amounts in demand deposits, as well as short-term investments, with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by N.J.S.A. 40A:5-15.1 to bonds or obligations of the Federal Government and bonds or other obligations of Federal or local units having a maturity date not more than twelve months from the date of purchase.

Deferred Charges to Future Taxation Funded and Unfunded- Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. Accordingly to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

Incurred But Not Reported (IBNR) Reserves - The Township has not created a reserve for any potential unreported losses which have taken place but for which the Township has not received notice or report of losses. Additionally, the Township has not recorded a liability for those claims, which have been filed but have not yet been paid. GAAP requires the establishment of reserves for such potential claims if material.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body and not when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

General Fixed Assets – N.J.A.C. 5:30-5.6 codifies fixed asset accounting, the Technical Accounting Directive No. 86-2 (the “TAD”) took affect in 1986. This TAD required local units to create and maintain a fixed asset accounting system for their physical assets. The requirement has now been codified as N.J.A.C. 5:30-5.6. The codification updates the definition of a fixed asset to refer to the 1997 edition of the U.S. Office of Management and Budget Circular A-87, Cost Principals for State, Local and Indian Governments. The regulation continues the requirement of the local units to:

- i. Place a value of all fixed assets put into service
- ii. Have a subsidiary ledger of detailed records of fixed assets
- iii. Provide property management standards to control fixed assets
- iv. Provide a statement of fixed assets in the annual audit.

Fixed Assets purchased after December 31, 1989 are stated at cost.

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

Land and Buildings	Assessed Valuations
Machinery and Equipment	Estimated Market Value

No depreciation has been provided for in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. GAAP requires that fixed assets be capitalized at historical cost or at estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded. Schedule E of the Financial Statement will disclosure the major classes of Fixed Assets as of December 31, 2013 and December 31, 2012, no depreciation has been provided for in the financial statements.

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

C. Basis of Accounting (Continued)

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

Foreclosed Property - Foreclosed property is recorded in the Current Fund when such property was acquired and is fully reserved.

D. Basic Financial Statements

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

2. **Cash and Cash Equivalents**

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A: 5-15.1(a) that are treated as cash equivalents. As of December 31, 2013 and 2012, \$0 of the Township's bank balance \$21,393,576.71 and \$22,736,048.14 were exposed to custodial credit risk

TOWNSHIP OF TEANECK
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013 AND 2012
 (Continued)

2. Cash and Cash Equivalents (Continued)

Investments

Interest Rate Risk. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A: 5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A: 5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of December 31, 2013 and 2012, the Township had \$33,408.13 and \$33,389.36 on deposit with the New Jersey Cash Management Fund, which is accounted for in the following funds:

	12/31/13	12/31/12
Capital Fund	\$ 4,663.84	4,661.22
Other Trust Fund	28,744.29	28,728.14
	\$ 33,408.13	\$ 33,389.36

Concentration of Credit Risk. The Township places no limit on the amount the Township may invest in any one issuer.

3. Fixed Assets

The following is a summary of changes in the general fixed asset group for the year 2013. The land and buildings category was adjusted to reflect the current assessed values of township owned property.

	Balance December 31, 2012	Additions/ Adjustments	Deletions/ Adjustments	Balance December 31, 2013
Land	\$ 119,004,300.00	\$ -	\$ -	\$ 119,004,300.00
Buildings	15,717,300.00		10,270,000.00	25,987,300.00
Machinery and Equipment	16,091,151.12		(2,419,528.12)	13,671,623.00
	\$ 150,812,751.12	\$ -	\$ 7,850,471.88	\$ 158,663,223.00

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

4. Leases

In 2008, the Township authorized the execution of an agreement with the Bergen County Improvement Authority for the leasing of certain capital equipment. The lease term is based on the useful bond life of each particular item. The lease payments consist of basic rent, which is compromised of principal and 3.48% interest. The following schedule presents the remaining lease payments at December 31, 2013.

Calendar <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 75,012.64	\$ 13,992.80	\$ 89,005.44
2015	77,623.08	11,382.36	89,005.44
2016	80,324.36	8,681.08	89,005.44
2017	83,119.65	5,885.79	89,005.44
2018	86,012.21	2,993.23	89,005.44
	<u>\$ 402,091.94</u>	<u>\$ 42,935.26</u>	<u>\$ 445,027.20</u>

The full faith and credit of the Municipality has been pledged to the punctual payment of the obligations set forth in the Lease (the "Lease Payments"). The Lease Payments under the Lease shall be a direct, unlimited and general obligation of the Municipality, not subject to annual appropriation by the Municipality pursuant to the County Improvement Authorities Law, and unless paid from other sources, the Municipality should be obligated to levy ad valorem taxes upon all the taxable real property within the Municipality for the payment of the lease payments thereunder without limitation as to rate or amount.

5. Long-Term Debt

	<u>Balance</u> <u>December 31, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31, 2013</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds Payable- General Obligation Debt	\$ 1,044,000.00	\$ 10,000,000.00	\$ (325,000.00)	\$ 10,719,000.00	\$ 850,000.00
Other Liabilities - New Jersey Economic Devel. Dept. Loans	67,500.00		(67,500.00)	-	
Capital Leases Payable	474,581.93		(72,489.99)	402,091.94	75,012.64
Downtown Business Improv. Loan	360,000.00		(40,000.00)	320,000.00	40,000.00
Compensated Absences Payable	4,590,581.90	573,488.50		5,164,070.40	16,666.35
Total	<u>\$ 6,536,663.83</u>	<u>\$ 10,573,488.50</u>	<u>\$ (504,989.99)</u>	<u>\$ 16,605,162.34</u>	<u>\$ 981,678.99</u>

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

5. Long-Term Debt (Continued)

Summary of Municipal Debt

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Bonds and Notes Issued -			
General Capital	\$ 23,097,337.32	\$ 23,849,850.00	\$ 25,226,274.00
Loans	448,750.00		
Authorized but not Issued			
General:			
Bonds and Notes	12,098,699.04	9,382,718.08	10,265,911.36
Assessment:			
Bonds and Notes			55,802.83
Total	35,644,786.36	33,232,568.08	35,547,988.19
Deductions on Annual			
Debt Statement:			
Refunding Bond	6,538,000.00	5,450,000.00	5,950,000.00
Net Debt	\$ 29,106,786.36	\$ 27,782,568.08	\$ 29,597,988.19

Summary of Statutory 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 indicates a statutory net debt of .527 %

Net Debt \$ 29,106,786.36 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$ 5,508,992,642 = .527 %

Borrowing Power Under N.J.S.A. 40A:2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 192,814,742.47
Net Debt	29,106,786.36
	\$ 163,707,956.11
Remaining Borrowing Power	

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

5. Long-Term Debt (Continued)

The Township's long-term debt consisted of permanent financing at December 31, 2013:

Schedule of Annual Debt Service for Principal and Interest for
Bonded Debt Issued and Outstanding

<u>Year End</u>	<u>Principal</u>	<u>General</u>	<u>Interest</u>
2014	\$ 850,000.00	\$	269,076.75
2015	869,000.00		243,210.25
2016	500,000.00		225,000.00
2017	500,000.00		215,000.00
2018	500,000.00		205,000.00
2019-2032	7,500,000.00		1,580,000.00
Total	\$ 10,719,000.00		\$ 2,737,287.00

Schedule of Annual Debt Service for Principal and Interest for

Loans Issued and Outstanding - New Jersey Downtown Business Improvement Fund Loan

<u>Year End</u>	<u>Principal</u>	<u>General</u>	<u>Interest</u>
2014	40,000.00		-
2015	40,000.00		-
2016	40,000.00		
2017	40,000.00		
2018	40,000.00		
2019-2021	120,000.00		-
Total	\$ 320,000.00		-

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

6. Bond Anticipation Notes

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2013, the Township had \$12,378,337.32 in outstanding bond anticipation notes at an interest rate of .750% as detailed on Exhibit C-10. These notes matured on April 25, 2014. The Township also had outstanding at December 31, 2013 a non-interest bearing Note Payable from the Current Fund to the Capital Fund in the amount of \$1,060,979.32, maturing November 26, 2013 as detailed on Exhibit C-10A..

	<u>Balance</u> <u>December 31,</u> <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2013</u>
Notes Payable:				
Cede & Co.	\$ 22,378,350.00	\$ 11,778,024.00	\$(22,839,016.00)	\$11,317,358.00
TD Securities LLC				-
Current Fund	1,060,979.32		-	1,060,979.32
	<u>\$ 23,439,329.32</u>	<u>\$ 11,778,024.00</u>	<u>\$(22,839,016.00)</u>	<u>\$12,378,337.32</u>

7. Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2013 were as follows:

	<u>Receivables</u>	<u>Payables</u>
Current Fund	\$ 1,096,669.22	\$ 6,506,075.32
Grant Fund	158,216.62	
Capital Fund	353,828.21	2,016,020.11
Trust Funds - Other	6,914,766.93	
Animal License Fund	6,645.20	
Special Assessment Fund	345,797.46	353,828.21
Total Interfund Receivables/Payables	<u>\$ 8,875,923.64</u>	<u>\$ 8,875,923.64</u>

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

8. Contingencies

Litigation

As of June 6, 2014, the Township Attorney has reported in accordance with Financial Accounting Standards No. 5 that the Township is party to various legal proceedings, which normally occur in governmental operations. There are a multiplicity of claims against the Township (as distinguished from suits), most relating to raised sidewalks, trees falling on persons or property, potholes, and other similar claims, which may never be litigated and under which the Township claim statutory immunity under the New Jersey Tort Claims Act, NJSA 59:1-1 et. seq. In addition, the Township is defendant in various tax appeal proceedings. These appeals, if successful, would be funded by either budget appropriation or the authorization of tax appeal refunding bonds. The appeals as they relate to what is commonly referred to as the “Glenpointe Hotel Complex”, represents tax court judgments of significant exposure. The matter is defended by Genova Burns Giantomasi Webster LLC and management anticipates a significant tax reduction. Also, there are various employment issues involving grievances and work related matters which per civil service rules involve hearings and arbitrations.

In addition, there are numerous cases outstanding at December 31, 2013 that the Township Attorney has reported are material. No evaluation of the outcome or range of potential loss can be made at this time. However, if decided against the Township, then these cases will be covered by insurance, or funded through future taxation. As a result of the modified accrual basis of accounting, the financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. The Township’s management has concluded that accrual or provision would not be material to the financial statements.

Claims and Judgments

The Township participated in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2013, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Township.

Compensated Absences

The Township has permitted employees to accrue unused sick pay which is based on the various employee contracts. The cost of such vested unpaid compensation has been estimated at \$5,164,070.40 at December 31, 2013 and \$ 4,590,581.90 at December 31, 2012. This amount which is material to the financial statements is not reported either as an expenditure or liability. The Township has established a dedicated trust account for the payment of accumulated benefits. The balance at December 31, 2013 is \$22,762.95 and the balance at December 31, 2012 was \$20,740.71. In addition it is expected that the cost of such unpaid compensation would be included in the Township’s operating budget in the year it is used if there are insufficient funds in the trust account.

TOWNSHIP OF TEANECK
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013 AND 2012
 (Continued)

9. Risk Management

The Township is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets, errors and omissions, injuries to employees and natural disasters. During years of 2013 and 2012, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

Self-funded Worker's Compensation Insurance and Employer's Liability

The Township is self-insured for workman's compensation and general liability insurance except for automobile and catastrophic fire. D&H Alternative Risk Solutions administers the general liability, automobile, catastrophic liability and the self-insured workers' compensation fund. The self insured retention amount for the general liability fund is \$1,000,000 per claim. There is an excess liability insurance policy of \$5,000,000 for the excess liability. There has been no provision included in the financial statements for claims incurred but not reported as of December 31, 2013 and 2012.

10. Fund Balance Appropriated

Fund Balance December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2013 and 2012, were as follows:

	2013	2012
Current Fund	\$ 4,450,000.00	\$ 4,450,000.00

11. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheets of the various funds of the Township.

	Balance Dec. 31, 2012	Increased 2013	2013 Budget Appropriation
Current Fund:			
Speical Emergency Authorizations -			
Severence Liabilities	\$ 460,999.40	\$ -	\$ 153,667.00
Revaluation		712,470.00	-

TOWNSHIP OF TEANECK
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013 AND 2012
 (Continued)

12. Local District School, Regional High School and County Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. Local District School Tax has been raised on a calendar year basis and there is no deferred liability at December 31.

13. Taxes Collected in Advance

Taxes collected in advance and the amounts set forth as cash liabilities in the financial statements as follows:

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Prepaid Taxes	<u>\$ 602,145.03</u>	<u>\$ 508,601.44</u>

14. Retirement Plans

Description of Plans

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). Those systems are sponsored and administered by the State of New Jersey and are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for PERS and PFRS. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625 or the report can be accessed on the internet at – <http://www.state.nj.us/treasury/pensions/annrptsarchive.htm>.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

TOWNSHIP OF TEANECK
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013 AND 2012
 (Continued)

14. Retirement Plans (Continued):

Funding Policy

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employees. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2013, PERS employee pension contribution rates increased from 5.5% to 6.5% of salary, effective October 1, 2012. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary. PFRS employee pension contribution rates increased from 8.5% to 10% of salary, effective October 1, 2012. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The Township's contributions to PERS and PFRS were as follows:

Year Ended December 31,	PERS Amount	PFRS Amount
2013	\$ 1,007,061.00	\$ 4,357,733.00
2012	989,772.00	4,399,305.46
2011	1,042,090.00	5,447,978.18
2010	813,038.97	4,688,541.73

Defined Contribution Retirement Program

The Defined Contributions Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial. If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waive participation on the DCRP for the office or position. The waiver is irrevocable. This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer. The law requires that three classes of employees enroll in the DCRP detailed as follows: All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the PERS. A Governor appointee by an elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge. Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to join or remain in PERS.

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

14. Retirement Plans (Continued)

Deferred Compensation Plan

The Township maintains a Deferred Compensation Plan (the "Plan") in accordance with Internal Revenues Code Section 457. The plan was not audited or reviewed by our firm.

Any employee of the Township is eligible to participate in the Plan. Participation in the Plan is entirely voluntary on the part of each employee. The Township does not and is not required to make contributions to the Plan. ICMARC is the Administrator of the Plan.

15. Post Employment Benefits

In addition to the pension benefits described in Note 11, the Township provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

Plan Description

The Township contributes to the State Health Benefits Program (SHBP) a cost sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>.

Plan Coverage

Coverage applies to certain full-time, qualifying department heads as follows:

1. Retire with at least twenty-five years of full-time service to the Township; and
2. The retired employee and their eligible spouse will be covered until they are respectively eligible for Medicare or eligible to receive paid medical benefits from another source, whichever comes first. Coverage shall cease for the spouse, at the expense of the Township, upon the death of the eligible employee.

TOWNSHIP OF TEANECK
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013 AND 2012
 (Continued)

15. Post Employment Benefits (Continued)

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Township on a monthly basis. The rates charges by the system for the year ended December 31, 2013 were as follows:

The Township contributes to SHBP for post-retirement benefits for the years ended December 31, 2013 and 2012 were \$86,645.04 and \$102,104.76, respectively, which equaled the required contribution for each year. There were approximately 2 retired participants eligible at December 31, 2013 and 2012, respectively.

16. Property Tax Calendar

The Township property taxes are due the first of February, May, August, and November. The levy is determined upon certification of tax rate by the county. Liens are sold at a tax sale in the subsequent year. The tax sale was held on November 18, 2013 for 2012 taxes.

17. Municipal Court

The Municipal Court department files a regulatory report with the county administrative office of the court. The 2013 report has been filed on June 6, 2014.

18. Comparative Schedule of Fund Balances

	<u>Year</u>	Balance <u>December 31</u>	Utilized in Budget of Succeeding <u>Year</u>
Current Fund	2013	\$ 4,319,144	*
	2012	5,165,316	4,450,000
	2011	5,629,612	4,450,000
	2010	7,051,532	4,450,000
	2009	6,371,159	4,150,000

* 2014 Budget not adopted

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

19. Comparative Schedule of Tax Rate Information

	2013	2012	2011	2010
Tax Rate	<u>\$2.486</u>	<u>\$2.397</u>	<u>\$2.363</u>	<u>\$2.328</u>
Apportionment of Tax Rate				
Municipal	0.902	0.855	0.848	0.824
Municipal Open Space	0.010	0.010	0.010	0.010
County	0.206	0.207	0.196	0.194
County Open Space	0.003	0.003	0.003	0.003
Local School	1.365	1.322	1.306	1.297

Net Valuation Taxable as listed in the Bergen County Board of Taxation Levy Duplicate

2013	<u>\$ 5,914,941,802</u>			
2012	<u>\$ 6,016,932,785</u>			
2011		<u>\$6,066,673,026</u>		
2010			<u>\$6,092,893,157</u>	

20. Comparison of Tax Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
2013	\$ 147,422,218.34	\$ 143,144,669.03	97.10%
2012	144,713,011.43	142,114,347.01	98.20%
2011	143,730,387.60	140,216,492.59	97.56%
2010	142,355,042.31	139,650,760.11	98.10%
2009	139,401,520.52	136,507,230.17	97.92%

TOWNSHIP OF TEANECK
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013 AND 2012
 (Continued)

21. Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison expressing percentage of the total of delinquent taxes and tax title liens in relation to the tax levies of the last three years.

<u>December Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2013	\$ 2,444.50	\$ 2,588,729.44	\$ 2,591,173.94	1.76%
2012	2,444.50	2,598,960.07	2,601,404.57	1.80%
2011	1,593.56	2,341,714.51	2,343,308.07	1.63%
2010	-	2,089,402.46	2,089,402.46	1.47%

22. 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 properties, was as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 263,167.00
2012	263,167.00
2011	263,167.00
2010	263,167.00

23. Subsequent Events

On July 01, 2014 the Township is expected to issue bonds in the amount of \$7,200,000 for various capital ordinances. The proceeds of the bonds will be used for a current refunding of \$7,200,000 of the Township's 11,317,358 outstanding bond anticipation notes.

The 2014 Municipal Budget has not been adopted.

TOWNSHIP OF TEANECK
 NOTES TO FINANCIAL STATEMENTS
 ECONOMIC AND DEMOGRAPHIC INFORMATION

A. Employment and Unemployment Comparisons

For the years 2013 through 2009, the New Jersey Department of Labor reported the following annual average employment information for the Township of Teaneck and the County of Bergen:

Township of Teaneck

<u>Year</u>	<u>Total Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2013	20,516	19,180	1336	6.5
2012	21,200	19,600	1600	7.4
2011	20,650	19,212	1438	7.0
2010	20,561	19,005	1556	7.6
2009	20,485	18,941	1544	7.5

B. Employment and Unemployment Comparisons

County of Bergen

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2013	477,410	443,734	33,676	7.1
2012	488,500	451,000	37,500	7.7
2011	479,131	441,277	37,854	7.9
2010	476,243	436,522	39,721	8.3
2009	480,494	442,452	38,042	7.9

Source: New Jersey Department of Labor and Workforce Development
 Labor Planning and Analysis
 Local Area Unemployment Statistics

TOWNSHIP OF TEANECK
NOTES TO FINANCIAL STATEMENTS
ECONOMIC AND DEMOGRAPHIC INFORMATION

C. Per Capita Income

County of Bergen

<u>Year</u>	<u>Income</u>
2012	\$69,919
2011	66,096
2010	65,486
2009	63,198

Source: US Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, Local Area Personal Income

D. Population estimates as of July 01,

	<u>Population</u>
2013	40,329
2012	40,169
2011	40,030
2010	39,827

Source: State of NJ Department of Labor and Workforce Development, Division of Labor Planning and Analysis

TOWNSHIP OF TEANECK
 NOTES TO FINANCIAL STATEMENTS
 ECONOMIC AND DEMOGRAPHIC INFORMATION

E. Assessed Valuations

Land and Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Utilities</u>	<u>Total</u>
2013	\$ 24,818,100	\$ 5,069,898,600	\$ 594,955,500	\$ 219,962,200	\$ 5,307,402	\$ 5,914,941,802
2012	23,156,300	5,202,928,400	599,205,600	186,093,300	5,549,185	\$ 6,016,932,785
2011	25,463,300	5,243,263,500	608,092,200	184,038,300	5,815,726	6,066,673,026
2010	28,599,600	5,250,478,800	614,853,100	191,725,400	7,236,257	6,092,893,157
2009	32,595,400	5,238,910,900	632,269,600	192,381,500	5,181,164	6,101,338,564
2008 *	29,911,100	5,239,172,100	621,159,100	198,441,100	5,118,294	6,093,801,694

Note: Revaluation

APPENDIX B

**PROPOSED FORM OF
BOND COUNSEL OPINION**

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†† ALSO ADMITTED IN FL AND DC
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APPENDIX B

[Proposed Form of Bond Counsel Opinion]

July ____, 2014

Township Council
Township of Teaneck
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of \$7,200,000 aggregate principal amount of General Improvement Bonds (the "Bonds") by the Township of Teaneck, in the County of Bergen, a municipal corporation of the State of New Jersey (the "Township"). The Bonds are dated July 15, 2014 and comprise an issue of registered bonds. The Bonds bear interest from their date, payable on each April 15 and October 15, commencing October 15, 2014 (each, an "Interest Payment Date"), in each year until maturity or prior redemption.

The Bonds are payable in annual installments on April 15 in each year, and bear interest at the rates per annum, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$300,000	1.00 %	2024	\$400,000	2.25%
2016	300,000	1.00	2025	400,000	3.00
2017	400,000	1.00	2026	400,000	3.00
2018	400,000	1.25	2027	500,000	3.00
2019	400,000	2.00	2028	500,000	3.00
2020	400,000	2.00	2029	500,000	3.00
2021	400,000	2.00	2030	500,000	3.00
2022	400,000	2.00	2031	600,000	3.00
2023	400,000	2.125			

Township Council
Township of Teaneck
July ____, 2014
Page 2

The Bonds maturing on or before April 15, 2024 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after April 15, 2025 are subject to redemption at the option of the Township prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after April 15, 2024, upon notice as set forth in the resolutions referred to below at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

If the Township determines to optionally redeem a portion of the Bonds prior to maturity, such Bonds so redeemed shall be in such maturities as determined by the Township, and within any maturity, by lot.

The Bonds are issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended) and pursuant to seventeen bond ordinances adopted by the Township Council of the Township on September 8, 2009 (Ord. No. 4145), November 23, 2009 (four ordinances: Ord. Nos. 4165, 4166, 4167 and 4168), May 25, 2010 (Ord. No. 4182), June 29, 2010 (Ord. No. 4186), July 27, 2010 (Ord. No. 4190), October 12, 2010 (three ordinances: Ord. Nos. 4203, 4204 and 4205), February 8, 2011 (two ordinances: Ord. Nos. 4214 and 4216) and February 22, 2011 (four ordinances: Ord. Nos. 4220, 4221, 4222 and 4223) and resolutions adopted by the Township Council of the Township on June 10, 2014.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Bonds and other amounts and to the rebate of certain arbitrage earnings to the United States. Noncompliance by the Township with such requirements may cause interest on the Bonds to be included in gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

The Township has covenanted, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The Township's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Township, in executing the Tax Certificate, will certify to the effect that the Township expects and intends to comply with the provisions and procedures contained therein.

As bond counsel, we have examined certified copies of the bond ordinances and resolutions referred to above and related proceedings in connection with the issuance of the Bonds. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below, including the Tax Certificate executed by the Chief Financial Officer of the Township of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and the exhibits thereto. We have also examined the executed and authenticated first numbered Bond and have assumed that all of the other Bonds have been similarly executed and authenticated. 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 have not prepared nor have we verified the accuracy, completeness or fairness of (i) the information set forth in the Official Statement prepared by the Township in connection with the sale and issuance of the Bonds, or (ii) other documents of the Township delivered to the purchasers of the Bonds, and we take no responsibility therefor.

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

1. The Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Township enforceable in accordance with their terms, except as enforcement of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

2. 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, the Township is authorized and required by law to levy on all real property taxable by the Township such ad valorem taxes as may be necessary to pay the Bonds and the interest thereon, without limitation as to rate or amount.

3. Assuming compliance by the Township with the Tax Certificate, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; such interest, however, is included in "adjusted current earnings" for purposes of computing the alternative minimum tax that may be imposed on corporations. In addition, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof.

Very truly yours,

Rogut McCarthy LLC