

PRELIMINARY OFFICIAL STATEMENT DATED JULY 20, 2020

NEW ISSUE
SERIAL BONDS

RATING: Moody's: "Aa2"
(See "RATING" herein)

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. 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.

\$13,280,000 GENERAL IMPROVEMENT BONDS
TOWNSHIP OF TEANECK
COUNTY OF BERGEN, NEW JERSEY
(Book-Entry Only) (Callable)

Dated: August 1, 2020

Due: August 1, as shown below

The \$13,280,000 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 August 1 of each of the years set forth below, and interest on the Bonds is payable on each February 1 and August 1, commencing February 1, 2021 in each year until maturity or prior redemption.

The Bonds are subject to optional redemption prior to their stated maturities. See "THE BONDS – 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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2021	\$1,000,000	%	%	2027	\$1,115,000	%	%
2022	1,025,000			2028	1,135,000		
2023	1,040,000			2029	1,150,000		
2024	1,065,000			2030	1,175,000		
2025	1,075,000			2031	1,200,000		
2026	1,100,000			2032	1,200,000		

(plus accrued interest from August 1, 2020)

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. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about August 6, 2020.

**ELECTRONIC BIDS VIA PARITY AND
SEALED PROPOSALS WILL BE RECEIVED
UNTIL 11:00 O’CLOCK A.M. ON JULY 28, 2020
AT THE MUNICIPAL BUILDING
818 TEANECK ROAD
TEANECK, NEW JERSEY 07666**

This is a Preliminary Official Statement "deemed final" within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and the information contained herein is subject to completion or amendment in accordance with applicable law. The Township will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

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

MAYOR

Dr. James Dunleavy

TOWNSHIP COUNCIL

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

TOWNSHIP MANAGER

Dean B. Kazinci

CHIEF FINANCIAL OFFICER

Issa Abbasi

ACTING TOWNSHIP CLERK

Doug Ruccione

TOWNSHIP ATTORNEY

John L. Shahdanian, Esq.
McCusker, Anselmi, Rosen & Carvelli, PC
Florham Park, New Jersey

TOWNSHIP AUDITOR

Bowman & Company, LLP
Voorhees, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

BOND COUNSEL

Rogut McCarthy LLC
Cranford, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township or the Underwriter 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 any of the foregoing. 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 of accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter 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 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, 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.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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, salesman 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 representations must not be relied upon as having been authorized by the Township or the Underwriter.

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

\$13,280,000 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 \$13,280,000 General Improvement Bonds (the “Bonds”) dated August 1, 2020. This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and the Acting Township Clerk and may be distributed in connection with the Bonds.

This Preliminary 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”), but is subject to (a) completion with certain pricing and other information to be made available by the Underwriter and (b) amendment. This Preliminary Official Statement, as so revised, will constitute the “final official statement” within the meaning of Rule 15c2-12.

THE BONDS

General Description

The Bonds will be dated and bear interest from August 1, 2020 and will mature on August 1 in the years and in the principal amounts as set forth on the cover page. Interest on the Bonds is payable on each February 1 and August 1, commencing February 1, 2021 (each, an “Interest Payment Date”), in each year until maturity or prior redemption at the respective interest rates set forth on the cover page of this Official Statement. 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 DTC Participants (as hereinafter defined) as listed on the records of DTC as of the fifteenth 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. Purchases of the Bonds will be made in book-entry form, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. 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, which will remit such payments to the participants of DTC which will in turn remit such payments to the owners of beneficial interests in the Bonds. See “Book-Entry Only System” herein.

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

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

DTC may discontinue providing its services as depository with respect to the 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.

Prior Redemption

The Bonds maturing on or before August 1, 2027 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after August 1, 2028 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 August 1, 2027, 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 not 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 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.

SECURITY AND SOURCE OF PAYMENT

The Bonds are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Bonds are direct obligations of the Township and, unless paid from other sources, the Township is required by law to levy *ad valorem* taxes upon all the real property taxable within the Township for the payment of the principal of and the interest on the Bonds 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 law 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 in the Division of Local Government Services in the State of New Jersey Department of Community Affairs (the "Local Finance Board").

AUTHORIZATION FOR THE BONDS

The Bonds are authorized and are to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended (the "Local Bond Law"). The Bonds also are authorized by various bond ordinances adopted by the Township Council and by virtue of resolutions adopted by the Township Council on July 14, 2020.

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.

PURPOSE OF THE BONDS

The proceeds of the Bonds will be used to (i) currently refund \$8,787,400 of the Township's \$9,268,700 outstanding bond anticipation notes dated August 9, 2019 and maturing on August 7, 2020; and (ii) provide funding for unfunded capital projects in the amount of \$4,492,600.

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

<u>Ordinance Number</u>	<u>Description</u>	<u>Principal Amount of the Bonds</u>
4204	Acquisition of various vehicles, equipment and machinery for the use of the Department of Public Works "DPW"	\$ 372,120
4215	Installation of fencing at Votee Park	76,600
4217	Undertaking of various improvements to the Glenpointe Sanitary Sewer Pump Station	194,050
4222	Renovation of the Old Police Headquarters Building for use as part of the Municipal Complex	1,464,580
4223	Undertaking of various improvements to public buildings; Teaneck Road Streetscape Project	221,700
4235	Acquisition of radio communications upgrade equipment (Phase III) for the use of the Police Department, Fire Department and DPW	156,930
4236	Acquisition of a fire chief's four-wheel drive vehicle and an incident commander's vehicle for the use of the Fire Department	67,250
4238	Undertaking of the 2011 Road Resurfacing and Sidewalk and Curb Improvement Program at various locations	825,000
4239	Undertaking of stormwater drainage improvements at the intersection of Jasper Avenue and Park Avenue and the intersection of Somerset Road and Wendel Place	79,590
4240	Resurfacing of various municipal parking lots located at the intersection of Degraw Avenue and Queen Anne Road, the Rodda Center and American Legion Drive	233,950
4267	Undertaking of the 2012 Road and Municipal Parking Lot Resurfacing and Sidewalk and Curb Improvement Program at various locations	1,481,950
4270	Acquisition of emergency generators	326,680
4273	Undertaking of stormwater drainage improvements at various locations, including, but not limited to, Tokoloka Park and Dearborn Street	160,500
6-2013	Reconditioning of a fire ladder truck and acquisition of turnout gear for the use of the Fire Department and acquisition of computer equipment for the use of the Police Department	442,610
22-2013	Provide supplemental funding for the acquisition of emergency generators	240,600

25-2014	Undertaking of the 2014 Road Resurfacing and Sidewalk and Curb Improvement Program at various locations	842,070
10-2017	Undertaking of the 2017 Road Resurfacing, Traffic Control and Sidewalk and Curb Improvement Program at various locations	1,601,220
23-2015	(i) Acquisition of turnout gear for the use of the Fire Department; (ii) installation of playground safety surface at Votee Park; and (iii) undertaking of asbestos and mold removal at Firehouse No. 4 and other public buildings	395,200
44-2015	(i) Provide supplemental funding for the undertaking of various improvements to the Glenpointe Sanitary Sewer Pump Station; (ii) undertaking of stormwater drainage improvements to Van Arlsdale Place; (iii) undertaking of the 2015 Road Surfacing and Sidewalk and Curb Improvement Program and various locations; and (iv) acquisition of a data management system for the use of various Township departments and a telephone system upgrade for the use of the Police Department	1,511,450
18-2016	(i) Acquisition of in-vehicle camera equipment for the use of the Police Department; (ii) undertaking of the 2016 Resurfacing, Traffic Control and Sidewalk and Curb Improvement Program at various locations; (iii) undertaking of the following improvements to municipal buildings and facilities (a) replacement of windows in Municipal Complex, (b) HVAC improvements and installation of security cameras at Rodda Center and (c) HVAC improvements and reconstruction of the firing range at Police Headquarters; (iv) acquisition of various vehicles for the use of the DPW; and (v) acquisition of various equipment and machinery for the use of the DPW	2,585,950
Total:		\$13,280,000

NO DEFAULT

No principal or interest payments on Township indebtedness are past due. The Township has never defaulted in the payment of any bonds or notes.

MARKET PROTECTION – BOND AND NOTE FINANCING

The Township does not contemplate issuing any additional bonds, or any tax anticipation notes during the remainder of 2020. The Township may issue bond anticipation notes as needed during the remainder of 2020.

**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 general municipal and utility 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 toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Township are general full faith and credit obligations.

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

This law regulates the non-budgetary financial activities of local governments. The Chief Financial Officer of every local unit must file annually, with the Director of the Division (the “Director”), a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of the Township’s accounts must be performed annually 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 units’ 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.

Debt Limits

The net authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its average equalized valuation basis. The average equalized valuation basis of the Township is set by statute as the average for the last 3 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.

The Township has not exceeded its statutory debt limit. On December 31, 2019 the statutory net debt as a percentage of average equalized valuation was 0.863%. As noted above, the statutory limit is 3.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Purposes	\$51,737,756	\$1,135,464	\$50,602,292
School Purposes	<u>11,470,000</u>	<u>11,470,000</u>	<u>0</u>
Total:	\$63,207,756	\$12,605,464	\$50,602,292

Exceptions to Debt Limits - Extensions of Credit

The Township may exceed its debt limit 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 may 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 credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing

The Township may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. Bond anticipation notes may be issued for periods not greater than one year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. At the third and at each subsequent anniversary date from the original date of issuance, the amount of notes that may be issued must be decreased by the minimum amount required for the first year’s principal payment for a bond issue.

School Debt (N.J.S.A. 18A:24-1 et seq.)

New Jersey’s school districts operate under the same comprehensive review and regulation as do its municipalities. Certain exceptions and differences are provided, but the state supervision of school finance closely parallels that of local governments.

School district bonds and temporary notes are issued in conformity with the cited statute, which closely parallels the Local Bond Law. Although school districts are exempted from the 5% down payment provision applicable to municipalities, they are subject to debt limits (which vary depending on the grades the school system provides), and to state regulation of their borrowing.

The Local Finance Board and the Commissioner of Education must approve any proposed authorization of debt which exceeds the statutory debt limit of a Type II district. A Type II school district has an elected board of education; a Type I school district has an appointed board and issues debt without a referendum. All authorizations of debt in a Type II school district require an approving referendum of the voters in the school district. The Township’s school district is a Type II district.

All authorizations of debt must be reported to the Division of Local Government Services by means of a Supplemental Debt Statement prior to final approval to ensure that the proposed authorization is within all applicable debt limitations.

The School Bond Reserve Act, Chapter 72 of the Laws of 1980 of the State, as amended, devotes a portion of the Fund for the Support of Free Public Schools as security for payment of school bonds.

The Municipal Finance Commission (N.J.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. Several elements of the local finance system are 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 statutory provisions 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 may place the municipality under the jurisdiction of the Municipal Finance Commission.

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.

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; (2) government money market mutual funds invested in U.S. Government securities or obligations of New Jersey school districts, municipalities, counties and entities subject to State regulation (“local obligations”); (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 (a) constituting local obligations or (b) approved by the Division of Local Government Services of the State Department of Community Affairs; (6) local government investment pools, rated in the highest rating category, investing in U.S. government securities, local obligations and repurchase agreements fully collateralized by securities set forth in (1), (3) and (5) 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, or local obligations. Municipalities are required to deposit their funds in interest-bearing bank accounts in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 *et seq.*, 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.

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. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division 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. Tax anticipation notes are limited in amount by law and must be paid in full within 120 days of the close of the fiscal year. The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

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 for calendar year municipalities and 2009 budgets for fiscal year municipalities, municipalities 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 2011 to 2020, inclusive, were within the limits allowed under the CAP Law, taking into account applicable adjustments and available “CAP” banks and without conducting a referendum to exceed the cap limits.

Miscellaneous Revenues

The Local Budget Law (N.J.S.A. 40A:4-26) provides that: “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 of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation of like amount. The fiscal years for such grants rarely coincide with the municipality’s fiscal year. However, grant revenue is generally not realized until received in cash.

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 governs anticipation of delinquent tax collections: “The maximum which may be anticipated is the sum produced by 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.”

N.J.S.A. 40A:4-41 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.”

This provision and N.J.S.A. 40A:4-40 require 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:

$$\frac{\text{Levy required to balance budget}}{\text{Prior Year's Percentage of Current Tax Collection (or lesser \%)}} = \text{Total Taxes to be Levied}$$

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 “Assessment And Collection of Taxes – Tax Collection Procedure” herein for a brief discussion of Chapter 99.

Deferral of Current Expenses

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of the municipality. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, property revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may be transferred during the first three (3) months of the year to the previous years' budget. Both types of transfers require a 2/3 vote of the full membership of the governing body, however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to approval by the governing body.

Operation of Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

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. In addition, P.L. 2008, c. 92, further amended N.J.S.A. 40A:4-3.1 to allow municipalities operating on a fiscal year basis to revert to a calendar year. The Township did not meet the criteria for a mandatory change to the State fiscal year, and does not presently intend to optionally make such a change in the future.

Budget Process

Primary responsibility for the Township's budget process lies with the Township Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation

is taking place, the Township operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Township may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

Capital Budget

In accordance with the Local Budget Law, the Township must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period of the next ensuing six years as a general improvement program. 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 unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the items were detailed.

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

Real property taxes are assessed locally, based upon an assessment at true value. The tax bill includes a levy for Township, County and School purposes. Tax bills are 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. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, is 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, all properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the New Jersey Statutes. Annual interim tax foreclosure proceedings are instituted to enforce the tax collection or 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 of Local Government Services.

In response to the \$10,000 annual limitation on an individual's federal income tax deduction for state and local taxes paid (beginning in 2018 and ending in 2025) contained in the federal "Tax Cuts and Jobs Act", Pub. L. No. 115-97, New Jersey Governor Phil Murphy signed into law Senate Bill No. 1893 ("S-1893") on May 4, 2018. S-1893, which will take effect when implementing regulations are adopted by various State agencies, authorizes municipalities, counties and school districts ("local units") to establish one or more charitable funds, each for specific public purposes, and permits certain donations to those charitable funds to be credited toward the donor's property tax obligation. Moneys held in a charitable fund are immediately available to pay debt service. On June 13, 2019, the Internal Revenue Service (the "IRS") issued final regulations, effective August 12, 2019, denying the deductibility (except for a de minimis amount) for federal income tax purposes of property tax credit donation mechanisms authorized by S-1893 and similar laws adopted in other states. The Township makes no representations as to whether any local units will establish charitable funds pursuant to S-1893 or how S-1893 will be implemented.

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 Bergen County Tax Board on or before the first day of April of the current tax year for review. The Bergen County Tax Board 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 canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Bergen County Tax Board, appeal may be made to the Tax Court of New Jersey, for a further hearing. Further, an assessment in excess of \$1,000,000 can be appealed directly to the Tax Court of New Jersey. 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 to five year period. In addition, pursuant to Assembly Bill No. 2004, signed into law by Governor Phil Murphy on August 9, 2019, commercial tax appeal refunds exceeding \$100,000 may be paid to the property owner, with interest, in substantially equal payments within a three year period - rather than within sixty days of the final judgment (the standard period for refunds).

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, 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. 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 pending or threatened against the Township which would impose an undue financial burden on the Township. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Township is a party-defendant in certain lawsuits, none of a kind unusual for a Township of its size, and none of which, in the opinion of the Township Attorney, would adversely impair the Township's ability to pay its bondholders. All of the Township's tort actions are being defended by municipal joint insurance funds (which provide pooled private insurance coverage and self-insurance coverage to its members). The Township is also insured for liability in excess of the limits provided by the municipal joint insurance funds. There are various municipal real estate tax appeals pending. Based upon the Township's prior experience in tax appeals, and assuming that such tax appeals

are resolved adversely to the interest of the Township, such resolution would not in any way endanger 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 obligations of the Township, including the Bonds, and such Bonds are authorized security for any and all public deposits.

FINANCIAL STATEMENTS

Appendix "B" to this Official Statement contains (a) compiled financial statements of the Township for the year ended December 31, 2019 and (b) audited financial statements of the Township for the years ending December 31, 2018, 2017, 2016, 2015 and 2014. The compiled and audited financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete 2019 Annual Financial Statement (unaudited) and Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

RATING

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

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

UNDERWRITING

The Bonds have been purchased at a public sale from the Township for resale by _____ (the "Underwriter").

MUNICIPAL ADVISOR

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

INFECTIOUS DISEASE OUTBREAK – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Township expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the Township. To secure the payment of the principal of and interest on the Bonds, the Township has pledged its full faith, credit and all available taxing power, which taxing power presently includes the power to levy *ad valorem* taxes on all taxable real property within the Township, within the limits provided by law as to rate or amount for such purpose. The declaration of a public health emergency remains in effect as of the date hereof. As part of a planned multi-stage approach to restart the State’s economy, Governor Murphy has signed a series of Executive Orders beginning April 29, 2020 permitting the resumption of certain activities. Additional Executive Orders relating to the resumption of certain activities may be executed by Governor Murphy in the future as part of the planned multi-stage approach to restart the State’s economy.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Township cannot predict how the outbreak will impact the financial condition or operations of the Township, or if there will be any impact on the assessed values of property within the Township or deferral of tax payments to municipalities. The Township cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on the State’s websites, including <https://covid19.nj.gov/> or nj.gov/health. *The Township has not incorporated by reference the information on such websites and the Township does not assume any responsibility for the accuracy of the information on such websites.*

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, 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 purchasers 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 Acting Township Clerk 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 has 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 bidders for the Bonds. In addition, the original purchasers 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 July 14, 2020, 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, 2020, 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 information concerning the Township's debt, overlapping indebtedness, tax rate, levy and collection data, property valuation, budget and fund balance of the type contained in Appendix "A" hereof. 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 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds or financial obligations of the Township:

- (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;

- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Township, any of which affect Bondholders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Township, any of which reflect financial difficulties. The Township intends the words used in paragraphs (15) and (16) and the definition of “financial obligation” to have the meanings ascribed to them in SEC Release No. 34-83885 (August 20, 2018).

(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.

The Township previously failed to file, in accordance with Rule 15c2-12, in a timely manner, under previous filing requirements, a component of its operating data, specifically, the Fund Balance data, for the fiscal years ending December 31, 2017 and 2018. Additionally, the Township acknowledges that it previously failed to file, in a timely manner, late filing notices in connection with its late filings of such annual financial information. Such financial information and notices of late filings have been filed with the MSRB’s Electronic Municipal Market Access Dataport (“EMMA”) as of the date of this Official Statement. The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey, in August of 2015 to serve as continuing disclosure agent.

PREPARATION OF OFFICIAL STATEMENT

The firm of Phoenix Advisors, LLC assisted in the preparation of information contained in this Official Statement and information has been obtained from sources which Phoenix Advisors, LLC considers to be reliable but they make no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

The firm of Bowman & Company, LLP, Voorhees, New Jersey, Certified Public Accountants, takes responsibility for the financial statements, presented in Appendix B.

All other information has been obtained from sources which the Township considers to be reliable and the Township makes no warranty, guaranty 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 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 and the Acting Township Clerk to deliver a reasonable number of copies thereof in final form to the Underwriter for its use in the sale, resale or distribution of the Bonds.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to Issa Abbasi, Chief Financial Officer, Township of Teaneck, 818 Teaneck Road, Teaneck, New Jersey 07666, telephone (201) 837-1600 or to the Municipal Advisor, at 625 Farnsworth Avenue, Bordentown, New Jersey 08505, telephone (609) 291-0130.

MISCELLANEOUS

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 contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township, the State or any of their agencies or authorities, since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

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

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

By: _____
Issa Abbasi
Chief Financial Officer

By: _____
Doug Ruccione
Acting Township Clerk

Dated: August __, 2020

APPENDIX A

**ECONOMIC AND DEMOGRAPHIC INFORMATION
RELATING TO THE TOWNSHIP OF TEANECK**

GENERAL INFORMATION ON THE TOWNSHIP

Size and Geographical Location

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

History

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

Form of Government

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

Health Care Facilities

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

Protection – Police and Fire

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

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

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

Public Works Department

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

Utilities

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

Transportation

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

Recreation

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

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

Township Employees - As of December 31st

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Full-time	371	371	360	360	356
Part-time	296	296	338	338	333
Total	667	667	698	698	689

Employee Collective Bargaining Units

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

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

4. Fire Members Benevolent Association (FMBA Local 42) – Union for all rank and file fire fighters
Contract expired on December 31, 2019 and is currently being negotiated
5. Public Works Supervisors – Union for all Public Works Supervisors
Contract expires on December 31, 2020
6. United Public Service Employees Union (UPSEU) – Union for all rank and file Public Works Staff
Contract expired on December 31, 2019 and is currently being negotiated
7. Association of Federal, State, County, Municipal Employees Local 52 (AFSCME) – Union for all non-management employees in the Township
Contract expired on December 31, 2019 and is currently being negotiated
8. Teaneck Public Library Staff Association – Union for all Public Library Staff with the exception of the Library Director
Contract expired on December 31, 2019 and is currently being negotiated

Compensated Absences

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

Police and Fire Department Uniform Personnel – 1 Year

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

All other employees – 30 days

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

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

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

The Township does record accrued expenses related to compensated absences. (For additional information regarding compensated absences, see Appendix B: Audited Financial Statements, Note 10).

Pension Plans

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

Township Population

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

Selected Census 2018 Data ⁽¹⁾

Median household income	\$109,677
Per capita income	\$48,654

Labor Force ⁽²⁾

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township					
Labor Force	20,148	19,813	19,958	20,155	20,133
Employment	19,543	19,154	19,184	19,301	19,216
Unemployment	605	659	774	854	917
Unemployment Rate	3.0%	3.3%	3.9%	4.2%	4.6%
County					
Labor Force	482,038	474,700	475,764	478,906	479,417
Employment	467,946	458,630	457,269	458,863	456,885
Unemployment	14,092	16,070	18,495	20,043	22,532
Unemployment Rate	2.9%	3.4%	3.9%	4.2%	4.7%
State					
Labor Force	4,493,100	4,432,500	4,454,700	4,473,800	4,487,300
Employment	4,333,300	4,250,800	4,248,700	4,251,200	4,227,600
Unemployment	159,800	181,700	206,000	222,600	259,700
Unemployment Rate	3.6%	4.1%	4.6%	5.0%	5.8%

Business and Industry

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

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

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

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

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

⁽²⁾ Source: New Jersey Department of Labor.

Building, Zoning, and Development Codes

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

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

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

Building Permits ⁽¹⁾

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2020 ²	658	\$20,555,710
2019	2,075	\$51,617,615
2018	2,178	\$90,062,081
2017	2,316	\$41,486,402
2016	2,397	\$102,478,901
2015	2,444	\$47,467,871

TEN LARGEST EMPLOYERS IN THE COUNTY-2019⁽³⁾

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

INFORMATION ON THE SCHOOL DISTRICT ⁽⁴⁾

History and Education

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

⁽¹⁾ Source: Township Construction Office.

⁽²⁾ As of June 30, 2020

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

⁽⁴⁾ Source: Local School District Officials.

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

Local School District School Enrollments ⁽¹⁾

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

Present School Facilities, Enrollment and Capacity ⁽¹⁾

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

HIGHER EDUCATION FACILITIES

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

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

⁽¹⁾ Source: Teaneck School District audit reports.

Bergen Community College operates on a \$90 million campus, which was completed in September 1972 in Paramus, New Jersey. It has two satellite campuses; Bergen at the Meadowlands and the Philip Ciarco Learning Center. The student population as of June 30, 2017 was approximately 30,217 enrolled in Associates Programs and an additional 10,000 enrolled in the Division of Continuing Education.

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

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

The County Vocational High Schools have the following programs:

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

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

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS(1)

<u>Name of Taxpayer</u>	<u>Name of Business</u>	<u>2020 Valuation</u>
A.Sanzari Enterprises Associates	Real Estate Developer	\$161,007,800
Glenpointe Associates, IV LLC	Real Estate Developer	\$50,202,900
Avalon Teaneck LLC	Apartments	\$35,793,300
SNH Teaneck Properties LLC	Senior Housing	\$32,122,000
SHP V Teaneck LLC	Commercial Office Space	\$31,685,000
Teaneck Gardens Owners Corp.	Apartments	\$17,257,000
1480 Realty, LP	Apartments	\$15,755,300
Holy Name Real Estate Corp.	Medical Office Buildings	\$12,217,500
Cedar Holding Association	Apartments	\$10,500,000
Care One at Teaneck LLC	Assisted Living/Nursing Facility	\$10,486,000

CURRENT TAX COLLECTIONS(2)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding December 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2019 (3) \$	164,577,586	\$ 163,479,317	99.33%	\$ 968,890	0.59%
2018	160,958,141	159,885,392	99.33%	835,324	0.52%
2017	158,617,105	157,401,355	99.23%	985,034	0.62%
2016	156,163,269	155,186,664	99.37%	717,336	0.46%
2015	153,339,992	152,471,383	99.43%	786,831	0.51%

DELINQUENT TAXES(2)

<u>Year</u>	<u>Outstanding January 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transfer to Liens</u>	<u>Other Credits</u>	<u>Outstanding December 31</u>
			<u>Amount</u>	<u>Percentage</u>			
2019 (3) \$	835,324	\$ 25,741	\$ 842,118	97.80%	\$ -	\$ 16,881	\$ 2,066
2018	989,328	8,672	991,443	99.34%	-	6,557	-
2017	744,955	8,679	722,342	95.85%	105	26,893	4,294
2016	826,136	7,620	805,274	96.58%	-	864	27,618
2015	1,222,476	7,310	1,029,895	83.75%	8,371	152,215	39,305

(1) Source: Township Tax Assessor

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

(3) Compiled Annual Financial Statement

TAX TITLE LIENS(1)

<u>Year</u>	<u>Balance</u> <u>January 1</u>	<u>Added by</u> <u>Sales and</u> <u>Transfers</u>	<u>Collected</u>	<u>Other</u> <u>Credits</u>	<u>Balance</u> <u>December 31</u>
2019 (2)	\$ 8,704	\$ 1,224	\$ -	\$ 824	\$ 9,104
2018	7,860	844	-	-	8,704
2017	6,917	1,156	-	213	7,860
2016	15,422	823	53	9,275	6,917
2015	2,445	12,977	-	-	15,422

FORECLOSED PROPERTY (1)

<u>Year</u>	<u>Balance</u> <u>January 1</u>	<u>Added by</u> <u>Transfer</u>	<u>Canceled to</u> <u>Fixed Asset</u> <u>Account Group</u>	<u>Adjustments</u>	<u>Balance</u> <u>December 31</u>
2019 (2)	\$ -	\$ -	\$ -	\$ -	\$ -
2018	-	-	-	-	-
2017	263,167	-	263,167	-	-
2016	263,167	-	-	-	263,167
2015	263,167	-	-	-	263,167

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES(3)

<u>Year</u>	<u>Net</u> <u>Valuation</u> <u>Taxable</u>	<u>Tax Rate (4)</u>			
		<u>Total</u> <u>Rate</u>	<u>Municipal</u>	<u>County</u>	<u>Local</u> <u>School</u>
2020	\$ 5,152,540,200	N/A	N/A	N/A	N/A
2019	5,102,745,800	\$ 3.197	\$ 1.100	\$ 0.281	\$ 1.816
2018	5,040,468,988	3.173	1.099	0.271	1.803
2017	5,021,485,602	3.143	1.102	0.275	1.766
2016	5,017,874,773	3.096	1.102	0.259	1.735
2015	5,021,113,390	3.047	1.105	0.241	1.701

- (1) Source: Annual Reports of Audit, unless otherwise indicated
(2) Compiled Annual Financial Statement
(3) Source: Township Tax Collector
(4) Per \$100 of assessed valuation

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita (2)</u>
2020	\$ 5,152,540,200	82.34%	\$6,257,639,300	\$ 157,322
2019	5,102,745,800	86.37%	5,908,007,178	148,532
2018	5,035,997,900	90.27%	5,578,816,772	140,256
2017	5,017,183,700	91.60%	5,477,274,782	137,703
2016	5,013,455,800	95.00%	5,277,321,895	132,676

REAL PROPERTY CLASSIFICATION(3)

<u>Year</u>	<u>Assessed Value of Land and</u>					
	<u>Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>
2020	\$ 5,152,540,200	\$ 28,814,200	\$ 4,277,118,800	\$ 531,918,300	\$ 35,730,600	\$ 278,958,300
2019	5,102,745,800	23,693,300	4,259,287,200	557,122,000	34,805,600	227,837,700
2018	5,035,997,900	28,885,600	4,241,567,100	501,407,900	34,805,600	229,331,700
2017	5,017,183,700	30,694,700	4,217,971,300	502,513,400	34,805,600	231,198,700
2016	5,013,455,800	28,296,600	4,199,996,400	516,527,300	36,765,600	231,869,900

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

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

(3) Source: Borough Tax Assessor

**TOWNSHIP OF TEANECK
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2019**

The following table summarizes the direct debt of the Township of Teaneck as of December 31, 2019 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et.seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General and debt of the School District. Deductions from gross debt to arrive at net debt include school district debt, open space debt, reserve for payment of debt and debt from refunding bond judgements. The resulting net debt of \$50,602,292 represent .863% of the average of equalized valuations for the Township for the last three years, which is within the 3.5 % limit imposed by N.J.S.A. 40A:2-6.

	<u>Debt Issued</u>			<u>Authorized But Not Issued</u>	<u>Gross Debt</u>	<u>Deductions</u>		<u>Net Debt</u>
	<u>Bonds</u>	<u>Loans</u>	<u>Notes</u>			<u>School Debt</u>	<u>Misc. Deductions</u>	
General	\$12,400,000	\$189,161	\$19,843,700	\$19,304,895	\$51,737,756		\$1,135,464	\$50,602,292
School - Local	11,470,000				11,470,000	\$11,470,000		
	<u>\$23,870,000</u>	<u>\$189,161</u>	<u>\$19,843,700</u>	<u>\$19,304,895</u>	<u>\$63,207,756</u>	<u>\$11,470,000</u>	<u>\$1,135,464</u>	<u>\$50,602,292</u>

Source: Borough Annual Debt Statement
As of: December 31, 2019

DEBT RATIOS AND VALUATIONS (1)(2)

Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	\$ 5,861,955,211
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2017, 2018, and 2019	0.863%
2020 Net Valuation Taxable	\$ 5,152,540,200
2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	6,257,639,300
Gross Debt (3):	
As a percentage of 2020 Net Valuation Taxable	1.23%
As a percentage of 2020 Equalized Valuations	1.01%
Net Debt (3):	
As a percentage of 2020 Net Valuation Taxable	0.98%
As a percentage of 2020 Equalized Valuations	0.81%
Gross Debt Per Capita (4)	\$ 1,589
Net Debt Per Capita (4)	1,272

TOWNSHIP BORROWING CAPACITY(1)(2)

3.5% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$5,861,955,211)	\$ 205,168,432
Net Debt	<u>50,602,292</u>
Remaining Borrowing Capacity	<u><u>\$ 154,566,140</u></u>

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

4.0% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$5,861,955,911)	\$ 234,478,208
Local School Debt	<u>11,470,000</u>
Remaining Borrowing Capacity	<u><u>\$ 223,008,208</u></u>

(1) As of December 31, 2019

(2) Source: Township Annual Debt Statement

(3) Excluding overlapping debt

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

**TOWNSHIP OF TEANECK
OVERLAPPING DEBT AS OF DECEMBER 31, 2019**

DEBT ISSUED					
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>County Debt Auth. but not Issued</u>
County of Bergen(1):					
General:					
Bonds	\$ 544,257,484	\$ 12,290,500 (2)	\$ 531,966,984	\$ 17,501,714 (4)	
Notes	110,670,000		110,670,000	3,641,043 (4)	\$ 212,741,443
Bonds Issued by Other Public Bodies					
Guaranteed by the County	539,670,000	539,670,000 (3)			
	<u>\$ 1,194,597,484</u>	<u>\$ 551,960,500</u>	<u>\$ 642,636,984</u>	<u>\$ 21,142,757</u>	<u>\$ 212,741,443</u>

(1) Source: County of Bergen

(2) Includes County College Bonds.

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2019 Net Valuation on which County taxes are apportioned, which is 3.29%.

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

<u>Year</u>	<u>General</u>			<u>Loans</u>			<u>Grand Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2020	\$ 900,000	\$ 324,500	\$ 1,224,500	\$ 45,852	\$ 2,154	\$ 48,006	\$ 1,272,506
2021	900,000	306,500	1,206,500	45,970	2,036	48,006	1,254,506
2022	900,000	288,500	1,188,500	6,090	1,917	8,006	1,196,506
2023	900,000	270,250	1,170,250	6,212	1,794	8,006	1,178,256
2024	900,000	249,000	1,149,000	6,337	1,669	8,006	1,157,006
2025	900,000	223,500	1,123,500	6,464	1,542	8,006	1,131,506
2026	900,000	196,500	1,096,500	6,594	1,412	8,006	1,104,506
2027	1,000,000	168,000	1,168,000	6,727	1,279	8,006	1,176,006
2028	1,100,000	136,500	1,236,500	6,862	1,144	8,006	1,244,506
2029	1,100,000	103,500	1,203,500	7,000	1,006	8,006	1,211,506
2030	1,100,000	70,500	1,170,500	7,141	866	8,006	1,178,506
2031	1,200,000	36,000	1,236,000	7,284	722	8,006	1,244,006
2032	600,000	9,000	609,000	7,430	576	8,006	617,006
2033				7,580	426	8,006	8,006
2034				7,732	274	8,006	8,006
2035				7,888	119	8,006	8,006
	<u>\$ 12,400,000</u>	<u>\$ 2,382,250</u>	<u>\$ 14,782,250</u>	<u>\$ 189,161</u>	<u>\$ 18,936</u>	<u>\$ 208,097</u>	<u>\$ 14,990,347</u>

(1) As of December 31, 2019
(2) Source: Township Auditor

**TOWNSHIP OF TEANECK
2020 MUNICIPAL BUDGET**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 5,075,000.00
Miscellaneous Revenues:	
Local Revenues	3,665,000.00
State Aid Without Offsetting Appropriations	3,379,296.00
Dedicated Uniform Construction Code Fees	1,210,000.00
Director of Local Government Services - Shared Service Agreements	7,000.00
Director of Local Government Services - Public and Private Revenues	212,902.45
Director of Local Government Services - Other Special Items of Revenue	1,543,000.00
Receipts From Delinquent Taxes	925,000.00
Amount to be Raised by Taxation for Municipal Purposes	<u>56,078,627.64</u>
Total Anticipated Revenues	<u><u>\$ 72,095,826.09</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 50,528,709.06
Deferred Charges and Statutory Expenditures	8,734,500.00
Excluded from CAPS:	
Other Operations	7,477,765.34
Shared Service Agreements	7,000.00
Public and Private Programs offset by Revenues	217,443.36
Capital Improvements	255,000.00
Debt Service	2,949,300.00
Deferred Charges	294,280.00
Reserve for Uncollected Taxes	<u>1,631,828.33</u>
Total Appropriations	<u><u>\$ 72,095,826.09</u></u>

**TOWNSHIP OF TEANECK
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2020 - 2025**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants-in Aid and Other Funds</u>	<u>Bonds and Notes</u>	
				<u>General</u>	<u>Self-Liquidating</u>
Acquisition of Vehicles and Equipment	\$ 4,157,000.00	\$ 207,850.00		\$ 3,949,150.00	
Improvement to Municipal Properties and Facilities	7,784,000.00	389,200.00		7,394,800.00	
Road, Sewer and Drainage Improvements	13,350,000.00	656,750.00	\$ 215,000.00	12,478,250.00	
	<u>\$ 25,291,000.00</u>	<u>\$ 1,253,800.00</u>	<u>\$ 215,000.00</u>	<u>\$ 23,822,200.00</u>	<u>\$ -</u>

APPENDIX B
FINANCIAL STATEMENTS
OF THE TOWNSHIP OF TEANECK

FOR THE YEAR ENDED 2019
COMPILED FINANCIAL STATEMENTS



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of the Township of Teaneck, in the County of Bergen, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2019 and the related statements of operations and changes in fund balances-- regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements referred to above have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Respectfully submitted,

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

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

Voorhees, New Jersey
March 15, 2020

TOWNSHIP OF TEANECK
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2019

ASSETS

Regular Fund:

Cash	\$ 30,014,462.98
Petty Cash	1,800.00
Change Funds	900.00

30,017,162.98

Receivables with Full Reserves:

Delinquent Property Taxes Receivable	970,956.40
Tax Title Liens Receivable	9,103.99
Sewer Rents Receivable	264,307.04
Revenue Accounts Receivable	46,449.91
Due General Capital Fund	244.29
Due Public Assistance Trust Fund	2,957.12

1,294,018.75

Deferred Charges:

Special Emergency Appropriation (40A:4-53):	
Codification of Ordinances	25,000.00
Revision of Tax Maps	100,000.00
Contractually Required Severance Liabilities	1,346,400.00

1,471,400.00

32,782,581.73

Federal and State Grant Fund:

Cash	969,322.27
Federal and State Grants Receivable	13,403.00

982,725.27

\$ 33,765,307.00

(Continued)

TOWNSHIP OF TEANECK
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2019

LIABILITIES, RESERVES
AND FUND BALANCE

Regular Fund:

Liabilities:

Appropriation Reserves	\$ 4,238,942.24
Reserve for Encumbrances	1,013,267.67
Accounts Payable	387,540.00
Tax Overpayments	1,264,515.79
Prepaid Taxes	1,021,397.46
Due County for Added and Omitted Taxes	112,119.19
Local District School Taxes Payable	13,742,277.60
Prepaid Tax Sale Deposits	42,000.00
Due Animal Control Trust Fund	13,791.07
Due Trust Other Fund	1,366,216.65
Due Municipal Open Space Trust	1,104,813.58
Due to State of New Jersey:	
State Training Fees	10,161.00
Senior Citizens' and Veterans Deduction	3,750.69

Reserves for:

Tax Appeals	338,147.96
Maintenance of Free Public Library with State Aid	154,572.82
Terminal Leave	5.07
Codification of Ordinances	25,000.00
Revision of Tax Maps	100,000.00

24,938,518.79

Reserve for Receivables and Other Assets

1,294,018.75

Fund Balance

6,550,044.19

32,782,581.73

Federal and State Grant Fund:

Reserve for Grants Appropriated	825,231.91
Reserve for Grants Unappropriated	157,493.36

982,725.27

\$ 33,765,307.00

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF TEANECK

CURRENT FUND

Statement of Operations and Changes in Fund Balance--Regulatory Basis

For the Year Ended December 31, 2019

Revenue and Other Income Realized

Fund Balance Utilized	\$ 5,600,000.00
Miscellaneous Revenues Anticipated	10,371,529.96
Receipts from Delinquent Taxes and Tax Title Liens	842,118.21
Revenue from Current Taxes	163,479,317.08
Non-Budget Revenue	1,357,485.82
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	1,219,637.62
Statutory Excess in Animal Control Reserve	6,177.31
	<hr/>
Total Income	<u>182,876,266.00</u>

Expenditures

Budget Appropriations:	
Within "CAPS":	
Operations - Salaries and Wages	34,354,886.00
Operations - Other Expenses	17,536,771.91
Deferred Charges and Statutory Expenditures	8,662,000.00
Excluded from "CAPS":	
Operations - Salaries and Wages	1,860,000.00
Operations - Other Expenses	5,622,250.00
Capital Improvements--Excluded from "CAPS"	374,000.00
Municipal Debt Service--Excluded from "CAPS"	3,075,736.43
Deferred Charges	
Local District School Tax	92,636,343.00
County Taxes	14,420,633.52
Due County for Added and Omitted Taxes	112,119.19
Special District Taxes	167,196.00
Open Space Trust Tax	514,261.98
Other Debits to Expenditures:	
Prior Year Senior and Veteran Deductions Disallowed	5,223.95
Refund of Prior Year Revenue	66,651.37
Creation of Reserve for:	
Due from Public Assistance Trust Fund	1,410.12
Due from General Capital Fund	223.25
	<hr/>
Total Expenditures	<u>179,409,706.72</u>

Excess in Revenues	3,466,559.28
Adjustments to Income Before Fund Balance:	
Expenditures included above which are by Statute	
Deferred Charges to Budget of Succeeding Year	1,471,400.00
	<hr/>
Statutory Excess to Fund Balance	4,937,959.28

Fund Balance

Balance Jan. 1	<u>7,212,084.91</u>
	12,150,044.19
Decreased by:	
Utilized as Revenue	5,600,000.00
	<hr/>
Balance Dec. 31	<u>\$ 6,550,044.19</u>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF TEANECK
TRUST FUND

Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2019

ASSETS

Animal Control Fund:

Cash	\$	20,041.53
Due Current Fund		13,791.07

33,832.60

Other Funds:

Cash--Treasurer		3,117,335.78
Police Outside Services Receivable		558,486.50
Due Current Fund		1,366,216.65
Due General Capital Fund		2,425,836.94

7,467,875.87

Municipal Open Space Fund:

Cash		1,225,265.23
Due Current Fund		1,104,813.58

2,330,078.81

\$ 9,831,787.28

(Continued)

TOWNSHIP OF TEANECK
TRUST FUND

Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2019

LIABILITIES, RESERVES
AND FUND BALANCE

Animal Control Fund:

Reserve for Dog Fund Expenditures	\$ 33,805.60
Due to State of New Jersey	27.00

33,832.60

Other Funds:

Reserve for Premiums Received at Tax Sale	1,121,700.00
Reserve for Tax Title Lien Redemptions	35.15
Reserve for Bail Void Checks (Unclaimed Bail)	4,494.50
Reserve for Police Outside Services	183,232.11
Reserve for Street Opening and Other Deposits	1,294,022.30
Reserve for POAA	41,058.71
Reserve for Dedicated Fire Penalties	18,439.64
Reserve for Elevator Inspections	30,362.00
Reserve for Storm Recovery	328,063.38
Reserve for Donations Historical Burial Grounds	25,844.00
Reserve for Accumulated Absences	205,536.08
Reserve for Recycling	124,231.09
Reserve for Gifts and Donations	213,510.68
Reserve for Zoning Escrow Deposits	122,773.35
Reserve for Forfeited Property - Special Law Enforcement	1,047,398.01
Reserve for Cedar Lane Special Improvement District	145,308.08
Reserve for Self Insurance (Commission)	10,665.04
Reserve for Workers Compensation	294,479.35
Reserve for Unemployment Compensation	40,747.44
Reserve for Affordable Housing (HYATT)	302,182.25
Reserve for COAH Fees	1,398,193.90
Reserve for Bid Deposits	500.00
Reserve for Green Acres	21,274.18
Reserve for Encumbrances	157,703.82
Payroll Deductions Payable	336,120.81

7,467,875.87

Municipal Open Space Fund:

Contracts Payable	91,751.40
Reserve for Encumbrances	24,752.52
Reserve for Future Use	2,213,574.89

2,330,078.81

\$ 9,831,787.28

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF TEANECK
GENERAL CAPITAL FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2019

ASSETS

Cash	\$ 465,509.03
Grant Receivables	393,906.75
Deferred Charges to Future Taxation:	
Funded	12,589,161.34
Unfunded	<u>39,148,595.04</u>
	<u>\$ 52,597,172.16</u>

LIABILITIES, RESERVES
AND FUND BALANCE

General Serial Bonds	\$ 12,400,000.00
Bond Anticipation Notes	19,843,700.00
Green Acres Loan	109,161.34
Downtown Business Improvement Loan	80,000.00
Due Trust Other Fund	2,425,836.94
Due Current Fund	244.29
Improvement Authorizations:	
Funded	1,279,331.93
Unfunded	11,126,259.79
Capital Improvement Fund	105,950.07
Reserve for Encumbrances	257,417.33
Contracts Payable	4,675,757.81
Reserve for Payment of Debt	201,302.87
Fund Balance	<u>92,209.79</u>
	<u>\$ 52,597,172.16</u>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF TEANECK
PUBLIC ASSISTANCE FUND
Statement of Assets, Liabilities, and Reserves --Regulatory Basis
As of December 31, 2019

ASSETS

Cash	\$ 12,275.54
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LIABILITIES AND RESERVES

Due Current Fund	\$ 2,957.12
Reserve for Social Services	9,318.42

	\$ 12,275.54
--	--------------

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF TEANECK
 Selected Information – Substantially All Disclosures Required
 By the Regulatory Basis of Accounting Have Been Omitted
 For the Year Ended December 31, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Component Units - The financial statements of the component unit of the Township are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Teaneck Public Library
 840 Teaneck Road
 Teaneck, New Jersey 07666

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

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

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

**FOR THE YEARS ENDED 2018, 2017, 2016, 2015 AND
2014 AUDITED FINANCIAL STATEMENTS**

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Teaneck, in the County of Bergen, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

As described in note 1 to the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Teaneck, in the County of Bergen, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Teaneck, in the County of Bergen, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Township adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle resulted in a material note disclosure (see note 18). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 22, 2019

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

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ASSETS					
Cash	\$ 31,370,695	\$ 37,655,418	\$ 28,310,889	\$ 26,022,310	\$ 26,047,840
Petty Cash	1,800	1,800	1,800	1,800	1,800
Change Funds	900	900	900	900	800
Note Receivable - General Capital Fund				434,333	738,632
Due from State of New Jersey				2,658	1,999
Receivables with Full Reserves:					
Delinquent Property Taxes Receivable	835,324	989,328	744,955	826,136	1,222,476
Tax Title Liens Receivable	8,704	7,860	6,917	15,422	2,445
Sewer Rents Receivable	264,307	32,622	40,678	40,470	
Property Acquired for Taxes--Assessed Valuation			263,167	263,167	263,167
Revenue Accounts Receivable	46,450	43,450	50,203	52,111	41,085
Interfunds Receivable	1,568		486,099	434,867	95,720
Deferred Charges		142,494	284,988	581,147	877,308
Federal and State Grant Funds Receivable	6,428	1,081	130,939	40,221	272,919
Total Assets	<u>\$ 32,536,175</u>	<u>\$ 38,874,953</u>	<u>\$ 30,321,535</u>	<u>\$ 28,715,541</u>	<u>\$ 29,566,191</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$ 3,278,250	\$ 2,621,497	\$ 2,502,215	\$ 2,829,376	\$ 2,407,952
Accounts/Contracts Payable		1,480	105,008	15,553	88,977
Reserve for Encumbrances	1,668,904	1,432,557	2,659,038	1,820,565	2,068,449
Prepaid Taxes	978,364	14,804,806	841,008	782,535	726,174
Tax Overpayments	1,529,432	998,264	977,450	1,012,541	958,281
Due County for Added and Omitted Taxes	73,160	54,547	53,972	14,800	17,389
Local District School Taxes	11,961,648	9,761,920	7,638,222	6,523,560	3,255,314
Special Emergency Note Payable				153,332	306,999
Prepaid Tax Sale Deposits	2,000	11,000	370,215	484,050	689,800
Interfunds Payable	3,718,042	977,327	5,102,779	6,068,786	9,652,774
Due to State of New Jersey	16,145	12,245	15,504	17,245	9,643
Other Reserves	138,335	124,944	166,489	389,043	530,588
Reserve for Receivables and Other Assets	1,156,353	1,073,260	1,105,920	1,208,517	1,529,172
Reserve for Federal and State Grants	803,458	737,562	483,884	456,496	368,639
Fund Balance	7,212,085	6,263,544	8,299,832	6,939,141	6,956,039
Total Liabilities, Reserves and Fund Balance	<u>\$ 32,536,175</u>	<u>\$ 38,874,953</u>	<u>\$ 30,321,535</u>	<u>\$ 28,715,541</u>	<u>\$ 29,566,191</u>

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

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

	Years Ended December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenue Realized:					
Current Tax Collections	\$ 159,885,392	\$ 157,401,355	\$ 155,186,664	\$ 152,471,383	\$ 147,502,715
Delinquent Tax Collections	991,443	722,342	805,327	1,029,895	2,458,185
Total Taxes	160,876,835	158,123,697	155,991,991	153,501,278	149,960,899
Miscellaneous Revenues Anticipated	10,844,870	8,282,242	9,258,489	9,061,848	10,188,984
Non-Budget and Other Income	3,198,229	2,678,843	3,760,429	3,622,556	3,376,999
Fund Balance Utilized	4,910,000	5,729,000	4,735,000	6,000,000	3,050,000
Liquidation of Reserves			11,212		46,669
Total Income	179,829,934	174,813,782	173,757,121	172,185,683	166,623,551
Expenditures and Encumbrances:					
Operating	56,966,848	56,741,671	56,416,592	56,661,935	55,790,516
Capital Improvements	213,161	265,000	312,950	87,400	
Debt Service	2,914,078	2,747,334	2,698,503	2,604,650	2,402,375
Deferred Charges and Statutory Expenditures	8,441,451	8,089,670	7,412,746	8,678,438	7,902,217
County Taxes	13,685,359	13,799,275	12,943,284	12,051,538	11,705,104
Special District Taxes	167,196	167,835	162,685	161,696	177,037
Due County for Added and Omitted Taxes	73,160	54,547	53,972	14,800	17,389
Open Space Trust Tax	506,700	504,126	503,880	502,733	582,986
Local District School Tax	90,855,713	88,655,985	87,068,117	85,417,625	82,351,466
Creation of Reserves	1,568			11,212	
Other Expenditures	146,159	95,627	88,700	10,552	7,565
Total Expenditures and Encumbrances	173,971,393	171,121,070	167,661,429	166,202,580	160,936,656
Excess in Revenues	5,858,541	3,692,712	6,095,692	5,983,102	5,686,895
Adjustment in Income Before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years	---	---	---	---	---
Statutory Excess to Fund Balance	5,858,541	3,692,712	6,095,692	5,983,102	5,686,895
Fund Balance Beginning of Year	6,263,544	8,299,832	6,939,141	6,956,039	4,319,144
	12,122,085	11,992,544	13,034,832	12,939,141	10,006,039
Decreased by:					
Utilized as Revenue	4,910,000	5,729,000	4,735,000	6,000,000	3,050,000
Fund Balance Ending of Year	\$ 7,212,085	\$ 6,263,544	\$ 8,299,832	\$ 6,939,141	\$ 6,956,039

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

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

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ASSETS					
Cash	\$ 4,314,717	\$ 2,589,822	\$ 2,143,588	\$ 2,320,862	\$ 980,306
Other Accounts Receivable	475,961	335,251	402,993	614,072	539
Interfunds Receivable	3,931,860	3,044,199	4,159,279	5,136,358	7,287,432
Total Assets	\$ 8,722,538	\$ 5,969,272	\$ 6,705,860	\$ 8,071,292	\$ 8,268,277
LIABILITIES AND RESERVES					
Interfunds Payable				\$ 11,212	\$ 353,828
Assessment Overpayments				114	114
Fund Balance				3,263	3,263
Due to State of New Jersey	\$ 11	\$ 5	\$ 14	5	5
Liabilities and Reserve for Special Funds	8,722,527	5,969,267	6,705,846	8,056,698	7,911,067
Total Liabilities and Reserves	\$ 8,722,538	\$ 5,969,272	\$ 6,705,860	\$ 8,071,292	\$ 8,268,277

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

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

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ASSETS					
Cash	\$ 288,513	\$ 207,090		\$ 2,734,450	\$ 119,667
Deferred Charges to Future Taxation:					
Funded	13,534,898	14,566,534	\$ 15,595,166	16,518,206	17,804,829
Unfunded	34,773,945	28,474,473	20,649,473	19,373,006	19,114,655
Interfunds Receivable			457,401	508,773	3,538,801
Grants and Open Space Receivables	165,627	193,875	615,332	380,332	1,030,810
	<hr/>				
Total Assets	<u>\$ 48,762,983</u>	<u>\$ 43,441,972</u>	<u>\$ 37,317,372</u>	<u>\$ 39,514,767</u>	<u>\$ 41,608,761</u>
LIABILITIES, RESERVES AND FUND BALANCE					
General Serial Bonds	\$ 13,300,000	\$ 14,200,000	\$ 15,100,000	\$ 15,900,000	\$ 17,069,000
Bond Anticipation Notes	16,400,000	11,105,000	12,355,000	13,232,000	12,832,000
Long Term Loans	234,898	280,522	326,034	368,750	408,750
Notes Payable - Current Fund				434,333	738,632
Improvement Authorizations:					
Funded	1,160,629	687,516	1,594,548	1,138,470	1,322,778
Unfunded	11,104,167	8,941,622	5,147,230	5,514,943	5,157,722
Capital Lease Payable		86,012	169,132	249,456	327,079
Contracts Payable	5,908,139	4,524,273	1,620,774		
Reserve for Encumbrances	143,426	453,326	578,201	2,307,113	2,108,546
Reserve for Payment of Debt	97,530	835,628			99,617
Reserve for Preliminary Expenses				62,690	22,812
Interfunds Payable	213,839	2,066,872			919,351
Capital Improvement Fund	31,000	198,512	363,762	307,012	379,962
Fund Balance	169,355	62,690	62,690		222,512
	<hr/>				
Total Liabilities, Reserves and Fund Balance	<u>\$ 48,762,983</u>	<u>\$ 43,441,972</u>	<u>\$ 37,317,372</u>	<u>\$ 39,514,767</u>	<u>\$ 41,608,761</u>

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

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

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ASSETS					
Cash	\$ 12,268	\$ 4,267	\$ 5,984	\$ 6,344	\$ 601
Interfunds Receivable					4,000
Total Assets	\$ 12,268	\$ 4,267	\$ 5,984	\$ 6,344	\$ 4,601
LIABILITIES, RESERVES AND FUND BALANCE					
Other Reserves	\$ 10,721	\$ 4,267	\$ 5,984	\$ 6,344	\$ 4,601
Interfunds Payable	1,547				
Total Liabilities, Reserves and Fund Balance	\$ 12,268	\$ 4,267	\$ 5,984	\$ 6,344	\$ 4,601

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

TOWNSHIP OF TEANECK
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Component Units - The financial statements of the component unit of the Township are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Teaneck Public Library
840 Teaneck Road
Teaneck, New Jersey 07666

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

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

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2018, the Township's bank balances of \$36,174,811.52 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$34,501,471.19
Uninsured and Uncollateralized	<u>1,673,340.33</u>
Total	<u>\$36,174,811.52</u>

Note 2: CASH AND CASH EQUIVALENTS (CONT'D)

New Jersey Cash Management Fund - During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2018, the Township's deposits with the New Jersey Cash Management Fund were \$34,505.00.

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 (A)</u>	<u>2014</u>
Tax Rate	<u>\$ 3.173</u>	<u>\$ 3.143</u>	<u>\$ 3.096</u>	<u>\$ 3.047</u>	<u>\$ 2.571</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.052	\$ 1.056	\$ 1.057	\$ 1.061	\$.915
Municipal Library	.037	.036	.035	.034	.030
Municipal Open Space					
Preservation Trust Fund	.010	.010	.010	.010	.010
County	.261	.264	.256	.238	.199
County Open Space Preservation					
Trust Fund	.010	.011	.003	.003	.002
Local School	1.803	1.766	1.735	1.701	1.415

(A) = A Revaluation was performed in 2015.

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 5,040,468,988.00
2017	5,021,485,602.00
2016	5,017,874,773.00
2015 (A)	5,021,113,390.00
2014	5,821,210,873.00

(A) = A Revaluation was performed in 2015.

Note 3: PROPERTY TAXES (CONT'D)

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 160,958,141.43	\$ 159,885,392.41	99.33%
2017	158,617,104.50	157,401,355.48	99.23%
2016	156,163,269.39	155,186,663.67	99.37%
2015	153,339,992.28	152,471,382.95	99.43%
2014	150,172,875.03	147,502,714.50	98.22%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$ 8,703.81	\$ 835,323.70	\$ 844,027.51	0.52%
2017	7,859.79	989,328.05	997,187.84	0.63%
2016	6,917.06	744,954.78	751,871.84	0.48%
2015	15,421.88	826,135.61	841,557.49	0.55%
2014	2,444.50	1,222,475.66	1,224,920.16	0.82%

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

<u>Year</u>	<u>Number</u>
2018	2
2017	2
2016	1
2015	3
2014	2

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2018	-
2017	-
2016	\$ 263,167.00
2015	263,167.00
2014	263,167.00

Note 5: SEWER UTILITY SERVICE CHARGES

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

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2018	\$ 32,622.35	-	\$ 601,972.94	\$ 634,595.29	\$ 370,288.25
2017	40,678.41	-	622,234.14	662,912.55	630,290.20
2016	40,469.80	-	683,474.98	723,944.78	666,501.14
2015	-	-	875,274.91	875,274.91	834,805.11
2014	-	-	669,790.61	669,790.61	669,790.61

Note 6: FUND BALANCES APPROPRIATED

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

<u>Year</u>	<u>Current Fund</u>		
	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 7,212,084.91	\$ 5,600,000.00	77.65%
2017	6,263,544.08	4,910,000.00	78.39%
2016	8,299,832.23	5,729,000.00	69.03%
2015	6,939,140.72	4,735,000.00	68.24%
2014	6,956,038.66	6,000,000.00	86.26%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2018:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 1,568.04	\$ 3,718,041.98
Trust - Animal Control	13,248.69	
Trust - Other	3,348,848.71	
Trust - Municipal Open Space	569,762.63	
General Capital		213,839.09
Public Assistance Trust Fund		1,547.00
	<u>\$ 3,933,428.07</u>	<u>\$ 3,933,428.07</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2019, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

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

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

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

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

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

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

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

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

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2018. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2018 was 13.78% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$1,414,065.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$1,291,997.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$773,292.90.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the active member contribution rate was 10% in State fiscal year 2018. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

Police and Firemen's Retirement System (Cont'd) - Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Township's contractually required contribution rate for the year ended December 31, 2018 was 29.04% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$5,778,092.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$5,380,255.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$2,000,438.40.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2018 was 3.23% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2018 is \$643,367.00, and was payable by April 1, 2019. Based on the PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2017 was \$525,655.00, which was paid on April 1, 2018.

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

For the year ended December 31, 2018, employee contributions totaled \$2,438.78, and the Township's contributions were \$1,409.97. There were no forfeitures during the year.

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

Public Employees' Retirement System - At December 31, 2018, the Township's proportionate share of the PERS net pension liability was \$27,991,235.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the Township's proportion was 0.1421632465%, which was an increase of 0.0026979526% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$1,892,376. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township's contribution to PERS was \$1,291,997, and was paid on April 1, 2018.

Police and Firemen's Retirement System - At December 31, 2018, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 79,974,760.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>10,863,249.00</u>
	<u>\$ 90,838,009.00</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2018 measurement date, the Township's proportion was 0.5910200749%, which was a decrease of 0.0169056640% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the Township, was .5910200749%, which was a decrease of .0169056640% from its proportion, on-behalf of the Township, measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$6,076,084.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township's contribution to PFRS was \$5,380,255.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is \$1,286,735.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2018, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 533,797.00	\$ 813,639.00	\$ 1,347,436.00	\$ 144,332.00	\$ 330,954.00	\$ 475,286.00
Changes of Assumptions	4,612,492.00	6,864,757.00	11,477,249.00	8,950,108.00	20,496,150.00	29,446,258.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	262,559.00	437,534.00	700,093.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	1,355,487.00	2,332,173.00	3,687,660.00	746,671.00	3,165,699.00	3,912,370.00
Township Contributions Subsequent to the Measurement Date	707,033.00	2,889,046.00	3,596,079.00	-	-	-
	<u>\$ 7,208,809.00</u>	<u>\$ 12,899,615.00</u>	<u>\$ 20,108,424.00</u>	<u>\$ 10,103,670.00</u>	<u>\$ 24,430,337.00</u>	<u>\$ 34,534,007.00</u>

\$707,033.00 and \$2,889,046.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the Township's year end of December 31, 2018.

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

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

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

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

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

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2019	\$ 474,550.00	\$ 561,025.00	\$ 1,035,575.00
2020	(46,867.00)	(2,161,553.00)	(2,208,420.00)
2021	(1,895,524.00)	(6,501,666.00)	(8,397,190.00)
2022	(1,666,787.00)	(4,672,784.00)	(6,339,571.00)
2023	(467,266.00)	(1,644,790.00)	(2,112,056.00)
	<u>\$ (3,601,894.00)</u>	<u>\$ (14,419,768.00)</u>	<u>\$ (18,021,662.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

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

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For PFRS, preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvements assumed. Post-retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvements assumed.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2018 are summarized in the following table:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2018 was 5.66% for PERS and 6.51% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2046 for PERS and through 2062 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046 for PERS and through 2062 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 8: PENSION PLANS (CONT'D)**Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Public Employees' Retirement System (PERS) - The following presents the Township's proportionate share of the net pension liability at June 30, 2018, the Plan's measurement date, calculated using a discount rate of 5.66%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 35,195,752.00</u>	<u>\$ 27,991,235.00</u>	<u>\$ 21,947,105.00</u>

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2018, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.51%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Township's Proportionate Share of the Net Pension Liability	\$ 107,036,292.00	\$ 79,974,760.00	\$ 57,653,926.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>14,539,110.72</u>	<u>10,863,249.00</u>	<u>7,831,332.65</u>
	<u>\$ 121,575,402.72</u>	<u>\$ 90,838,009.00</u>	<u>\$ 65,485,258.65</u>

Pension Plan Fiduciary Net Position

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

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information**

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

Schedule of the Township's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Six Years)

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

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

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

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

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

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

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

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

None

Changes in Assumptions

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

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

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

For 2015, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

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

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

Changes in Assumptions

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

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

For 2016, the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter.

For 2015, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

Note 9: ON-BEHALF PAYMENTS**Pension Costs**

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

Payments made by the Township of Teaneck, on-behalf of the Library, for the Library's share of employer contributions during the year ended December 31, 2018 totaled \$157,282.58.

Other Post Employment Benefit Costs

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

The Township of Teaneck, on-behalf of the Library, was billed monthly by the Plan and paid \$376,030.68 for the year ended December 31, 2018.

Note 10: COMPENSATED ABSENCES

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

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

The Township has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2018, the balance of the fund was \$205,536.08. It is estimated that, at December 31, 2018, accrued benefits for compensated absences are valued at \$8,460,006.78.

Note 11: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 12: LEASE OBLIGATIONS

At December 31, 2018, the Township had lease agreements in effect for the following:

- Operating:
 - Eleven (11) Ricoh Copiers
 - One (1) Pitney Bowes Mailing Machine
 - Three (3) Sharp Copiers

Operating Leases - Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 29,842.20
2020	18,024.22
2021	7,005.66

Rental payments under operating leases for the year 2018 were \$38,894.97.

Note 13: CAPITAL DEBT

General Improvement Bonds

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

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

Note 13: CAPITAL DEBT (CONT'D)**General Improvement Bonds (Cont'd)**

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

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 900,000.00	\$ 342,500.00	\$ 1,242,500.00
2020	900,000.00	324,500.00	1,224,500.00
2021	900,000.00	306,500.00	1,206,500.00
2022	900,000.00	288,500.00	1,188,500.00
2023	900,000.00	270,250.00	1,170,250.00
2024-2028	4,800,000.00	973,500.00	5,773,500.00
2029-2032	4,000,000.00	219,000.00	4,219,000.00
	<u>\$ 13,300,000.00</u>	<u>\$ 2,724,750.00</u>	<u>\$ 16,024,750.00</u>

General Debt – New Jersey Downtown Improvement District Loan

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

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

<u>Year</u>	<u>General</u>	
	<u>Principal</u>	<u>Total</u>
2019	\$ 40,000.00	\$ 40,000.00
2020	40,000.00	40,000.00
2021	40,000.00	40,000.00
	<u>\$ 120,000.00</u>	<u>\$ 120,000.00</u>

General Debt - New Jersey Green Acres Loans

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

Note 13: CAPITAL DEBT (CONT'D)**General Debt - New Jersey Green Acres Loans (Cont'd)**

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

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 5,736.66	\$ 2,269.42	\$ 8,006.08
2020	5,851.97	2,154.11	8,006.08
2021	5,969.60	2,036.48	8,006.08
2022	6,089.59	1,916.50	8,006.09
2023	6,211.99	1,794.10	8,006.09
2024-2028	32,983.81	7,046.60	40,030.41
2029-2033	36,434.64	3,595.78	40,030.42
2034-2035	15,619.74	392.44	16,012.18
	<u>\$ 114,898.00</u>	<u>\$ 21,205.43</u>	<u>\$ 136,103.43</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 29,934,898.00	\$ 25,585,521.63	\$ 27,781,034.46
Bonds Issued by Another Public Body Guaranteed By the Township	-	86,012.21	169,131.86
Total Issued	<u>29,934,898.00</u>	<u>25,671,533.84</u>	<u>27,950,166.32</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	<u>18,373,945.04</u>	<u>17,369,473.04</u>	<u>8,294,473.04</u>
Total Issued and Authorized but not Issued	<u>48,308,843.04</u>	<u>43,041,006.88</u>	<u>36,244,639.36</u>
<u>Deductions</u>			
Bonds Issued by Another Public Body Guaranteed by the Township	-	86,012.21	169,131.86
Reserve for Payment of Debt	96,627.80	-	-
Open Space Debt	114,898.00	-	-
Refunding Bonds - Judgments	<u>1,650,000.00</u>	<u>2,475,000.00</u>	<u>3,275,000.00</u>
Total Deductions	<u>1,861,525.80</u>	<u>2,561,012.21</u>	<u>3,444,131.86</u>
Net Debt	<u>\$ 46,447,317.24</u>	<u>\$ 40,479,994.67</u>	<u>\$ 32,800,507.50</u>

Note 13: CAPITAL DEBT (CONT'D)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .826%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 13,050,000.00	\$ 13,050,000.00	
General	48,308,843.04	1,861,525.80	\$ 46,447,317.24
	<u>\$ 61,358,843.04</u>	<u>\$ 14,911,525.80</u>	<u>\$ 46,447,317.24</u>

Net debt \$46,447,317.24 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$5,620,635,161.67, equals .826%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 196,722,230.66
Less: Net Debt	<u>46,447,317.24</u>
Remaining Borrowing Power	<u>\$ 150,274,913.42</u>

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

Note 14: RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 15,000.00	\$ 71,903.16	\$ 8,222.36
2017	15,000.00	32,915.02	24,971.64
2016	35,000.00	94,536.12	2,128.43

It is estimated that there are no unreimbursed payments on behalf of the Township at December 31, 2018.

Note 14: RISK MANAGEMENT (CONT'D)

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

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

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

The Fund provides the Township with the following coverage:

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

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

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

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2018, which can be obtained from:

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

Note 14: RISK MANAGEMENT (CONT'D)

Self-Insurance Plan – Prior to January 1, 2017, the Township had adopted a plan of self-insurance for workers' compensation and general liability insurance, and as a result, established a trust fund to fund potential claims up to \$1,000,000.00 per any one incident for a workers compensation claim and \$100,000.00 to \$1,000,000.00 per any one accident for a general liability claim, based on the type of claim. Claims greater than this amount are covered by an excess workers' compensation and general liability insurance policy. D&H Alternative Risk Solutions administers the plan. Any additional funding required for claims in excess of the trust fund's reserve will be paid and charged to future budgets.

On January 1, 2017, the Township obtained workers compensation and general liability insurance through the Joint Insurance Pool, however, claims still exist as of December 31, 2018 from the period in which the Township was self-insured. The workers' compensation insurance claims liability (incurred) is based on an analysis prepared by management. The remaining claims liability (incurred) is based on an evaluation performed by the third-party administrator of the plan. The total liability of \$350,000.00 consists of an estimate of claims incurred but not reported.

There is no remaining claims liability for general liability insurance.

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

Workers Compensation	<u>2018</u>	<u>2017</u>
Claims Liability Balance, January 1	\$ 269,000.00	\$ 1,003,226.38
Incurred Claims	1,298,123.18	493,923.43
Payment of Claims	<u>(1,217,123.18)</u>	<u>(1,228,149.81)</u>
Claims Liability Balance, December 31	<u>\$ 350,000.00</u>	<u>\$ 269,000.00</u>
General Liability	<u>2018</u>	<u>2017</u>
Incurred Claims	\$ 526,622.03	\$ 145,290.66
Payment of Claims	<u>(526,622.03)</u>	<u>(145,290.66)</u>
Claims Liability Balance, December 31	<u>-</u>	<u>-</u>

There have been no settlements that exceed the Township's coverage for years ended December 31, 2018, 2017, and 2016.

Note 15: CONCENTRATIONS

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

Note 16: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

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

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

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

Note 17: CONTINGENCIES

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

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

Tax Appeals - As of December 31, 2018, there is a commercial tax assessment appeal filed against the Township for years ranging from 2007 to 2018. While the outcome of this appeal has yet to be determined, there is a possibility that the Tax Court may find in favor of the property owner, reducing the property assessment. If a judgment is ruled in favor of the property owner, the Township is required to refund or give credit to future taxes levied for any overpayment created by the judgment. The Township is unable to estimate the timing and amount of this pending judgment but it could potentially be \$3,000,000.00 to in excess of \$8,000,000.00. In addition, approximately 174 tax appeals have been filed. The outcome of these appeals has yet to be determined, however it is expected that some will be in favor of the property owner. The Township is unable to estimate the timing and amount of these pending judgments but it could potentially be \$3,532,000.00. Although the Township is unable to estimate the outcome of these appeals, the Township appropriated \$300,000.00 in the 2019 budget for any potential 2018 refunds. The Township anticipates funding these judgments though budget appropriation or the adoption of a refunding bond ordinance which will allow the Township to fund these payments over several years.

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the OPEB Plan**

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

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

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

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

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

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the OPEB Plan (Cont'd)**

Contributions (Cont'd) - The Township was billed monthly by the Plan and paid \$112,643.06 for the year ended December 31, 2018, representing 0.37% of the Township's covered payroll. During the year ended December 31, 2018 retirees were required to contribute \$2,861.28.

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

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

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

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Township, is not known, however, under the Special Funding Situation, the State's OPEB expense, on-behalf of the Township, is \$2,105,010.00 for the year ended December 31, 2018 representing 6.98% of the Township's covered payroll.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability - At December 31, 2018 the Township's and State's proportionate share of the net OPEB liability were as follows:

Township's Proportionate Share of Net OPEB Liability	\$ 24,658,004.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township	<u>69,538,450.00</u>
	<u>\$ 94,196,454.00</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

OPEB Liability (Cont'd) - The Township's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Township's proportion was 0.157392% which was an increase of 0.001078% from its proportion measured as of the June 30, 2017 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the Township was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the State's proportion on-behalf of the Township was 1.119089% which was an increase of 0.008976% from its proportion measured as of the June 30, 2017 measurement date.

OPEB Expense - At December 31, 2018, the Township's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is \$1,257,237.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township made contributions to the Plan totaling \$112,643.06.

At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is \$2,105,010.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2018, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 5,006,454.00
Changes of Assumptions	-	6,254,826.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	13,031.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	1,830,287.00	-
Township Contributions Subsequent to the Measurement Date	-	-
	<u>\$ 1,843,318.00</u>	<u>\$ 11,261,280.00</u>

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

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

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

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

<u>Year Ending Dec. 31,</u>	
2019	\$ (1,354,098.00)
2020	(1,354,098.00)
2021	(1,354,098.00)
2022	(1,355,475.00)
2023	(1,357,700.00)
Thereafter	(2,642,493.00)
	<u>\$ (9,417,962.00)</u>

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions**

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

* Salary Increases are Based on the Defined Benefit Plan that the Member is Enrolled in and his or her Age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

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

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions (Cont'd)**

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

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

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays a portion of the Township's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2018, the Plans measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
Township's Proportionate Share of the Net OPEB Liability	\$ 28,930,358.00	\$ 24,658,004.00	\$ 21,245,360.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>81,586,987.00</u>	<u>69,538,450.00</u>	<u>59,914,396.00</u>
	<u>\$ 110,517,345.00</u>	<u>\$ 94,196,454.00</u>	<u>\$ 81,159,756.00</u>

The Township's and State's proportionate share of the net OPEB Liability as of June 30, 2018, the Plans measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Township's Proportionate Share of the Net OPEB Liability	\$ 20,568,729.00	\$ 24,658,004.00	\$ 29,950,134.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>58,006,217.00</u>	<u>69,538,450.00</u>	<u>84,462,873.00</u>
	<u>\$ 78,574,946.00</u>	<u>\$ 94,196,454.00</u>	<u>\$ 114,413,007.00</u>

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Plan Fiduciary Net Position**

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

Supplementary OPEB Information

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

Schedule of the Township's Proportionate Share of the net OPEB Liability (Last 2 Years)

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

Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Supplementary OPEB Information (Cont'd)*****Schedule of the Township's Contributions (Last 2 Years)***

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

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

None

Changes in Assumptions

In 2017, the discount rate changed to 3.58% from 2.85%. In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

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APPENDIX C

[Proposed Form of Bond Counsel Opinion]

August ____, 2020

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 \$13,280,000 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 August 1, 2020 and comprise an issue of registered bonds. The Bonds bear interest from their date, payable on each February 1 and August 1, commencing February 1, 2021 (each, an "Interest Payment Date"), in each year until maturity or prior redemption.

The Bonds are payable in annual installments on August 1 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>
2021	\$1,000,000	%	2027	\$1,115,000	%
2022	1,025,000		2028	1,135,000	
2023	1,040,000		2029	1,150,000	
2024	1,065,000		2030	1,175,000	
2025	1,075,000		2031	1,200,000	
2026	1,100,000		2032	1,200,000	

The Bonds maturing on or before August 1, 2027 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after August 1, 2028 are subject to

Township Council
Township of Teaneck
County of Bergen, New Jersey
August ____, 2020
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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 August 1, 2027, 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 twenty bond ordinances adopted by the Township Council of the Township on October 12, 2010 (Ord. No. 4204), February 8, 2011 (two ordinances: Ord. Nos. 4215 and 4217), February 22, 2011 (two ordinances: Ord. Nos. 4222 and 4223), May 24, 2011 (two ordinances: Ord. Nos. 4235 and 4236), June 28, 2011 (three ordinances: Ord. Nos. 4238, 4239 and 4240), August 14, 2012 (Ord. No. 4267), September 11, 2012 (Ord. No. 4270), September 24, 2012 (Ord. No. 4273), March 19, 2013 (Ord. No. 6-2013), June 25, 2013 (Ord. No. 22-2013), August 12, 2014 (Ord. No. 25-2014), June 9, 2015 (Ord. No. 23-2015), February 9, 2016 (Ord. No. 44-2015), June 28, 2016 (Ord. No. 18-2016) and April 25, 2017 (Ord. No. 10-2017) and resolutions adopted by the Township Council of the Township on July 14, 2020.

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.

Township Council
Township of Teaneck
County of Bergen, New Jersey
August ____, 2020
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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.

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Township of Teaneck
County of Bergen, New Jersey
August ____, 2020
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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 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.

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. 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