

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 25, 2025

NEW ISSUE (BOOK-ENTRY ONLY)

RATING: Moody's: "MIG 1"
See "RATING" herein

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township (as defined herein) with certain covenants described herein, interest on the BAN (as defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact, and statements of reasonable expectation made by the Township in its Tax Certificate (as defined herein), assume continuing compliance by the Township with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

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

\$32,000,000
BOND ANTICIPATION NOTES, SERIES 2025
(TAX-EXEMPT)

(NON-CALLABLE)

Dated: Date of Delivery
Maturity Date: December 14, 2026
Coupon: ____%
Yield: ____%
CUSIP* 878164____

\$3,536,000
SPECIAL EMERGENCY NOTES, SERIES 2025B
(FEDERALLY TAXABLE)

(NON-CALLABLE)

Dated: Date of Delivery
Maturity Date: December 14, 2026
Coupon: ____%
Yield: ____%
CUSIP*: 878164____

The \$32,000,000 aggregate principal amount of Bond Anticipation Notes, Series 2025 (Tax-Exempt) (the "BAN"), and \$3,536,000 aggregate principal amount of Special Emergency Notes, Series 2025B (Federally Taxable) (the "SEN"; and together with the BAN, the "Notes"), dated December 15, 2025 and maturing on December 14, 2026, are general obligations of the Township of Teaneck, in the County of Bergen, (the "Township"), a municipal corporation organized and existing under the laws of the State of New Jersey, payable in the first instance from the proceeds of the sale of bonds or notes issued in anticipation of bonds, but if not so paid or if not paid from other sources, are payable ultimately from *ad valorem* taxes levied upon all the taxable property located within the Township for the payment of the principal of the Notes and the interest thereon without limitation as to rate or amount.

The Notes will be issued in fully registered book-entry form and, when issued, will be registered in the name of, and held by, Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Individual purchases of the Notes will be made book-entry form (without certificates) in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, through book entries made on the books and records of DTC and its participants.

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

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

The BAN is authorized by, and is issued pursuant to: (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the Township Council of the Township on the dates set forth herein, approved by the Mayor, and published as required by law; and (iii) a resolution duly adopted by the Township Council of the Township on November 10, 2025 (the "Authorizing Resolution").

The SEN is authorized by, and is issued pursuant to: (i) the provisions of the Local Budget Law of the State of New Jersey, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"), specifically 40A:4-53(b) and (h); (ii) various special emergency ordinances duly adopted by the Township Council of the Township, approved by the Mayor, and published as required by law; (iii) various special emergency resolutions duly adopted by the Township Council of the Township; and (iv) the Authorizing Resolution.

The BAN is being issued to: (i) refund, on a current basis, a \$21,971,000 principal portion of outstanding bond anticipation notes of the Township issued in the aggregate principal amount of \$22,000,000 on December 17, 2024 and maturing on December 16, 2025 (the "Refunded BAN Notes") (with the remaining principal portion of such Refunded BAN Notes being paid by a 2025 budgetary appropriation of the Township in the amount of \$29,000); and (ii) temporarily finance the costs of various capital improvements and acquisitions in and by the Township in the amount of \$10,029,000, including paying the costs associated with the issuance of the BAN.

The SEN is being issued to: (i) refund, on a current basis, a \$2,546,000 principal portion of outstanding special emergency notes of the Township issued in the aggregate principal amount of \$3,957,000 on December 17, 2024 and maturing on December 16, 2025 (the "Refunded SEN Notes"), which Refunded SEN Notes were issued to finance (a) \$3,137,000 to fund the cost of special emergency appropriations of the Township for contractually required severance liabilities due and payable to certain employees of the Township, and (b) \$820,000 to fund the cost of a special emergency appropriation of the Township to pay for the preparation and execution of a complete program of reevaluation of real property ordered by the Bergen County Board of Taxation for Tax Year 2024 (with the remaining principal portion of such Refunded SEN Notes being paid by a 2025 budgetary appropriation of the Township in the amount of \$1,411,000); and (ii) finance a \$990,000 special emergency appropriation of the Township for the payment of contractually required severance liabilities resulting from the retirement and/or layoff of certain employees of the Township.

The Notes are not subject to redemption prior to their stated date of maturity. See "DESCRIPTION OF THE NOTES" under the subheading entitled "Optional Redemption".

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

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

The Notes are offered when, as and if issued and delivered to the Underwriters subject to the approval of the legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Township, and certain other conditions. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes. Certain legal matters will be passed upon for the Township by the Township Attorney, Jardim, Meisner, Salmon, Sprague & Susser, P.C., Florham Park, New Jersey. It is anticipated that the Notes will be available for delivery through DTC on or about December 15, 2025.

ELECTRONIC BIDS FOR THE BAN, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, WILL BE RECEIVED BY THE MUNICIPAL ADVISOR, ON BEHALF OF THE CHIEF FINANCIAL OFFICER OF THE TOWNSHIP, UNTIL 11:00 A.M., PREVAILING NEW JERSEY TIME, ON WEDNESDAY, DECEMBER 3, 2025, VIA ELECTRONIC MAIL AT BMORRIS@MUNIADVISORS.COM, OR VIA THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC AT HTTPS://NEWISSUE.MUNI.SPGLOBAL.COM. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.

ELECTRONIC BIDS FOR THE SEN, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, WILL BE RECEIVED BY THE MUNICIPAL ADVISOR, ON BEHALF OF THE CHIEF FINANCIAL OFFICER OF THE TOWNSHIP, UNTIL 11:15 A.M., PREVAILING NEW JERSEY TIME, ON WEDNESDAY, DECEMBER 3, 2025, VIA ELECTRONIC MAIL AT BMORRIS@MUNIADVISORS.COM, OR VIA THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC AT HTTPS://NEWISSUE.MUNI.SPGLOBAL.COM. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.

* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of the Noteholders only at the time of issuance of the Notes and the Township does not make any representation with respect to such numbers or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Notes as a result of various subsequent actions, including, but not limited to, the procurement of secondary market portfolio insurance or other similar enhancement by investors that are applicable to the Notes.

This is a Preliminary Official Statement "deemed final" by the Township 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 is otherwise subject to change in accordance with applicable law. The Township will deliver a final Official Statement in compliance with Rule 15c2-12. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities law of any such jurisdiction.

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

MAYOR

Mark J. Schwartz

TOWNSHIP COUNCIL

Karen Orgen, Deputy Mayor 1
Denise Belcher, Deputy Mayor 2
Danielle Gee
Hillary Goldberg
Elie Y. Katz
Michael Pagan

TOWNSHIP MANAGER

Jaclyn Hashmat

CHIEF FINANCIAL OFFICER

Issa Abbasi

TOWNSHIP CLERK

Doug Ruccione

TOWNSHIP ATTORNEY

Scott D. Salmon, Esq.
Jardim, Meisner, Salmon, Sprague & Susser, P.C.
Florham Park, New Jersey

INDEPENDENT AUDITORS

Bowman & Company LLP
Voorhees, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors,
a division of First Security Municipal Advisors, Inc.
Hamilton, New Jersey

BOND COUNSEL

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

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

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

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

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

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

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

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

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

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

**\$32,000,000
BOND ANTICIPATION NOTES, SERIES 2025
(TAX-EXEMPT)

(NON-CALLABLE)**

**\$3,536,000
SPECIAL EMERGENCY NOTES, SERIES 2025B
(FEDERALLY TAXABLE)

(NON-CALLABLE)**

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Township of Teaneck (the "Township"), in the County of Bergen (the "County"), a municipal corporation organized and existing under the laws of the State of New Jersey (the "State"), in connection with the offering, sale and issuance of the Township's \$32,000,000 aggregate principal amount of Bond Anticipation Notes, Series 2025 (Tax-Exempt) (the "BAN"), and \$3,536,000 aggregate principal amount of Special Emergency Notes, Series 2025B (Federally Taxable) (the "SEN", and together with the BAN, the "Notes"), dated December 15, 2025 and maturing on December 14, 2026. This Official Statement, which includes the cover page and appendices attached hereto, has been authorized by the Township Council of the Township, and executed by and on behalf of the Township by its Chief Financial Officer, and is to be distributed in connection with the offering, sale and issuance of the Notes.

This Official Statement contains specific information relating to the Notes including their general description, the purposes of their issuance, a summary of borrowing procedures, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to the sale, issuance and delivery of the Notes. This Official Statement should be read in its entirety.

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

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

DESCRIPTION OF THE NOTES

General Description

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

One certificate for the aggregate principal amount of each series of the Notes will be issued as fully registered notes in book-entry form and, when issued, will be registered in the name of, and held by, Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent (the "Paying Agent") on the date of maturity of the Notes by wire transfer of immediately available funds to DTC or its nominee, Cede & Co. Purchases of beneficial ownership interests

in the Notes will be made in book-entry form, without certificates, in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

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

Optional Redemption

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

Authorization for the Issuance of the Notes

BAN

The BAN is authorized by, and is issued pursuant to: (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”); (ii) various bond ordinances duly adopted by the Township Council of the Township on the dates set forth in the chart on the following page under the subheading “Purpose of the Notes – BAN”, approved by the Mayor, and published as required by law; and (iii) a resolution duly adopted by the Township Council of the Township on November 10, 2025 (the “Authorizing Resolution”).

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

SEN

The SEN is authorized by, and is issued pursuant to: (i) the provisions of the Local Budget Law of the State of New Jersey, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the “Local Budget Law”), specifically 40A:4-53(b) and (h); (ii) various special emergency ordinances duly adopted by the Township Council of the Township on the dates set forth in the chart below under the subheading “Purpose of the Notes – SEN”, approved by the Mayor, and published as required by law; (iii) various special emergency resolutions duly adopted by the Township Council of the Township; and (iv) the Authorizing Resolution.

Purpose of the Notes

BAN

The BAN is being issued to: (i) refund, on a current basis, a \$21,971,000 principal portion of outstanding bond anticipation notes of the Township issued in the aggregate principal amount of \$22,000,000 on December 17, 2024 and maturing on December 16, 2025 (the “Refunded BAN Notes”) (with the remaining principal portion of such Refunded BAN Notes being paid by a 2025 budgetary appropriation of the Township in the amount of \$29,000); and (ii) temporarily finance the costs of various capital improvements and

acquisitions in and by the Township in the amount of \$10,029,000, including paying the costs associated with the issuance of the BAN.

The improvements or purposes for which the BAN is to be issued have been authorized by bond ordinances duly adopted by the Township Council of the Township, which bond ordinances are described in the following table by Ordinance Number, Description and Date of Final Adoption and the Amount of BAN Proceeds to be Used for such improvements or purposes. The bond ordinances are as follows:

\$32,000,000
Bond Anticipation Notes, Series 2025 (Tax-Exempt)

Ordinance Number	Description and Date of Final Adoption	Amount of BAN Proceeds to be Issued
24-2018	Various Public Improvements and the Acquisition of New Additional or Replacement Equipment and Machinery and New Fire Engines and New Automotive Vehicles, Including Original Apparatus and Equipment, finally adopted 10/10/18	\$ 4,315,725
40-2019	Various Public Improvements and the Acquisition of New Additional or Replacement Equipment and Machinery, New Communication and Signal Systems Equipment and New Automotive Vehicles, Including Original Apparatus and Equipment, finally adopted 11/12/19	5,680,950
28-2020	Various 2020 Capital Improvements, finally adopted 10/20/20	4,405,400
52-2021	Various Public Improvements and the Acquisition of New Additional or Replacement Equipment and Machinery, finally adopted 11/23/21	4,762,200
35-2022	Various Public Improvements and the Acquisition of New Additional or Replacement Equipment and Machinery, finally adopted 8/9/22	4,677,600
26-2023	Various Capital Improvements, finally adopted 06/13/23	<u>8,158,125</u>
	TOTAL:	<u>\$ 32,000,000</u>

SEN

The SEN is being issued to: (i) refund, on a current basis, a \$2,546,000 principal portion of outstanding special emergency notes of the Township issued in the aggregate principal amount of \$3,957,000 on December 17, 2024 and maturing on December 16, 2025 (the "Refunded SEN Notes"), which Refunded SEN Notes were issued to finance (a) \$3,137,000 to fund the cost of special emergency appropriations of the Township for contractually required severance liabilities due and payable to certain employees of the Township, and (b) \$820,000 to fund the cost of a special emergency appropriation of the Township to pay for the preparation and execution of a complete program of revaluation of real property ordered by the Bergen County Board of Taxation for Tax Year 2024 (with the remaining principal portion of such Refunded SEN Notes being paid by a 2025 budgetary appropriation of the Township in the amount of \$1,411,000); and (ii) finance a \$990,000 special emergency appropriation of the Township for the payment

of contractually required severance liabilities resulting from the retirement and/or layoff of certain employees of the Township.

The purposes for which the SEN is to be issued have been authorized by ordinances duly adopted by the Township Council of the Township, which ordinances are described in the following table by Ordinance Number, Description and Date of Final Adoption and the Amount of SEN Proceeds to be Used for such purposes. The ordinances are as follows:

\$3,536,000
Special Emergency Notes, Series 2025B (Federally Taxable)

Ordinance Number	Description and Date of Final Adoption	Amount of SEN Proceeds to be Issued
53-2021, amending Ordinance 19-2020	Contractually Required Severance Liabilities, finally adopted 11/23/21	\$ 196,000
54-2022	Contractually Required Severance Liabilities, finally adopted 11/22/22	639,000
38-2023	Contractually Required Severance Liabilities, finally adopted 11/21/23	579,000
8-2023	Preparation and Execution of a Complete Program of Revaluation of All Real Property Within the Township of Teaneck for the Tax Year 2024, finally adopted 02/14/23	580,000
27-2024	Contractually Required Severance Liabilities, finally adopted 11/12/24	552,000
38-2025	Contractually Required Severance Liabilities, finally adopted 11/10/25	<u>990,000</u>
	TOTAL:	<u>\$ 3,536,000</u>

Payment of Notes

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

SECURITY AND PAYMENT FOR THE NOTES

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

The Township is required by law to include the total amount of principal of and interest on all of its general obligation indebtedness, such as the Notes, for the current year in each annual budget unless

provision has been made for payment of such general obligation indebtedness from other sources. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "RISK TO HOLDERS OF NOTES" herein.

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

RECENT HEALTHCARE DEVELOPMENTS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State (the "Governor") declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Township have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the Township's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

AMERICAN RESCUE PLAN ACT OF 2021

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

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

The Township received \$4,216,468.04 in Federal Aid under the Plan, \$2,108,234.02 of which amount was received by the Township in July of 2021 and \$2,108,234.02 was received by the Township in July of 2022. The deadline to commit the funds was December 31, 2024 and to spend funds is December 31, 2026.

CLIMATE

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods, earthquakes and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels.

The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Township, as well as resulting in economic impacts such as loss of *ad valorem* tax revenue, interruption of municipal services, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Township.

CYBER SECURITY

The Township relies on a complex technology environment to conduct its various operations. As a result, the Township faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Township maintains certain insurance coverage for cyberattacks and related events. No assurances can be given that the Township's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Township.

NO DEFAULT

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

MARKET PROTECTION

The Township does not anticipate issuing any bonds within the next ninety (90) days. The Township may issue additional bond anticipation notes or special emergency notes, as necessary, within the next ninety (90) days.

BOOK-ENTRY SYSTEM*

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

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

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

* Source: The Depository Trust Company.

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

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

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

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

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

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

representative of DTC) is the responsibility of the Township or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Discontinuance of Book-Entry System

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

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

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

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

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

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

Short Term Financing

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

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the Township, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued. The Township has not issued tax anticipation notes during the last ten (10) years.

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

Refunding bonds may be issued by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including temporary emergency appropriations, emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system, the present value of unfunded accrued liabilities for State administered early retirement incentive benefits, amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. Refunding bonds issued to pay, fund or refund outstanding bonds may be issued in accordance with N.J.A.C. 5:30-2.5 and, therefore, no approval is required by the Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs (the "Local Finance Board"); however, the details of the sale, issuance and delivery of the refunding bonds will be delivered to the Local Finance Board within ten (10) days of the delivery of the refunding bonds.

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

There are statutory requirements which limit the amount of debt which the Township is permitted to authorize. The authorized bonded indebtedness of a local unit is limited by the Local Bond Law and other laws to an amount equal to three and one-half percent (3 1/2%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the Township for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuations by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted

for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" herein.

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

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

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

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

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

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

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

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

Investment of Municipal Funds

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

DEBT INFORMATION OF THE TOWNSHIP

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

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

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

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

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the Township, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been

approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit may examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

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

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. The capital program, when adopted, does not constitute the appropriation of funds, but sets forth a plan of capital expenditures which the local unit may contemplate over the next six (6) years or the next three (3) years, as applicable. Expenditures for capital purposes may be made either by ordinances adopted by the governing body which set forth the items and the methods of financing, or from the annual operating budget. See "CAPITAL IMPROVEMENT PROGRAM" herein.

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

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

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the Township was not eligible for local examination of its budget in 2025. The Township adopted its 2025 budget on May 20, 2025 in accordance with the procedures described under the heading entitled, "Financial Management – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)".

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

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

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

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

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

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

Deferral of Current Expenses

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

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1, -55.2, -55.3. Emergency appropriations for capital projects may be financed through the

adoption of a bond ordinance and amortized over the useful life of the project as described above. The SEN is being issued pursuant to Sections 53 and 55 of the Local Budget Law.

Budget Transfers

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

Anticipation of Real Estate Taxes

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

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

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

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

Anticipation of Miscellaneous Revenues

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

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

CAPITAL IMPROVEMENT PROGRAM

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

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with the rising values.

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

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

Fiscal year municipalities follow the same general rationale for the billing of property taxes, however billing is processed semi-annually. The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formula used to calculate tax bills under P.L. 1994, C. 72 is as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous year's billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in

accordance with State Statutes. Tax title liens are periodically assigned to the Township Attorney (as defined herein) for in rem foreclosures in order to acquire title to these properties.

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

Tax Appeals

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

TAX MATTERS

Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the BAN in order for the interest on the BAN to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the BAN to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the BAN. The Township will represent in a tax certificate (the "Tax Certificate") relating to the BAN that it reasonably expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Township ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township with the requirements of the Code and the representations and covenants made by the Township in the Tax Certificate, interest on the BAN is not includable in gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code and will not be treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

The BAN will not be designated as a "qualified tax-exempt obligation" as defined in and for the purpose of Section 265(b)(3) of the Code.

Additional Federal Income Tax Consequences Relating to the BAN

Prospective purchasers of the BAN should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the BAN, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income

credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the BAN should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

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

Prospective Tax Law Changes

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

Other Tax Consequences

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

See APPENDIX C and APPENDIX D for the complete text of the proposed forms of Bond Counsel's legal opinions with respect to the BAN and SEN, respectively.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING, BUT NOT LIMITED TO, THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE NOTES.

LEGALITY FOR INVESTMENT

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

RISK TO HOLDERS OF NOTES

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

Municipal Bankruptcy

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

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

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

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

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

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

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

CERTIFICATES OF THE TOWNSHIP

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinions will be delivered with the Notes substantially in the forms set forth as APPENDIX C and APPENDIX D hereto. Certain legal matters with respect to the Notes will be passed on for the Township by the Township Attorney, Scott D. Salmon, Esq., Jardim, Meisner, Salmon, Sprague & Susser, P.C., Florham Park, New Jersey (the "Township Attorney"). The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Issa A. Abbasi, Chief Financial Officer, Township of Teaneck, 818 Teaneck Road, Teaneck, New Jersey 07666, (201) 837-1600, or e-mail: iabbasi@teanecknj.gov; the Township's Bond Counsel, Everett M. Johnson, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6149, or e-mail: ejohnson@wilentz.com; or the Township's Municipal Advisor, Bryan Morris, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, (609) 291-0130, or e-mail: bmorris@muniadvisors.com.

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Notes. 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 Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

LITIGATION

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

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

The Township has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated material events with respect to the Notes (the "Notices"), as set forth in Section (b)(5)(i)(C) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented. The Notices will be filed by the Township or the Dissemination Agent (as hereinafter defined) with the Municipal Securities Rulemaking Board (the "MSRB"). The specific nature of the Notices will be detailed in a certificate (the "Disclosure Certificate") to be executed on behalf of the Township by its Chief Financial Officer, in the form appearing in APPENDIX D hereto, such Disclosure Certificate to be delivered concurrently with the delivery of the Notes.

The Township has previously entered into secondary market disclosure undertakings in accordance with the Rule. The Township appointed Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

PREPARATION OF OFFICIAL STATEMENT

Bond Counsel has participated in the preparation and review of this Official Statement, but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement, nor verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the information contained under the heading entitled "TAX MATTERS" and the information provided in APPENDIX C and APPENDIX D hereto and expresses no opinion or other assurance other than that which is specifically set forth therein with respect thereto.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Township and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

Bowman & Company LLP, Voorhees, New Jersey, the Auditor to the Township, has participated in the preparation of the information contained in APPENDIX A hereto, but has not verified the accuracy, completeness, or fairness thereof and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the financial statements described below under the heading entitled "FINANCIAL STATEMENTS" and contained in APPENDIX B hereto and expresses no opinion or other assurance other than that which is specifically set forth therein with respect thereto.

The Township Attorney has not participated in the preparation of the information contained in this Official Statement, nor verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the sections under the headings entitled "APPROVAL OF LEGAL PROCEEDINGS" (as it relates to the Township Attorney) and "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

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

RATING

Moody's Investors Service, Inc. (the "Rating Agency") has assigned a rating of "MIG 1" to the Notes. 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 Notes 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 Notes.

UNDERWRITING

The BAN has been purchased from the Township at a public sale by _____ (the "BAN Underwriter") at a price of \$_____. The purchase price of the BAN reflects the par amount of the BAN equal to \$_____, plus a bid premium of \$_____.

The SEN has been purchased from the Township at a public sale by _____ (the "SEN Underwriter", and together with the BAN Underwriter, the "Underwriters") at a price of \$_____. The purchase price of the SEN reflects the par amount of the SEN equal to \$_____, plus a bid premium of \$_____.

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

FINANCIAL STATEMENTS

The audited financial statements of the Township as of and for the years ended December 31, 2024, 2023, 2022, 2021 and 2020, together with the Notes to the Financial Statements for the year ended December 31, 2024, are presented in APPENDIX B to this Official Statement. The audited financial statements referred to above have been audited by Bowman & Company LLP, Voorhees, New Jersey, independent auditors, as stated in their Independent Auditor's Report appearing in APPENDIX B hereto.

MISCELLANEOUS

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

This Official Statement is not to be construed as a contract or an agreement between the Township and any purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall,

under any circumstance, create any implication that there have been no changes in the affairs of the Township, the State or any of their agencies or authorities, since the date hereof.

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

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

**ISSA ABBASI,
Chief Financial Officer**

DATED: December __, 2025

APPENDIX A

**CERTAIN ECONOMIC INFORMATION CONCERNING
THE TOWNSHIP OF TEANECK**

GENERAL INFORMATION ON THE TOWNSHIP

Size and Geographical Location

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

History

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

Form of Government

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

Health Care Facilities

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

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, 2019, and 2022.

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 57 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 Veolia 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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Full-time	371	371	371	371	371
Part-time	296	296	296	296	296
Total	667	667	667	667	667

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, 2030
2. Police Benevolent Association Local 215 (PBA) – Union for all rank and file police officers
Contract expires on December 31, 2030
3. Fire Officers Association (FOA Local 242) – Union for all supervising fire officers (Lieutenants, Captains, Battalion Chiefs)
Contract expires on December 31, 2026

4. Fire Members Benevolent Association (FMBA Local 42) – Union for all rank and file fire fighters
Contract expires on December 31, 2030
5. Public Works Supervisors – Union for all Public Works Supervisors
Contract expired on December 31, 2028
6. United Public Service Employees Union (UPSEU) – Union for all rank and file Public Works Staff
Contract expires on December 31, 2026
7. Association of Federal, State, County, Municipal Employees Local 52 (AFSCME) – Union for all non-management employees in the Township
Contract expires on December 31, 2026
8. Teaneck Public Library Staff Association – Union for all Public Library Staff with the exception of the Library Director
Contract expires on December 31, 2025 (Tentatively settled through 2030)

Compensated Absences

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

Police and Fire Department Uniform Personnel – 1 Year

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

All other employees – 30 days

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

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

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

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

Pension Plans

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

Township Population

2020 Federal Census	41,246
2010 Federal Census	39,776
2000 Federal Census	39,260
1990 Federal Census	37,825
1980 Federal Census	39,007

Selected Census 2023 Data ⁽¹⁾

Median household income	\$134,311
Per capita income	\$59,937

Labor Force ⁽²⁾

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Township					
Labor Force	22,759	22,546	21,849	20,974	20,395
Employment	21,868	21,704	21,116	19,723	18,690
Unemployment	891	842	733	1,251	1,705
Unemployment Rate	3.9%	3.7%	3.4%	6.0%	8.4%
County					
Labor Force	541,844	536,776	519,799	499,794	494,538
Employment	521,596	517,682	502,401	468,726	449,149
Unemployment	20,248	19,094	17,398	31,068	45,389
Unemployment Rate	3.7%	3.6%	3.3%	6.2%	9.2%
State					
Labor Force	4,898,008	4,867,113	4,756,002	4,654,243	4,643,700
Employment	4,676,064	4,659,779	4,572,879	4,342,075	4,204,301
Unemployment	221,944	207,334	183,123	312,168	439,399
Unemployment Rate	4.5%	4.3%	3.9%	6.7%	9.5%

Business and Industry

The Township is home to approximately 1,200 small businesses in addition to a Marriott 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>
2024	2,436	\$53,312,996
2023	2,306	\$96,291,785
2022	2,155	\$57,982,110
2021	2,037	\$41,216,491
2020	1,565	\$46,975,031

TEN LARGEST EMPLOYERS IN THE COUNTY⁽²⁾

<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/Mahwah

INFORMATION ON THE SCHOOL DISTRICT ⁽³⁾

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⁾ Source: County Department of Planning and Economic Development

⁽³⁾ 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>October 15,</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Preschool	283	258	202	174	174
K	155	197	181	151	170
1	195	170	151	176	179
2	171	170	170	192	199
3	174	172	185	196	181
4	170	190	186	184	185
5	179	195	185	180	188
6	191	217	178	198	191
7	215	210	204	205	219
8	217	195	203	221	221
9	210	246	243	224	222
10	249	263	238	233	226
11	271	265	244	233	235
12	263	234	247	233	214
Sp. Ed.	<u>681</u>	<u>692</u>	<u>772</u>	<u>799</u>	<u>812</u>
Totals	<u>3,624</u>	<u>3,674</u>	<u>3,589</u>	<u>3,599</u>	<u>3,616</u>

Present School Facilities, Enrollment and Capacity ⁽¹⁾

<u>Facility</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment 10/15/24</u>	<u>Functional Capacity</u>
Bryant Elementary	1927		Kind/Pre-K	291	314
Whittier Elementary	1923		1-4	361	375
Hawthorne Elementary	1925		1-4	334	322
Lowell Elementary	1935		1-4	320	321
Thomas Jefferson MS	1955		5-8	509	676
Benjamin Franklin MS	1954		5-8	461	641
Teaneck HS	1929	1936/2004	9-12	1,233	1,203
Thordora Smiley Lacey				115	471

HIGHER EDUCATION FACILITIES

There are 9 institutions of higher learning located in the County.

- | | |
|--|--|
| Bergen Community College (Paramus) | Felician University (Lodi) |
| Berkeley College (Paramus) | HoHoKus School of Business & Medical Sciences (Hackensack) |
| DeVry University (Paramus) | Ramapo College of New Jersey (Mahwah) |
| Eastwick College (Ramsey) | St. Peter's University (Englewood Cliffs) |
| Fairleigh Dickinson University (Teaneck) | |

⁽¹⁾ Source: Teaneck School District audit reports.

Bergen Community College operates on a \$130 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 is approximately 32,000 enrolled in various Programs.

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 1,114 session students are enrolled.
2. There is one shared-time technical education center at Paramus. The Paramus facility offers training to 405 students.
3. The Teterboro campus has an enrollment of 672 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 408 students.
5. The adult division provides both full-time day services as well as evening and weekend program offerings.

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

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2025</u> <u>Valuation</u>
A. Sanzari Enterprises	Real Estate Developer	\$ 232,059,000
Avalonbay Communities	Real Estate Developer	72,802,000
1500 Teaneck Rd Realest LLC	Apartments	66,983,500
SNH Teaneck	Senior Housing	56,850,100
Glenpointe Associates IV LLC	Real Estate Developer	54,447,400
SHP V Teaneck LLC	Commercial Office Space	45,339,500
1480 Realty, LP	Apartments	37,071,100
Holy Name Real Estate Corp	Medical Office Buildings	36,170,700
Cedar Holding Associates	Apartments	33,031,700
Teaneck Gardens Owners Corp.	Apartments	29,835,000

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>
2024	\$ 184,774,496	\$ 183,359,003	99.23%	\$ 928,509	0.50%
2023	173,964,737	172,968,456	99.43%	794,551	0.46%
2022	169,863,156	169,018,375	99.50%	746,998	0.44%
2021	170,279,244	169,376,199	99.47%	717,142	0.42%
2020	168,441,504	167,392,618	99.38%	940,346	0.56%

DELINQUENT TAXES (2)

<u>Year</u>	<u>Outstanding</u>		<u>Collected</u>		<u>Transfer to Liens</u>	<u>Other Credits</u>	<u>Outstanding December 31</u>
	<u>January 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2024	\$ 794,806	\$ 10,281	\$ 786,933	97.75%	\$ -	\$ 17,977	\$ 177
2023	747,173	6,746	728,855	96.68%	-	24,808	256
2022	717,142	3,149	712,800	98.96%	-	7,315	175
2021	942,494	3,038	392,535	41.51%	-	552,997	-
2020	970,956	3,813	910,324	93.39%	-	62,298	2,148

(1) Source: Township Tax Assessor

(2) Source: Annual Reports of Audit

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance January 1</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Other Credits</u>	<u>Balance December 31</u>
2024	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-
2022	-	-	-	-	-
2021	-	-	-	-	-
2020	9,104	-	9,104	-	-

FORECLOSED PROPERTY (1)

FORECLOSED PROPERTY (1)

<u>Year</u>	<u>Balance January 1</u>	<u>Added by Transfer</u>	<u>Canceled to Fixed Asset Account Group</u>	<u>Adjustments</u>	<u>Balance December 31</u>
2024	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-
2022	-	-	-	-	-
2021	-	-	-	-	-
2020	-	-	-	-	-

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (2)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate (3)</u>			
		<u>Total Rate</u>	<u>Municipal</u>	<u>County</u>	<u>Local School</u>
2025	\$ 8,440,153,600	\$ 2.292	\$ 0.799	\$ 0.242	\$ 1.251
2024 (4)	8,436,894,400	2.184	0.747	0.226	1.211
2023	5,251,806,000	3.302	1.141	0.328	1.833
2022	5,230,667,600	3.237	1.103	0.286	1.848
2021	5,188,972,400	3.256	1.103	0.307	1.846

- (1) Source: Annual Reports of Audit
- (2) Source: Township Tax Collector
- (3) Per \$100 of assessed valuation
- (4) Revaluation

**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>
2025	\$ 8,440,153,600	97.14%	\$ 8,688,648,960	\$ 210,654
2024 (3)	8,436,894,400	103.37%	8,161,840,379	197,882
2023	5,251,806,000	73.05%	7,189,330,595	174,304
2022	5,230,667,600	79.96%	6,541,605,303	158,600
2021	5,188,972,400	81.46%	6,369,963,663	154,438

REAL PROPERTY CLASSIFICATION (4)

<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>
2025	\$ 8,440,153,600	\$ 55,533,200	\$ 6,960,780,000	\$ 791,921,100	\$ 57,229,000	\$ 574,690,300
2024 (3)	8,436,894,400	58,846,900	6,944,429,700	799,246,300	57,413,800	576,957,700
2023	5,251,806,000	34,513,300	4,323,724,100	517,084,200	30,026,300	346,458,100
2022	5,230,667,600	21,775,100	4,310,716,600	519,149,200	33,574,300	345,452,400
2021	5,188,972,400	18,140,900	4,290,898,000	510,457,800	35,730,600	333,745,100

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

(2) Based on Federal Census 2020 of 41,246

(3) Revaluation

(4) Source: Township Tax Assessor

**TOWNSHIP OF TEANECK
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2024**

The following table summarizes the direct debt of the Township of Teaneck as of December 31, 2024 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 refunding bond judgements. The resulting net debt of \$72,137,062 represent .913% of the average of equalized valuations for the Township for the last three years, which is within the 3.5 % limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued				Authorized But Not Issued	Gross Debt	Deductions				Net Debt
	Bonds	Loans	Notes				School Debt	Open Space for Payment of Bonds and Loans	Reserve for Payment of Debt	Refunding Bond Judgements	
General	\$ 35,285,000	\$ 78,701	\$ 22,000,000	\$ 20,737,125	\$ 78,100,826		\$ 78,701	\$ 63	\$ 5,885,000	\$ 72,137,062	
School - Local	5,740,000				5,740,000	\$ 5,740,000					
	<u>\$ 41,025,000</u>	<u>\$ 78,701</u>	<u>\$ 22,000,000</u>	<u>\$ 20,737,125</u>	<u>\$ 83,840,826</u>	<u>\$ 5,740,000</u>	<u>\$ 78,701</u>	<u>\$ 63</u>	<u>\$ 5,885,000</u>	<u>\$ 72,137,062</u>	

Source: Township Annual Debt Statement
As of: December 31, 2024

DEBT RATIOS AND VALUATIONS (1) (2)

Average of Equalized Valuations of Real Property with Improvements for 2022, 2023, and 2024	\$ 7,905,306,595
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2022, 2023, and 2024	0.913%
2025 Net Valuation Taxable	\$ 8,440,153,600
2025 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 8,688,648,960
Gross Debt (3):	
As a percentage of 2025 Net Valuation Taxable	0.99%
As a percentage of 2025 Equalized Valuations	0.96%
Net Debt (3):	
As a percentage of 2025 Net Valuation Taxable	0.85%
As a percentage of 2025 Equalized Valuations	0.83%
Gross Debt Per Capita (4)	\$ 2,033
Net Debt Per Capita (4)	\$ 1,749

TOWNSHIP BORROWING CAPACITY (1) (2)

3.5% of Averaged (2022-24) Equalized Valuation of Real Property including Improvements (\$7,905,306,595)	\$ 276,685,731
Net Debt	<u>72,137,062</u>
Remaining Borrowing Capacity	<u><u>\$ 204,548,669</u></u>

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

4.0% of Averaged (2022-24) Equalized Valuation of Real Property including Improvements (\$7,905,306,595)	\$ 316,212,264
Local School Debt	<u>5,740,000</u>
Remaining Borrowing Capacity	<u><u>\$ 310,472,264</u></u>

(1) As of December 31, 2024
(2) Source: Township Annual Debt Statement
(3) Excluding overlapping debt
(4) Based on Federal Census 2020 of 41,246

**TOWNSHIP OF TEANECK
OVERLAPPING DEBT AS OF DECEMBER 31, 2024**

	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	\$ 602,137,000	\$ 15,484,078 (2)	\$ 586,652,922	\$ 21,119,505 (4)	
Notes	114,253,000		114,253,000	4,113,108 (4)	\$ 341,814,673
Bonds Issued by Other Public Bodies Guaranteed by the County	630,731,156	630,731,156 (3)			
	<u>\$ 1,347,121,156</u>	<u>\$ 646,215,234</u>	<u>\$ 700,905,922</u>	<u>\$ 25,232,613</u>	<u>\$ 341,814,673</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 2024 Net Valuation on which County taxes are apportioned, which is 3.60%.

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

Year	General			Loans			Interest	Grand Total Debt Service
	Principal	Interest	Total	Principal	Interest	Total		
2025	\$ 3,530,000	\$ 921,006	\$ 4,451,006	\$ 6,464	\$ 1,542	\$ 8,006	\$ 922,548	\$ 4,459,012
2026	3,600,000	834,344	4,434,344	6,594	1,412	8,006	835,756	4,442,350
2027	3,760,000	744,019	4,504,019	6,727	1,279	8,006	745,298	4,512,025
2028	3,915,000	647,513	4,562,513	6,862	1,144	8,006	648,657	4,570,519
2029	3,980,000	546,246	4,526,246	7,000	1,006	8,006	547,253	4,534,252
2030	4,050,000	441,934	4,491,934	7,141	866	8,006	442,799	4,499,940
2031	4,230,000	337,263	4,567,263	7,284	722	8,006	337,985	4,575,269
2032	2,800,000	241,100	3,041,100	7,430	576	8,006	241,676	3,049,106
2033	1,040,000	180,000	1,220,000	7,580	426	8,006	180,426	1,228,006
2034	1,080,000	148,200	1,228,200	7,732	274	8,006	148,474	1,236,206
2035	1,100,000	110,000	1,210,000	7,888	119	8,006	110,119	1,218,006
2036	1,100,000	66,000	1,166,000				66,000	1,166,000
2037	1,100,000	22,000	1,122,000				22,000	1,122,000
	<u>\$ 35,285,000</u>	<u>\$ 5,239,624</u>	<u>\$ 40,524,624</u>	<u>\$ 78,701</u>	<u>\$ 9,366</u>	<u>\$ 88,067</u>	<u>\$ 5,248,989</u>	<u>\$ 40,612,691</u>

(1) As of December 31, 2024
(2) Source: Township Auditor

**TOWNSHIP OF TEANECK
2025 MUNICIPAL BUDGET (1)**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 6,518,000
Miscellaneous Revenues:	
Local Revenues	2,977,000
State Aid Without Offsetting Appropriations	3,419,592
Dedicated Uniform Construction Code Fees	1,336,700
Director of Local Government Services - Public and Private Revenues	707,879
Director of Local Government Services - Other Special Items of Revenue	4,000,610
Receipts From Delinquent Taxes	928,400
Amount to be Raised by Taxation for Municipal Purposes	66,691,139
Total Anticipated Revenues	\$ 86,579,320
Appropriations:	
Within CAPS:	
Operations	\$ 57,479,838
Deferred Charges and Statutory Expenditures	10,494,175
Excluded from CAPS:	
Other Operations	8,464,220
Public and Private Programs offset by Revenues	707,879
Capital Improvements	567,000
Debt Service	5,512,000
Deferred Charges	1,881,874
Reserve for Uncollected Taxes	1,472,334
Total Appropriations	\$ 86,579,320

OPEN SPACE FUND (1)

Dedicated Revenues:	
Reserve Funds	\$ 855,985
Amount to be Raised by Taxation	844,015
Total Anticipated Revenues	\$ 1,700,000
Appropriations:	
Salaries and Wages	\$ 191,900
Other Expenses	1,500,000
Loan Principal and Interest	8,100
Total Appropriations	\$ 1,700,000

(1) As Adopted

**TOWNSHIP OF TEANECK
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2025 - 2030 (1)**

	<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	\$ 22,256,000	\$ 1,112,800	\$ 132,250	\$ 21,007,950	
Improvement to Municipal Properties and Facilities	61,170,000	3,058,500	273,814	57,837,686	
Road, Sewer and Drainage Improvements	17,315,000	865,750	154,186	16,295,064	
	<u>\$ 100,741,000</u>	<u>\$ 5,037,050</u>	<u>\$ 560,250</u>	<u>\$ 95,140,700</u>	<u>\$ -</u>

(1) As Adopted

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP OF TEANECK
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, 2022, 2021 and 2020**

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, 2023, 2022, 2021 and 2020, and the related statements of operations and changes in reserve for future use and 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.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above 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, 2024, 2023, 2022, 2021 and 2020, and the results of its operations and changes in reserve for future use and 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.

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* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the Township of Teaneck, in the County of Bergen, State of New Jersey, as of December 31, 2024, 2023, 2022, 2021 and 2020, or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions on Regulatory Basis of Accounting

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, 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on 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 and pervasive.

Emphasis of Matter

Change in Accounting Principle

As discussed in note 1 to the financial statements, during the year ended December 31, 2024, the Township adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The adoption of this new accounting principle resulted in an updated measurement of compensated absences in accordance with the Statement (note 11). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only impacted financial statement disclosures. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we (cont'd):

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 18, 2025

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

	As of December 31,				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS					
Cash	\$ 27,062,044	\$ 12,175,830	\$ 37,165,467	\$ 40,295,713	\$ 32,507,679
Petty Cash	1,800	1,800	1,800	1,800	1,800
Change Funds	950	950	950	900	900
Investment in Bond Anticipation Notes - General Capital Fund		4,344,725			
Receivables with Full Reserves:					
Delinquent Property Taxes Receivable	928,686	794,806	747,173	717,142	942,494
Sewer Rents Receivable	23,762	17,352	18,682	106,420	49,883
Revenue Accounts Receivable	51,610	26,293	31,904	31,217	19,722
Prepaid Local School Taxes	3,953	3,953			
Prepaid County Taxes	14,617	14,617			
Interfunds Receivable	20,934	277,674	997,443	30,804	62,810
Deferred Charges	5,040,760	6,388,914	5,829,069	5,513,623	5,143,992
Federal and State Grant Funds Receivable	2,225,466	753,733	425,223	448,001	305,341
Total Assets	\$ 35,374,583	\$ 24,800,647	\$ 45,217,710	\$ 47,145,620	\$ 39,034,621
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$ 2,475,769	\$ 2,537,234	\$ 3,745,395	\$ 3,997,121	\$ 4,283,361
Accounts/Contracts Payable	208,223	255,697	67,325	170,796	232,872
Reserve for Encumbrances	901,638	1,812,118	1,435,636	1,437,706	1,653,776
Prepaid Taxes	1,020,627	884,896	951,062	1,025,283	1,136,513
Tax Overpayments	874,953	835,171	1,045,801	1,024,497	1,028,092
Due County for Added and Omitted Taxes	36,077	36,237	26,737	109,211	153,627
Sewer Rent Overpayments	22,365	22,365	18,923	15,947	78,155
Local District School Taxes			16,125,360	16,849,343	15,539,719
Special Emergency Note Payable	4,895,000	5,159,000	5,775,000	5,437,000	2,692,000
Due Library	22,258				
Prepaid Tax Sale Deposits	17,586	1,000	1,000	13,000	1,000
Interfunds Payable	480,791	529,013	1,591,987	3,898,954	1,143,055
Due General Capital Fund	11,363,711				
Due to State of New Jersey	30,695	29,808	43,834	21,025	24,989
Other Reserves	1,880,314	2,246,731	888,019	667,636	885,082
Reserve for Receivables and Other Assets	1,043,563	1,134,694	1,795,201	885,583	1,074,909
Reserve for Federal and State Grants	3,437,024	2,419,048	3,598,267	3,502,725	1,171,768
Fund Balance	6,663,987	6,897,634	8,108,164	8,089,794	7,935,706
Total Liabilities, Reserves and Fund Balance	\$ 35,374,583	\$ 24,800,647	\$ 45,217,710	\$ 47,145,620	\$ 39,034,621

The accompanying Notes to Financial Statements are an integral part of these statements.

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

	Years Ended December 31,				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenue Realized:					
Current Tax Collections	\$ 183,359,003	\$ 172,968,456	\$ 169,018,375	\$ 169,376,199	\$ 167,392,618
Delinquent Tax Collections	786,933	728,855	712,800	392,535	919,428
Total Taxes	184,145,936	173,697,310	169,731,175	169,768,734	168,312,046
Miscellaneous Revenues Anticipated	15,946,141	13,982,922	12,721,857	11,115,549	8,031,202
Non-Budget and Other Income	3,761,920	3,911,122	5,378,560	5,243,047	3,153,856
Fund Balance Utilized	5,679,000	7,580,641	6,744,500	6,312,500	5,075,000
Liquidation of Reserves	4,998	11,131	7,837	52,279	244
Total Income	209,537,995	199,183,126	194,583,930	192,492,109	184,572,349
Expenditures and Encumbrances:					
Operating	64,801,766	63,785,296	60,680,557	60,686,253	58,873,326
Capital Improvements	338,000	560,000	300,000	105,000	255,000
Debt Service	5,017,237	4,377,514	3,853,633	2,815,790	2,944,281
Deferred Charges and Statutory Expenditures	12,464,359	11,825,508	11,352,503	10,041,869	9,038,780
County Taxes	19,000,166	17,183,435	14,909,648	15,910,359	15,565,404
Special District Taxes	161,696	161,696	161,696	167,196	167,196
Due County for Added and Omitted Taxes	36,077	36,237	34,017	109,211	153,627
Open Space Trust Tax	845,238	526,397	524,253	522,459	520,328
Refund of Prior Year Revenue	10,791				
Local District School Tax	102,093,628	96,259,918	96,627,627	95,739,457	94,433,784
Creation of Reserves	10,258	259,932	974,477	20,273	59,853
Other Expenditures	3,427	2,082	3,149	894,655	220,272
Total Expenditures and Encumbrances	204,782,643	194,978,015	189,421,560	187,012,521	182,231,849
Excess in Revenues	4,755,353	4,205,111	5,162,370	5,479,588	2,340,500
Adjustment in Income Before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years	690,000	2,165,000	1,600,500	987,000	3,966,872
Statutory Excess to Fund Balance	5,445,353	6,370,111	6,762,870	6,466,588	6,307,372
Fund Balance Beginning of Year	6,897,634	8,108,164	8,089,794	7,935,706	6,703,334
	12,342,987	14,478,275	14,852,664	14,402,294	13,010,706
Decreased by:					
Utilized as Revenue	5,679,000	7,580,641	6,744,500	6,312,500	5,075,000
Fund Balance Ending of Year	\$ 6,663,987	\$ 6,897,634	\$ 8,108,164	\$ 8,089,794	\$ 7,935,706

The accompanying Notes to Financial Statements are an integral part of these statements.

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

	As of December 31,				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS					
Cash	\$ 4,166,552	\$ 4,587,465	\$ 5,213,669	\$ 6,026,825	\$ 4,346,084
Other Accounts Receivable	154,884	451,344	425,146	284,578	171,001
Interfunds Receivable	7,326,276	7,374,498	6,937,472	6,782,163	6,233,913
Total Assets	\$ 11,647,711	\$ 12,413,307	\$ 12,576,288	\$ 13,093,567	\$ 10,750,998
LIABILITIES AND RESERVES					
Interfunds Payable	\$ 610,696	\$ 791,966	\$ 612,444	\$ 618,625	\$ 653,733
Due to State of New Jersey	1,120	652	513	14	4
Liabilities and Reserve for Special Funds	11,035,895	11,620,690	11,963,331	12,474,928	10,097,261
Total Liabilities and Reserves	\$ 11,647,711	\$ 12,413,307	\$ 12,576,288	\$ 13,093,567	\$ 10,750,998

The accompanying Notes to Financial Statements are an integral part of these statements.

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

	As of December 31,				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS					
Cash	\$ 728,641	\$ 396,800	\$ 652,583	\$ 564,062	\$ 465,600
Deferred Charges to Future Taxation:					
Funded	35,363,701	38,685,038	28,516,250	31,227,340	24,923,309
Unfunded	42,737,125	34,999,375	37,729,875	33,497,275	28,967,695
Interfunds Receivable	11,363,711			2,462,276	254,627
Grants and Open Space Receivables	799	799	460,731	441,021	397,657
Total Assets	\$ 90,193,977	\$ 74,082,012	\$ 67,359,438	\$ 68,191,973	\$ 55,008,888
LIABILITIES, RESERVES AND FUND BALANCE					
General Serial Bonds	\$ 35,285,000	\$ 38,600,000	\$ 28,425,000	\$ 31,130,000	\$ 24,780,000
Bond Anticipation Notes	22,000,000	4,344,725	13,859,000	14,304,000	9,750,000
Long Term Loans	78,701	85,038	91,250	97,340	143,309
Improvement Authorizations:					
Funded	2,776,473	2,504,927	2,242,367	1,702,067	2,097,017
Unfunded	14,900,863	15,292,235	12,355,777	12,345,309	10,484,614
Contracts Payable	3,850,205	3,697,874	2,551,555	2,801,896	2,346,981
Reserve for Encumbrances	4,360,942	2,890,868	1,919,286	306,090	300,066
Reserve for Payment of Debt	489,957	21,063	108,139	644,529	128,303
Interfunds Payable	6,245,485	6,328,931	5,719,962	4,745,485	4,745,485
Capital Improvement Fund	3,666	72,916	70,416	5,571	139,850
Fund Balance	202,685	243,435	16,688	109,688	93,264
Total Liabilities, Reserves and Fund Balance	\$ 90,193,977	\$ 74,082,012	\$ 67,359,438	\$ 68,191,973	\$ 55,008,888

The accompanying Notes to Financial Statements are an integral part of these statements.

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

	As of December 31,				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS					
Cash	\$ 13,035	\$ 12,618	\$ 12,279	\$ 12,279	\$ 12,279
Total Assets	<u>\$ 13,035</u>	<u>\$ 12,618</u>	<u>\$ 12,279</u>	<u>\$ 12,279</u>	<u>\$ 12,279</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Other Reserves	\$ 2,796	\$ 10,356	\$ 1,756	\$ 100	\$ 3,202
Interfunds Payable	10,238	2,262	10,523	12,179	9,077
Total Liabilities, Reserves and Fund Balance	<u>\$ 13,035</u>	<u>\$ 12,618</u>	<u>\$ 12,279</u>	<u>\$ 12,279</u>	<u>\$ 12,279</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF TEANECK
Notes to Financial Statements
For the Year Ended December 31, 2024

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Teaneck (hereafter referred to as the "Township") was incorporated on February 19, 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 2020 census is 40,446.

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

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

Teaneck Public Library
840 Teaneck Road
Teaneck, New Jersey 07666

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

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

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

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

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

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

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

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 (Cont'd):

Public Assistance 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 fund and municipal open space 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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments (Cont'd)**

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* (2 CFR Part 225), 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 Uniform Guidance. 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.

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.

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

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

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.

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 a. 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.

Special Improvement District Taxes - The municipality is responsible for levying and collecting special improvement taxes for the Cedar Lane Special Improvement District. The amount of the tax is a separate local levy tax and is collected for the Cedar Lane Special Improvement District.

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 immediately 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.

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.

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

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 paid time off (PTO), sick leave, vacation leave, compensatory time, and certain types of sabbatical 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.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

The Township implemented the following GASB Statement for the year ended December 31, 2024:

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only impacted financial statement disclosures. There exists no impact on the financial statements of the Township.

Because of the implementation of GASB Statement No. 101, the Township has updated the measurement of compensated absences in accordance with the Statement (note 11).

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.

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

Custodial Credit Risk Related to Deposits (Cont'd)

As of December 31, 2024, the Township's bank balances of \$4,022,378.36 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$3,408,132.92
Uninsured and Uncollateralized	<u>614,245.44</u>
Total	<u>\$4,022,378.36</u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax Rate	<u>\$ 2.184</u>	<u>\$ 3.302</u>	<u>\$ 3.237</u>	<u>\$ 3.256</u>	<u>\$ 3.234</u>
Apportionment of Tax Rate:					
Municipal	\$.706	\$ 1.085	\$ 1.052	\$ 1.053	\$ 1.048
Municipal Library	.031	.045	.041	.040	.040
Municipal Open Space	.010	.011	.010	.010	.010
County	.216	.314	.274	.295	.290
County Open Space	.010	0.014	0.012	0.012	0.013
Local School	1.211	1.833	1.848	1.846	1.833

The above tax rates do not include the Special Improvement District tax rate of \$0.104.

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2024 (a)	\$ 8,436,894,400.00
2023	5,251,806,000.00
2022	5,230,667,600.00
2021	5,188,972,400.00
2020	5,152,540,200.00

(a) Revaluation

Comparison of Tax Levies and Collections

	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2024	\$ 184,774,496.27	\$ 183,359,002.97	99.23%
2023	173,964,736.63	172,968,455.59	99.43%
2022	169,863,155.98	169,018,374.52	99.50%
2021	170,279,244.21	169,376,199.43	99.47%
2020	168,441,503.57	167,392,618.06	99.38%

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):

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2024	\$ -	\$ 928,686.08	\$ 928,686.08	0.50%
2023	-	794,805.87	794,805.87	0.46%
2022	-	747,172.66	747,172.66	0.44%
2021	-	717,141.66	717,141.66	0.42%
2020	-	942,494.04	942,494.04	0.56%

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>
2024	-
2023	-
2022	-
2021	-
2020	-

Note 4: 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>			
2024	\$ 17,351.91	\$ -	\$ 301,555.04	\$ 318,906.95	\$ 295,144.49
2023	18,681.58	-	363,413.51	382,095.09	364,743.18
2022	106,419.85	-	652,959.91	759,379.76	740,698.18
2021	49,883.30	-	1,066,043.53	1,115,926.83	1,009,506.98
2020	67,400.10	-	7,300.00	74,700.10	24,816.70

Note 5: LEASES RECEIVABLE

Under the provisions of GASB 87, leases receivable are disclosed in the notes to the financial statements. As a result of the regulatory basis of accounting previously described in Note 1, such balance is not recorded on the Statements of Assets, Liabilities, Reserves and Fund Balance – Regulatory Basis of the current fund.

On July 12, 2024, the Township sold the property that was being leased. At December 31, 2024, there is no lease receivable. Under the provisions of GASB 87, for the year ended December 31, 2024, the Township would've recognized \$4,120.41 in interest revenue related to the leases. In addition, \$97,270.20 would have been recognized as both lease revenue and a reduction in deferred inflows of resources related to leases.

As a result of the regulatory basis of accounting previously described in note 1, \$76,91.13 of rental payments were collected or reported as revenue in the current fund.

Note 6: FUND BALANCES APPROPRIATED

The following schedule details 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:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2024	\$ 6,663,986.82	\$ 6,518,000.00	97.81%
2023	6,987,634.26	5,679,000.00	81.27%
2022	8,108,164.24	7,580,641.00	93.49%
2021	8,089,793.89	6,744,500.00	83.37%
2020	7,935,705.64	6,312,500.00	79.55%

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, 2024:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 20,934.42	\$ 11,844,501.95
Trust - Animal Control		8,021.60
Trust - Other	4,745,484.67	602,674.67
Trust - Municipal Open Space	2,580,791.16	
General Capital	11,363,710.79	6,245,484.67
Public Assistance Fund		10,238.15
Totals	<u>\$ 18,710,921.04</u>	<u>\$ 18,710,921.04</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 2025, 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 Empower for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. As a local participation employer of these pension plans, the Township is referred to as "Employer" throughout this note. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

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

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

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, and disability benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Employer, 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, and disability benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Employer. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

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

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 P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. 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 state or local officials who are elected or appointed on or after July 1, 2007; 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.

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 ten years of service.

The following represents the membership tiers for PERS:

Tier Definition

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to 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.

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

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.

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:15A, 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. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

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

Public Employees' Retirement System (Cont'd) - Special Funding Situation Component (Cont'd) - 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 Employer's contractually required contribution rate for the year ended December 31, 2024 was 17.40% of the Employer'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, 2024, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2024 is \$1,862,143.00, and is payable by April 1, 2025. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 was \$1,757,738.00, which was paid on April 1, 2024.

Employee contributions to the Plan for the year ended December 31, 2024 were \$824,527.19.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, under Chapter 133, P.L. 2001, for the year ended December 31, 2024 was .56% of the Employer's covered payroll.

Based on the most recent PERS measurement date of June 30, 2024, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2024 was \$59,951.00. For the prior year measurement date of June 30, 2023, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was \$59,407.00.

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

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

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 Employer's contractually required contribution rate for the year ended December 31, 2024 was 34.73% of the Employer'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, 2024, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2024 is \$7,147,312.00, and is payable by April 1, 2025. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 was \$7,171,057.00, which was paid on April 1, 2024.

Employee contributions to the Plan for the year ended December 31, 2024 were \$2,079,762.40.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, for the year ended December 31, 2024 was 5.88% of the Employer's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2024, the State's contractually required contribution, on-behalf of the Employer, to the pension plan for the year ended December 31, 2024 was \$1,210,182.00, and is payable by April 1, 2025. For the prior year measurement date of June 30, 2023, the State's contractually required contribution, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was \$1,254,205.00, which was paid on April 1, 2024.

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

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 Employer contributes 3% of the employees' base salary, for each pay period.

For the year ended December 31, 2024, employee contributions totaled \$49,424.16, and the Employer's contributions were \$38,794.88. There were no forfeitures during the year.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Public Employees' Retirement System**

Pension Liability - As of December 31, 2024, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was \$18,595,211.00. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. 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, 2024. The Employer's proportion of the net pension liability was based on a projection of the Employer'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, 2024 measurement date, the Employer's proportion was .1368497821%, which was an increase of .0053344697% from its proportion measured as of June 30, 2023.

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd)

Pension (Benefit) Expense - For the year ended December 31, 2024, the Employer's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2024 measurement date was \$72,669.00. This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2024, the Employer's contribution to PERS was \$1,757,738.00, and was paid on April 1, 2024.

For the year ended December 31, 2024, the State's proportionate share of the PERS pension (benefit) expense, associated with the Employer, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2024 measurement date, was \$59,951.00. This on-behalf (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1.

Police and Firemen's Retirement System

Pension Liability - As of December 31, 2024, the Employer's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Proportionate Share of Net Pension Liability	\$ 53,358,391.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Employer	<u>10,519,493.00</u>
	<u>\$ 63,877,884.00</u>

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

Pension Liability (Cont'd) - The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. 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, 2024. The Employer's proportion of the net pension liability was based on a projection of the Employer'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, 2024 measurement date, the Employer's proportion was .5167082400%, which was a decrease of .0219825000% from its proportion measured as of June 30, 2023. Likewise, at June 30, 2024, the State of New Jersey's proportion, on-behalf of the Employer, was .5167080800%, which was a decrease of .0219825000% from its proportion, on-behalf of the Employer, measured as of June 30, 2023.

Pension (Benefit) Expense - For the year ended December 31, 2024, the Employer's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2024 measurement date was \$1,034,451.00. This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2024, the Employer's contribution to PFRS was \$7,171,057.00, and was paid on April 1, 2024.

For the year ended December 31, 2024, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Employer, calculated by the Plan as of the June 30, 2024 measurement date, was \$1,210,184.00. This on-behalf (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2024, the Employer had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 372,496.00	\$ 3,361,537.00	\$ 3,734,033.00	\$ 49,506.00	\$ 1,826,693.00	\$ 1,876,199.00
Changes of Assumptions	23,101.00	84,350.00	107,451.00	211,571.00	1,567,048.00	1,778,619.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	862,209.00	417,626.00	1,279,835.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	650,557.00	-	650,557.00	745,818.00	4,742,539.00	5,488,357.00
Contributions Subsequent to the Measurement Date	931,072.00	3,573,656.00	4,504,728.00	-	-	-
	<u>\$ 1,977,226.00</u>	<u>\$ 7,019,543.00</u>	<u>\$ 8,996,769.00</u>	<u>\$ 1,869,104.00</u>	<u>\$ 8,553,906.00</u>	<u>\$ 10,423,010.00</u>

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

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Deferred outflows of resources in the amounts of \$931,072.00 and \$3,573,656.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2025. These amounts were based on an estimated April 1, 2026 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2024 to the Employer's year end of December 31, 2024.

The Employer will amortize the other deferred outflows 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, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
June 30, 2021	-	5.13	-	6.17
June 30, 2022	-	5.04	6.22	-
June 30, 2023	5.08	-	6.16	-
June 30, 2024	5.08	-	6.09	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
June 30, 2021	5.13	-	6.17	-
June 30, 2022	-	5.04	-	6.22
Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2020	5.00	-	5.00	-
June 30, 2021	-	5.00	-	5.00
June 30, 2022	5.00	-	5.00	-
June 30, 2023	-	5.00	-	5.00
June 30, 2024	-	5.00	-	5.00
Changes in Proportion				
Year of Pension Plan Deferral:				
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90
June 30, 2021	5.13	5.13	6.17	6.17
June 30, 2022	5.04	5.04	6.22	6.22
June 30, 2023	5.08	5.08	6.16	6.16
June 30, 2024	5.08	5.08	6.09	6.09

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

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

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2025	\$ (966,967.00)	\$ (4,068,395.00)	\$ (5,035,362.00)
2026	493,692.00	1,650,098.00	2,143,790.00
2027	(314,933.00)	(1,662,821.00)	(1,977,754.00)
2028	(52,778.00)	(907,068.00)	(959,846.00)
2029	18,036.00	(110,067.00)	(92,031.00)
Thereafter	-	(9,766.00)	(9,766.00)
	<u>\$ (822,950.00)</u>	<u>\$ (5,108,019.00)</u>	<u>\$ (5,930,969.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. 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, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	2.75% - 6.55%	3.25% - 16.25%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2018 - June 30, 2021	July 1, 2018 - June 30, 2021

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

Police and Firemen's Retirement System

Employee mortality rates were based on the Pub-2010 Safety Employee amount-weighted mortality table (sex-specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2024) 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, 2024 are summarized in the table that follows:

<u>PERS</u>		<u>Long-Term</u>		<u>PFRS</u>		<u>Long-Term</u>	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%	U.S. Large-Cap Equity	24.00%	6.90%		
Non-US Developed Markets Equity	12.75%	8.85%	U.S. Small/Mid Cap Equity	4.00%	7.40%		
International Small Cap Equity	1.25%	8.85%	Non-U.S. Developed Large-Cap Equity	9.50%	6.70%		
Emerging Market Equity	5.50%	10.66%	Non-U.S. Developed Small-Cap Equity	2.00%	7.50%		
Private Equity	13.00%	12.40%	Emerging Markets Large-Cap Equity	6.00%	9.60%		
Real Estate	8.00%	10.95%	Emerging Markets Small-Cap Equity	1.50%	9.60%		
Real Assets	3.00%	8.20%	U.S. Treasury Bond	7.00%	4.10%		
High Yield	4.50%	6.74%	U.S. Corporate Bond	5.00%	5.90%		
Private Credit	8.00%	8.90%	U.S. Mortgage-Backed Securities	5.00%	4.40%		
Investment Grade Credit	7.00%	5.37%	Global Multisector Fixed Income	6.00%	6.50%		
Cash Equivalents	2.00%	3.57%	Cash	2.00%	3.40%		
U.S. Treasuries	4.00%	3.57%	Real Estate Core	3.00%	5.10%		
Risk Mitigation Strategies	3.00%	7.10%	Real Estate Non-Core	4.00%	6.50%		
			Infrastructure	3.00%	7.00%		
			Private Debt/Credit	8.00%	9.10%		
			Private Equity	10.00%	10.10%		
	<u>100.00%</u>			<u>100.00%</u>			

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate -

For both PERS and PFRS, the discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

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

Public Employees' Retirement System (PERS) - The following presents the Employer's proportionate share of the net pension liability as of the June 30, 2024 measurement date, calculated using a discount rate of 7.00%, as well as what the Employer'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:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Proportionate Share of the Net Pension Liability	<u>\$ 24,708,464.00</u>	<u>\$ 18,595,211.00</u>	<u>\$ 13,392,867.00</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 Employer's annual required contribution. As such, the net pension liability as of the June 30, 2024 measurement date, for the Employer and the State of New Jersey, calculated using a discount rate of 7.00%, 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>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Proportionate Share of the Net Pension Liability	<u>\$ 76,237,268.00</u>	<u>\$ 53,358,390.00</u>	<u>\$ 34,305,298.00</u>
State of New Jersey's Proportionate Share of Net Pension Liability	<u>15,030,014.00</u>	<u>10,519,493.00</u>	<u>6,763,216.00</u>
	<u>\$ 91,267,282.00</u>	<u>\$ 63,877,883.00</u>	<u>\$ 41,068,514.00</u>

Note 8: PENSION PLANS (CONT'D)**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Schedule of the Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Ten Plan Years)

	<u>Measurement Date Ended June 30,</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the Net Pension Liability	0.1368497821%	0.1315153124%	0.1350713827%	0.1392118020%	0.1398855168%
Proportionate Share of the Net Pension Liability	\$ 18,595,211.00	\$ 19,049,170.00	\$ 20,384,131.00	\$ 16,491,725.00	\$ 22,811,670.00
Covered Payroll (Plan Measurement Period)	\$ 10,796,204.00	\$ 9,874,132.00	\$ 9,898,992.00	\$ 10,199,300.00	\$ 10,151,520.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	172.24%	192.92%	205.92%	161.69%	224.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	70.33%	58.32%
	<u>Measurement Date Ended June 30,</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the Net Pension Liability	0.1449474782%	0.1421632465%	0.1394652939%	0.1448583622%	0.1379845429%
Proportionate Share of the Net Pension Liability	\$ 26,117,337.00	\$ 27,991,235.00	\$ 32,465,291.00	\$ 42,902,892.00	\$ 30,974,765.00
Covered Payroll (Plan Measurement Period)	\$ 10,223,844.00	\$ 9,858,380.00	\$ 9,420,364.00	\$ 9,924,832.00	\$ 9,518,820.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	255.46%	283.93%	344.63%	432.28%	325.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%

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

	<u>Year Ended December 31,</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 1,862,143.00	\$ 1,757,738.00	\$ 1,703,315.00	\$ 1,630,332.00	\$ 1,530,277.00
Contribution in Relation to the Contractually Required Contribution	<u>(1,862,143.00)</u>	<u>(1,757,738.00)</u>	<u>(1,703,315.00)</u>	<u>(1,630,332.00)</u>	<u>(1,530,277.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 10,702,309.00	\$ 10,675,724.00	\$ 9,833,300.00	\$ 9,808,267.00	\$ 10,140,327.00
Contributions as a Percentage of Covered Payroll	17.40%	16.46%	17.32%	16.62%	15.09%
	<u>Year Ended December 31,</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 1,409,912.00	\$ 1,414,065.00	\$ 1,291,997.00	\$ 1,286,901.00	\$ 1,186,297.00
Contribution in Relation to the Contractually Required Contribution	<u>(1,409,912.00)</u>	<u>(1,414,065.00)</u>	<u>(1,291,997.00)</u>	<u>(1,286,901.00)</u>	<u>(1,186,297.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 10,165,935.00	\$ 10,265,209.00	\$ 9,903,946.00	\$ 9,579,351.00	\$ 9,754,966.00
Contributions as a Percentage of Covered Payroll	13.87%	13.78%	13.05%	13.43%	12.16%

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

	<u>Measurement Date Ended June 30,</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the Net Pension Liability	0.5167082400%	0.5386907400%	0.5426490300%	0.5588093022%	0.5785803467%
Proportionate Share of the Net Pension Liability	\$ 53,358,391.00	\$ 59,518,770.00	\$ 62,113,541.00	\$ 40,844,221.00	\$ 74,760,212.00
State's Proportionate Share of the Net Pension Liability	<u>10,519,493.00</u>	<u>10,967,023.00</u>	<u>11,054,389.00</u>	<u>11,487,429.00</u>	<u>11,602,444.00</u>
Total	<u>\$ 63,877,884.00</u>	<u>\$ 70,485,793.00</u>	<u>\$ 73,167,930.00</u>	<u>\$ 52,331,650.00</u>	<u>\$ 86,362,656.00</u>
Covered Payroll (Plan Measurement Period)	\$ 19,396,744.00	\$ 19,564,408.00	\$ 19,249,684.00	\$ 19,385,944.00	\$ 19,966,932.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	275.09%	304.22%	322.67%	210.69%	374.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.66%	70.16%	68.33%	77.26%	63.52%
	<u>Measurement Date Ended June 30,</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the Net Pension Liability	0.5850032683%	0.5910200749%	0.6079257389%	0.6106640639%	0.5746736975%
Proportionate Share of the Net Pension Liability	\$ 71,591,640.00	\$ 79,974,760.00	\$ 93,851,981.00	\$ 116,652,457.00	\$ 95,720,606.00
State's Proportionate Share of the Net Pension Liability	<u>11,304,456.00</u>	<u>10,863,249.00</u>	<u>10,512,212.00</u>	<u>9,795,913.00</u>	<u>8,394,376.00</u>
Total	<u>\$ 82,896,096.00</u>	<u>\$ 90,838,009.00</u>	<u>\$ 104,364,193.00</u>	<u>\$ 126,448,370.00</u>	<u>\$ 104,114,982.00</u>
Covered Payroll (Plan Measurement Period)	\$ 19,863,748.00	\$ 19,463,604.00	\$ 19,624,812.00	\$ 19,518,328.00	\$ 18,174,252.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	360.41%	410.89%	478.23%	597.66%	526.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.00%	62.48%	58.60%	52.01%	56.31%

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

	<u>Year Ended December 31,</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 7,147,312.00	\$ 7,171,057.00	\$ 7,057,440.00	\$ 6,512,723.00	\$ 6,463,731.00
Contribution in Relation to the Contractually Required Contribution	<u>(7,147,312.00)</u>	<u>(7,171,057.00)</u>	<u>(7,057,440.00)</u>	<u>(6,512,723.00)</u>	<u>(6,463,731.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 20,580,204.00	\$ 19,478,831.00	\$ 19,562,805.00	\$ 19,312,090.00	\$ 19,371,836.00
Contributions as a Percentage of Covered Payroll	34.73%	36.81%	36.08%	33.72%	33.37%
	<u>Year Ended December 31,</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 5,909,180.00	\$ 5,778,092.00	\$ 5,380,255.00	\$ 4,978,992.00	\$ 4,671,240.00
Contribution in Relation to the Contractually Required Contribution	<u>(5,909,180.00)</u>	<u>(5,778,092.00)</u>	<u>(5,380,255.00)</u>	<u>(4,978,992.00)</u>	<u>(4,671,240.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 19,857,812.00	\$ 19,895,820.00	\$ 19,617,414.00	\$ 19,784,438.00	\$ 19,401,859.00
Contributions as a Percentage of Covered Payroll	29.76%	29.04%	27.43%	25.17%	24.08%

Note 8: PENSION PLANS (CONT'D)

Other Notes to Supplementary Pension Information

Public Employees' Retirement System (PERS)

Changes in Benefit Terms

Chapter 249, P.L. 2023 extends provisions of Chapter 498, P.L. 2021 for calendar years 2023 or 2024 to allow for a temporary return to employment by a former employee of the Legislature after retirement from PERS.

Changes in Assumptions

The discount rate and long-term expected rate of return used as of June 30 measurement date are as follows:

<u>Discount Rate</u>				<u>Long-term Expected Rate of Return</u>			
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2024	7.00%	2019	6.28%	2024	7.00%	2019	7.00%
2023	7.00%	2018	5.66%	2023	7.00%	2018	7.00%
2022	7.00%	2017	5.00%	2022	7.00%	2017	7.00%
2021	7.00%	2016	3.98%	2021	7.00%	2016	7.65%
2020	7.00%	2015	4.90%	2020	7.00%	2015	7.90%

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms

None.

Changes in Assumptions

The discount rate and long-term expected rate of return used as of June 30 measurement date are as follows:

<u>Discount Rate</u>				<u>Long-term Expected Rate of Return</u>			
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2024	7.00%	2019	6.85%	2024	7.00%	2019	7.00%
2023	7.00%	2018	6.51%	2023	7.00%	2018	7.00%
2022	7.00%	2017	6.14%	2022	7.00%	2017	7.00%
2021	7.00%	2016	5.55%	2021	7.00%	2016	7.65%
2020	7.00%	2015	5.79%	2020	7.00%	2015	7.90%

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

N.J.A.C. 5:30-6.1 allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2024 was not available; therefore, the information from the measurement period June 30, 2023 is disclosed below.

In addition, the Township left the State Health Benefits Local Government Retired Employees Plan on January 1, 2023 and re-entered the plan on July 1, 2024. Due to this change in plans, the Township would not have a proportionate share of the net other postemployment benefit liability from the State Health Benefits Local Government Retired Employees Plan for the June 30, 2023 measurement date.

General Information about the State Health Benefit Local Government Retired Employees 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") annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>. As a local participating employer of the Plan, the Township is referred to as "Employer" throughout this note.

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

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

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

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

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

The Employer was billed monthly by the Plan and paid \$307,921.07, for the year ended December 31, 2023, representing 1.02% of the Employer's covered payroll. During the year ended December 31, 2023, retirees were not required to contribute to the Plan.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997. 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 participating employer is required to disclose in their respective notes to the financial statements, an expense and corresponding revenue, and their proportionate share of the OPEB expense allocated to the State under the special funding situation.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Employer, is not known; however, under the special funding situation, the State's OPEB expense, on-behalf of the Employer, is \$(10,507,601.00) for the year ended December 31, 2023, representing (34.85%) of the Employer's covered payroll.

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

OPEB Liability - At December 31, 2023, the Employer's and State's proportionate share of the net OPEB liability were as follows:

Proportionate Share of Net OPEB Liability	\$ -
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Employer	<u>57,950,733.00</u>
	<u>\$ 57,950,733.00</u>

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

The Employer'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, 2022 through June 30, 2023. For the June 30, 2023 measurement date, the Employer's proportion was .000000%, which was a decrease of .300222% from its proportion measured as of the June 30, 2022 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the Employer 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, 2022 through June 30, 2023. For the June 30, 2023 measurement date, the State's proportion on-behalf of the Employer was 1.660911%, which was an increase of .687675% from its proportion measured as of the June 30, 2022 measurement date.

OPEB (Benefit) Expense - At December 31, 2023, the Employer's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date, is (\$16,850,814.00). This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2023, the Employer made contributions to the Plan totaling \$307,921.07.

At December 31, 2023, the State's proportionate share of the OPEB expense, associated with the Employer, calculated by the Plan as of the June 30, 2023 measurement date, is \$57,950,733.00. This on-behalf expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2023, the Employer had deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	-
Changes in Proportion	22,394,780.00	163,602,166.00
Contributions Subsequent to the Measurement Date	<u>173,599.08</u>	<u>-</u>
	<u>\$ 22,568,379.08</u>	<u>\$ 163,602,166.00</u>

Deferred outflows of resources in the amount of \$173,599.08 will be included as a reduction of the Employer's net OPEB liability during the year ending December 31, 2024. The Employer will amortize the above other deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience			Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2018	-	8.14	June 30, 2018	5.00	-
June 30, 2019	-	8.05	June 30, 2019	5.00	-
June 30, 2020	7.87	-	June 30, 2020	5.00	-
June 30, 2021	-	7.82	June 30, 2021	5.00	-
June 30, 2022	7.82	-	June 30, 2022	5.00	-
June 30, 2023	-	7.89	June 30, 2023	5.00	-
Changes of Assumptions			Changes in Proportion		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04	June 30, 2017	8.04	8.04
June 30, 2018	-	8.14	June 30, 2018	8.14	8.14
June 30, 2019	-	8.05	June 30, 2019	8.05	8.05
June 30, 2020	7.87	-	June 30, 2020	7.87	7.87
June 30, 2021	7.82	-	June 30, 2021	7.82	7.82
June 30, 2022	-	7.82	June 30, 2022	7.82	7.82
June 30, 2023	7.89	-	June 30, 2023	7.89	7.89

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

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

Year Ending <u>Dec. 31,</u>	
2024	\$ (19,075,655.00)
2025	(19,332,482.00)
2026	(19,369,005.00)
2027	(18,915,334.00)
2028	(19,971,530.00)
Thereafter	<u>(44,543,380.00)</u>
	<u><u>\$ (141,207,386.00)</u></u>

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023, used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases *

PERS - Rates for all future years 2.75% to 6.55% based on years of service

PFRS - Rates for all future years 3.25% to 16.25% based on years of service

Mortality:

PERS - Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS - Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

* salary increases are based on years of service within the respective Plan

Actuarial assumptions used in the valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

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

All of the Plan's investments are in the State of New Jersey Cash Management Fund (the "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, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions - The health care trend assumptions used is as follows:

Fiscal Year Ending	Annual Rate of Increase					
	Medical Trend			Prescription Drug Trend		
	Pre-65	PPO Post-65	HMO Post-65	Pre-65	Post-65	EGWP
2024	6.50%	-5.63%	-6.04%	14.00%	9.50%	14.28%
2025	6.25%	8.22%	8.33%	10.00%	8.75%	11.21%
2026	6.00%	16.85%	17.28%	7.50%	7.50%	7.50%
2027	5.75%	14.31%	14.65%	6.75%	6.75%	6.75%
2028	5.50%	12.43%	12.71%	6.00%	6.00%	6.00%
2029	5.25%	11.02%	11.24%	5.25%	5.25%	5.25%
2030	5.00%	9.91%	10.09%	4.50%	4.50%	4.50%
2031	4.75%	8.98%	9.14%	4.50%	4.50%	4.50%
2032	4.50%	6.46%	6.53%	4.50%	4.50%	4.50%
2033 and Later	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

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

The net OPEB liability, calculated using a discount rate of 3.65%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Employer	67,125,420.00	57,950,733.00	50,571,112.00
	<u>\$ 67,125,420.00</u>	<u>\$ 57,950,733.00</u>	<u>\$ 50,571,112.00</u>

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

The net OPEB liability, using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>49,251,304.00</u>	<u>57,950,733.00</u>	<u>69,088,660.00</u>
	<u>\$ 49,251,304.00</u>	<u>\$ 57,950,733.00</u>	<u>\$ 69,088,660.00</u>

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**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 Proportionate Share of the Net OPEB Liability (Last Seven Plan Years)

	<u>Measurement Date Ended June 30,</u>			
	<u>2023</u>	<u>2022</u>	<u>2021 (a)</u>	<u>2020</u>
Proportion of the Net OPEB Liability	0.000000%	0.300222%	0.302957%	0.151632%
Proportionate Share of the Net OPEB Liability	\$ -	\$ 48,484,639.00	\$ 54,531,597.00	\$ 27,212,808.00
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>57,950,733.00</u>	<u>32,835,129.00</u>	<u>37,441,734.00</u>	<u>72,623,833.00</u>
Total	<u>\$ 57,950,733.00</u>	<u>\$ 81,319,768.00</u>	<u>\$ 91,973,331.00</u>	<u>\$ 99,836,641.00</u>
Covered Payroll (Plan Measurement Period)	\$ 29,799,662.00	\$ 29,152,422.00	\$ 29,251,503.00	\$ 29,764,316.00
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	166.31%	186.42%	91.43%
Plan Fiduciary Net Position (Deficit) as a Percentage of the Total OPEB Liability	-0.79%	-0.36%	0.28%	0.91%
	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Proportion of the Net OPEB Liability	0.138602%	0.157392%	0.156314%	
Proportionate Share of the Net OPEB Liability	\$ 18,775,125.00	\$ 24,658,004.00	\$ 31,912,736.00	
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>58,756,625.00</u>	<u>69,538,450.00</u>	<u>96,528,912.00</u>	
Total	<u>\$ 77,531,750.00</u>	<u>\$ 94,196,454.00</u>	<u>\$ 128,441,648.00</u>	
Covered Payroll (Plan Measurement Period)	\$ 30,194,043.00	\$ 29,991,448.00	\$ 29,594,091.00	
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	62.18%	82.22%	107.83%	
Plan Fiduciary Net Position (Deficit) as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%	

(a) The Proportionate Share of the June 30, 2021 Net OPEB Liability was adjusted within the June 30, 2022 Plan Audit.

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

	<u>Year Ended December 31,</u>			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Required Contributions	\$ 307,921.07	\$ 187,597.05	\$ 105,005.64	\$ 94,068.36
Actual Contributions in Relation to the Required Contribution	<u>(307,921.07)</u>	<u>(187,597.05)</u>	<u>(105,005.64)</u>	<u>(94,068.36)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 30,154,555.00	\$ 29,396,105.00	\$ 29,120,357.00	\$ 29,512,163.00
Contributions as a Percentage of Covered Payroll	1.02%	0.64%	0.36%	0.32%

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

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms - The actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023, included changes due to employers adopting and /or changing Chapter 48 provisions.

Changes in Assumptions - The discount rate used as of the June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	3.65%	2019	3.50%
2022	3.54%	2018	3.87%
2021	2.16%	2017	3.58%
2020	2.21%		

The expected investment rate of return is based on guidance provided by the State. These expected rates of return are the same as the discount rates listed above.

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend update.

There were no changes to mortality projections.

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

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

Payments made by the Township of Teaneck, on-behalf of the Library, for the Library's share of employer contributions during the year ended December 31, 2024 totaled \$212,085.98.

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 \$287,094.92 for the year ended December 31, 2024.

Note 11: COMPENSATED ABSENCES

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

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

The Township has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2024, the balance of the fund was \$205,536.08. It is estimated that, at December 31, 2024, accrued benefits for compensated absences are valued at \$12,951,313.41.

Note 12: 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.

General Improvement Bonds, Series 2020 - On August 1, 2020, the Township issued \$13,280,000.00 of general improvement bonds, with interest rates ranging from 1.250% to 1.375%. The purpose of the bonds is to fund various capital ordinances, specifically 4204, 4215, 4217, 4222, 4223, 4235, 4236, 4238, 4239, 4240, 4267, 4270, 4273, 6-2013, 22-2013, 25-2014, 10-2017, 23-2015, 44-2015, 18-2016. The final maturity of the bonds is August 1, 2032.

Tax Appeal Refunding Bonds, Series 2021 - On August 3, 2021, the Township issued \$8,250,000.00 of refunding bonds, with interest rates ranging from 1.00% to 1.55%. The purpose of the bonds is to fund the payment of tax appeal refunds. The final maturity of the bonds is August 15, 2031.

General Improvement Bonds, Series 2023 - On April 20, 2023, the Township issued \$12,900,000.00 of refunding bonds, with interest rates ranging from 3% to 5%. The purpose of the bonds is to fund various capital ordinances, specifically 2007-4027, 2012-4270/2013-22, 2013-03, 2014-25, 2014-26, 2014-28, 2014-29, 2016-18, 2017-10 and 2018-24. The final maturity of the bonds is May 1, 2037.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,530,000.00	\$ 921,006.26	\$ 4,451,006.26
2026	3,600,000.00	834,343.76	4,434,343.76
2027	3,760,000.00	744,018.76	4,504,018.76
2028	3,915,000.00	647,512.50	4,562,512.50
2029	3,980,000.00	546,246.26	4,526,246.26
2030-2034	13,200,000.00	1,348,496.26	14,548,496.26
2035-2037	<u>3,300,000.00</u>	<u>198,000.00</u>	<u>3,498,000.00</u>
Totals	<u>\$ 35,285,000.00</u>	<u>\$ 5,239,623.80</u>	<u>\$ 40,524,623.80</u>

Note 12: CAPITAL DEBT (CONT'D)**General Debt - New Jersey Green Acres Loans**

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 6,464.22	\$ 1,541.86	\$ 8,006.08
2026	6,594.15	1,411.93	8,006.08
2027	6,726.69	1,279.39	8,006.08
2028	6,861.90	1,144.18	8,006.08
2029	6,999.82	1,006.26	8,006.08
2030-2034	37,166.98	2,863.45	40,030.43
2035	<u>7,887.58</u>	<u>118.51</u>	<u>8,006.09</u>
Totals	<u>\$ 78,701.34</u>	<u>\$ 9,365.58</u>	<u>\$ 88,066.92</u>

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	<u>\$ 57,363,701.34</u>	<u>\$ 43,029,763.19</u>	<u>\$ 42,375,250.18</u>
Total Issued	<u>57,363,701.34</u>	<u>43,029,763.19</u>	<u>42,375,250.18</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	<u>20,737,125.04</u>	<u>30,654,650.04</u>	<u>23,870,875.04</u>
Total Authorized but not Issued	<u>20,737,125.04</u>	<u>30,654,650.04</u>	<u>23,870,875.04</u>
Total Issued and Authorized but not Issued	<u>78,100,826.38</u>	<u>73,684,413.23</u>	<u>66,246,125.22</u>
<u>Deductions</u>			
Reserve for Payment of Debt	489,956.61	21,063.36	108,138.86
Open Space Debt	78,701.34	85,038.19	91,250.18
Refunding Bonds - Judgments	<u>5,885,000.00</u>	<u>6,685,000.00</u>	<u>7,470,000.00</u>
Total Deductions	<u>6,453,657.95</u>	<u>6,791,101.55</u>	<u>7,669,389.04</u>
Net Debt	<u>\$ 71,647,168.43</u>	<u>\$ 66,893,311.68</u>	<u>\$ 58,576,736.18</u>

Note 12: CAPITAL DEBT (CONT'D)

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 .906%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 5,740,000.00	\$ 5,740,000.00	
General	78,100,826.38	6,453,657.95	71,647,168.43
	<u>\$ 83,840,826.38</u>	<u>\$ 12,193,657.95</u>	<u>\$ 71,647,168.43</u>

Net debt \$71,647,168.43 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$7,905,306,595.00, equals .906%.

Summary of Statutory Debt Condition - Annual Debt Statement

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 276,685,730.83
Less: Net Debt	<u>71,647,168.43</u>
Remaining Borrowing Power	<u>\$ 205,038,562.40</u>

An amended Annual Debt Statement should be filed by the Chief Financial Officer.

Note 13: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

<u>Description</u>	<u>Balance</u> <u>December 31, 2024</u>	<u>2025</u> <u>Budget</u> <u>Appropriation</u>
Current Fund:		
Contractually Required Severance Liabilities - 2020	\$ 323,089.20	\$ 323,089.20
Contractually Required Severance Liabilities - 2021	394,800.00	197,400.00
Contractually Required Severance Liabilities - 2022	960,300.00	320,100.00
COVID Deficit	940,570.45	470,285.23
Contractually Required Severance Liabilities - 2023	772,000.00	193,000.00
Contractually Required Severance Liabilities - 2024	690,000.00	138,000.00
Revaluation of all Real Property	960,000.00	240,000.00

The appropriations in the 2025 Budget as adopted are not less than that required by the statutes.

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 the activity and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ -	\$ 49,437.68	\$ 930.00	320,367.69
2023	-	65,603.94	912.00	271,860.01
2022	-	46,072.11	919.50	207,168.07

It is estimated that unreimbursed payments on behalf of the Township at December 31, 2024 are \$4,750.00.

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 Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Fund provides the Township with the following coverage:

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

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

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

Note 14: RISK MANAGEMENT (CONT'D)

Self-Insurance Plan - The Township has adopted a plan of self-insurance for workers' compensation insurance, and as a result, has established a trust fund to fund potential claims up to \$1,000,000.00 per any one accident and \$250,000.00 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 insurance policy. Any additional funding required for claims in excess of the trust fund's reserve will be paid and charged to future budgets.

On January 1, 2015, the Township obtained workers compensation and general liability insurance through the Joint Insurance Pool, however, claims still exist as of December 31, 2024 from the period in which the Township was self-insured. The workers' compensation insurance claims liability (incurred) is based on an analysis prepared by management. The remaining claims liability (incurred) is based on an evaluation performed by the third-party administrator of the plan. The total estimate of claims incurred but not reported is \$4,037,997.38 for workers compensation and \$2,189,160.13 for general liability.

The following is a summary of the claims reserve balance of the Township's trust fund for self-insured workers' compensation for the current and previous year:

Workers Compensation	<u>2024</u>	<u>2023</u>
Balance, January 1	\$ 350,582.83	\$ 374,900.56
Receipts	950,000.00	750,000.00
Payment of Claims	<u>(1,034,679.24)</u>	<u>(774,317.73)</u>
Balance, December 31	<u>\$ 265,903.59</u>	<u>\$ 350,582.83</u>
General Liability	<u>2024</u>	<u>2023</u>
Balance, January 1	\$ 715,312.51	\$ 604,999.53
Receipts	303,297.94	296,805.94
Payment of Claims	<u>(885,013.26)</u>	<u>(186,492.96)</u>
Balance, December 31	<u>\$ 133,597.19</u>	<u>\$ 715,312.51</u>

There have been no settlements that exceed the Township's coverage for years ended December 31, 2024, 2023, and 2022.

Note 15: 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 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 the conservation of farmland and open space. Overall, as a result of the two 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.

Note 15: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST (CONT'D)

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.

On November 3, 2020 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, 2021 through December 31, 2024.

Note 16: 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.

Tax Appeals - There were 212 tax appeals that have been filed. The outcome of these appeals is either unlikely or unknown. The Township is unable to estimate the timing and amount of these pending judgments as of December 31, 2023 for any potential 2024 refunds.

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.

Note 17: 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 18: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
Bonds & Notes:		
Various Capital Improvements	5/20/2025	\$ 12,315,000.00

APPENDIX C

FORM OF APPROVING LEGAL OPINION FOR THE BAN



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

December ____, 2025

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

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Township Council of the Township of Teaneck, in the County of Bergen (the "Township"), a municipal corporation organized and existing under the laws of the State of New Jersey, and other proofs submitted to us relative to the authorization, sale, issuance, execution and delivery of the \$32,000,000 aggregate principal amount of Bond Anticipation Notes, Series 2025 (Tax-Exempt) (the "BAN") of the Township. The BAN is dated December 15, 2025, matures on December 14, 2026, and bears interest at the rate of ____ and ____ hundredths per centum (____%) per annum.

The BAN is issued in fully registered book-entry form, without coupons, initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the BAN will be made in book-entry form, without coupons, in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the BAN, payments of the principal of and interest on the BAN will be made by the Township or a duly designated paying agent directly to Cede & Co., as nominee for DTC, which will, in turn, remit such payments to DTC participants, which will, in turn, remit such payments to the beneficial owners of the BAN.

The BAN is not subject to redemption prior to its stated date of maturity.

The BAN is authorized by, and is issued pursuant to: (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the Township Council of the Township, approved by the Mayor, and published as required by law (the "Ordinances"); and (iii) a resolution duly adopted by the Township Council of the Township on November 10, 2025 (the "Authorizing Resolution").

C-1

The BAN is being issued to: (i) refund, on a current basis, a \$21,971,000 principal portion of outstanding bond anticipation notes of the Township issued in the aggregate principal amount of \$22,000,000 on December 17, 2024 and maturing on December 16, 2025 (the “Prior Bond Anticipation Notes”) (with the remaining principal portion of such Prior Bond Anticipation Notes being paid by a 2025 budgetary appropriation of the Township in the amount of \$29,000); and (ii) temporarily finance the costs of various capital improvements and acquisitions in and by the Township in the amount of \$10,029,000, including paying the costs associated with the issuance of the BAN.

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

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

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township with the requirements of the Code and the aforementioned covenants and representations stated in its Tax Certificate, interest on the BAN is not includable for Federal income tax purposes in the gross income of the owners of the BAN pursuant to Section 103 of the Code. The BAN is not a “specified private activity bond” within the meaning of Section 57 of the Code and, therefore, the interest on the BAN will not be treated as a preference item for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the BAN and any gain on the sale thereof are not includable in gross income of the owners of the BAN under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47 (N.J.S.A. 54A:1-1 et seq.), as amended and supplemented.

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

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

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

We have examined the form of the executed BAN and, in our opinion, the form of the BAN is regular and proper.

Very truly yours,

APPENDIX D

FORM OF APPROVING LEGAL OPINION FOR THE SEN

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

December ____, 2025

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

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Township Council of the Township of Teaneck, in the County of Bergen (the "Township"), a municipal corporation organized and existing under the laws of the State of New Jersey, and other proofs submitted to us relative to the authorization, sale, issuance, execution and delivery of the \$3,536,000 aggregate principal amount of Special Emergency Notes, Series 2025B (Federally Taxable) (the "SEN") of the Township. The SEN is dated December 15, 2025, matures on December 14, 2026, and bears interest at the rate of ____ and ____ hundredths per centum (____%) per annum.

The SEN is issued in fully registered book-entry form, without coupons, initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the SEN will be made in book-entry form, without coupons, in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the SEN, payments of the principal of and interest on the SEN will be made by the Township or a duly designated paying agent directly to Cede & Co., as nominee for DTC, which will, in turn, remit such payments to DTC participants, which will, in turn, remit such payments to the beneficial owners of the SEN.

The SEN is not subject to redemption prior to its stated date of maturity.

The SEN is authorized by, and is issued pursuant to: (i) the provisions of the Local Budget Law of the State of New Jersey, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"), specifically, N.J.S.A. 40A:4-53(b) and (h); (ii) various special emergency ordinances duly adopted by the Township Council of the Township, approved by the Mayor, and published as required by law (the "SEN Ordinances"); (iii) various special emergency resolutions duly adopted by the Township Council of the Township (the "SEN Resolutions"); and (iv) a resolution duly adopted by the Township Council of the Township on November 10, 2025 (the "Authorizing Resolution").

The SEN is being issued to: (i) refund, on a current basis, a \$2,546,000 principal portion of outstanding special emergency notes of the Township issued in the aggregate principal amount of \$3,957,000 on December 17, 2024 and maturing on December 16, 2025 (the “Prior Special Emergency Notes”), which Prior Special Emergency Notes were issued to finance (a) \$3,137,000 to fund the cost of special emergency appropriations of the Township for contractually required severance liabilities due and payable to certain employees of the Township, and (b) \$820,000 to fund the cost of a special emergency appropriation of the Township to pay for the preparation and execution of a complete program of revaluation of real property ordered by the Bergen County Board of Taxation for Tax Year 2024 (with the remaining principal portion of such Prior Special Emergency Notes being paid by a 2025 budgetary appropriation of the Township in the amount of \$1,411,000); and (ii) finance a \$990,000 special emergency appropriation of the Township for the payment of contractually required severance liabilities resulting from the retirement and/or layoff of certain employees of the Township.

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

In our opinion, under existing laws, statutes, regulations, rulings and court decisions, interest on the SEN is includable in gross income of the owners of the SEN for Federal income tax purposes.

We are also of the opinion that under existing laws of the State of New Jersey, interest on the SEN and any gain on the sale thereof are not includable in gross income of the owners of the SEN under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47 (N.J.S.A. 54A:1-1 et seq.), as amended and supplemented.

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

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

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

We have examined the form of the executed SEN and, in our opinion, the form of the SEN is regular and proper.

Very truly yours,

APPENDIX E

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

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

I, ISSA A. ABBASI, Chief Financial Officer of the Township of Teaneck, in the County of Bergen (the "Township"), a municipal corporation organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY in connection with the authorization, sale, issuance, execution and delivery of the Township's \$32,000,000 aggregate principal amount of Bond Anticipation Notes, Series 2025 (Tax-Exempt), dated December 15, 2025 and maturing on December 14, 2026 (the "BAN"), that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Township (or its duly appointed Dissemination Agent) will provide notice (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a Portable Document File (PDF file) to www.emma.msrb.org of any of the following events with respect to the BAN herein described, as applicable: (1) principal and 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 BAN, or other material events affecting the tax status of the BAN; (7) modifications to rights of security holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township; (13) consummation of a merger, consolidation, or acquisition involving the Township, or sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, 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 change of name of a trustee, if material; (15) incurrence of a Financial Obligation (as defined below) 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 Noteholders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Township, any of which reflect financial difficulties (collectively, the "Listed Events").

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

If the Township (or its duly appointed Dissemination Agent) (a) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (b) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the BAN, the Township (or its duly appointed

Dissemination Agent) shall file a Notice of each such occurrence with the MSRB via EMMA in a timely manner not in excess of ten (10) business days after such determination.

The Township may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey. The Township shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

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

In the event the Township fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the Township's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

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

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Township this _____ day of December, 2025.

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

**ISSA A. ABBASI,
Chief Financial Officer**

Acknowledged and Accepted by:

**PHOENIX ADVISORS,
a division of First Security Municipal Advisors, Inc.,
as Dissemination Agent**

Authorized Signatory

APPENDIX F

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

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

I, ISSA A. ABBASI, Chief Financial Officer of the Township of Teaneck, in the County of Bergen (the "Township"), a municipal corporation organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY in connection with the authorization, sale, issuance, execution and delivery of the Township's \$3,536,000 aggregate principal amount of Special Emergency Notes, Series 2025B (Federally Taxable), dated December 15, 2025 and maturing on December 14, 2026 (the "SEN"), that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Township (or its duly appointed Dissemination Agent) will provide notice (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a Portable Document File (PDF file) to www.emma.msrb.org of any of the following events with respect to the SEN herein described, as applicable: (1) principal and 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 SEN, or other material events affecting the tax status of the SEN; (7) modifications to rights of security holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township; (13) consummation of a merger, consolidation, or acquisition involving the Township, or sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, 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 change of name of a trustee, if material; (15) incurrence of a Financial Obligation (as defined below) 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 Noteholders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Township, any of which reflect financial difficulties (collectively, the "Listed Events").

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

If the Township (or its duly appointed Dissemination Agent) (a) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (b) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the SEN, the Township (or its duly appointed

Dissemination Agent) shall file a Notice of each such occurrence with the MSRB via EMMA in a timely manner not in excess of ten (10) business days after such determination.

The Township may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey. The Township shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

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

In the event the Township fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the Township's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

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

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Township this ____ day of December, 2025.

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

**ISSA A. ABBASI,
Chief Financial Officer**

Acknowledged and Accepted by:

**PHOENIX ADVISORS,
a division of First Security Municipal Advisors, Inc.,
as Dissemination Agent**

Authorized Signatory