

OFFICIAL STATEMENT DATED APRIL 12, 2022

NEW ISSUE – BOOK-ENTRY-ONLY

RATINGS: (See "RATINGS" herein.)

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Township (as defined herein) with certain tax covenants described herein, under existing law, interest on the Obligations (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Based upon existing law, interest on the Obligations and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**TOWNSHIP OF NORTH BERGEN, IN THE
COUNTY OF HUDSON, NEW JERSEY**

**\$31,200,000 GENERAL IMPROVEMENT BONDS,
(CALLABLE)
DATED: DATE OF DELIVERY
APRIL 15, AS SHOWN ON THE FRONT INSIDE FRONT
COVER**

**\$13,813,000 BOND ANTICIPATION NOTE
(NON-CALLABLE)
DATED: APRIL 26, 2022
MATURING: APRIL 26, 2023**

The \$31,200,000 original principal amount of the Township's General Improvement Bonds (the "Bonds"), of the Township of North Bergen, in the County of Hudson, New Jersey (the "Township"), will be issued in the form of one certificate for each maturity of the Bonds and in the principal amount of such maturity and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. See "THE OBLIGATIONS – Book-Entry-Only System" herein.

Interest on the Bonds will be payable semiannually on the fifteenth day of April and October in each year until maturity or prior redemption, commencing October 15, 2022. The principal of and interest due on the Bonds will be paid to DTC by the Township as paying agent. Interest on the Bonds will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of each next preceding April 1 and October 1 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are subject to optional redemption prior to their stated maturities as described herein. See "THE OBLIGATIONS – Optional Redemption - The Bonds" herein.

The \$13,813,000 Bond Anticipation Note (the "Note"; the Bonds and the Note are collectively referred to herein as the "Obligations"), will be issued in the form of one certificate for the aggregate principal amount of the Note and, when issued, will be registered in the name of DTC, which will act as securities depository. Interest on the Note will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to the maturity date set forth above. See "THE OBLIGATIONS - Book-Entry-Only System" herein.

The Note is not subject to optional redemption prior to maturity as described herein. See "THE OBLIGATIONS – Optional Redemption – The Note" herein.

The Obligations are valid and legally binding obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the Obligations and the interest thereon without limitation as to rate or amount.

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

The Obligations will be offered when, as and if issued and delivered to the Underwriters (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. NW Financial Group, LLC, Hoboken, New Jersey, has served as Municipal Advisor in connection with the issuance of the Obligations. Delivery is anticipated to be at the offices of the Township's Bond Counsel, McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, or at such other place as agreed to with the Underwriters on or about April 26, 2022.



TD Securities (USA) LLC
Note

**TOWNSHIP OF NORTH BERGEN, IN THE
COUNTY OF HUDSON, NEW JERSEY**

\$31,200,000 GENERAL IMPROVEMENT BONDS

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number†</u>
2023	\$ 750,000	4.000%	1.85%	657645WT0
2024	750,000	4.000%	2.10%	657645WU7
2025	750,000	4.000%	2.23%	657645WV5
2026	750,000	4.000%	2.32%	657645WW3
2027	750,000	4.000%	2.38%	657645WX1
2028	750,000	4.000%	2.42%	657645WY9
2029	750,000	4.000%	2.53%	657645WZ6
2030	750,000	4.000%	2.62%	657645XA0
2031	1,000,000	4.000%	2.69%	657645XB8
2032	1,000,000	4.000%	2.75%	657645XC6
2033	1,200,000	4.000%	2.86%	657645XD4
2034	1,250,000	4.000%	2.94%	657645XE2
2035	1,250,000	4.000%	3.02%	657645XF9
2036	1,500,000	4.000%	3.08%	657645XG7
2037	1,500,000	4.000%	3.13%	657645XH5
2038	1,500,000	4.000%	3.18%	657645XJ1
2039	1,500,000	4.000%	3.22%	657645XK8
2040	1,500,000	4.000%	3.25%	657645XL6
2041	1,500,000	4.000%	3.28%	657645XM4
2042	1,500,000	4.000%	3.32%	657645XN2
2043	1,500,000	4.000%	3.36%	657645XP7
2044	1,500,000	4.000%	3.40%	657645XQ5
2045	1,500,000	4.000%	3.45%	657645XR3
2046	1,500,000	3.625%	3.80%	657645XS1
2047	1,500,000	3.750%	3.85%	657645XT9
2048	1,500,000	3.750%	3.90%	657645XU6

\$13,813,000 BOND ANTICIPATION NOTE

Interest Rate: 3.00%

Yield: 1.85%

CUSIP†: 657645XV4

†"CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders and Noteholders only at the time of issuance of the Obligations, and the Township does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Obligations as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Obligations.

**TOWNSHIP OF NORTH BERGEN, IN THE
COUNTY OF HUDSON, NEW JERSEY**

MAYOR

Nicholas Sacco

COMMISSIONERS

Nicholas Sacco - Public Affairs
Hugo Cabrera - Parks and Public Property
Frank Gargiulo - Public Works
Julio Marengo - Revenue and Finance
Allen Pascual - Public Safety

MUNICIPAL OFFICIALS

Janet Castro - Township Administrator
Robert J. Pittfield - Chief Financial Officer
Erin Barillas - Township Clerk
Denise Zambardino - Tax Collector

AUDITOR

PKF O' Connor Davies, LLP
Cranford, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Hoboken, New Jersey

TOWNSHIP GENERAL COUNSEL

Chasan, Lamparello Mallon & Cappuzzo, PC
Secaucus, New Jersey

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

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Township during normal business hours.

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

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy or completeness thereof, and, accordingly, expresses no opinion with respect thereto.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE OBLIGATIONS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

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 Obligations in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO REGISTRATION STATEMENTS RELATING TO THE OBLIGATIONS HAVE BEEN FILED WITH THE SEC OR ANY STATE SECURITIES AGENCY. THE OBLIGATIONS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**OFFICIAL STATEMENT
RELATING TO
TOWNSHIP OF NORTH BERGEN, IN THE
COUNTY OF HUDSON, NEW JERSEY
\$31,200,000 GENERAL IMPROVEMENT BONDS
AND
\$13,813,000 BOND ANTICIPATION NOTE**

INTRODUCTION

This Preliminary Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Township of North Bergen (the "*Township*"), in the County of Hudson (the "*County*"), New Jersey (the "*State*"), in connection with the sale and issuance of \$31,200,000 original principal amount of the Township's General Improvement Bonds (the "*Bonds*") and its \$13,813,000 Bond Anticipation Note (the "*Note*"; the Bonds and the Note are collectively referred to herein as the "*Obligations*"). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Obligations described herein.

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

THE OBLIGATIONS

General Description

The Bonds

The Bonds shall be dated their date of issuance and will mature on April 15 in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds shall bear interest from their date, payable semiannually on each April 15 and October 15 (each, an "*Interest Payment Date*"), commencing October 15, 2022, in each year until maturity or prior redemption, at the interest rates shown on the inside front cover page hereof. Interest on the Bonds shall be computed on a 30-day month/360-day year basis.

The Bonds are issuable as fully registered book-entry Bonds in the form of one certificate for the principal amount of each maturity. The Bonds may be purchased in book-entry only form in the amount of \$5,000 or any integral multiple in excess thereof, except for one necessary odd denomination, through book-entries made on the books and records of The Depository Trust Company, New York, New York ("*DTC*"), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Township directly to Cede & Co. (or any successor or assign), as nominee for DTC. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding April 1 and October 1 (the "*Record Dates*" for the payment of interest on the Bonds). See "THE OBLIGATIONS – Book-Entry-Only System" herein.

The Note

The Note is dated, will mature on the date and in the amount and will bear interest payable at the interest rate as set forth on the inside front cover page hereof. Interest shall be computed on the basis of a 30-day month/360-day year. The Note will be issued in the form of one certificate for the aggregate principal amount of the Note and, when issued, shall be registered in the name of Cede & Co., as nominee for DTC, which will act as securities depository. Interest on the Note will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to maturity.

Optional Redemption

The Bonds

The Bonds maturing prior to April 15, 2033 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after April 15, 2033 are subject to redemption, in whole or in part, on any date on or after April 15, 2032, at the option of the Township, at 100% of the principal amount of the Bonds being redeemed (the "*Redemption Price*"), plus in each case accrued interest thereon to the date fixed for redemption.

The Note

The Note is not subject to redemption prior to its stated maturity.

Notice of Redemption

Notice of redemption shall be given by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township, at least 30 but not more than 60 days before the date fixed for redemption. However, so long as DTC (or any successor thereto) acts as securities depository for the Bonds, notice of redemption shall be sent to such securities depository and shall not be sent to the beneficial owners of the Bonds, and will be done in accordance with DTC procedures. Any failure of such securities depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of a maturity of the Bonds, such Bonds shall be selected by the Township by lot. If notice of redemption has been given as described herein, the Bonds, or the portion thereof called for redemption, shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the Township shall send redemption notices only to Cede & Co.

Book-Entry-Only System

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Obligations, payment of principal of and interest and other payments due on the Obligations to DTC Participants or Beneficial Owners (each as defined below),

confirmation and transfer of beneficial ownership interests in the Obligations 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 Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each year of maturity of the Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC. One fully registered Note certificate will be issued for the Note in the aggregate principal amount of the Note and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"; and together with the Direct Participants, the "*DTC 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 Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of the Obligations ("*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 Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name

as may be requested by an authorized representative of DTC. The deposit of the Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township or the paying agent, if any, as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Obligations are credited on the applicable record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if applicable, and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records.

Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if applicable, and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Obligations at any time by giving reasonable notice to the Township or the paying agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to 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 does not take any responsibility for the accuracy thereof.

THE TOWNSHIP AS PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE OBLIGATIONS, AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE REGISTERED OWNERS OF THE OBLIGATIONS (OTHER THAN UNDER THE CAPTIONS "TAX MATTERS" AND "SECONDARY MARKET DISCLOSURE") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE OBLIGATIONS.

Discontinuance of Book-Entry-Only System

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

SECURITY AND SOURCE OF PAYMENT

The Obligations are valid and legally binding obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and interest on the Obligations. The Township is required by law to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of and interest due on the Obligations without limitation as to rate or amount.

AUTHORIZATION AND PURPOSE OF OBLIGATONS

The Bonds

The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended) (the "*Local Bond Law*"), the bond ordinances adopted by the Township referred to in the charts below and a resolution duly adopted by the Township on March 9, 2022 (the "*Bond Resolution*").

BOND ORDINANCE NUMBER	DESCRIPTION OF IMPROVEMENT AND DATE OF ADOPTION OF BOND ORDINANCE	AMOUNT TO BE ISSUED
346-17	Acquisition of property, finally adopted July 12, 2017.	\$4,220,233
365-18	Various capital improvements, finally adopted February 21, 2018.	\$3,248,767
401-19	Construction of a building to be used as a Community Center and Public Library, finally adopted January 23, 2019.	\$12,825,000
402-19	Acquisition of real property, the making of various public improvements and the acquisition of additional and replacement equipment, finally adopted January 23, 2019.	\$5,130,000
448-20	Construction of a building to be used as a Community Center and Public Library, finally adopted January 22, 2020.	\$2,185,000

BOND ORDINANCE NUMBER	DESCRIPTION OF IMPROVEMENT AND DATE OF ADOPTION OF BOND ORDINANCE	AMOUNT TO BE ISSUED
451-20	Acquisition of real property, the making of various public improvements and the acquisition of additional and replacement equipment, finally adopted February 12, 2020.	\$3,591,000

Proceeds from the sale and issuance of the Bonds will be used by the Township to (i) currently refund \$31,200,000 Township's \$36,482,653 Bond Anticipation Note, dated and issued April 27, 2021 and maturing April 27, 2022 (the "2021 Bond Anticipation Note"), together with a \$653 principal reduction payment from the 2022 budget, and (ii) pay the costs incurred in connection with the authorization, sale and issuance of the Bonds.

The Note

The Note has been authorized by and is being issued pursuant to the Local Bond Law and bond ordinances referred to in the chart below.

470-20	Various street improvements, finally adopted September 9, 2020.	\$950,000
492-21	Acquisition of real property, the making of various public improvements and the acquisition of additional and replacement equipment, finally adopted February 10, 2021.	\$4,332,000
534-22	Acquisition of real property, the making of various public improvements and the acquisition of additional and replacement equipment, finally adopted February 23, 2022.	\$8,531,000

Proceeds from the sale and issuance of the Note will be used by the Township: (i) currently refund \$5,282,000 of the Township's 2021 Bond Anticipation Note, (ii) issue \$8,531,000 in new money to fund various public and capital improvements; and (iii) pay the costs incurred in connection with the authorization, sale and issuance of the Note.

INFECTIOUS DISEASE OUTBREAK – COVID-19

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, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which has spread throughout the State and to all counties within the State. The Governor has also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which alter the behavior of businesses and people, have had and may continue to have impacts on regional, state and local economies. Throughout the COVID-19 pandemic, the Governor has signed multiple executive orders instituting mitigation protocols limiting certain activities as well as permitting the resumption of certain activities, based on the evolution of the COVID-19 pandemic within the State. On June 4, 2021, the Governor signed legislation ending the public health emergency and keeping certain executive orders in place until January 1, 2022. On January 11, 2022, the Governor reaffirmed the state of emergency and declared a

new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron Variant. With hospitalizations falling, vaccines and treatments available and Covid-19 moving into an endemic stage, Governor Murphy announced March 4, 2022 that he is ending the State's public health emergency and lifting certain restrictions effective March 7, 2022. 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

As of December 31, 2021, the Township's finances and operations had certain reduced revenue streams due to the COVID-19 pandemic; however, the overall finances and operations of the Township have not been materially and adversely affected due to the COVID-19 outbreak. The finances and operations of the Township may be materially and adversely affected going forward as a result of the COVID-19 pandemic through reduced or delayed revenue streams, which include the collection of property taxes, which is the Township's primary revenue source for supporting its budget. The Township cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain facilities, costs to operate remotely and support Township functions and critical government actions during an outbreak or any resulting impact such costs could have on Township operations. The degree of any such impact to the Township's finances and operations is extremely difficult to predict due to the dynamic nature of the COVID-19 pandemic, including uncertainties relating to its (i) duration and (ii) severity, as well as with regard to what additional actions may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

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

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

Based on available information as of December 31, 2021, the Township is expected to receive approximately \$16,736,740 from the Plan. Such funds are expected to be received in two equal payments. The Township received \$8,368,370 on May 19, 2021 and expects to receive the balance in the amount of \$8,368,370 no earlier than 12 months from the initial payment. The deadline to spend the funds is December 31, 2024. Generally, according to the Plan, the allowable use of the funds to be provided to the Township include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses and nonprofits, or aid to impacted industries such as tourism, travel and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Township that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the

Township prior to the emergency; and (d) to make necessary investments in water, sewer or broadband infrastructure. As of the date hereof, the Township has not determined how it will spend the funds to be received.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Township are general full faith and credit obligations.

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Township, as annually determined by the State Director of Taxation, is \$7,058,391,502.67.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating. As of December 31, 2021, after taking into account the deductions referred to above, the statutory net debt of the Township as a percentage of average equalized valuation was 1.159%.

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for self-liquidating purposes and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Township may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of Obligations if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third

year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

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

The local unit is authorized to issue emergency notes and special emergency notes pursuant to the Local Budget Law. Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, *i.e.*, the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may 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 determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may 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 for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

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. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

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

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

Under legislation enacted to address the COVID-19 emergency, P.L. 2020, c. 74 (A3971), a local unit may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding Obligations with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three months of the year to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations.

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

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in

excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

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

In accordance with the Local Budget Law, each local unit 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 years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures that the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. There is currently a re-evaluation of all property in the Township underway and is expected to be completed by April 2022.

Upon the filing of certified adopted budgets by the Township's local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision 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 districts.

Tax bills are mailed annually in June by the Township. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. These interest rates and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes.

Tax Appeals

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal

petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

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

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2020 for the Township is on file with the Clerk and is available for review during business hours.

TAX MATTERS

Exclusion of Interest on the Obligations From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "*Code*"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Obligations in order to assure that interest on the Obligations will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Obligations to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Obligations. The Township will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Obligations, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Obligations and has covenanted not to take any action or fail to take any action that would cause interest on the Obligations to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Township with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Obligations from gross income for federal income tax purposes and with respect to the treatment of interest on the Obligations for the purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC ("*Bond Counsel*") is of the opinion that, under existing law, interest on the Obligations is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Obligations from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not

binding on the Internal Revenue Service ("*IRS*") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Obligations ends with the issuance of the Obligations, and, unless separately engaged, Bond Counsel is not obligated to defend the Township or the owners of the Obligations regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Obligations, under current IRS procedures, the IRS will treat the Township as the taxpayer and the beneficial owners of the Obligations will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Obligations for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Obligations.

Payments of interest on tax-exempt obligations, including the Obligations, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "*Discount Bonds*"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "*Premium Bonds*"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or

disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Bank-Qualification

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

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of 100% of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues that are eligible to be designated, and that are designated, by the issuer as qualified under Section 265 of the Code, 80% of such interest may be deducted as a business expense by such institutions.

Additional Federal Income Tax Consequences of Holding the Obligations

Prospective purchasers of the Obligations should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Obligations, 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 certain 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 companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Obligations from gross income pursuant to Section 103 of the Code and interest on the Obligations not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Obligations should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Obligations.

Changes in Federal Tax Law Regarding the Obligations

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Obligations. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Obligations will not have an adverse effect on the tax status of interest on the Obligations or the market value or marketability of the Obligations. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Obligations from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Obligations and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

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

LITIGATION

To the knowledge of the general counsel to the Township, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Obligations, or the levy or the collection of any taxes to pay the principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings for the issuance of the Obligations or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Currently, the Township and, in some instances, its officers and/or employees, in their official capacity, are defendants in certain lawsuits brought against the Township. While neither the outcome of pending litigation, nor the scope of financial liability can be predicted with any reasonable degree of legal certainty, in the opinion of general counsel to the Township, based on plaintiffs' claims to date, the legal and factual defenses available to the Township and the existing insurance coverage held by the Township, there is no litigation presently pending or threatened that, in the opinion of general counsel, would have a material adverse impact on the ability of the Township to meet its financial obligations if adversely decided. A certificate to such effect will be executed by general counsel to the Township and delivered to the Underwriter (as herein defined) at the closing.

SECONDARY MARKET DISCLOSURE

The Bonds

The Township, pursuant to the Bond Resolution, has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Securities and Exchange Commission Rule 15c2-12 (the "*Rule*"). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Township will:

(a) On or prior to September 30 of each year, beginning September 30, 2023, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("*EMMA*") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if

any, annual financial information with respect to the Township consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Township and certain financial information and operating data consisting of (i) the Township and overlapping indebtedness, including a schedule of outstanding debt issued by the Township, (ii) the Township's property valuation information and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law.

(b) In a timely manner not in excess of ten business days after the occurrence of the event, to EMMA, notice of any of the following events (the "Disclosure Event") with respect to the Bonds:

- (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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Township;
- (13) The consummation of a merger, consolidation or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Township, if any such event reflects financial difficulties.

The term "*Financial Obligation*" as used in subparagraphs (b)(15) and (b)(16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of

(i) or (ii); *provided, however*, that the term "*Financial Obligation*" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(c) In a timely manner to EMMA, notice of failure of the Township to provide required annual financial information on or before the date specified in the Bond Resolution.

The Note

The Township has covenanted for the benefit of the Noteholders and the beneficial owners of the Note to provide certain secondary market disclosure information pursuant to the Rule. Specifically, for so long as the Note remains outstanding (unless the Note has been wholly defeased), the Township will provide in a timely manner not in excess of ten business days after the occurrence of the event, to EMMA, notice of any Disclosure Events with respect to the Note.

The Obligations

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

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

The Township has entered into prior continuing disclosure undertakings for certain outstanding issuances of debt by the Township, and issuances of debt by conduit issuers in which the Township is an obligated borrower. In connection with such undertakings, the Township has implemented practices and procedures to ensure that all required filings are made on timely basis. The Township was late posting a notice of financial obligation for its Special Emergency Notes which were rolled over in December 2021 and mature in December 2022. In addition, the Township did not link its timely filed annual information and operating data (i) for years ended December 31, 2017 through December 31, 2020 to CUSIP numbers associated with two series of bonds issued by the Hudson County Improvement Authority on October 18, 2011 for the benefit of the North Hudson Regional Fire and Rescue Project, and (ii) for years ended December 31, 2017 and December 31, 2018 for a matured series of refunding bonds issued by the North Bergen Municipal Utilities Authority on September 12, 2013. The Township also did not timely file its annual information and operating data for both of these issuances for the year ended December 31, 2016. Failure to File notices for all items have since been posted.

There can be no assurance that there will be a secondary market for the sale or purchase of the Obligations. Such factors as prevailing market conditions, financial condition or market position of firms who may make the secondary market and the financial condition of the Township may affect the future liquidity of the Obligations.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 *et seq.*, as amended by Public Law 94-260, approved April 8, 1976, as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended by other bankruptcy laws affecting creditors' rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy 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 said chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 *et seq.*, which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Obligations are subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Obligations substantially in the form set forth as Appendix C. Certain legal matters will be passed upon for the Township by its General Counsel, Chasan, Lamparello, Mallon & Cappuzzo, PC, Secaucus, New Jersey.

UNDERWRITING

The Bonds

The Bonds have been purchased from the Township at public sale by Mesirow Financial, Inc., Chicago, Illinois (the "*Bond Underwriter*") at a price of \$32,495,229.00 (consisting of the par amount of the Bonds, plus original issue premium in the amount of \$1,771,029.00, less an underwriter's discount in the amount of \$475,800.00). The Bond Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields set forth on the inside front cover of this Official Statement.

The Note

The Note has been purchased from the Township at a public sale by TD Securities (USA) LLC, New York, New York (the "*Note Underwriter*"; and together with the Bond Underwriter, the "*Underwriters*") at a price of \$13,964,943.00 (consisting of the par amount of the Note, plus original issue premium in the amount of \$155,948.77, less an underwriter's discount in the amount of \$4,005.77). The Note Underwriter has purchased the Note in accordance with the Notice of Sale. The Note is are being offered for sale at the yield set forth on the inside front cover of this Official Statement.

RATINGS

Moody's Investors Service, Inc. (the "*Rating Agency*") has assigned a rating of "Aa2" to the Bonds and a rating of "MIG 1" to the Note based upon the creditworthiness of the Township. The ratings reflect only the views of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. There can be no assurance that the ratings will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Obligations.

PREPARATION OF OFFICIAL STATEMENT

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

NW Financial Group, LLC, municipal advisor to the Township, assisted with the preparation of certain financial and statistical information contained in this Official Statement and Appendix A, but have not independently verified the accuracy, completeness or fairness thereof. Accordingly, they express no opinion with respect thereto. PKF O'Connor Davies, LLP, takes responsibility for the audited financial statements to the extent specified in their Independent Auditor's Report contained in Appendix B.

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

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Hoboken, New Jersey, has served as municipal advisor to the Township with respect to the issuance of the Obligations (the "*Municipal Advisor*"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an

independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is a municipal advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to Janet Castro, Township Administrator, (201) 330-7283, or Robert J. Pittfield, Chief Financial Officer, (201) 330-2629, at Town Hall, 4233 Kennedy Boulevard, North Bergen, New Jersey 07047, or NW Financial Group, LLC, Hoboken, New Jersey 07030, (201) 656-0115.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Township, the Underwriter and the holders of any of the Obligations. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Obligations made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the Township since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

THE TOWNSHIP OF NORTH BERGEN

By: /s/ Julio Marengo
Julio Marengo
Director of Revenue and Finance

By: /s/ Janet Castro
Janet Castro
Township Administrator

By: /s/ Robert J. Pittfield
Robert J. Pittfield
Chief Financial Officer

Dated: April 12, 2022

APPENDIX A

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION
ABOUT THE TOWNSHIP OF NORTH BERGEN**

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TOWNSHIP OF NORTH BERGEN

General Overview

The Township of North Bergen is situated on the Palisades Ridge, opposite the Island of Manhattan. The northern portion of the Township occupies the entire area between the Hudson and Hackensack Rivers, while the southern portion extends from the Palisades Ridge line westward into the New Jersey Meadowlands. The Township lies within the inner core of the New York City Metropolitan Area and has within its boundaries a portion of the developing Hackensack Meadowlands. Thus, the Township is located between two major centers of commerce and industry.

Transportation

Transportation is provided by several major highways, including the New Jersey Turnpike, U.S. Routes 1 and 9 and State Route 3. The main local roads are oriented generally in a north-south direction running the length of the Township, a configuration resulting primarily from the topography of the municipality. The Lincoln Tunnel approach, recessed into the Palisades, passes directly through the Township.

The Township is situated to provide easy motor access to all points within the New York-New Jersey metropolitan area and its network of roads make Newark International Airport and Teterboro Airport easily accessible to air travelers from all parts of the world. John F. Kennedy and La Guardia airports also serve the transportation needs of the Township. Passenger bus service is provided by the New Jersey Transit Corporation.

Recent transportation improvements to Tonelle Avenue/US Routes 1 and 9 include the construction of Secaucus Road and Paterson Plank Road overpasses, and the opening of the New Jersey Transit Tonelle Avenue Light Rail Station at 51st Street. This station is the most recent opening within the Hudson-Bergen Light Rail system, which now stretches through Jersey City, Hoboken, Weehawken, Union City and North Bergen. The North Bergen station includes a 600-space park-and-ride lot that makes it easier for commuters to travel to Manhattan. These improvements have drastically improved the flow of vehicular traffic and have eliminated the once-long delays at various train tracks along this route.

To further enhance the flow of traffic along this route, construction on an overpass at 69th Street has recently opened. The overpass links Tonelle Avenue to Westside Avenue and eliminate traffic snarls caused by rail interruptions. The New Jersey Department of Transportation has completed its \$51 million Tonelle Avenue Reconstruction Project. The entire 3 mile roadway from 43rd Street all the way north to 91st Street at the Fairview border. Lanes are wider and safer, left hand turning lanes are available, new sidewalks and curbing have been installed, and new lighting and signalization are in place.

Governmental Structure

The Township is governed under the commission form of government and operates under the Walsh Act, with five Commissioners elected at large for four-year terms. Each elected Commissioner is assigned to one of five departments. The current commissioners, their departments, and the year they first took office are shown below.

<u>Director</u>	<u>Department</u>	<u>Month and Year First In Office</u>
Nicholas Sacco	Public Affairs	May 1985
Hugo Cabrera	Parks and Public Property	May 1999
Frank Gargiulo	Public Works	January 1989
Julio Marengo	Revenue and Finance	May 2015
Allen Pascual	Public Safety	November 2002

The Mayor is elected for a four-year term at the organization meeting of the Board of Commissioners, and the Township Administrator oversees the day-to-day operations of the Township.

Department of Public Affairs

The Department of Public Affairs includes the Office of the Township Administrator, Chief Financial Officer, Hispanic Affairs, Department of Law, Township Clerk, Youth and Senior Citizen Services, Licensing, Public Assistance, Health & Welfare Department, Registrar of Vital Statistics, Municipal Court, Consumer Affairs, Residential and Retail Development, Purchasing Department, Insurance, Animal Control, Bureau of Housing and all assigned employees. The Department is also responsible: for the administration of cultural, recreational, and educational activities for senior citizens, including the use of Township vehicles for the transportation of senior citizens for shopping, medical treatment, and entertainment; and for the supervision of the Municipal Emergency Medical Services Unit. This paid unit currently operates 5 ambulances. Two twelve hour shifts provide 24 hour coverage seven days per week.

Department of Parks and Public Property

The Department of Parks and Public Property is responsible for recreational and cultural activities within the Township as well as for the maintenance of parks and public buildings. The Township's park and recreational system is one of the finest in the County and consists of 18 recreational facilities on 280 acres of land. There are 20 various recreation programs that approximately 5,000 children participate in annually. Construction of a new Community and Recreation Center is currently under construction and is expected to be completed in 2022.

Additionally, the construction of a new Paterson Plank Road Park has been completed. The Township and the Town of Guttenberg share a waterfront park that opened in 2019, which allows for unobstructed views of New York City.

The Township operates and maintains the following parks:

- 10th Street Park – 10th and Columbia Avenue
- 28th Street Park -28th and Grand Avenue
- Policeman Memorial Park – 37th Union Turnpike
- 43rd Street Park – 43rd and Tonnelle Avenue
- 46th Street Park – Between Kennedy and Grand Avenue
- 50th Street Park – Between Kennedy and Grand Avenue
- 64th Street Park – Between Durham and Grand Avenue
- 70th Street and Columbia Park – 70th Columbia Avenue (vacant lot at the moment)
- 82nd Street Park – Between Kennedy and Grand Avenue
- 88th Street Park – Between Durham and Grand Avenue
- 74th Street Pocket Park – 74th and Boulevard East
- Fredman Park – 75th and Boulevard East
- Riverview Park – 79th and Boulevard East
- Waterfront Park – 7200 River Road
- Bruin Stadium – North Hudson Park – 9100 Kennedy Boulevard (West)
- Stan Neuman Field – 1312 64th Street
- 76th Street Little League Field – 1212 76th Street
- 64th Street Girls Softball Field – 64th and Meadowview Avenue
- Paterson Plank Road Park – 1812 Paterson Plank Road

In addition to the municipal recreational facilities, James J. Braddock Park, owned and operated by the County, is located within the Township and is a major landmark in the area. The park occupies approximately half of the land area east of Kennedy Boulevard within the Township and includes such recreational facilities as tennis courts, a track, and a lake for fishing.

The Township owns and operates the following properties:

- Town Hall
- Various Municipal Garages
- Police Headquarters
- Health & Welfare Building
- Municipal Pool Complex
- CCTV Surveillance Center
- Municipal Libraries
- Municipal Court Complex
- Senior Center
- Emergency Medical Services Building
- Youth Recreation Center
- DPW Complex
- Other Buildings
- Downtown Community Center/Library

Department of Public Works

The Department of Public Works provides for the maintenance of roads, maintenance of sewage and storm system, and administrative services. The Department also includes the Office of Construction Code Enforcement, Construction Department, and Board of Adjustment and Planning.

Department of Revenue and Finance

The Department of Revenue and Finance is headed by its designated Commissioner and includes the Finance Director, a full-time Tax Assessor, Tax Collector and other employees. The Department recently completed an administrative and procedural revision, which integrated financial controls, accounting functions and established a fiscal accountability system using in-house computers. Recently, the Township provided for a total software upgrade of its finance and tax systems. The upgrade allows for full integration with other Township functional systems thereby streamlining total online payment capability for Township residents.

Department of Public Safety

The Department of Public Safety is responsible for police protection. The Department is also responsible for the overall planning and coordination of programs related to the protection of the public, including, but not limited to the various educational programs and the administration of grants relating to law enforcement.

The Police Department in maintaining a compliment of 145 officers, including special police officers that are assigned to every public school in the Township. The Department operates one mobile command unit, 44 fully-equipped marked patrol vehicles, 21 unmarked vehicles and 4 motorcycles, which are used for a variety of functions within the Detective Bureau and other specialized services. Within the Department, there are separate bureaus for the specialties needed to provide the Township with a complete, up-to-date and fully-effective police department. An integrated communications system, covering both police and fire departments, is housed in the Police Headquarters.

In the late 2016, the North Bergen Police Department (the "NBPD") received the New Jersey State Association of Chiefs of Police (the "NJSACOP") accreditation. The NJSACOP has pursued the concept and development of a voluntary statewide law enforcement accreditation program for New Jersey which has resulted in the formation of the NJSACOP Law Enforcement Accreditation Commission, consisting of commissioners with the overall responsibility of adoption of program standards, as well as review of all assessment reports and approval of all recommendations for the granting of accredited status of applicant agencies. Accredited status represents a significant professional achievement. The attitudes, training, and actions of the NBPD reflect their dedication to compliance with the standards contained in this program. Accreditation acknowledges the implementation of policies and procedures that are conceptually sound and operationally effective reflecting a commitment to advancement of the law enforcement profession. In 2019 the NBPD was re-accredited by the NJSACOP.

The NBPB operates a crime prevention and intelligence center (“CPIC”) which provides command staff with intelligence and other crime information with the goal of maximizing the police department’s ability to detect, prevent, investigate, and respond to criminal activity, as well as to improve the quality of life within the community. Intelligence is the process through which information is collected, evaluated, analyzed, and disseminated to all relevant divisions. CPIC is also designed to facilitate the exchange of information from different sources including other law enforcement agencies, public safety, municipal government, and the private sector. The dissemination of intelligence must be timely. The NBPB utilizes the COMPSTAT process which offers a dynamic approach to the reduction and prevention of crime, quality of life improvement, and personnel and resource management.

The NBPB has completed efforts to provide the framework and criteria for the strategic upgrade and development, implementation, and ongoing management of its CCTV system. NBPB has completely replaced the Township’s older 135 CCTV cameras with the latest generation of cameras that have better resolution, higher frame rates and efficiency, industry standard video compression, better night viewing capacity, “smart-monitoring” analytics and more responsive and robust control features.

Municipal Pool Complex

The North Bergen Municipal Pool Complex provides a state-of-the-art, ADA compliant pool complex consisting of 3 pools, including: one competition pool with an ADA hydraulic lift; one activity pool with an ADA hydraulic lift and a water slide; and one kiddie pool with zero entry. The complex includes ADA-compliant bath houses, a volleyball and basketball court, a concession stand, picnic tables, and a 155-space parking lot.

Municipal Utilities Authority

The treatment of sanitary sewerage, and the collection of residential solid waste are services performed by the North Bergen Municipal Utilities Authority (the “MUA”). Major facilities consist of one sewage treatment plant, four pumping stations, a sanitation garage, a recycling center and an Administration building. The MUA has its own equipment and staff to handle garbage collection and recycling. The Township makes an annual appropriation to the MUA for garbage collection services, which is financed as part of the municipal tax levy in each fiscal year.

Due to the Township topography, wastewater and stormwater flow to (2) two separate and distinct watersheds. The northeastern-most portion of the Township and the Town drains through the Woodcliff Treatment Plant and discharges to the Hudson River. The western portion of the Township drains west, to what was formerly the Central Treatment Plant that discharged to the Cromack Creek, a tributary of the Hackensack River. The Central Treatment Plant was replaced in 2010 with an interconnection (through Jersey City) to the Passaic Valley Sewerage Commission plant.

The Woodcliff Treatment Plant, upgraded in 1991 to secondary treatment, treats approximately 3 million gallons of sewage per day and services the Town of Guttenberg and the northeast portion of North Bergen. The

remainder of North Bergen's and a portion of Union City's sewage was, until 2010, treated at the Central Plant which averaged 7 million gallons per day. The Central Treatment Plant has been replaced with a pump station that, together with infrastructure built over the past several years, sends sewage through Jersey City and on to the Passaic Valley Sewerage Commission's plant.

The MUA currently operates under an extensive 5 year Capital Improvement Plan that allows it to keep pace with increasingly stringent State and Federal Regulations. Most of the Capital Projects are funded by existing Revenue Bonds. The MUA's current operation includes 10 Combined Sewer Overflow ("CSO") screening chambers. The chambers trap 30 to 40 tons of solid and floatable material that wash off of streets and out of the sewer system during heavy rain storms; material that would otherwise reach the Hudson River and Hackensack River tributaries. Funding for the chambers was provided through a low interest loan obtained from the State's Infrastructure Trust.

The MUA is in the process of completing a major upgrade of its Woodcliff Treatment Plant, the first significant renovation at the facility in over 25 years. Once completed, the \$28 million project will place the Woodcliff plant on the cutting edge of wastewater treatment, allowing more wastewater to be treated in a more efficient manner. The upgrade will make the plant more environmentally friendly, meeting the MUA's goal of providing for a more sustainable future for North Bergen, and is expected to be completed in mid-2023.

As part of the upgrade, new membrane filtration units will replace the plant's current system which will allow for significant improvements during both dry and wet weather days. This new state-of-the-art equipment will increase the plant's water treatment capacity by 20%, which will allow for future smart residential and commercial development within the sewer service area. Additionally, the project will allow millions of gallons of combined wastewater to be treated before being discharged into the Hudson River on heavy rainy days, helping to protect the waterway.

Sewer user charges are directly imposed on users through quarterly bills based on water consumption. Commercial and Industrial users are charged on the basis of water consumption, and content of the sewage treated. Major industrial users are administered Discharge Permits; the MUA monitors their discharge through the implementation of a State required Industrial Pretreatment Program.

There are a total of 63 employees of which 39 are unionized - currently employed by the MUA.

North Hudson Regional Fire and Rescue

The culmination of the largest merger of municipal services in New Jersey history is the North Hudson Regional Fire and Rescue Agency ("NHRFR"). The purpose of NHRFR is to improve safety while reducing property taxes in the five participating municipalities: North Bergen, Union City, Weehawken, West New York, and Guttenburg. With a current budget of \$70 million and a compliment of approximately 300 paid firefighters, it is the fifth largest fire agency in the State, and the first in New Jersey to cover multiple towns. Through attrition, restrictions in overtime,

consolidation of administrative personnel, and other economies, the participating towns have saved money while maintaining or improving fire safety.

In June 1999, the NHRHR merged the participating municipalities' fire unions into two new bargaining units representing firefighters and officers. The NHRFR and the bargaining units appealed a decision rendered by an arbitrator in January 2003; however, the merged contract was ultimately settled. A contract was executed for an agreement for both the Firefighters and the Officers through June, 2022.

Utilities

Electricity and gas are supplied to the Township by Public Service Electric & Gas, an investor-owned utility. Water is supplied to the Township by United Water Company, an investor-owned utility company.

Public Library

The Township's Free Public Library now operates two branches with a staff of 41 employees, including 6 professional librarians. The Main Library is located at 2123 Kennedy Boulevard. The main branch houses about 150,000 volumes. In addition to the substantial print collection, the main branch also circulates magazines, DVD's, CD's, video games, audio books and e-books. The Library is a member of the Bergen County Cooperative Library System, which gives patrons access to the materials of the 77 member libraries in Bergen, Hudson, Essex and Passaic counties. Computers equipped with Internet access and Microsoft Office are available in both the adult and children's departments. There are over one-hundred desktop/laptop computers available to the public between both library locations. There is also a wide array of online databases available to residents that are accessible at home too by using their library card. The North Bergen Free Public Library offers a wide array of programming and services to people of all ages at both library locations. Adults can take advantage of programs such as ESL, conversational ESL, Citizenship, Spanish, and one-on-one reading enrichment. The Library currently offers job and career assistance through the implementation of one-on-one assistance with resumes, cover letters, interviewing skills and more. Technology instruction includes computer training at all levels in both English and Spanish, including one-on-one instruction on using your electronic devices. Recreational programming for adults includes movies, knitting, coloring, Zumba, Tai-Chi and yoga along with an adult book club. Young adult offerings include homework help, reading enrichment, Minecraft and Makers club, which includes the usage of a 3D printer. Early childhood program offerings include babytime, playtime, music, movement, Pre-K preparation and story-time sessions for both toddlers and infants. The new 70,000 square foot Downtown Library/Community Center is currently under construction and is expected to be completed in 2022. Since the size of the current downtown branch, located at 2123 Kennedy Boulevard, limits its increased demand capabilities, it will be closed and essentially replaced by the new library upon completion.

Health Care Facilities

Hackensack Meridian Health Palisades Medical Center is located at 7600 River Road in North Bergen, New Jersey, and it serves a population of 450,000 in Hudson and southern Bergen counties. The not-for-profit medical center is part of the Hackensack Meridian Health System, and it features a 206-bed hospital and The Harborage, a 245-bed nursing home and rehabilitation center.

Palisades Medical Center is ranked the #4 hospital of its size in New Jersey by *Inside Jersey* magazine and Castle Connolly Medical Ltd. The New Jersey Hospital Association (NJHA) has honored Palisades Medical Center with its prestigious *Community Outreach Award* for its year-round commitment to educate residents, improve access to care, and reduce health disparities.

Economic Development/Ratable Base Growth

The Township was granted Urban Enterprise Zone (UEZ) status, which enables businesses within the UEZ to charge one-half (3.3125%) of the State sales tax that would normally be charged.

The use of UEZ funds enabled the commercial rebirth of the Tonnelle Avenue corridor from 69th Street to 91st Street. Developments and existing retail properties along this corridor include: Target, Home Depot and Lowes. Completed commercial projects include the Vornado retail shopping center project, which includes Walmart, BJ's, Staples, Applebee's and Wendy's. This commercial revitalization has added at least \$100 million to the Township's ratable base. A major development project of a WAWA store, gas station, and another restaurant is currently under construction on the east side of this commercial property between 74th and 75th streets. Project completion is expected in 2022.

Other completed retail developments include the River Road Retail Project. This 20,000 square foot of retail space is designed to compliment the residential area along River Road. The project includes a completed Bank of America and Starbucks, that increased ratables by \$3-4 million.

The redevelopment and revitalization of the Paterson Plank Road Corridor continues to thrive as a recently completed Best Western Hotel and Wyndam Hotel have opened. Additionally, the Hudson Mews Residential Community is opening in phases and is complete and experiencing an extremely high occupancy rate.

The Township also continues to increase its ratable base through residential projects. The following tables illustrate such growth.

The Township also continues to increase its ratable base through residential projects. The following tables illustrate such growth.

Completed Developments

<u>Development</u>	<u>Units</u>	<u>Total Value</u>
Church Hill Estates-Townhouses	9	\$9,000,000
Avalon Bay Communities	164	\$50,000,000
LWH, LL (Post Brothers)	300	\$200,000,000
Skyline Development Group	70	\$40,000,000
Century Land Group	128	\$38,400,000
4700 Tonelle Avenue, LLC	24	\$7,200,000
67 th Street & Kennedy Boulevard, West, LLC	51	\$15,300,000
Hudson Mews Urban Renewal	290	\$90,000,000
Appleview Rentals	59	\$30,000,000

Under Construction

<u>Development</u>	<u>Units</u>	<u>Total Value</u>
MTC Urban Renewal	240	\$75,000,000

Approved Developments

<u>Development</u>	<u>Units</u>	<u>Total Value</u>
8619 Bergenline	190	\$57,000,000
Teresheran Land Company	75	\$18,000,000
7711-7809 River Road	130	\$32,500,000
803 Kennedy, LLC	32	\$6,400,000
8512 Kennedy Boulevard	33	\$6,600,000
86 th Street Bergenwood	32	\$6,400,000

Planned Developments

<u>Development</u>	<u>Units</u>	<u>Total Value</u>
9001 River Road, LLC	66	\$15,250,000
34 Liberty Avenue, LLC	44	\$8,800,000
28 th Street Associates	36	\$7,200,000
Riverview /8200 River Road	300	\$200,000,000

Area in Need Designations

<u>Development</u>	<u>Units</u>	<u>Total Value</u>
Tonnelle Avenue Light Rail/51 st		
Street to 55 th Street	800	\$250,000,000

Largest Employers

The major employers in the Township include the following:

- Mack Associates
- Hartz Mountain
- Lowe's Home Improvement Center
- Home Depot
- Target
- Presitige Bread
- G.E.C. Alsthorn Electric Fuse Gear
- Meer Corp.
- Hackensack UMC Palisades
- Western Carriers
- Walmart
- Verizon
- Hudson View Health Care Center

New Construction Based on Building Permits

<u>Year</u>	<u>Construction Permits</u>	<u>Value*</u>
2021	2,623	\$177,637,077
2020	1,917	87,927,249
2019	1,805	74,741,848
2018	1,884	71,044,910
2017	1,771	51,031,431
2016	1,583	59,554,903
2015	1,566	66,434,667
2014	1,455	68,555,318

Source: Township of North Bergen, Building Department

*Includes cost of construction, alteration and demolition.

Unemployment Rate

According to the State of New Jersey, Department of Labor and Workforce Development, the non-seasonally adjusted labor force estimates for the years 2019 and 2018 are as follows:

	<u>Total Labor</u> <u>Force</u>	<u>Employment</u> <u>Labor Force</u>	<u>Total</u> <u>Unemployed</u>	<u>Unemployment</u> <u>Rate</u>
Township of North Bergen				
2019	31,600	30,600	1,000	3.2%
2018	31,299	30,000	1,200	3.8%
County of Hudson				
2019	361,200	349,400	11,800	3.3%
2018	356,100	342,400	13,700	3.8%
State of New Jersey				
2019	4,493,100	4,333,300	159,800	3.6%
2018	4,432,500	4,250,800	181,700	4.1%

THE SCHOOL DISTRICT

The Board of Education is a Type II School District whose boundaries are coterminous with the Township and in which the Board adopts proposals, and the legally registered voters at a school election approve, for the issuance of school debt and annual school budgets.

Board of Education

Administration is by a 9-member Board with members elected for 3-year overlapping terms. The Board is organized annually on any day of the first or second week following the annual school election.

All board meetings are public and the Board holds a meeting at least once a month during the period in which school is in session.

The general mandatory powers and duties of the Board are:

1. To adopt an official seal;
2. To enforce the rules of the State Board of Education (The "State Board");

3. To make, amend and repeal rules, not inconsistent with applicable law or with the rules of the State Board, for its own governance and the transaction of its business and for the governance and management of the public schools and public school property, and for the employment, regulation of conduct and discharge of its employees, subject, where applicable, to the provisions of Title II, Civil Service, of the Revised Statutes;
4. To perform all acts and do all things, consistent with law and the rules of the State Board, necessary for the lawful and proper conduct, equipment and maintenance of the public schools of the district.

Each member of the Board is a resident of the district.

School Facilities

The School District operates one (1) pre-school, six (6) elementary schools (K-8) and one (1) high school (9-12).

School Name	Estimated Years of <u>Construction</u>	<u>Grades</u>	Total <u>Classrooms</u>
North Bergen High School	1961	9-12	74
John F. Kennedy	1965/2001	K-8	24
William McKinley	1919/2000	Pre-K-8	17
Benjamin Franklin	1919/1999	K-8	36
Robert Fulton	1926	K-8	47
Abraham Lincoln	1915/2004	Pre-K-8	26
Horace Mann	1928	K-8	57

Source: North Bergen Board of Education

School Enrollment

<u>Fiscal year</u>	<u>Student Enrollment</u>	<u>Enrollment Change</u>
2019/2020	7,488	<31>
2018/2019	7,519	<147>
2017-2018	7,666	<234>
	A-12	

2016/2017	7,900	<105>
2015/2016	8,005	<26>
2014/2015	8,031	<18>
2013/2014	8,049	<99>
2012/2013	8,148	08

It should be noted that a \$65 million referendum recently passed by the Township’s voters allows for a planned restructuring. The district has purchased the former High Tech High School Building off of Tonnelle Avenue and will convert the existing high school to a middle school for grades 7-9.

Source: North Bergen Board of Education

TOWNSHIP FINANCIAL PROCEDURES

Township Budget Requirements

State law imposes specific budgetary procedures upon local government units. Pursuant to the Local Budget Law, the Township is required to have an operating budget which provides sufficient cash collections to pay all debt service and operating costs during the fiscal year and, in addition, provide for any mandatory payments required to be met during the fiscal year.

The Township's operating budget must be in the form required by the Division of Local Government Services. Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the “Director”) prior to final adoption of the budget. The Local Budget Law requires the Township to appropriate sufficient funds for payment of current debt service. The Director is required to review the adequacy of such appropriations for certification. The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review, which focuses on anticipated revenues, serves to protect the solvency of the Township.

The Municipal Budget of the Township is prepared for the Mayor by the Director of Revenue and Finance. During the Fall of each year, all department heads submit requests for appropriations for the next budget year and appear before the Director of Revenue and Finance. The Mayor then submits his recommended budget to the Board of Commissioners. The Board of Commissioners may reduce any item or items in the budget by a majority vote but may increase any item or items only upon an affirmative vote of two-thirds of the members of the Board of Commissioners. After the budget is introduced, it is approved on first reading by majority vote of the Board of Commissioners. The budget is then submitted to the Director of the Division of Local Government Services for approval, is advertised, then a public hearing is held. The budget is then adopted by the Board of Commissioners and submitted to the Division for certification.

The Township's fiscal year begins January 1. Under State law, the Township is required to have a budget adopted by March 20 unless otherwise extended by the Division of Local Government. For fiscal years 2002 through 2011 and calendar years 2012-2021, the budget was adopted in accordance with the statutory deadline.

Limitation on Expenditures

Section 40A:4-45.3 of the Local Budget Law, commonly known as the "Cap Law," provides that a municipality shall limit any increase in its operating budget to 2.5 percent or the calculated Index Rate, whichever is less, over the previous year's final appropriations, subject to certain exceptions. The Local Finance Board has the authority, under Section 40A:4-45.3 of the Local Budget Law, to grant additional exceptions to the Cap Law under certain circumstances. The Index Rate is defined as the annual percentage increase in the Implicit Price Deflator for State and Local Government Purchasers of Goods and Services produced by the United States Department of Commerce as announced by the Director. Municipalities may elect, upon adoption of an ordinance, to approve an increase in appropriations that is greater than the Index Rate, not to exceed five percent, when the Index Rate is less than five percent. Major exceptions not subject to the spending limitation include capital expenditures and debt service; State and Federal appropriations; expenditures mandated as a consequence of certain public emergencies; certain expenditures mandated by law; cash deficits of the preceding year approved by the Local Finance Board; amounts required to be paid pursuant to any contract with respect to use, services or provision of any project, facility or public improvement for water, sewer, solid waste, parking, senior citizen housing or similar purpose, or payments on account of debt service therefor or lease payments as made with respect to a facility owned by a county improvement authority where such lease payments are a necessity to amortize debt of the authority; amounts expended to meet the standards established by the New Jersey Public Employees' Occupational Safety and Health Act; amounts appropriated for expenditures resulting from impact of a hazardous waste facility; any expenditure mandated as a result of a natural disaster, civil disturbance or other emergency that is specifically authorized pursuant to a declaration of an emergency by the President of the United States or by the Governor; expenditures for the cost of services mandated by any order of court, statute or administrative rule issued by a State agency which has identified such cost as mandated expenditures on certification to the Local Finance Board by the State agency; and amounts reserved for uncollected taxes. The "Cap Law" does not limit the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on the bonds.

Anticipation of Real Estate Taxes

With regard to current taxes, Section 40A:4-41 of the Local Budget Law provides that "receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision requires that the Township establish, as an item of expense, a reserve for uncollected taxes in the current year as a percentage of the current levy equal to the percent uncollected of the prior year's levy. This additional amount must be added to the tax levy required in order to balance the budget. The reserve requirement is calculated as follows:

Levy Required to Balance Budget

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

Section 40A:4-29 of the Local Budget Law sets limits on the anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplications 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."

The Township school district and the County receive 100% of their tax levies, which are collected and paid to them by the Township. As a result of the structure of the State's system of taxation, the Township, along with other similarly situated municipalities, must bear the full burden of the uncollected taxes.

Anticipation of Miscellaneous Revenues

Section 40A:4-26 of the Local Budget Law provides that "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director of the Division of Local Government Services 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."

Deferral of Current Expenses

Supplemental emergency appropriations may be authorized by the governing body of the Township after the adoption of the budget and determination of the tax rate. However, with minor exceptions, such appropriations must be included in full in the following year's budget. Under Sections 40A:4-48 and 40A:4-49 of the Local Budget Law, any emergency appropriation must be declared by resolution according to the definition provided in Section 40A:4-46 of the Local Budget Law, approved by at least two-thirds of the governing body and must also be approved by the Director if all emergency appropriations made during the year exceeds 3% of the total current and utility operating appropriations in the budget for that year.

Protection of Municipal Funds and Investment Policy

The Township complies with the State statutory and regulatory requirements for the deposit and investment of public monies. The Township on a daily basis deposits cash receipts in institutions located in New Jersey which are approved by the State and are insured by the Federal Deposit Insurance Corporation or by other agencies of the United States (although the amount of the Township's deposit may exceed the insurance coverage limits) or in the State of New Jersey Cash Management Fund. The Cash Management Fund, which was established in 1977, is a short-term investment pool for the State and its cities, towns and school districts. The investments held by the Cash Management fund must have average maturities not exceeding one year. The types of investments are regulated by the State Investment Council. The regulations allow investment in repurchase agreements with the purchased securities held by a custodian. The regulations also permit reverse repurchase agreements; however, the proceeds are invested in the Cash Management Fund. As of June 30, 2021, the audited fair value⁽¹⁾ of units in the Cash Management Fund was \$29.799 billion.

In addition to making deposits with the above described financial institutions, pursuant to N.J.S.A. 40A:5-15.1, the Township is permitted to purchase the following types of securities as investments:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. (Treasury Bills, Notes and Bonds.)
2. Government money market funds.
3. Any obligation that a Federal agency or a Federal instrumentality has issued in accordance with an Act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependable on any index or other external factor.
4. Bonds or other obligations of the local unit or Bonds or other obligations of School Districts of which the local unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Department of Treasury, Division of Investments.
6. Local government investment pools, such as New Jersey Class, and the New Jersey Arbitrage Rebate Management Program.
7. Deposits with the State of New Jersey Cash Management Fund.

⁽¹⁾Changed from book value to fair value as to comply with GASB Statement Number 31.

8. Repurchase agreements of fully collateralized securities, if:
 - a) The underlying securities are permitted investments pursuant to N.J.S.A. 40A:5-15.1;
 - b) The custody of the collateral is transferred to a third party;
 - c) The maturity of the agreement is not more than 30 days;
 - d) The underlying securities are purchased through banks approved by the Department of Banking and Insurance under the Government Unit Depository Protection Act. (GUDPA).
 - e) A master repurchase agreement providing for the custody and security of the collateral is executed.

Compliance with the State statutes may not assure that the Township's investments will have the liquidity, security or adequate deposit insurance to protect the Township against all losses. For example, the relevant deposit statute, N.J.S.A. 17:9-44, only requires public depository banks to maintain collateral for deposits of public funds exceeding insurance limits (\$100,000) generally equal to five percent of the average daily balance of public funds. Additionally the State has the power to require that all banks holding public funds contribute amounts sufficient to reimburse an eligible municipality if any bank holding public funds becomes insolvent. However, it is unclear how quickly other state-qualified depositories could act to reimburse an exposed municipality through the State supervised program which may result in limited liquidity and a shortage of cash for the Township and other municipalities of the State. Furthermore, it is currently unclear whether the State of New Jersey Cash Management Fund could maintain sufficient liquidity during a period of economic stress if many municipalities including the Township sought the immediate return of cash.

Audit Requirement

State law requires that every municipality have an annual audit of its books and accounts to be completed within five months after the close of its fiscal year. The audit must be conducted by a registered municipal accountant and the audit report must be filed with the municipal clerk and with the Director of the Division of Local Government Services.

Every Board of Education is required by State statute to provide an annual audit of the school district's accounts and financial transactions. The audit must be performed by a licensed public school accountant within four months of the end of the school fiscal year. This audit, in conformity with statutory requirements, must be filed with the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within 30 days of its completion.

Accounting Principles and Fund Structure

Accounting Principles. The Township does not prepare its financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”). The Township prepares its financial statements in accordance with the accounting policies prescribed by the Division, which differ from those prescribed under GAAP. The accounting policies prescribed by the Division 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. See “FINANCIAL STATEMENTS OF THE TOWNSHIP OF NORTH BERGEN” in Appendix B for a description of the Township's accounting policies.

Fund Structure. Under the method of accounting prescribed by the Division, the Township accounts for its financial transactions through separate funds which differ from the fund structure required by GAAP. See “FINANCIAL STATEMENTS OF THE TOWNSHIP OF NORTH BERGEN” in Appendix B herein for a description of the fund structure utilized by the Township.

Basic Financial Statements. The Township presents the financial statements which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

Reporting Entity. The Division requires the financial statements of component units of the Township to be reported separately unlike GAAP pursuant to which there are criteria to be used to determine which component units should be included in the financial statements of the oversight entity. Inasmuch as their activities are administered by separate boards, the financial statements of the North Bergen Board of Education, North Bergen Public Library, North Bergen Municipal Utilities Authority and the North Bergen Parking Authority are reported separately.

Uniform Chart of Accounts

In an attempt to instill uniformity in financial reporting among the numerous municipal and county entities in New Jersey, the Division of Local Government Services required the implementation of a Flexible Chart of Accounts (“FCOA”) and Other Comprehensive Basis of Accounting — Comprehensive Annual Financial Report by all New Jersey local and governmental entities by Fiscal Year 2001.

An important goal of the FCOA is to enable a comparison of local unit expenditures and revenues. Because municipalities and counties have different approaches to budgeting, common budget activity categories have been developed to facilitate comparison. These categories are necessary to prepare the Comprehensive Annual Financial Report and comply with budget regulations.

In order for each municipality and county to maintain the same minimum number of financial records and classify financial transactions in similar account classification structure, a uniform, yet flexible chart of accounts must be in place. This standardized chart of accounts, ("FCOA"), facilitates the electronic filing of budgets and other financial documents.

The Township of North Bergen volunteered to be part of the State of New Jersey's "Pilot Program" for the statewide implementation of the Uniform Chart of Accounts. The Township is completely converted and is currently utilizing FCOA and Comprehensive Annual Financial Report.

Board of Education Spending Limits

The Public School Education Act of 1975 (Chapter 212) (the "School Act") places statutory limits on annual expenditure increases in local school budgets ("CAPs"). The Commissioner may exercise discretion to waive the budget CAP for an individual school district and allow greater expenditures.

The budget CAP formula permits low spending districts to increase their expenditures more rapidly than other districts. In determining the annual spending limitation, consideration is given to the local district's cost per pupil compared to the State average, and the percentages of increase in State equalized valuations and State expenditures per pupil in the district.

Fiscal Year Adjustment Law (1991 N.J. Laws c 75)

The Fiscal Year Adjustment Law, in addition to authorizing municipalities to change their fiscal years and to issue bonds and notes to finance deficits in their transition year budgets (January 1 to June 30 of the calendar year prior to the first State fiscal year) made several additions to and revisions of State laws governing municipalities. Changes were made in statutes governing the following: budget process, tax rate determination, tax collection, tax appeal process, maturity of tax anticipation notes and the filing of financial statements. Most changes were made to provide alternative procedures and dates for actions to occur, depending upon whether a municipality's fiscal year is the calendar year or the State fiscal year.

State Supervision

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 successive years; which has a deficit greater than 4 percent of its tax levy for two successive years; which has failed to make payments due and owing to the State, county, school district or special district for two consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds 25 percent 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 a cash deficit.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Beginning in 1992, prior to February 1 in each year, a municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey, for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

STATE AID PROGRAMS

The State of New Jersey provides financial support to local governments and school systems through various programs aimed at reducing reliance on the local property tax base. At this time the financing is complete and no longer appears in the Township's net debt outstanding.

Education Aid

In June 1990, the State enacted a new general school aid law, creating a "Foundation Program" for State aid and replacing the "power equalization" aid structure in effect since 1975. The law establishes a foundation amount which each school district should spend annually per pupil. The State shares in funding the resulting school budgets according to a formula by which State participation is greater in districts of lower property and income wealth. The State also pays according to a similar formula, for a share of special education, school transportation, and school debt service. The program took effect July 1, 1991. On November 21, 1995, the State Commissioner of Education submitted a report to the State Legislature, which recommends that the State Legislature, instead of local voters, set the basic school budget for all school districts, by establishing the curriculum and setting school spending levels. It is presently unclear whether this proposal will be adopted, and, if adopted, what effect it would have on per pupil spending within the Township's school district and current levels of property tax based support for its school district.

Summary of State/Federal Aid to School Districts

In 1973, the Supreme Court of the State ruled in Robinson v. Cahill that the existing method of financing school costs principally through property taxation was unconstitutional. Pursuant to the Supreme Court's ruling, the State Legislature enacted the Public School Education Act of 1975 (P.L. 1975, Ch. 212) which required funding of

the State's School Aid through the New Jersey Gross Income Tax Act (P.L. 1975, Ch. 47), enacted for the purpose of providing property tax relief.

On June 5, 1990 the Supreme Court ruled in Abbott v. Burke, that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The court found that poorer urban districts were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The court found that wealthy districts were able to spend more, yet tax less for educational purposes.

The Quality Education Act of 1990. The Legislative response to Abbott v. Burke was the passage of the Quality Education Act of 1990 (the "Quality Education Act"), (P.L. 1990, c. 52), which was signed into law on July 3, 1990. This law established a new formula for the distribution of state aid for public education commencing with the 1991-92 fiscal year. The law provided a formula that took into account property value and personal income to determine a district's capacity to raise money for public education. A budgetary limitation or "CAP" on expenditures was also provided in the law. The "CAP" was intended to control the growth in local property taxes. The Quality Education Act was amended and revised by Chapter 62 of the Pamphlet Laws of 1991 of New Jersey, effective March 14, 1991 and further amended by Chapter 7 of the Pamphlet Laws of 1993 effective July 14, 1993.

On July 12, 1994, the Supreme Court of New Jersey declared the school aid formula under the Quality of Education Act of 1990, as amended, unconstitutional on several grounds as it is applied to the 30 special needs districts designated by the State in ongoing litigation commonly known as Abbott v. Burke II. No specific remediation was ordered, but the Supreme Court ultimately held that the Legislature and the Governor were required to have a new funding formula in effect by December 31, 1996 so that the new formula would be implemented in the 1997-98 fiscal year.

Comprehensive Educational Improvement and Financing Act of 1996. In keeping with the Supreme Court's deadline, Governor Christine Todd Whitman signed into law on December 20, 1996 the Comprehensive Educational Improvement and Financing Act of 1996 (the "Comprehensive Plan"). The Comprehensive Plan affects how public schools are funded by the State, beginning in the 1997-98 fiscal year.

The Comprehensive Plan departs from other funding formulas adopted in New Jersey by defining what constitutes a "thorough and efficient" education, which is what the New Jersey Constitution requires every public school student to receive. The Comprehensive Plan further establishes the costs to provide each student with a "thorough and efficient" education.

In defining what constitutes a "thorough" education, the New Jersey State Board of Education adopted a set of Core Curriculum Content Standards. The purpose of these standards is to provide all students with the knowledge and skills that will enable them to be productive citizens when they graduate from any New Jersey high school, regardless of the school's location or socioeconomic condition. The Comprehensive Plan provides state aid

assistance in the form of Core Curriculum Standards Aid based on a school district's financial ability to raise sufficient tax revenue for its students to achieve the Core Curriculum Contents Standards.

The definition of an "efficient" education under the Comprehensive Plan determines the cost to provide each student with an education that fulfills the requirements for the Core Curriculum Content Standards. The efficiency standard defines such things as optimal class size, administrators/teachers per student, schools per district, and the types and amount of classroom supplies, services, and materials. The Comprehensive Plan establishes an approximate amount per student to educate each student at various grade levels in the Core Curriculum Content Standards. This amount will be adjusted biennially for inflation by the consumer price index.

In determining how much Core Curriculum Content Standards Aid a school district will receive, the Comprehensive Plan considers each school district's financial ability to fund such a level of education. This component of the Comprehensive Plan is referred to as the local share requirement, namely, the amount of taxes that a school district can raise relative to other school districts based on property wealth and income levels. The purpose of the Core Curriculum Standards Aid is to provide school districts with adequate State assistance that is proportionate to their ability to pay. The purpose of this type of aid is to ensure that all school districts have the economic ability to provide their students with the ability to achieve the Core Curriculum Content Standards. In addition to the Core Curriculum Content Standards Aid, the Comprehensive Plan also provides per pupil assistance from the State for special education, early childhood programs, demonstrably effective programs, instructional supplement, bilingual education, county vocational schools, and distance learning network.

Another form of aid that is provided by the Comprehensive Plan is school facilities aid. During the 1997-1998 fiscal year, this type of aid is provided to those school districts that previously qualified for aid under the QEA. The amount of school facilities aid that the State will provide during the 1998-1999 fiscal year will be determined by the amount budgeted in the approved State budget. Currently, the Comprehensive Plan does not provide any facilities aid to offset the financing associated with school facility leases during the 1997-98 fiscal year.

Beginning in the 1998-99 fiscal year, State aid for school facilities was supposed to consist of a ratio that divides (i) the amount of debt service or the amount of facilities rent for lease terms that exceed five years required to be budgeted for a fiscal period into (ii) the costs that are approved by the New Jersey Department of Education for a proposed building or renovation project. The approved facility costs under CEIFA have not yet been determined. CEIFA required the governor to submit to the legislature 60 days prior to the 1998 budget address, criteria for determining approved facilities costs, State support levels, and maintenance incentives applicable to the 1998-99 fiscal period. The Legislature recently enacted and the Governor signed into law the Educational Facilities Construction and Financing Act, constituting Chapter 72 of the Pamphlet Laws of 2000, effective July 18, 2000. That law provides full funding for qualified costs of facilities required for Abbott Districts and funding for qualified costs of facilities for all other districts in an amount equal to the ratio between their core curriculum facilities aid and their T&E budget times 115% or 40% of the qualified costs, whichever is greater. In lieu of debt service aid, school districts may receive grants for the State share of the project and authorize bonds only for the local share of the

project. School districts may receive debt service aid under that formula for certain projects begun prior to the effective date of the law. On December 28, 2000, a Complaint was filed in the Superior Court of New Jersey challenging the authority of the Economic Development Authority under the State Constitution's Debt Limitation clause to issue bonds secured by a contract with the State treasurer, the funding of which is subject to annual appropriation, and requesting that the Court grant an injunction restraining the State and the New Jersey Economic Development Authority from issuing bonds to fund the State's financial obligation under the Educational Facilities Construction and Financing Act. On January 24, 2001, the Superior Court of New Jersey granted the State's motion to dismiss the case as a matter of law. The Plaintiff filed a notice of appeal on February 5, 2001.

CEIFA also limits the amount school districts can increase their annual current expenses and capital outlay budgets. Generally, these budgets can increase by either 3% or the consumer price index, whichever is greater. Budgets can also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceed \$40,000 per pupil. Waivers are available from the Commissioner based on increasing enrollments and other fairly narrow grounds or by approval of the voters at the annual school election.

Under CEIFA, rent payments made pursuant to a facilities lease purchase agreement for a term that exceeds five years are treated as debt service. Such rent payments are not included in the spending limits and receive aid at the same level as debt service. Rent payments under a facilities lease with a term of five years or less are budgeted in the general fund and are subject to a school district's spending growth limitation amounts under CEIFA.

On May 14, 1997, the New Jersey Supreme Court held that CEIFA is unconstitutional as applied to the 28 special needs districts because (1) its funding provisions fail to assure that students in such districts will receive a thorough and efficient education and (2) supplemental programs to increase student performance in such districts have neither been adequately identified nor funded. The Court recognized the Core Curriculum Standards as a valid means of identifying what is a "thorough and efficient" education under the State Constitution, but found that the State did not adequately determine or provide the adequate funding level to allow those standards to be met in the special needs districts. CEIFA was not held unconstitutional as applied to the non-special needs districts. The School District is not a special needs district.

The Court ordered the State (1) to increase State aid to the special needs districts for the 1997-98 school year to a level such that the per-pupil expenditure in such districts is equivalent to the average per-pupil expenditure in wealthy suburban districts, (2) through the Commissioner, to manage the additional spending to assure that it will be used to allow the students to meet the educational content standards and (3) under the supervision of the Superior Court, Chancery Division, to determine a plan to provide supplemental educational and facilities programs in the special needs districts.

Provisions for the additional amounts of money were appropriated in the 1998-99 State budget. The Court has ruled that the Commissioner and the State Department of Education will be responsible for maintaining the educational system in accordance with the orders of the Court.

In response to the Court's order and in an attempt to remedy inadequacies that exist in the safety, the quality and the utility of state-wide school facilities, the New Jersey Legislature enacted the Educational Facilities Construction and Financing Act, 2000 N.J. Laws c. 72 ("EFCFA"), which became law on July 18, 2000. See "Summary of Educational Facilities Construction and Financing Act" herein. The EFCFA provides certain levels of funding for facilities' improvements for both special needs and non-special needs districts. Under EFCFA, special needs districts will receive State funding of 100% of the eligible costs of a school facilities project. The State will provide non-special needs districts with facilities aid of at least 40% of the eligible costs of a school facilities project. A non-special needs district must elect to receive its level of facilities aid in either the form of a grant or ongoing annual debt service aid.

On June 27, 2001, the Superior Court of New Jersey, Appellate Division, affirmed the trial court's decision that no public referendum is required for the State's bonds under the EFCFA. By a 2-to-1 majority, the Appellate Division held that the Debt Limitation Clause of the State Constitution is not violated by the EFCFA. Plaintiff filed an appeal and on August 21, 2002, the judgment of the Appellate Division upholding the EFCFA was affirmed. Appellants' general challenge to contract debt was set down for reargument.

Summary of the Educational Facilities Construction and Financing Act

On July 18, 2000, Governor Whitman signed the EFCFA, S-200, into law, thereby initiating the largest, most comprehensive school construction program in the nation.

Major provisions of the school construction law include:

- **State Bonding Caps** - The State is authorized to borrow \$6 billion for projects in the 30 special needs, or Abbott districts, and \$100 million for county vocational schools.
- **Abbott Districts** - The law provides for 100 percent state funding of eligible school construction costs in the Abbott districts.
- **Non-Abbott Districts** - School construction projects in non-Abbott districts will be funded at their state aid percentage multiplied by 1.15, or a minimum of 40 percent, whichever is greater. In addition, certain school districts may apply for 100 percent state support of its project. If the application is approved, the commissioner would seek legislative approval.

- **Facilities Efficiency Standards** - The commissioner of education will develop facilities efficiency standards for elementary, middle and high schools. These standards will determine the extent to which a district's construction project qualifies for state aid.

- **Project Costs** - Projects eligible for state aid include:

a. Building renovation is required for Uniform Construction Code, health and safety, and/or educational adequacy compliance as determined by facilities efficiency standards. The district is entitled to state aid on the estimated actual costs of the renovation project.

b. New construction to accommodate increased enrollment. The law provides a cost allowance of \$138 per square foot. This figure covers construction and "soft costs," such as site acquisition and site development; services of design professionals, including architects, engineers and construction managers; legal fees; and the costs associated with financing the project.

c. Building space necessary to comply with state or federal law concerning students with disabilities.

d. Such other items the commissioner of education determines are necessary to meet the educational needs of the district.

Square Footage Allowance - The square foot allowance per pupil for new construction is as follows:

Preschool - grade 5	125 sq. ft.
Grades 6-8	134 sq. ft.
Grades 9-12	151 sq. ft.

- **Construction Oversight/Coordination** - For Abbott districts and non-Abbott districts eligible for 55 percent or more state aid, the New Jersey Economic Development Authority will be responsible for construction and financing. All other districts have the option of using the authority's services.

- **Retroactivity** - The legislation provides benefits retroactively to school districts as follows:

1. *For districts that have issued debt*, the state will provide debt service at a minimum of 40 percent for all qualified project costs (a) if the district has obtained approval from the commissioner of education for the school facilities project since September 1, 1998, or (b) if the district has obtained approval from the State department of Community Affairs (or the appropriately licensed municipal code official) of the final construction plans and specifications since September 1, 1998.

2. *For districts that have not issued debt*, other than short-term notes, the state will provide a cash grant at a minimum of 40 percent for projects that received approval from the commissioner at any time prior to the law's effective date.

- **Appeal of Eligible Costs** - The district may apply for additional state aid if detailed plans and specifications completed by a design professional indicate that the cost of the project will exceed eligible costs, as determined by the commissioner, by at least 10 percent. However, the amount of additional state aid will be capped at 10 percent of eligible costs.
- **Early Childhood Education** - A district that receives early childhood program aid may include, as part of its facilities plan, a community early childhood education facilities project, owned and operated by a nonprofit daycare provider that is licensed by the Department of Human Services.
- **Community Development** - The treasurer is authorized to designate six school facilities projects as community development projects.
- **Failed Referendum** - If a district fails to obtain voter approval for a particular project after two attempts, it may ask the commissioner to authorize funding for that project. Such an appeal is restricted by the following criteria: (a) the project is consistent with the facilities efficiency standards; (b) the first attempt at voter approval took place during the previous three years; and (c) the first referendum addressed the same project. If the commissioner determines that the project is necessary for a thorough and efficient education, he will approve the project and authorize the issuance of bonds to cover the local share of the project. The New Jersey Economic Development Authority must construct any project approved in this manner.

The following represents the four stage process by which financing occurs:

1) Long-Range Facilities Plan

All school districts must prepare and submit a long-range facilities plan to the commissioner of education. The document must detail the district's school facilities needs and how it will address those needs over the next five years. A district must have its long-range facilities plan approved by the commissioner before approval can be given under the EFCFA. The plan must comply with the "Facilities Efficiency Standards."

2) Project Approval

Any district seeking to initiate a school facilities project must submit a project application to the commissioner. The commissioner will review a district's proposed project to determine whether it complies with the facilities efficiency standards and the district's long-range plan. The commissioner must also approve additional space that exceeds the state standards, if the district demonstrates the additional space is necessary for required programs.

Time-lines - The commissioner must make a decision on a district's application within 90 days (plus one 60-day extension) from the date on which he determines the application is complete. The commissioner must make a decision on the application or it will be deemed automatically approved.

Approved projects - If the commissioner approves a district's school facilities project, he will calculate eligible costs of the project on which the district will be entitled to receive state aid.

Disapproved projects - If the commissioner does not approve additional space beyond that provided in the facilities efficiency standards, the district may either modify its plan or pay for the excess costs.

3) Eligible Costs

New construction - Eligible costs for construction of new facilities and additions to existing facilities are calculated by determining the amount of allowable square footage (as per the facilities efficiency standards) and multiplying that square footage by \$138 (the per square foot cost allowance).

Renovation - Eligible costs for renovation projects equal the estimated actual costs. The estimated costs of a renovation project may contain only those costs necessary for compliance with the Uniform Construction Code, for health and safety, and/or for educational adequacy as determined by the facilities efficiency standards.

4) Financing and Construction

With the exception of the Abbott districts, school boards must obtain voter or board of school estimate approval for the local share of the construction project. State funding for the project is available once the district secures financing for the local share of the project.

Referendum language - The referendum must identify the final eligible costs of the project, as determined by the commissioner, as well as those amounts that are in addition to eligible costs.

School districts with a state aid percentage of less than 55 percent - A school district with a state funding percentage of less than 55 percent can opt to receive state aid for the project as debt service aid or as an up-front cash grant. It also has the option of constructing the project on its own or using the New Jersey EDA.

Abbott districts, school districts with a state aid percentage of 55 percent or greater, and Level II districts - Abbott districts are required to use the EDA for construction and will have 100 percent of approved costs paid by the state through EDA financing. Districts in Level II monitoring and districts that have a state aid eligibility of 55 percent or greater must also use the EDA for construction of their projects. However, when the eligible costs of a school facilities project are \$500,000 or less, the EDA may authorize the district to undertake the project on its own and enter into a grant agreement with the district for the state's share of the financing.

Summary of Federal Aid to School Districts. Federal funds are available for certain programs approved by the federal government with allocation decided by the State, which assigns a proportion to each local school district. The Elementary and Secondary Education Act, as amended by the Improving America's Schools Act of 1994 is a federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Title I Aid. Federal aid is generally received in the form of block grants.

Distributed Taxes

The State collects various taxes for distribution to local governments. Since 1980, the Public Utilities Franchise and Gross Receipts Taxes have been collected by the State. Previously these taxes had been apportioned by the State for collection by local governments. The proceeds are appropriated and distributed each year, in part through the Municipal Purposes Tax Assistance Fund, according to municipal tax rates and per capita equalized valuations, but mainly according to a formula based upon the value of utility property and sales. The State also collects certain taxes on financial businesses, banking corporations, and insurance companies for appropriation and distribution to the municipalities in which such entities operate. The Township received \$2.9 million of Gross Receipts and Franchise taxes in fiscal year 1998. Beginning with fiscal year 1999, the State replaced Franchise and

Gross Receipts Taxes with Energy Receipts Taxes. In calendar year 2021, the Township received \$6,704,406 of Energy Receipts Taxes.

State Aid

In Calendar Year 2021, the Township received \$481,191 of “Consolidated Municipal Property Tax Relief Aid” (CMPTRA). This State allocation is actually a consolidation of several State aid categories including the Municipal Revitalization Program and Safe and Clean Neighborhood Programs.

The following table depicts the categorical amounts of State Aid received by the Township over the past five fiscal years:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Consolidated Municipal Property Tax Relief Aid	\$481,191	\$565,565	\$772,740	\$1,094,592	\$1,291,862
Energy Receipts Tax	\$6,704,406	\$6,620,032	\$6,412,857	\$6,091,005	\$5,893,735
TOTALS:	<u>\$7,185,597</u>	<u>\$7,185,597</u>	<u>\$7,185,597</u>	<u>\$7,185,597</u>	<u>\$7,185,597</u>

Source: Derived from the 2017-2020 Audited Financial Statements and the 2021 Unaudited Financial Statements.

Urban Enterprise Zone Funds

To encourage businesses to locate in urban enterprise zones, the State exempts certified urban enterprise zone businesses from State sales taxes on equipment and supplies utilized in daily operations, as well as building materials.

Tax Exemption Reimbursement

The State reimburses municipalities for the full cost of mandated property tax deductions and exemptions for certain categories of taxpayers (\$250 a year for veterans and \$250 a year for senior or disabled citizens).

Welfare

The State pays the entire nonfederal share of Medicaid. As of July 1, 1991, the State also assumed one hundred percent of the costs of the nonfederal share of federal welfare programs managed by County governments and one hundred percent of the costs of General Assistance, the program of financial aid to needy people who are

not otherwise provided for under New Jersey Laws, that was managed by municipalities. Thus, New Jersey municipalities have no financial obligation for these programs.

Transit

The subsidization of public mass transit is the responsibility of the State. Municipalities are not required to make financial contributions.

Higher Education

The State subsidizes the system of State colleges and universities, with no municipal financial obligation. County colleges are supported by county governments with State assistance. Municipalities have no financial responsibility for the county college system.

Other

The State maintains a variety of smaller programs of grants-in-aid to municipalities in such fields as housing, neighborhood preservation, health, and social services, and has assumed funding of other programs previously financed by the Township, thereby relieving the Township from funding such costly programs.

TOWNSHIP FINANCIAL SCHEDULES

Current Fund—Revenues and Expenditures

The Current Fund is used to account for the resources and expenditures for governmental operations of a general nature, including debt service on general improvement and school bonds and notes. The fund balance in the Current Fund at the end of each fiscal year is comprised of cash, investments and certain receivables. Under State law, only the amount of Current Fund balance held in cash or quick assets may be included as anticipated surplus in the succeeding fiscal year's budget, unless the Director of the Division of Local Government Services gives written consent to an exception.

The information presented in the following tables has been derived from the Township's audited financial Statements for the years 2017 through 2020 and the 2021 unaudited financial statements.

The audited fund balances from 2017-2020, and the amounts included in the budget for each succeeding Fiscal Year, are shown below:

<u>Year</u>	<u>Current Fund Fund Balance</u>	<u>Anticipated Surplus Used In Succeeding Year Budget</u>
CY 2021	\$17,187,944	N/A
CY 2020	\$12,911,280	\$4,400,000
CY 2019	\$13,528,575	\$4,900,000
CY 2018	\$14,900,754	\$5,700,000
CY 2017	\$13,010,130	\$2,800,000

<u>Emergency Appropriations Years 2017-2021</u>	
CY 2021	-0-
CY 2020	-0-
CY 2019	-0-
CY 2018	-0-
CY 2017	-0-

In addition to emergency appropriations there are other classes of expenditures not contemplated in the adopted budget which are treated in the same manner as emergency appropriations. This category consists largely of over-expenditures of appropriations and expenditures without appropriations arising primarily in the area of salaries and wages.

<u>Overexpenditures Deferred to Subsequent Years Years 2017-2021</u>	
	<u>Deferred to Following Year</u>
CY 2021	-0-
CY 2020	-0-
CY 2019	-0-
CY 2018	-0-
CY 2017	-0-

The following schedules of Current Fund revenues and expenditures have been prepared by the Township in conformity with accounting principles and practices prescribed by the Division of Local Government Services, in the Department of Community Affairs, State of New Jersey (the "Division"), which principles and practices differ in certain respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units.

	<u>Calendar Year Ended December 31, 2021</u>		<u>Calendar Year Ended December 31, 2020</u>		<u>Calendar Year Ended December 31, 2019</u>		<u>Calendar Year Ended December 31, 2018</u>		<u>Calendar Year Ended December 31, 2017</u>	
	<u>Budgeted</u>	<u>Realized</u>	<u>Budgeted</u>	<u>Realized</u>	<u>Budgeted</u>	<u>Realized</u>	<u>Budgeted</u>	<u>Realized</u>	<u>Budgeted</u>	<u>Realized</u>
Fund Balance Utilized	\$4,400	\$4,400	\$4,900	\$4,900	\$5,700	\$5,700	\$2,800	\$2,800	\$2,500	\$2,500
Amount to be Raised by										
Taxation	70,087	70,747	68,713	69,184	67,554	68,207	66,830	67,192	65,104	65,077
Delinquent Taxes	1,750	1,897	1,750	1,997	2,150	2,183	2,241	3,013	1,750	2,027
Energy Receipts Tax	6,704	6,704	6,413	6,620	6,091	6,413	5,855	6,091	5,855	5,894
Consolidated Municipal										
Property Tax Relief Aid	481	481	773	566	1,095	773	1,331	1,095	1,331	1,292
Supplemental Energy Receipts										
Tax	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	<u>17,945</u>	<u>16,840</u>	<u>17,260</u>	<u>14,688</u>	<u>16,099</u>	<u>16,443</u>	<u>16,710</u>	<u>17,908</u>	<u>24,433</u>	<u>25,138</u>
TOTAL BUDGETED										
REVENUES:	<u>\$101,367</u>	<u>\$101,069</u>	<u>\$99,809</u>	<u>\$97,955</u>	<u>\$98,689</u>	<u>\$99,719</u>	<u>\$95,767</u>	<u>\$98,099</u>	<u>\$100,973</u>	<u>\$101,928</u>

Source: Derived from the 2017-2020 Audited and 2021 Unaudited Financial Statements.

CURRENT FUND EXPENDITURES AND APPROPRIATIONS (In Thousands)

	DECEMBER 31, 2021		DECEMBER 31, 2020		DECEMBER 31, 2019		DECEMBER 31, 2018		DECEMBER 31, 2017	
	<u>Appropriations</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Expenditures</u>
Public Affairs	\$25,094	\$24,280	\$25,126	\$18,989	\$25,110	\$20,948	\$23,725	\$21,570	\$22,774	\$18,178
Revenue and Finance	1,744	1,523	2,562	2,272	1,928	1,687	1,517	1,359	1,569	1,386
Public Safety	18,662	17,824	19,190	17,766	17,976	17,871	17,648	17,438	16,469	16,145
Public Works	4,728	4,134	4,887	4,010	4,588	4,442	4,516	4,443	4,055	3,644
Parks and Public Property	3,799	3,527	3,700	2,946	3,634	3,598	3,561	3,417	3,388	3,235
State Uniform Construction Code	828	766	881	806	805	793	793	782	759	746
Unclassified	9,874	9,599	9,506	9,024	9,296	8,958	9,111	8,739	9,028	8,623
Contingent	<u>25</u>	<u>0</u>	<u>25</u>	<u>0</u>	<u>25</u>	<u>0</u>	<u>25</u>	<u>0</u>	<u>25</u>	<u>0</u>
SUB TOTAL	\$64,754	\$68,653	\$65,877	\$55,813	\$63,362	\$58,297	\$60,896	\$57,748	\$58,068	\$51,957
Total Deferred Charges & Statutory Expenditures Within "CAPS"	6,981	6,904	6,497	6,044	6,244	6,220	5,852	5,723	5,220	5,209
Judgments	---	0	45	0	45	0	45	0	45	45
Total Operations Excluded From "CAPS"	19,972	19,254	18,620	18,264	18,862	18,139	19,222	18,491	29,741	29,250
Capital Improvement Fund	500	500	304	304	710	710	150	150	150	150
Debt Service:										
Municipal	6,734	6,724	6,734	6,726	6,350	6,343	6,302	6,296	5,268	5,268
Total Deferred Charges Excluded From "CAPS"	180	180	0	0	0	0	111	111	23	23
Reserve For Uncollected Taxes	<u>2,246</u>	<u>2,246</u>	<u>2,632</u>	<u>2,632</u>	<u>3,116</u>	<u>3,116</u>	<u>3,189</u>	<u>3,189</u>	<u>2,457</u>	<u>2,457</u>
TOTAL	\$101,367	\$97,461	\$100,709	\$89,784	\$98,689	\$92,825	\$95,767	\$91,708	\$100,972	\$94,360

Source: Derived from the 2017-2020 Audited and 2021 Unaudited Financial Statements

RECENT FINANCIAL RESULTS AND CY 2022 FINANCIAL OUTLOOK

Calendar Year 2021 Financial Results/Calendar Year 2022 Budget

The Township’s CY2012 budget was the first to operate on a calendar year since reverting back to such a basis after the six month transition year 2011 budget that ended on December 31, 2011. The Township now operates more efficiently by avoiding the duplicate and costly generation of additional tax bills that a fiscal year operation causes.

The calendar year 2021 budget was adopted May 26, 2021. The budget included a municipal tax levy of \$70,087,260, which represented an increase of \$1,374,260 over the 2020 municipal tax levy, or an approximate 2.0% increase and use of surplus was \$4,400,000. The Township ended 2021 with an addition to surplus of \$8,676,664, bringing total surplus balance to \$17,187,944. The Township 2021 realized revenues were \$101,069,275

The calendar year 2022 Budget will be introduced in March, 2022. The Township closely monitors revenues and expenses through the year. Based on the latest available information, the Township anticipates actual 2022 results to be generally improved as compared to the calendar year 2021 budget. The Township expects the use of surplus will remain stable, while still maintaining healthy reserves in the 2022 Budget.

Calendar year 2021 results

Unaudited results of operations for the calendar year ending December 31, 2021 are as follows:

Excess Revenue Realized

Required Collection of Current Taxes	\$ 660,183
Receipts from Delinquent Taxes	147,485
Account Receivables Liquidated.....	4,735
Miscellaneous Revenue Not Anticipated.....	705,856
Unexpended Balances of CY 2020 Appropriation Reserves.....	9,390,989
Unexpended Balances of CY 2021 Budget Appropriations.....	<u>9,804</u>
	\$10,919,055

Charges to Operations:

Interfund Balances Originating in CY2021	\$ 1,136,086
Miscellaneous Revenues Anticipated	<u>1,106,305</u>
Total Charges	2,242,391

Net Excess: Addition to Fund Balance \$8,676,664

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

Real Property taxes are assessed locally based upon an assessment at true value. The tax bill includes a levy for Township, County and School purposes; County taxes are paid quarterly on February 15, May 15, August 15 and November 15. The Fiscal Year Adjustment Law (Ch. 175, P.L. 1991) enacted changes in the procedures by which municipalities determine tax rates and collect taxes. Two tax bills will be mailed each year after certification of the tax rate by the County Tax Board as a result of the varied timing for adoption of school, county and municipal budgets. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquent amount in excess of \$1,500. All unpaid taxes for the previous year are annually placed in a tax sale in accordance with the New Jersey Statutes. In rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

	CY 2021	CY 2020	CY 2019	CY 2018	CY 2017
Current Levy:					
Municipal	\$70,169,680	\$68,601,407	\$67,127,285	\$67,078,333	\$65,770,137
School	53,495,914	52,422,151	51,736,105	50,850,587	49,217,112
County	26,691,141	25,823,199	28,320,902	28,031,834	27,654,437
Total Levy	\$150,356,735	\$146,846,757	\$147,184,292	\$145,960,754	\$142,641,686
Current Levy Collected	\$148,688,139	\$144,875,737	\$145,211,124	\$142,884,557	\$139,491,113
Percent Collected	98.89%	98.65%	98.66%	97.89%	97.71%
Delinquent Taxes Collected	1,897,485	1,999,514	2,182,978	3,013,319	2,026,900
Total Current & Delinquent Collected	\$150,585,624	\$146,872,251	\$147,394,102	\$145,897,876	\$141,518,013

Source: Township of North Bergen, Finance Department

Annual Foreclosure/Land Sale

In an effort to efficiently manage the Township Tax Title Lien register, an annual review has been implemented. Upon review, the Township forecloses on such property and conducts public sales. As of December 31, 2021 the value of properties acquired by Tax Title Lien Liquidation was \$6,587,000.

Margin Against Delinquent Taxes

New Jersey municipalities are required to provide a reserve for current tax delinquencies based on the percentage of the last preceding year's current tax collection. Furthermore, delinquent taxes can be anticipated only to the extent of the last preceding year's delinquent tax collection percentage. The Township regularly reviews the status of real property with outstanding delinquent taxes in order to more rapidly dispose of property through foreclosure and sale.

CURRENT TAXES		
Reserve for Uncollected Taxes		
<u>YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>RESERVE AMOUNT</u>
CY 2021	\$150,356,735	\$2,246,358
CY 2020	\$146,846,757	\$2,632,442
CY 2019	\$147,184,292	\$3,115,860
CY 2018	\$145,960,754	\$3,189,373
CY 2017	\$142,641,686	\$2,457,368

Source: Township of North Bergen, Finance Department

**DELINQUENT TAXES AND TAX TITLE LIENS
ANTICIPATED VERSUS ACTUAL COLLECTIONS**

<u>YEAR ENDED</u>	<u>DELINQUENT TAXES</u>	<u>TAX TITLE LIENS</u>	<u>TOTAL</u>	<u>ANTICIPATED COLLECTIONS (BUDGET)</u>	<u>% OF TOTAL</u>	<u>ACTUAL COLLECTIONS</u>	<u>% OF TOTAL</u>
CY 2021	\$1,548,915	\$500,275	\$2,049,190	\$1,750,000	85.40%	\$1,897,485	92.60%
CY 2020	\$1,884,157	\$443,035	\$2,327,193	\$1,750,000	75.20%	\$1,996,514	85.79%
CY 2019	\$1,864,467	\$937,637	\$2,802,104	\$2,150,000	76.73%	\$2,182,978	77.90%
CY 2018	\$2,211,018	\$840,080	\$3,051,098	\$2,240,604	73.44%	\$3,013,319	98.76%
CY 2017	\$2,771,278	\$1,175,261	\$3,946,539	\$1,750,000	44.34%	\$2,026,900	51.36%

Source: Township of North Bergen, Finance Department

ASSESSED VALUATION LAND AND IMPROVEMENTS BY CLASS

<u>Year</u>	<u>Total</u> ¹	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Utilities</u>
2021	\$2,566,387,073	\$50,615,400	\$1,493,139,400	\$468,034,467	\$364,514,200	\$186,704,000	\$3,378,806
2020	\$2,563,885,003	\$48,928,800	\$1,490,030,500	\$486,594,467	\$351,318,700	\$183,617,500	\$3,395,036
2019	\$2,578,214,731	\$46,939,200	\$1,486,380,800	\$507,596,067	\$352,222,800	\$181,655,600	\$3,420,264
2018	\$2,584,393,269	\$55,202,800	\$1,483,782,500	\$508,458,867	\$352,107,800	\$181,295,400	\$3,545,902
2017	\$2,564,256,984	\$49,625,100	\$1,480,100,600	\$501,492,600	\$354,589,100	\$174,509,200	\$3,940,384
2016	\$2,529,615,277	\$45,723,200	\$1,474,075,800	\$483,283,700	\$352,931,900	\$169,524,100	\$4,076,577

Source: Township of North Bergen, Division of Tax Assessments.

¹ Includes Assessed Valuation of Utilities.

LINE ITEMS

<u>Year</u>	<u>Total</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Utilities</u>
2021`	12,220	308	10,835	729	190	158	N/A
2020	12,246	339	10,830	732	191	154	N/A
2019	12,259	348	10,826	735	194	156	N/A
2018	12,280	342	10,846	742	194	156	N/A
2017	12,274	323	10,865	735	197	154	N/A
2016	12,281	333	10,852	737	203	156	N/A
1992	11,106	450	9,485	746	257	168	N/A
Diff Since 1992	1,114	<142>	1,350	<17>	<67>	<10>	N/A
Diff One Year	<26>	<31>	5	<3>	<1>	<4>	N/A

Source: Township of North Bergen, Division of Tax Assessments.

CURRENT PILOT REVENUES

	<u>2022</u> (Anticipated)	<u>2021</u>
Hudson Mews	\$514,000	\$523,800
MTC Urban Renewal	\$190,000	\$195,106
Floral Park	\$705,000	\$702,483
Avalon Bay	\$322,717	\$255,694
Post Brothers	\$1,351,500	\$1,351,500
52K Urban Renewal	\$404,236	\$299,390
Housing Authority	\$330,000	\$329,702
Spectrum	\$476,240	\$477,245
⁽¹⁾ 67 th Street and Kennedy	\$180,000	\$190,000
⁽¹⁾ JFK NB Urban Renewal	\$64,000	\$24,000
	<u>\$4,537,693</u>	<u>\$4,348,920</u>

⁽¹⁾ New PILOTS for 2022

FUTURE PILOT REVENUES

	<u>Status</u>	<u>Annual PILOT Revenue⁽¹⁾</u>
MTC Urban Renewal 7711-7815 River Road	Under Construction Financial Agreement Approved	\$500,000 \$570,000

⁽¹⁾Annual PILOT payments to begin upon the issuance of Temporary Certificate of Occupancy.

TREND IN TAX RATES

<u>Year</u>	<u>General Rate Per \$100 of Assessment</u>	<u>Equalization Rate</u>
CY 2021	\$5,853	36.97
CY 2020	\$5,732	38.82
CY 2019	\$5,726	39.50
CY 2018	\$5,636	41.90
CY 2017	\$5,531	45.98

Source: Township of North Bergen, Finance Department

**ANALYSIS OF TAX RATES AND PERCENT DISTRIBUTION RATE
PER \$100 ASSESSED VALUATION**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Percent</u>	<u>County⁽¹⁾</u>	<u>Percent</u>	<u>School</u>	<u>Percent</u>
CY 2021	\$5.853	\$2.730	46.64%	\$1.038	17.73%	\$2,085	35.62%
CY 2020	5.732	2,679	46.74%	1.009	17.60%	2,044	35.66%
CY 2019	5.726	2.620	45.76%	1.099	19.19%	2.007	35.05%
CY 2018	5.636	2.586	45.88%	1.082	19.20%	1.968	34.92%
CY 2017	5.531	2.538	45.89%	1.073	19.40%	1.920	34.71%

Source: Township of North Bergen, Finance Department.

⁽¹⁾ Includes County Open Space Tax.

LARGEST TAXPAYERS IN THE TOWNSHIP

2021 Assessed Valuations

	<u>Owners</u>	<u>Property Location</u>	<u>Land</u>	<u>Improvement</u>	<u>Total</u>	<u>Class</u>
1.	Hartz Mountain	13 Properties	49,346,200	69,408,000	118,754,200	4B
2.	8100 River Road	208 Properties	9,310,200	56,169,600	65,479,800	2
3.	Voronado	3 Properties	14,487,000	37,967,400	52,454,400	4A
4.	7855 Blvd East	308 Properties	14,069,600	31,254,300	45,323,900	2
5.	Mack Associates	9 Properties	16,581,200	21,553,000	38,134,200	4B
6.	7400 River Road	146 Properties	7,300,000	28,909,800	36,209,800	2
7.	Columbia Park	2 Properties	8,050,000	23,207,500	31,257,500	4A
8.	Woodcliff Gardens	1 Property	6,000,000	18,430,100	24,430,100	4C
9.	5851 West Side Ave	1 Property	1,467,000	20,763,400	22,230,400	4C
10.	8200 Blvd East	1 Property	7,722,000	11,658,500	19,380,500	4B

TAX EXEMPT PROPERTIES IN THE TOWNSHIP

2021 Assessed Valuations

Public Schools	\$ 73,579,400
Schools Other Than Public	-0-
Public Property	53,573,400
Church and Charities	28,894,300
Cemeteries.....	30,206,600
Miscellaneous	353,948,800
Total	\$540,202,500

Source: Township of North Bergen, Division of Tax Assessments.

Tax Abatement of Real Property

There are currently ten properties in the Township which are under tax abatement. The Township receives payments in-lieu-of taxes on such properties. The properties are: (1) Floral Park; (2) Avalon Bay Communities; (3) LWH Urban Renewal (Post Brothers); (4) 53rd Urban Renewal; (5) North Bergen Housing Authority; (6) Hudson Mews; (7) MTC Urban Renewal; and (8) Spectrum Capital North Bergen, LLC; (9) 67th Street and Kennedy; (10) JFK Urban Renewal

**STATEMENT OF BONDED INDEBTEDNESS
AS OF DECEMBER 31, 2021**

Gross Debt:

School Purposes:

Issued and Outstanding:

Bonds	\$21,400,000 ⁽¹⁾	
Notes	-0-	
Authorized But Not Issued	\$40,000,000	
		\$ 61,400,000

Municipal Purposes:

Issued and Outstanding:

Bonds	\$42,685,000	
Notes	36,482,653	
Authorized But Not Issued	1,838,854	
Miscellaneous Bonds, Notes, and Loans	<u>822,704</u>	
		\$ 81,829,211

Bonds Issued by Public Bodies Supported by the Municipality:

North Bergen M.U.A.		\$ <u>47,904,187</u>
Total Gross Debt		\$191,133,398

Statutory Deductions

For School Purpose	\$ 61,400,000	
For Bonds Issued by Public Bodies Supported by the Municipality	<u>47,904,187</u>	
		\$ <u>109,304,187</u>

Statutory Deductions		\$ <u>109,304,187</u>
Statutory Net Debt		\$ 81,829,211
Statutory Net Debt Percentage		1.159%

Source: North Bergen Finance Department

(1) The Board of Education also has \$1,715,000 outstanding Certificates of Participation, which are not included in gross debt. In addition, the Township is responsible for \$2,547,628 in principal to the North Hudson Regional Fire & Rescue under a capital lease; this obligation is not counted in the gross debt of the Township.

The following table summarizes the information included in the preceding table, and shows, among other things, the gross debt outstanding for each purpose, and the amount of such debt allowed under State law to be excluded from the calculation of the debt limitation and the statutory net debt.

STATUTORY DEBT AS OF DECEMBER 31, 2021

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$61,400,000	\$61,400,000	None
Municipal Purposes	81,829,211	-0-	\$81,829,211
Other Public Bodies, Supported by Township	47,904,187	47,904,187	None
TOTAL:	\$191,133,398	\$109,304,187	\$81,829,211
Average Equalized Valuation of Real Property (Fiscal Years 2019 - 2021)			\$7,058,391,502
Statutory Net Debt Percentage			1.159%

Source: Derived from the Calendar Year 2021 Annual Debt Statement.

Note: The Board of Education also has \$1,715,000 outstanding Certificates of Participation, which are not included in gross debt. In addition, the Township is responsible for \$2,547,628 in principal to the North Hudson Regional Fire & Rescue under a capital lease; this obligation is not counted in the gross debt of the Township

The table below outlines the total debt of the Township on a per capita basis for the years 2017 through 2021.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Net Debt Statutory	\$81,829,211	\$80,990,978	\$77,491,899	\$62,675,504	\$62,814,461
Population ⁽²⁾	63,361	60,773	60,773	60,773	60,773
Net Debt per Capita	\$1,291	\$1,332	\$1,275	\$1,031	\$1,034
Net Debt – Statutory Percentages	1.159%	1.209%	1.21%	1.04%	1.12%

⁽¹⁾ The figures representing Gross Debt and Net Debt Statutory are derived from the Annual Debt Statement.

⁽²⁾ Source: U.S. Department of Commerce, Bureau of the Census, 2020.

The following table shows the amount of debt subject to the debt limitation that the Township is permitted to incur under State law. As the table demonstrates, the Township may incur more than \$165 million of additional debt for Municipal purposes and more than \$220 million of additional debt for school purposes. The Township may also incur debt that is excluded from the limitation, including refunding debt. In addition, the Township may issue Tax Refunding Notes. For further information regarding the North Bergen Municipal Utilities Authority’s future borrowing plans, see “THE TOWNSHIP OF NORTH BERGEN — Municipal Utilities Authority” herein.

DEBT INCURRING CAPACITY AS OF DECEMBER 31, 2021

Municipal

1. Average Equalized Valuation of Real Property (Years 2019 - 2021):		\$7,058,391,502
2. 3 1/2% Borrowing Margin (Three year average of Equalized Valuations):		\$247,043,702
3. Net Debt Issued and Outstanding and Authorized and Unissued	\$81,829,211	
4. Excess School Borrowing	—	
5. Excess Utility Borrowing	—	
6. Total Charges to Borrowing Margin		<u>\$81,829,211</u>
7. Available Borrowing (Line 2 minus Line 6)		<u>\$165,214,491</u>

School

8. 4% Borrowing Margin (Three year average of Equalized Valuations)		\$282,335,660
9. Debt Issued and Outstanding and Authorized and Unissued	\$61,400,000	
10. Less Debt Issued Pursuant to Chapter 177, Laws of 1968, Chapter 10, Laws of 1971, and Chapter 74, Laws of 1978	—	
11. Total Charges to Borrowing Margin		<u>\$61,400,000</u>
12. Available Borrowing Margin - School:		<u>\$220,935,660</u>

Source: 2021 Annual Debt Statement.

SCHEDULE OF COMPARATIVE BONDED DEBT AS OF DECEMBER 31

	CY 2021	CY 2020	CY 2019	CY 2018	CY 2017
BONDS:					
General	\$42,685,000	\$45,875,000	\$48,965,000	\$51,960,000	\$25,547,000
School	\$21,400,000	\$21,650,000	\$1,890,000	2,125,000	3,300,000
Total Issued	\$64,085,000	\$67,525,000	\$50,855,000	54,085,000	\$28,847,000
NOTES:					
General	\$36,482,653	\$31,369,000	\$25,593,000	7,638,000	\$28,937,415
School	-0-	-0-	-0-	-0-	-0-
Total Issued	\$36,482,653	\$31,369,000	\$25,593,000	\$7,638,000	\$28,937,415
Total Bonds and Notes Issued & Outstanding:	\$100,657,653	\$98,894,000	\$76,448,000	\$61,723,000	\$57,784,415
General	\$1,838,854	\$2,788,854	\$1,838,854	1,838,854	1,838,854
School	\$40,000,000	\$40,000,000	\$60,000,000	60,000,000	-0-
Total Bonds and Notes Authorized But Not Issued	\$41,838,854	\$42,788,854	\$61,838,854	\$61,838,854	\$1,838,854
Other Bonds, Notes and Loans:	\$822,704	\$958,124	\$1,095,045	\$1,229,464	\$1,945,926
Total Issued and Outstanding; Authorized But Not Issued; and Other Bonds, Notes and Loans:	\$143,319,211	\$142,640,978	\$139,381,899	\$124,791,318	\$61,569,195

Source: Derived from the Annual Debt Statement

The Table below sets forth the total overlapping debt of the Township for the last five years. The Hudson County debt overlap was 7.04 in 2021, 7.05 in 2020, 7.38 in 2019, 7.66 in 2018 and 7.86 in 2017 and the overlap for all other debt was 100%. The Township's percentage of overlap for Hudson County debt is determined by the State, based on (i) the assessed value of Class II Railroad Property in the Township and (ii) the true value of real property in the Township. The sum of these two figures is used to calculate a percentage of the sum of the assessed value of Class II Railroad Property in Hudson County, plus the true value of real property in Hudson County.

SCHEDULE OF OVERLAPPING DEBT
Township of North Bergen Overlap

	<u>Dec 31</u> <u>2021</u>	<u>Dec 31</u> <u>2020</u>	<u>Dec 31</u> <u>2019</u>	<u>Dec. 31,</u> <u>2018</u>	<u>Dec. 31,</u> <u>2017</u>
North Bergen Municipal Utilities Authority	\$47,904,187	\$51,217,366	\$53,927,087	\$59,567,521	\$44,955,468
Hudson County	<u>39,908,632</u> ⁽¹⁾	<u>91,842,220</u> ⁽²⁾	<u>67,743,481</u> ⁽³⁾	<u>70,430,487</u> ⁽⁴⁾	<u>68,376,442</u> ⁽⁵⁾
	\$87,812,819	\$143,059,586	\$121,670,568	\$129,998,008	\$113,331,910

Source: Derived from the County Annual Debt Statements and the North Bergen Department of Revenue and Finance.

- ⁽¹⁾ This figure represents 7.04% of the total Gross County debt of \$566,883,979.
- ⁽²⁾ This figure represents 7.05% of the total Gross County debt of \$1,302,726,533.
- ⁽³⁾ This figure represents 7.38% of the total Gross County debt of \$917,933,342.
- ⁽⁴⁾ This figure represents 7.66% of the total Gross County debt of \$919,458,061.
- ⁽⁵⁾ This figure represents 7.86% of the total Gross County debt of \$869,929,296.

The Schedule of Annual Debt Service for Principal and Interest for Bonded Debt of the Township from fiscal years 2022 through 2035 is as follows:

ANNUAL PRINCIPAL MATURITY SCHEDULE AND INTEREST REQUIREMENTS FOR OUTSTANDING BONDS OF THE TOWNSHIP			
YEAR	PRINCIPAL	GENERAL INTEREST	TOTAL
2022	3,225,000.00	1,424,987.50	4,649,987.50
2023	3,335,000.00	1,303,162.50	4,638,162.50
2024	3,365,000.00	1,192,825.00	4,557,825.00
2025-2029	16,935,000.00	4,086,725.00	21,021,725.00
2030-2034	13,920,000.00	1,266,162.50	15,186,162.50
2035	<u>1,905,000.00</u>	<u>30,956.25</u>	<u>1,935,956.25</u>
	<u>\$42,685,000.00</u>	<u>\$9,304,818.755</u>	<u>\$51,989,818.75</u>

Source: Derived from the 2021 unaudited Financial Statements.

OTHER TOWNSHIP-RELATED OBLIGATIONS

The County of Hudson

The Township is located in the County of Hudson (the “County”) and, in accordance with the regulations governing financial reporting for New Jersey Municipalities, a pro rata share of certain direct debt of the County is treated as “Overlapping Debt” of the Township for financial reporting purposes. Please see the “Schedule of Overlapping Debt” within this Official Statement.

The County issues its bonds and notes for financing of capital projects of the County, including the County roads, buildings, parks and education facilities. Major facilities of the County which were financed in recent years include a County Correctional Facility. In addition, the County guarantees certain debt of the Hudson County Improvement Authority. The gross debt of the County as to December 31, 2021 was \$566,883,979 and its net statutory debt was \$473,075,109.

TOWNSHIP EMPLOYEES

As of January 1, 2022, the Township has 557 full-time employees and part time employees combined. Approximately 200 of the Township's employees are represented by one of the 5 different bargaining units. The New Jersey Public Employee Relations Act, as amended, specifies a negotiation and advisory fact-finding process in the event of a negotiations impasse. The public employee unions of the Township are set forth below, with a description of each:

THE POLICE OFFICERS' BENEVOLENT ASSOCIATION, LOCAL 18, which represents Police Officers and Detectives, are currently employed under a contract that covers the period January 1, 2020 through December 31, 2023.

THE POLICE SUPERIOR OFFICERS' ASSOCIATION, LOCAL 18A, which represents Police Officers holding the rank of Sergeant and above, are currently employed under a contract that covers the period January 1, 2020 through December 31, 2023.

NORTH BERGEN DEPT. OF PUBLIC WORKS, LOCAL 11 AFFILIATED WITH INTERNATIONAL BROTHERHOOD OF TEAMSTERS, represents the laborers in the Department of Public Works, and they are currently employed under a contract that covers the period January 1, 2020 through December 31, 2023.

NORTH BERGEN DEPT. OF PUBLIC SAFETY VEHICLE MAINTENANCE DEPARTMENT, LOCAL 11 AFFILIATED WITH INTERNATIONAL BROTHERHOOD OF TEAMSTERS, represents the mechanics, welder and laborer in the Department of Public Safety, Vehicle Maintenance Department, and they are currently employed under a contract that covers the period January 1, 2020 through December 31, 2023.

INTERNATIONAL BROTHERHOOD OF TEAMSTERS, LOCAL 945, which represents full time, permanently employed blue collar employees in the Department of Parks and Recreation, are currently employed under a contract that covers the period January 1, 2020 through December 31, 2023.

In January 1999, the North Bergen Fire Department became part of the North Hudson Regional Fire and Rescue Agency. As a result, the formation of one Fire Fighter's bargaining unit and one Fire Superiors bargaining unit occurred in June 2002.

PENSION FINANCING

All Township employees who are eligible for pension coverage are enrolled in a State administered retirement plan.

The three State-administered plans are the Public Employees' Retirement System, the Consolidated Police and Firemen's Pension Fund and the Police and Firemen's Retirement System. The Consolidated Police and Firemen's Pension Fund includes uniformed employees who were employees before 1944, while the Police and Firemen's Retirement System enrolls all uniformed employees who began employment after 1944.

P.L. 2007, c92 was enacted and created a new retirement program called the Defined Contribution Retirement Program (DCRP). The plan mandates that on or after July 1, 2007, newly elected officials must enroll in DCRP and not PERS. If the official is already enrolled in PERS, that official can continue. However, if there is a break of service or that official is elected to a different elected office, the official must enroll in the DCRP. The law also requires certain governing body appointed titles to also be enrolled into this plan. The Township does not have any employees currently under this plan.

The Division of Pensions in the State Department of Treasury administers the plans and charges municipalities annually for their respective contributions. The charges are based on actuarial valuations.

TOWNSHIP CONTRIBUTIONS TO EMPLOYEE PENSIONS

State of New Jersey	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Public Employees' Retirement System	\$1,963,607	\$1,765,862	\$1,523,584	\$1,536,573	\$1,393,598
Police and Firemen's Retirement System	\$3,915,439	\$3,546,054	\$3,367,512	\$3,175,730	\$2,905,604

OTHER POSTRETIREMENT BENEFIT OBLIGATIONS

In addition to the pension benefits described in the above referenced section entitled "Pension Financing" the Township provides postretirement health care benefits to employees that meet certain age and length of service requirements. The Township is insured through Horizon Blue Cross Blue Shield of New Jersey, with a fully insured experience rated health and prescription program. For Fiscal Year 2021 expenditures of \$6,805,400 are recognized for post-retirement health care with prescription rebates from Medicare Part D of \$166,015. The projected costs for

Calendar Year 2022 are \$7,505,000 for postretirement healthcare and \$200,000 of rebates for prescriptions from Medicare Part D.

INSURANCE COVERAGE

The Township maintains worker's compensation, liability and casualty insurance coverage. These policies have deductible provisions. Generally, the Township maintains a self-insured retention limit of \$100,000 per claim. The Township is participating in a joint insurance fund with other municipalities.

LITIGATION

General Litigation

The Township and its employees are defendants in a number of lawsuits involving personal injury, property damages, civil rights violations, and employment actions. The Township is also subject to various workers' compensation actions and tort claims. The Township has been and is a member of joint insurance funds, which provide coverage for these claims after the Township's self-insured retention limit has been exhausted. Generally, the Township maintains a self-insured retention limit of \$100,000 per claim. The Township currently maintains the following limits of coverage for the following lines of coverage: General Liability - \$15,000,000; Automobile Liability - \$15,000,000; Law Enforcement Liability \$15,000,000; Workers' Compensation - \$13,000,000; and Public Officials and Employment Practices Liability - \$15,000,000. Some existing cases involving accidents or incidents prior to January 1, 2016 are subject to lower limits of coverage as follows: General Liability and Automobile Liability - \$5,000,000; Public Officials and Employment Liability - \$2,000,000; Workers' Compensation - \$5,000,000.

To the knowledge of the counsel to the Township there is no litigation pending or threatened, restraining or enjoining the issuance of the Note offered for sale or the levy or collection of any taxes to pay principal of or interest on the Note, or in any matter questioning the authority of the proceedings for the issuance of the Note or for the levy or collection of said taxes. Further, there is no litigation presently pending or threatened that, if adversely decided, would have a material adverse impact on the financial condition of the Township, such that the Township's ability to repay the Note would be jeopardized.

APPENDIX B

AUDITED FINANCIAL STATEMENTS

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TOWNSHIP OF NORTH BERGEN

HUDSON COUNTY, NEW JERSEY

REPORT ON

EXAMINATION OF ACCOUNTS

FOR THE YEARS ENDED

DECEMBER 31, 2020 AND 2019

TOWNSHIP OF NORTH BERGEN
COUNTY OF HUDSON, NEW JERSEY

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Independent Auditors' Report

**The Honorable Mayor and Commissioners
Township of North Bergen
North Bergen, New Jersey**

Report on the Regulatory-Basis Financial Statements

We have audited the accompanying regulatory-basis financial statements of the various funds and the governmental fixed assets of the Township of North Bergen, Hudson County, New Jersey (the "Township") which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations and changes in fund balance for the years then ended, the statement of changes in fund balance, the statement of revenues and statement of expenditures for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 2. 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the requirements as prescribed by the Division. Those standards and requirements prescribed by the Division require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

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

As described in Note 2, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division to demonstrate compliance with Division's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory-basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinions on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinions on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2020 and 2019, the changes in its financial position, and, where applicable, its cash flows for the years then ended.

Unmodified Opinions on Regulatory-Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the various funds and the governmental fixed assets of the Township as of December 31, 2020 and 2019, and the respective results of its operations and changes in fund balance for the years then ended, the statement of changes in fund balance, the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2020 and the related notes to the financial statements in accordance with the financial reporting provisions of the Division, as described in Note 2 to the financial statements.

PKF O'Connor Davies, LLP

Cranford, New Jersey
September 30, 2021

David J. Gannon

David J. Gannon, CPA
Registered Municipal Accountant, No. 520

TOWNSHIP OF NORTH BERGEN
CURRENT AND FEDERAL AND STATE GRANT FUNDS

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

A
Sheet # 2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>December 31, 2020</u>	<u>Balance</u> <u>December 31, 2019</u>
<u>Regular Fund</u>			
Appropriation Reserves:			
Encumbered	A-3, 15	\$ 1,797,618.08	\$ 772,271.28
Unencumbered	A-3, 15	10,872,881.10	4,657,206.82
Accounts Payable	A-16	91,798.50	146,821.42
County Taxes Payable	A-17	78,520.54	62,595.73
School Taxes Payable	A-18	2,419,324.22	2,365,820.90
Interfunds Payable	A-21	3,753,754.31	2,102,506.96
Emergency Note Payable	A-20	4,200,000.00	
Tax Overpayments	A-23	551,642.05	355,320.86
Prepaid Taxes	A-24	1,067,353.58	1,084,989.46
Other Reserve Accounts	A-25	358.63	358.63
		<u>24,833,251.01</u>	<u>11,547,892.06</u>
Reserve for Receivables and Other			
Assets		11,859,486.50	11,657,523.90
Fund Balance	A-1	<u>12,911,280.89</u>	<u>13,528,575.50</u>
		<u>49,604,018.40</u>	<u>36,733,991.46</u>
<u>Federal and State Grant Fund</u>			
Interfunds Payable	A-22	3,186,733.02	2,651,840.00
Due to State of New Jersey	A-19	14,221.65	14,221.65
Appropriated Reserves	A-27	<u>1,034,646.83</u>	<u>1,334,412.58</u>
		<u>4,235,601.50</u>	<u>4,000,474.23</u>
		<u>\$ 53,839,619.90</u>	<u>\$ 40,734,465.69</u>

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
CURRENT AND FEDERAL AND STATE GRANT FUNDS

COMPARATIVE STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2020 AND 2019

A-1

	<u>Ref.</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 4,900,000.00	\$ 5,700,000.00
Miscellaneous Revenue Anticipated	A-2	21,874,770.09	23,628,812.77
Receipts from Delinquent Taxes	A-2b	1,996,514.16	2,182,978.20
Receipts from Current Taxes	A-2b	144,875,737.95	145,211,124.58
Nonbudget Revenue	A-2c	1,339,387.52	777,977.78
Other Credits to Income:			
Accounts Payable Cancelled	A-16	37,762.92	
Prior Year Expenditures Refunded	A-14	45,855.76	
Appropriation Reserves Lapsed	A-15	2,601,063.09	1,860,417.29
		<u>177,671,091.49</u>	<u>179,361,310.62</u>
<u>Expenditures</u>			
Budget Appropriations	A-3	98,024,047.91	94,366,178.80
County Taxes	A-17	25,901,720.53	28,383,497.29
Local School District Taxes	A-18	52,422,151.00	51,736,105.00
Senior Citizen Disallowed - Prior Year			10,665.60
Revenue Refunds	A-4	51,417.72	
Interfunds Advanced	A-14	689,048.94	537,042.08
		<u>177,088,386.10</u>	<u>175,033,488.77</u>
Excess in Revenue		582,705.39	4,327,821.85
Adjustment to Income before Fund Balance:			
Charges Included Above Which are			
by Statute Deferred Charges to Budget			
of Succeeding Years:			
Revaluations	A-12	900,000.00	
COVID Revenue Relief	A-12	2,800,000.00	
		<u>3,700,000.00</u>	
Statutory Excess to Fund Balance		4,282,705.39	4,327,821.85
<u>Fund Balance</u>			
Balance, Beginning of Year	A	<u>13,528,575.50</u>	<u>14,900,753.65</u>
		17,811,280.89	19,228,575.50
Decreased by:			
Utilized as Anticipated Revenue	Above	<u>4,900,000.00</u>	<u>5,700,000.00</u>
Balance, End of Year	A	<u>\$ 12,911,280.89</u>	<u>\$ 13,528,575.50</u>

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

A-2
Sheet #1

		<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Appropriated	A-1	\$ 4,900,000.00	\$ 4,900,000.00	
<u>Miscellaneous Revenues</u>				
Licenses:				
Alcoholic Beverages	A-13	80,000.00	84,276.50	\$ 4,276.50
Other	A-13	275,000.00	258,499.00	(16,501.00)
Fees and Permits	A-2a	845,000.00	615,639.65	(229,360.35)
Fines and Costs:				
Municipal Court	A-13	2,200,000.00	1,147,954.77	(1,052,045.23)
Interest and Cost on Taxes	A-13	770,000.00	750,163.57	(19,836.43)
Interest on Investments and Deposits	A-13	616,438.77	333,096.12	(283,342.65)
Pool Membership Fees	A-13	399,000.00	46,907.00	(352,093.00)
North Bergen Cable Television - Franchise Fees	A-13	543,738.87	543,738.87	
Payment in Lieu of Taxes - Floral Park, Inc.	A-13	672,000.00	681,017.54	9,017.54
Payment in Lieu of Taxes - North Bergen Housing Auth.	A-13	280,000.00	313,847.58	33,847.58
Payment in Lieu of Taxes - Hudson Mews	A-13	521,000.00	521,400.00	400.00
Payment in Lieu of Taxes - MTC Urban Renewal	A-13	290,000.00	308,954.35	18,954.35
Payment in Lieu of Taxes - Avalon Bay	A-13	286,000.00	293,783.97	7,783.97
Payment in Lieu of Taxes - Post River Road	A-13	1,351,000.00	1,351,500.00	500.00
1122 53rd Urban Renewal	A-13	255,000.00	369,840.19	114,840.19
Ambulance Fees	A-13	1,200,000.00	1,062,742.61	(137,257.39)
Hotel Tax	A-13	680,000.00	272,581.16	(407,418.84)
Consolidated Municipal Property Tax Relief Aid	A-13	772,740.00	565,565.00	(207,175.00)
Energy Receipts Tax (P.L. 1997, Chapters 162 and 167)	A-13	6,412,857.00	6,620,032.00	207,175.00
Uniform Construction Code Fees	A-13	1,500,000.00	1,276,285.00	(223,715.00)
Grants:				
Clean Communities Program	A-26	83,783.48	83,783.48	
Drive Sober or Get Pulled Over	A-26	12,700.00	12,700.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-26	14,407.00	14,407.00	
Juvenile Justice and Delinquency Prevention	A-26	5,500.00	5,500.00	
NJ Assoc. County Health Officials	A-26	73,026.00	73,026.00	
Handicapped Recreation Opportunities Grant	A-26	7,591.00	7,591.00	
State Housing Inspection Program	A-26	21,700.00	21,700.00	
USDOJ Coronavirus Supplemental Funding	A-26	36,879.00	36,879.00	
Body Worn Camera Policy	A-26	160,000.00	160,000.00	
FEMA - Emergency Management	A-26	10,000.00	10,000.00	
Pedestrian Safety Grant	A-26	30,000.00	30,000.00	
Summer Food Program	A-26	76,518.00	76,518.00	
Body Armor Fund	A-26	10,488.21	10,488.21	
Alcohol Education and Rehabilitation	A-26	7,501.85	7,501.85	
NJSEA Arbor Day Grant	A-26	1,000.00	1,000.00	
Strengthening Local Public Health Capacity	A-26	95,000.00	95,000.00	
North Hudson Community Action Rent	A-13	20,000.00	20,000.00	
Host Fees	A-13	855,000.00	892,485.47	37,485.47
Uniform Fire Safety Act	A-13	180,000.00	177,464.69	(2,535.31)
NJ Transit Tax	A-13	195,000.00	112,207.00	(82,793.00)
MUA -5% of Annual Costs of Operations	A-13	500,000.00	500,000.00	
Sale of Property	A-13	1,000,000.00	1,000,000.00	

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

A-2
Sheet #2

		<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Miscellaneous Revenues</u>				
General Capital Surplus	A-13	\$ 204,000.00	\$ 204,000.00	
NJ Meadowlands Lease	A-13	214,000.00	218,078.71	\$ 4,078.71
Street Openings	A-13	20,000.00	20,000.00	
Parking Authority Building Lease	A-13	100,000.00	104,388.60	4,388.60
Library Surplus	A-13	450,850.00	450,850.00	
Parking Authority Surplus	A-13	50,000.00	50,000.00	
MUA Debt Service Payment	A-13	<u>61,376.00</u>	<u>61,376.20</u>	
Total Miscellaneous Revenue	A-1	<u>24,446,095.18</u>	<u>21,874,770.09</u>	<u>(2,571,325.29)</u>
Receipts from Delinquent Taxes	A-1, A-2b	<u>1,750,000.00</u>	<u>1,996,514.16</u>	<u>246,514.16</u>
Local Tax for Municipal Purposes		66,500,979.02		
Minimum Library Tax		<u>2,212,020.98</u>		
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2b	<u>68,713,000.00</u>	<u>69,184,308.56</u>	<u>471,308.56</u>
		99,809,095.18	97,955,592.81	(1,853,502.37)
Nonbudget Revenue	A-2c		<u>1,339,387.52</u>	<u>1,339,387.52</u>
	A-3	<u>\$ 99,809,095.18</u>	<u>\$ 99,294,980.33</u>	<u>\$ (514,114.85)</u>

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
CURRENT FUND

STATEMENT OF REVENUE
ANALYSIS OF MISCELLANEOUS REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

A-2a

	<u>Ref.</u>		
Other Fees and Permits:			
Tax Collector	A-13	\$ 1,805.00	
Tax Assessor	A-13	1,650.00	
Rent Control	A-13	37,720.00	
Township Clerk - Ordinance	A-13	0.25	
Health/Vital Statistics	A-13	58,289.00	
Police Detail Fee	A-13	377,812.00	
Returned Check	A-13	1,875.55	
Board of Adjustment Application Fees	A-13	38,500.00	
Planning Board Application Fees	A-13	15,800.00	
Nutrition Center	A-13	7,390.00	
Recreation	A-13	19,020.00	
Scrap Metal	A-13	18,804.95	
Record Room	A-13	34,972.90	
Purchasing	A-13	<u>2,000.00</u>	
	A-2		<u>\$ 615,639.65</u>

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
CURRENT FUND

STATEMENT OF REVENUE
ANALYSIS OF TAXES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

A-2b

	<u>Ref.</u>	<u>Amount to be Raised by Taxation</u>	<u>Receipts from Delinquent Taxes</u>	<u>Total</u>
<u>Allocation of Tax Collection</u>				
Due from State of New Jersey	A-6, A-7	\$ 96,500.00		\$ 96,500.00
Collections	A-7	143,439,905.33	\$ 1,864,466.53	145,304,371.86
Tax Title Liens	A-8		132,047.63	132,047.63
Overpayments Applied	A-7, A-23	254,343.16		254,343.16
Prepaid Taxes Applied	A-24	1,084,989.46		1,084,989.46
 Total Revenue	 A-1	 144,875,737.95	 1,996,514.16	 146,872,252.11
Allocated to:				
County Levy and Added Taxes	A-17	(25,901,720.53)		(25,901,720.53)
Local School District Taxes	A-18	(52,422,151.00)		(52,422,151.00)
Plus: Reserve for Uncollected Taxes	A-3	2,632,442.14		2,632,442.14
 Realized Revenue	 A-2	 <u>\$ 69,184,308.56</u>	 <u>\$ 1,996,514.16</u>	 <u>\$ 71,180,822.72</u>

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
CURRENT FUND

STATEMENT OF REVENUE
ANALYSIS OF NONBUDGET REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

A-2c

	<u>Ref.</u>		
<u>Nonbudget Revenue</u>			
Prior Year Insurance Reimbursements		\$ 203,044.86	
HUMC/Palisades Hospital Agreement		600,000.00	
Community Champions Corp. - Abandoned Property		155,800.00	
Board of Education Reimbursements		100,000.00	
Parking Authority Reimbursements		32,314.13	
Prior Year Voided Checks		14,962.08	
US HHS Stimulus Payment		27,399.91	
Abatements		125,548.25	
Rinaldi Bus Parking		7,161.29	
Sale of Township Property - Gov. Deals.Com		3,600.00	
Other		<u>11,324.64</u>	
	A-4		\$ 1,281,155.16
Plus: Other Accounts Receivable	A-10	12,175.48	
Interfunds Payable	A-21	<u>44,022.88</u>	
			56,198.36
Adjustment			<u>2,034.00</u>
	A-1,2		<u>\$ 1,339,387.52</u>

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Modified Budget		Encumbered	Reserved Unencumbered	
APPROPRIATIONS WITHIN "CAPS"						
DEPARTMENT OF PUBLIC AFFAIRS						
Director's Office:						
Salaries and Wages	\$ 317,275.00	\$ 317,275.00	\$ 306,725.05		\$ 10,549.95	
Other Expenses	20,000.00	20,000.00	1,789.57		18,210.43	
Purchasing:						
Salaries and Wages	271,260.00	271,260.00	270,897.23		362.77	
Other Expenses	6,000.00	6,000.00	2,907.99	\$ 369.23	2,722.78	
Central Purchasing	179,115.00	179,115.00	111,542.20	2,031.42	65,541.38	
Township Administrator:						
Salaries and Wages	788,260.00	792,260.00	787,916.19		4,343.81	
Other Expenses	14,000.00	14,000.00	9,379.46	695.00	3,925.54	
North Hudson Council of Mayors:						
Other Expenses	127,000.00	127,000.00	126,058.00		942.00	
Township Clerk's Office:						
Salaries and Wages	142,485.00	142,485.00	141,798.69		686.31	
Other Expenses	25,000.00	25,000.00	24,184.93	63.80	751.27	
Elections:						
Other Expenses	55,000.00	55,000.00	45,181.77		9,818.23	
Public Information:						
Other Expenses	340,000.00	340,000.00	130,953.40	4,975.00	204,071.60	
Printing and Legal Advertising:						
Other Expenses	38,000.00	38,000.00	29,013.84	1,110.53	7,875.63	
Consulting Services:						
Other Expenses	150,000.00	185,000.00	158,902.01		26,097.99	
Community Services:						
Salaries and Wages	1,095,805.00	1,045,805.00	905,057.69		140,747.31	
Other Expenses	152,000.00	152,000.00	59,971.08	14,785.28	77,243.64	
License Officer:						
Salaries and Wages	62,140.00	62,140.00	61,935.94		204.06	
Other Expenses	4,000.00	4,000.00	514.28		3,485.72	
Rent Control:						
Salaries and Wages	101,990.00	101,990.00	101,987.97		2.03	
Other Expenses	40,000.00	40,000.00	25,118.58	15.62	14,865.80	
Legal Services and Costs:						
Salaries and Wages	135,735.00	135,735.00	130,104.25		5,630.75	
Miscellaneous Other Expenses	30,000.00	30,000.00	13,571.60	3,583.10	12,845.30	
Registrar of Vital Statistics:						
Salaries and Wages	55,385.00	55,385.00	45,158.97		10,226.03	
Other Expenses	4,500.00	4,500.00	2,660.00		1,840.00	
Consumer Affairs Office:						
Salaries and Wages	16,400.00	-				
Board of Health:						
Salaries and Wages	647,930.00	647,930.00	79,266.62		568,663.38	
Other Expenses	60,000.00	60,000.00	31,379.13	2,813.84	25,807.03	
Special Litigation:						
Other Expenses	675,000.00	705,000.00	519,955.14	78,829.31	106,215.55	
Animal Control:						
Other Expenses	160,000.00	160,000.00	159,999.96		0.04	
Economic Development :						
Other Expenses	20,000.00	-			-	
Municipal Court:						
Salaries and Wages	882,825.00	882,825.00	801,085.77		81,739.23	
Other Expenses	130,000.00	130,000.00	76,402.94	6,853.96	46,743.10	
Group Health Insurance	16,632,500.00	16,632,500.00	12,316,320.68		4,316,179.32	
Health Benefit Waiver	250,000.00	250,000.00	223,343.00		26,657.00	

TOWNSHIP OF NORTH BERGEN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Modified Budget		Encumbered	Reserved Unencumbered	
APPROPRIATIONS WITHIN "CAPS"						
DEPARTMENT OF PUBLIC AFFAIRS						
Other Insurance	\$ 1,389,000.00	\$ 1,389,000.00	\$ 1,047,027.00		\$ 341,973.00	
Unemployment Insurance	125,000.00	125,000.00	125,000.00			
Total Department of Public Affairs	<u>25,143,605.00</u>	<u>25,126,205.00</u>	<u>18,873,110.93</u>	<u>\$ 116,126.09</u>	<u>6,136,967.98</u>	
DEPARTMENT OF REVENUE AND FINANCE						
Director's Office:						
Salaries and Wages	85,900.00	50,900.00	36,680.14		14,219.86	
Other Expenses	17,500.00	17,500.00	1,536.52	135.27	15,828.21	
Financial Administration:						
Salaries and Wages	333,825.00	333,825.00	329,955.62		3,869.38	
Other Expenses	185,150.00	185,150.00	111,786.06	1,776.26	71,587.68	
Annual Audit	112,000.00	112,000.00	106,700.00		5,300.00	
Special Services	100,000.00	100,000.00	85,051.86	6,185.00	8,763.14	
Collection of Taxes:						
Salaries and Wages	317,245.00	317,245.00	313,492.85		3,752.15	
Other Expenses	25,000.00	25,000.00	12,372.30	9,973.77	2,653.9	
Tax Assessor:						
Salaries and Wages	178,085.00	178,085.00	178,078.16		6.84	
Other Expenses (incl. Special Emergency)	50,000.00	950,000.00	1,576.00	900,760.00	47,664.00	
Tax Assessor Consultant:						
Other Expenses	100,000.00	75,000.00	5,400.00		69,600.00	
Housing Inspections:						
Salaries and Wages	160,000.00	150,000.00	137,462.19		12,537.81	
Other Expenses	4,600.00	4,600.00	952.68		3,647.32	
Postage	63,000.00	63,000.00	31,921.71		31,078.29	
Total Department of Revenue and Finance	<u>1,732,305.00</u>	<u>2,562,305.00</u>	<u>1,352,966.09</u>	<u>918,830.30</u>	<u>290,508.61</u>	
APPROPRIATIONS WITHIN "CAPS"						
DEPARTMENT OF PUBLIC SAFETY						
Director's Office:						
Salaries and Wages	389,065.00	403,065.00	402,784.84		280.16	
Other Expenses	7,000.00	7,000.00	339.67		6,660.33	
School Crossing Guards:						
Salaries and Wages	840,000.00	810,000.00	595,269.99		214,730.01	
Other Expenses	5,000.00	5,000.00	1,109.32		3,890.68	
Police:						
Salaries and Wages	13,660,185.00	13,660,185.00	13,309,160.21		351,024.79	
Other Expenses	795,290.00	795,290.00	421,486.35	236,130.71	137,672.94	
Clothing Allowance	81,000.00	81,000.00	75,275.00		5,725.00	
Matching Funds - Drug Alliance:						
Other Expenses	22,874.00	22,874.00	22,874.00		-	
CCTV:						
Salaries and Wages	215,000.00	215,000.00	113,871.50		101,128.50	
Vehicles	40,000.00	40,000.00			40,000.00	
Ambulance:						
Salaries and Wages	975,000.00	975,000.00	918,366.87		56,633.13	
Other Expenses	150,000.00	150,000.00	98,412.77	19,012.76	32,574.47	
Traffic Committee:						
Other Expenses	6,500.00	6,500.00	5,750.00		750.00	
Alarm System:						
Salaries and Wages	305,000.00	305,000.00	246,659.33		58,340.67	
Other Expenses	10,000.00	10,000.00	2,420.50		7,579.50	
ABC Board:						
Other Expenses	50,000.00	50,000.00	33,441.95		16,558.05	
Chaplains:						
Other Expenses	2,500.00	2,500.00	1,500.00		1,000.00	
Uniform Fire Safety Act:						
Salaries and Wages	205,000.00	205,000.00	167,371.83		37,628.17	

TOWNSHIP OF NORTH BERGEN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

Appropriation	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved Unencumbered	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>DEPARTMENT OF PUBLIC SAFETY</u>						
Municipal Prosecutor:						
Salaries and Wages	\$ 150,005.00	\$ 155,005.00	\$ 154,638.68		\$ 366.32	
Other Expenses	10,000.00	10,000.00	500.00		9,500.00	
Vehicle Maintenance:						
Salaries and Wages	581,315.00	581,315.00	468,978.29		112,336.71	
Other Expenses	700,000.00	700,000.00	415,931.70	\$ 54,879.21	229,189.09	
Total Department of Public Safety	<u>19,200,734.00</u>	<u>19,189,734.00</u>	<u>17,456,142.80</u>	<u>310,022.68</u>	<u>1,423,568.52</u>	
<u>DEPARTMENT OF PUBLIC WORKS</u>						
Director's Office:						
Salaries and Wages	246,685.00	246,685.00	236,711.60		9,973.40	
Other Expenses	10,000.00	10,000.00	6,644.67	620.16	2,735.17	
Engineering:						
Other Expenses	210,000.00	210,000.00	152,267.17	28,944.75	28,788.08	
Streets and Roads:						
Salaries and Wages	3,427,080.00	3,427,080.00	2,763,193.98		663,886.02	
Other Expenses	873,000.00	873,000.00	491,335.53	250,368.76	131,295.71	
Board of Adjustment:						
Other Expenses	60,000.00	60,000.00	35,840.75	1,137.00	23,022.25	
Planning Board:						
Other Expenses	60,000.00	60,000.00	39,491.54	3,593.05	16,915.41	
Total Department of Public Works	<u>4,886,765.00</u>	<u>4,886,765.00</u>	<u>3,725,485.24</u>	<u>284,663.72</u>	<u>876,616.04</u>	
<u>DEPARTMENT OF PARKS AND PUBLIC PROPERTY</u>						
Director's Office:						
Salaries and Wages	292,575.00	292,575.00	290,845.02		1,729.98	
Other Expenses	4,500.00	4,500.00	3,380.60	173.43	945.97	
Parks and Playgrounds:						
Salaries and Wages	1,163,360.00	1,169,360.00	1,164,764.58		4,595.42	
Other Expenses	95,100.00	125,100.00	91,790.35	9,610.38	23,699.27	
Pool:						
Salaries and Wages	255,000.00	255,000.00	194,477.00		60,523.00	
Other Expenses	160,000.00	160,000.00	66,513.53	2,335.50	91,150.97	
Public Events:						
Other Expenses	110,000.00	110,000.00	39,476.23	7,339.53	63,184.24	
Public Buildings and Grounds:						
Salaries and Wages	165,000.00	182,000.00	181,510.49		489.51	
Other Expenses	262,080.00	262,080.00	236,695.78	25,374.84	9.38	
Recreation:						
Salaries and Wages	765,000.00	639,250.00	407,831.64		231,418.36	
Other Expenses	500,000.00	500,000.00	214,818.37	8,804.90	276,376.73	
Total Department of Parks and Public Property	<u>3,772,615.00</u>	<u>3,699,865.00</u>	<u>2,892,103.59</u>	<u>53,638.58</u>	<u>754,122.83</u>	
<u>UNIFORM CONSTRUCTION CODE</u>						
Chief Administrator of Enforcement:						
Salaries and Wages	98,695.00	98,845.00	98,840.30		4.70	
Other Expenses	2,200.00	2,200.00			2,200.00	
Building Department:						
Salaries and Wages	619,195.00	619,195.00	566,081.07		53,113.93	
Other Expenses	19,000.00	19,000.00	1,245.99	263.14	17,490.87	
Plumbing Department:						
Salaries and Wages	139,505.00	139,505.00	139,500.34		4.66	
Other Expenses	1,000.00	1,000.00			1,000.00	

TOWNSHIP OF NORTH BERGEN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Modified Budget		Encumbered	Reserved Unencumbered	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>UNIFORM CONSTRUCTION CODE (CONTINUED)</u>						
Fire Protection Officials:						
Other Expenses	\$ 1,500.00	\$ 1,500.00	\$ 143.28		\$ 1,356.72	
Total Uniform Construction Code	<u>881,095.00</u>	<u>881,245.00</u>	<u>805,810.98</u>	<u>\$ 263.14</u>	<u>75,170.88</u>	
<u>UNCLASSIFIED</u>						
Municipal Utilities Authority	7,087,330.00	7,087,330.00	7,087,330.00			
Gasoline	320,000.00	320,000.00	91,852.78	35,205.28	192,941.94	
Electricity	550,000.00	550,000.00	418,126.07	5,081.89	126,792.04	
Telephone	217,000.00	217,000.00	209,140.10	7,244.74	615.16	
Street Lighting	715,000.00	715,000.00	620,960.23	63,101.66	30,938.11	
Fire Hydrant Service	391,000.00	391,000.00	293,590.48		97,409.52	
Water	55,000.00	226,000.00	188,720.56	3,440.00	33,839.44	
Total Unclassified	<u>9,335,330.00</u>	<u>9,506,330.00</u>	<u>8,909,720.22</u>	<u>114,073.57</u>	<u>482,536.21</u>	
<u>CONTINGENT</u>						
	25,000.00	25,000.00			25,000.00	
Total Operations Within "CAPS"	<u>64,977,449.00</u>	<u>65,877,449.00</u>	<u>54,015,339.85</u>	<u>1,797,618.08</u>	<u>10,064,491.07</u>	
Detail:						
Salaries and Wages	29,689,245.00	29,468,245.00	25,751,511.64		3,716,733.36	
Other Expenses	35,288,204.00	36,409,204.00	28,263,828.21	1,797,618.08	6,347,757.71	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Statutory Expenditures:						
Contribution to:						
Social Security System	1,500,000.00	1,500,000.00	1,313,704.95		186,295.05	
Public Employees' Retirement System	1,529,422.00	1,529,422.00	1,452,971.65		76,450.35	
Pension Adjustment Fund	100,000.00	100,000.00	40.77		99,959.23	
Police & Fireman's Retirement System	3,367,512.00	3,367,512.00	3,277,317.20		90,194.80	
Total Deferred Charges and Statutory Expenditures	<u>6,496,934.00</u>	<u>6,496,934.00</u>	<u>6,044,034.57</u>		<u>452,899.43</u>	
Total Appropriations Within "CAPS"	<u>71,474,383.00</u>	<u>72,374,383.00</u>	<u>60,059,374.42</u>	<u>1,797,618.08</u>	<u>10,517,390.50</u>	
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
<u>OTHER OPERATIONS</u>						
Maintenance of Free Public Library						
Other Expenses	2,335,800.00	2,335,800.00	2,335,800.00			
Operations - 911:						
Salaries and Wages	131,197.00	131,197.00	131,197.00			
Reserve to Pay Tax Appeals	310,000.00	310,000.00			310,000.00	
Total Other Operations	<u>2,776,997.00</u>	<u>2,776,997.00</u>	<u>2,466,997.00</u>		<u>310,000.00</u>	

TOWNSHIP OF NORTH BERGEN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Modified Budget		Encumbered	Reserved Unencumbered	
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
<u>INTERLOCAL MUNICIPAL AGREEMENTS</u>						
North Hudson Regional Fire and Rescue:						
Other Expenses	\$ 14,886,124.00	\$ 14,886,124.00	\$ 14,849,033.40		\$ 37,090.60	
Regional Communications:						
Other Expenses	288,750.00	288,750.00	288,750.00			
Total Other Operations	15,174,874.00	15,174,874.00	15,137,783.4		37,090.60	
<u>STATE AND FEDERAL PROGRAMS OFFSET BY REVENUE</u>						
Summer Food Program:						
Other Expenses		76,518.00	76,518.00			
Municipal Alliance on Alcoholism and Drug Abuse:						
Other Expenses		14,407.00	14,407.00			
NJ Assoc. County Health Officials		73,026.00	73,026.00			
FEMA Grant		10,000.00	10,000.00			
Body Armor	10,488.21	10,488.21	10,488.21			
USDOJ Coronavirus Supplemental Funding		36,879.00	36,879.00			
Housing Inspection Grant		21,700.00	21,700.00			
NJSEA Arbor Day Tree Grant		1,000.00	1,000.00			
Pedestrian Safety Education & Enforcement		30,000.00	30,000.00			
Clean Community Grant		83,783.48	83,783.48			
Body Worn Camera Policy		160,000.00	160,000.00			
Alcohol Education and Rehabilitation		7,501.85	7,501.85			
Matching Funds Grants	8,400.00	8,400.00			8,400.00	
Matching Funds - Drug Alliance	13,192.00	13,192.00	13,192.00			
Juvenile Justice & Delinquency Prevention		5,500.00	5,500.00			
Handicapped Recreational Program	7,591.00	7,591.00	7,591.00			
Drive Sober or Get Pulled Over	5,500.00	12,700.00	12,700.00			
Stengthing Local Public Health Capacity	95,000.00	95,000.00	95,000.00			
	140,171.21	667,686.54	659,286.54		8,400.00	

TOWNSHIP OF NORTH BERGEN
CURRENT FUND

A-3
Sheet # 6

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Modified Budget		Encumbered	Reserved Unencumbered	
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
Total Operations Excluded from "CAPS"	\$ 18,092,042.21	\$ 18,619,557.54	\$ 18,264,066.94		\$ 355,490.60	
Detail:						
Salaries and Wages	131,197.00	131,197.00	131,197.00			
Other Expenses	17,960,845.21	18,488,360.54	18,132,869.94		355,490.60	
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	304,000.00	304,000.00	304,000.00			
<u>MUNICIPAL DEBT SERVICE</u>						
Payment of Bond Principal	3,090,000.00	3,090,000.00	3,090,000.00			
Interest on Bonds	1,678,887.50	1,678,887.50	1,678,887.50			
Interest on Notes	639,825.00	639,825.00	639,825.00			
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	20,000.00	20,000.00	16,230.78			\$ 3,769.22
MUA/NJEIT Pipeline Debt	135,000.00	135,000.00	132,629.09			2,370.91
NHRF Lease Payable	1,170,000.00	1,170,000.00	1,168,535.00			1,465.00
Total Municipal Debt Service	6,733,712.50	6,733,712.50	6,726,107.37			7,605.13
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
Judgments	45,000.00	45,000.00				45,000.00
Total Appropriations Excluded from "CAPS"	25,174,754.71	25,702,270.04	25,294,174.31		355,490.60	52,605.13
Sub-Total Appropriations	96,649,137.71	98,076,653.04	85,353,548.73	\$ 1,797,618.08	10,872,881.10	52,605.13
Reserve for Uncollected Taxes	2,632,442.14	2,632,442.14	2,632,442.14			
Total Appropriations	\$ 99,281,579.85	\$ 100,709,095.18	\$ 87,985,990.87	\$ 1,797,618.08	\$ 10,872,881.10	\$ 52,605.13

TOWNSHIP OF NORTH BERGEN
CURRENT FUND

A-3
Sheet #7

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

<u>Appropriation</u>	<u>Ref.</u>	<u>Appropriations</u>	<u>Expended</u>		<u>Unexpended Balance Canceled</u>	
		<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Encumbered</u>		<u>Reserved Unencumbered</u>
Modified Budget	A-2	\$ 99,809,095.18				
Emergency Appropriation	A-1, A-12	900,000.00				
Reserve for Uncollected Taxes	A-2b	(2,632,442.14)	\$ 2,632,442.14			
Cash Disbursed	A-4		51,701,017.56			
CARES Act Reimbursements	A-4		(2,571,879.02)			
Interfunds Receivable, Net	A-14		(146,741.01)			
Interfunds Payable	A-21		35,725,056.66			
Grant Appropriations	A-27		646,094.54			
Encumbered	A, A-3 Sheet #6			\$ 1,797,618.08		
Unencumbered	A, A-3 Sheet #6				\$ 10,872,881.10	
Cancelled	A, A-3 Sheet #6	(52,605.13)			\$ 52,605.13	
		<u>\$ 98,024,047.91</u>	<u>\$ 87,985,990.87</u>	<u>\$ 1,797,618.08</u>	<u>\$ 10,872,881.10</u>	
	<u>Ref.</u>	A-1	A-3 Sheet #6	A	A	Above

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
TRUST FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

B
Sheet # 1

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>December 31, 2020</u>	<u>Balance</u> <u>December 31, 2019</u>
<u>Animal Control Trust Fund</u>			
Cash	B-2	\$ 36,746.50	\$ 33,853.90
<u>Other Funds</u>			
Cash	B-2	5,714,369.34	6,031,247.69
Interfund Receivable	B-5	1,640,606.79	842,702.11
		<u>7,354,976.13</u>	<u>6,873,949.80</u>
<u>Police Special Duty</u>			
Cash	B-2	867,682.71	711,074.46
Accounts Receivable	B-4	481,635.03	602,915.28
		<u>1,349,317.74</u>	<u>1,313,989.74</u>
<u>Insurance Fund</u>			
Cash	B-2	12,893.53	375,309.34
Interfund Receivable	B-5	450,000.00	305,000.00
		<u>462,893.53</u>	<u>680,309.34</u>
<u>Community Development Trust Fund</u>			
Cash	B-2	237,403.62	638,285.14
Interfund Receivable	B-5	4,582.76	4,582.76
Due from Housing and Urban Development	B-3	1,384,057.12	926,102.37
		<u>1,626,043.50</u>	<u>1,568,970.27</u>
<u>Payroll Fund</u>			
Cash	B-2	673,177.13	297,962.27
		<u>673,177.13</u>	<u>297,962.27</u>
		<u>\$ 11,503,154.53</u>	<u>\$ 10,769,035.32</u>

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
TRUST FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

B
Sheet # 2

<u>LIABILITIES, RESERVES AND FUND BALANCES</u>	<u>Ref.</u>	<u>Balance</u> <u>December 31, 2020</u>	<u>Balance</u> <u>December 31, 2019</u>
<u>Animal Control Trust Fund</u>			
Due to State of New Jersey	B-6	\$ 9.60	\$ 28.20
Interfund Payable	B-8	16,313.10	16,313.10
Accounts Payable	B	6,861.80	6,861.80
Reserve for Animal Control Expenditures	B-9	13,562.00	10,650.80
		<u>36,746.50</u>	<u>33,853.90</u>
<u>Other Funds</u>			
Reserve for Special Deposits	B-7	7,354,317.90	6,873,291.57
Fund Balance	B-1	658.23	658.23
		<u>7,354,976.13</u>	<u>6,873,949.80</u>
<u>Police Special Duty</u>			
Reserve for Police Special Duty	B-7	813,618.16	658,272.16
Interfunds Payable	B-8	535,699.58	655,717.58
		<u>1,349,317.74</u>	<u>1,313,989.74</u>
<u>Insurance Fund</u>			
Cash Overdraft	B-2	19,948.24	
Reserve for:			
Unemployment Compensation Insurance	B-11	442,893.53	340,493.53
Self-Insurance	B-11	51.76	339,815.81
		<u>462,893.53</u>	<u>680,309.34</u>
<u>Community Development Trust Fund</u>			
Interfund Payable	B-8	660,635.57	630,886.63
Reserve for Community Development Trust Fund:			
Department of Housing and Urban Development	B-10	965,407.93	938,083.64
		<u>1,626,043.50</u>	<u>1,568,970.27</u>
<u>Payroll Fund</u>			
Due to Current Fund	B-8	121,277.84	46,183.96
Payroll Deductions Payable	B-12	551,899.29	251,778.31
		<u>673,177.13</u>	<u>297,962.27</u>
		<u>\$ 11,503,154.53</u>	<u>\$ 10,769,035.32</u>

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
TRUST FUND

STATEMENT OF TRUST FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

B-1

	<u>Ref.</u>	<u>Other Trust Fund</u>
Balance, December 31, 2020 and 2019	B	<u>\$ 658.23</u>

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

C

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>Balance</u> <u>December 31, 2020</u>	<u>Balance</u> <u>December 31, 2019</u>
Cash	C-2	\$ 9,561,428.62	\$ 13,723,575.27
Interfunds Receivable	C-4	3,243,810.81	2,704,799.24
Due from State of New Jersey:			
Department of Transportation	C-8	12,021,153.50	11,870,420.00
Green Acres Trust Program	C-5	2,500,000.00	1,500,000.00
Due from County of Hudson Open Space	C-7	1,329,156.66	989,285.48
Due from Town of Guttenberg	C-6	338,854.00	338,854.00
Deferred Charges to Future Taxation - Funded	C-9	50,332,903.25	54,467,841.62
Deferred Charges to Future Taxation - Unfunded	C-10	34,167,039.98	27,441,039.98
		<u>\$ 113,494,346.82</u>	<u>\$ 113,035,815.59</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-19	\$ 45,875,000.00	\$ 48,965,000.00
Bond Anticipation Notes Payable	C-18	31,369,000.00	25,593,000.00
Capital Leases Payable	C-16	3,499,778.50	4,407,797.00
Green Acres Loans Payable	C-15	173,423.00	189,653.78
Environmental Infrastructure Loan Payable	C-17	784,701.75	905,390.84
Improvement Authorizations:			
Funded	C-11	12,358,898.18	13,377,635.86
Unfunded	C-11	17,434,802.87	17,550,921.55
Reserve for Future Improvements	C-13	57,000.97	2,500.97
Reserve for Grants and Other Receivables	C-14	1,838,854.00	1,838,854.00
Fund Balance	C-1	102,887.55	205,061.59
		<u>\$ 113,494,346.82</u>	<u>\$ 113,035,815.59</u>
 Bonds and Notes Authorized but Not Issued	 C-20	 <u>\$ 2,798,039.98</u>	 <u>\$ 1,848,039.98</u>

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

C-1

	<u>Ref.</u>		
Balance, December 31, 2019	C		\$ 205,061.59
Increased by:			
Premium on Sale of Notes	C-2		151,825.96
			<u>356,887.55</u>
Decreased by:			
Anticipated Revenue	C-4	\$ 204,000.00	
Applied to Improvement Authorizations	C-11	<u>50,000.00</u>	
			<u>254,000.00</u>
Balance, December 31, 2020	C		<u><u>\$ 102,887.55</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
PUBLIC ASSISTANCE TRUST FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

D

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>December 31, 2020</u>	<u>Balance</u> <u>December 31, 2019</u>
<u>Trust Fund Account</u>			
Cash	D-1	\$ 1,616.55	\$ 2,014.43
<u>LIABILITIES AND FUND BALANCE</u>			
<u>Trust Fund Account</u>			
Due to Current Fund	D	\$ 1,000.00	1,000.00
Reserve for Expenditures	D-2	616.55	\$ 1,014.43
 Total Liabilities and Fund Balance		 \$ 1,616.55	 \$ 2,014.43

See accompanying notes to financial statements.

TOWNSHIP OF NORTH BERGEN
GOVERNMENTAL FIXED ASSETS

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

E

	December 31, <u>2020</u>	December 31, <u>2019</u>
<u>GOVERNMENTAL FIXED ASSETS</u>		
Land and Land Improvements	\$ 20,015,744.00	\$ 18,248,235.00
Building and Building Improvements	18,951,377.20	18,951,377.20
Machinery and Equipment	<u>23,318,462.54</u>	<u>23,456,529.88</u>
	<u>\$ 62,285,583.74</u>	<u>\$ 60,656,142.08</u>
 <u>RESERVE</u>		
Investment in Governmental Fixed Assets	<u>\$ 62,285,583.74</u>	<u>\$ 60,656,142.08</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

1. REPORTING ENTITY

Since 1931, The Township of North Bergen, Hudson County, New Jersey (the "Township"), has been governed under the Walsh Act form of New Jersey municipal government. The government consists of five commissioners elected at large to the Township Committee in non-partisan elections to serve four-year terms of office on a concurrent basis. After each election, the Commissioners select one of their members to serve as mayor and each individual is assigned to head one of the five Commissions. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, water and sewer, and general administrative services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is an other reporting framework other than accounting principles generally accepted in the United States of America ("GAAP"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the separate funds, which differ from the fund structure in accordance with GAAP.

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

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

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by the provisions of N.J.S.A. 40A:5-5. The financial statements of the Township, however, do not include the operations of the Municipal Library, Municipal Parking Authority or the Municipal Utilities Authority, which are separate entities subject to a separate examination.

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Township has the following funds and account groups:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are also included therein.

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Animal Control Fund, General Trust Fund, Federal Housing and Urban Development Fund, Payroll Account and the Self-Insurance Fund.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

Public Assistance Trust Fund - Receipts and disbursements of funds that provide assistance to certain residents of the Township which are not covered under the provisions of Title 44 of the New Jersey statutes are maintained in the Public Assistance Trust Fund.

Governmental Fixed Assets Account Group - These accounts reflect estimated valuations of land, buildings and certain moveable fixed assets of the Township.

Basis of Accounting and Measurement Focus

The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating results utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from US GAAP applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Property Taxes and Other Revenue

Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The School levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Town. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April 1 in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Town also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the 11th month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Town may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. US GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant and Similar Award Programs

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Township budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Miscellaneous Revenue

Miscellaneous revenues are recognized on a cash basis. Receivables for miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Town's Current Fund. US GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the Division per N.J.S.A. 40A:4 et seq.

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

Trust Funds
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than the last day in February of the fiscal year. The budget is required to be adopted no later than April 20, and prior to adoption, must be certified by the Division. The Director of the Division, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level.

Expenditures

Expenditures for general operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at year end, under the title of "Appropriation Reserves". Amounts unexpended at the end of the second year are lapsed and are recorded as income.

Grant appropriations are charged upon budget adoption to create separate spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Debt is recognized on the cash basis and is not accrued on the records; interest on Utility Debt is recognized on the accrual basis and so recorded.

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances

As of January 1, 1986, all local units were required to maintain an encumbrance accounting system. This directive states that contractual orders outstanding at year end, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves

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

Operating Deficits

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

Compensated Absences

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

Property Acquired for Taxes

Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the capital fixed assets at appraised value on the date of acquisition.

Self-Insurance Contributions

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

Interfunds Receivable

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

Materials and supplies purchased by all funds are recorded as expenditures.

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits

Deposits includes amounts on demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. US GAAP requires that all investments be reported at fair value.

Incurred But Not Reported (IBNR) Reserves and Claims Payable

The Township has not created a reserve for any potential unreported self-insurance losses which may have taken place. Additionally, the Township has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). US GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining potential claims are recorded as a long-term obligation in the government-wide financial statements, however that is not required under the Division's regulatory-basis of accounting.

Tax Appeals and Other Contingent Losses

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

General Fixed Assets

In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, the Township has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks are not capitalized.

Fixed Assets purchased after December 31, 1999 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1999 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Costs

No depreciation is required to be reported in the financial statements. The Township does separately track depreciation expense and asset values.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements

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

Long-term Debt

The Township's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is provided in Note 7 to the financial statements

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense

The requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. The audited financial information related to pensions is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Due to delays in the availability of the information needed for disclosure, the Division issued Local Finance Notice 2021-10 on May 26, 2021. To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the Division discretion to permit the most recent available audited GASB 68 financial information to be incorporated into the audited financial statements and only requires one year to be disclosed. Refer to Note 8 for these disclosures.

Other Post-Employment Benefits Other Than Pensions

The requirements of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since the Township does not follow generally accepted accounting principles, the GASB did not result in a change in the Township's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASB. See Note 9 and 10 for these disclosures. The Township maintains a sole-employer OPEB Plan. However, the Township also participates in a special funding situation with the State of New Jersey multiple-employer plan. As it relates to the State of New Jersey multiple-employer plan, the audited financial information related to OPEBs is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Due to delays in the availability of the information needed for disclosure, the Division issued Local Finance Notice 2021-10 on May 26, 2021. To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the Division discretion to permit the most recent available audited GASB 75 financial information related to the State Plan to be incorporated into the audited financial statements and only requires one year to be disclosed.

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Standards

GASB issued Statement No. 91 *Conduit Debt Obligations* in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. Due to the COVID-19 pandemic GASB 95 which was issued in May 2020 has extended the implementation date to December 15, 2021. Earlier application is encouraged.

GASB issued Statement No. 92 *Omnibus 2020* in January 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Due to the COVID-19 pandemic GASB 95 which was issued in May 2020 has extended the implementation date to June 15, 2022. Earlier application is encouraged.

GASB issued Statement No. 93 *Replacement of Interbank Offered Rates* in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter. Due to the COVID-19 pandemic GASB 95 which was issued in May 2020 has extended the implementation date for one year. Earlier application is encouraged.

GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Earlier application is encouraged.

GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

3. DEPOSITS AND INVESTMENTS

DEPOSITS

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based on GASB criteria, the Township considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts, short-term investments and cash management money market mutual funds. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of fund investments is generally not required.

In addition, by regulation of the Division, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey (GUDPA), public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or;

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Board, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and cash equivalents have original maturities of three months or less from the date of purchase. Investments are stated at cost, which approximates fair value.

At December 31, 2020 and 2019, the book values of the deposits of the Township consisted of the following:

	Book Balance	
	December 31, 2020	December 31, 2019
Cash (Demand Accounts)	\$ 51,239,447.95	\$ 47,009,950.55
Change Funds (On-Hand)	500.00	500.00
Total	\$ 51,239,947.95	\$ 47,010,450.55

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The government does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute and to deposit all of its funds in banks covered by FDIC and GUDPA. At least five percent of the Township's deposits were fully collateralized by funds held by the financial institution, but not in the name of the Township. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Concentration of Credit Risk – This is the risk associated with the amount of investments that the Township has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. In general, the Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Township's investment policy.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

At December 31, 2020 and 2019 the Township of North Bergen had the following depository accounts. All deposits are carried at cost. \$714,065.63 and \$312,621.23 held in agency and payroll accounts for the years ended December 31, 2020 and 2019, respectively are not covered by GUDPA.

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

3. DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Depository Account</u>	Bank Balance	
	December 31, 2020	December 31, 2019
FDIC Insured	\$ 250,000.00	\$ 343,652.92
GUDPA Insured	54,620,626.07	46,939,063.06
Total	\$ 54,870,626.07	\$ 47,282,715.98

Investments

New Jersey statutes permit the Township to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

The Township did not maintain investments during the years ended December 31, 2020 and 2019.

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

4. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Township, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation (the "Board") by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections:

Comparative Schedule of Tax Rates

	Calendar Year 2020	Calendar Year 2019	Calendar Year 2018
Tax Rate	\$ 5.732	\$ 5.726	\$ 5.636
Apportionment of Tax Rate:			
Municipal (including Library)	\$ 2.679	\$ 2.620	\$ 2.585
County	1.007	1.073	1.059
School	2.044	2.007	1.967
Open Space - County	0.002	0.026	0.025

Assessed Valuations

Calendar Year	Amount
2020	\$ 2,563,885,003.00
2019	2,578,214,731.00
2018	2,584,393,269.00

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

4. TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)

Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>	
2020	\$ 147,406,210.65	\$ 144,875,737.95	98.65	%
2019	147,184,292.33	145,211,124.58	98.66	
2018	145,960,753.71	142,884,557.04	97.89	

Delinquent Taxes and Tax Title Liens

<u>Calendar Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2020	\$ 443,035.91	\$ 1,884,157.23	\$ 2,327,193.14	1.58%
2019	937,637.47	1,864,466.53	2,802,104.00	1.89
2018	840,079.89	2,211,018.11	3,051,098.00	2.09

5. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of properties acquired by tax title lien liquidation is carried at assessed valuation in the year of acquisition, was as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 6,587,000.00
2019	6,587,000.00
2018	6,587,000.00

6. FUND BALANCES APPROPRIATED

	<u>Calendar Year</u>	<u>Balance</u>	<u>Utilized in Budgets of Succeeding Year</u>
Current Fund:	2020	\$ 12,911,280.89	\$ 4,400,000.00
	2019	13,528,575.50	4,900,000.00
	2018	14,900,753.65	5,700,000.00

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Pursuant to N.J.S.A. 40A:2-8, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legal requirement is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.

Summary of Municipal Debt (Excluding Operating and School Debt)

	Calendar Year 2020	Calendar Year 2019
<u>Issued</u>		
General:		
Bonds and Notes	\$ 77,244,000.00	\$ 74,558,000.00
Green Trust Loan	173,423.00	189,653.78
Environmental Infra- structure Loan	784,701.75	905,390.84
Bonds Issued by Another Public Entity Guaranteed by Municipality	51,217,366.00	53,927,087.00
Total Issued	129,419,490.75	129,580,131.62
 <u>Authorized but Not Issued</u>		
General:		
Bonds and Notes	2,798,039.98	1,848,039.98
Net Bonds and Notes Issued and Authorized but Not Issued	\$ 132,217,530.73	\$ 131,428,171.60

Summary of Statutory Debt Condition - Annual Debt Statement

The summary statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.209%.

	Gross Debt	Deduction	Net Debt
Local School District	\$ 61,650,000.00	\$ 61,650,000.00	
General Debt	132,217,530.73	51,217,366.00	\$ 81,000,164.73
	\$ 193,867,530.73	\$ 112,867,366.00	\$ 81,000,164.73

Net Debt, \$81,000,164.73, divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$6,697,432,947 equals 1.209%. The foregoing is in material agreement with the annual debt statement submitted to the Division.

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. MUNICIPAL DEBT (CONTINUED)

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

3.5% of Equalized Valuation Basis	\$	234,410,153.15
Net Debt		81,000,164.73
Remaining Borrowing Capacity	\$	153,409,988.42

School Debt Deductions

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local School District.

The Board of Education of the Township is a Type II school district. The members of the Board of Education are elected by the voters of the school district on the third Tuesday in April. At each annual school election, the Board of Education shall submit to the voters of the district the amount of money fixed and determined in its budget, excluding interest and debt redemption charges, to be voted upon for the use of the public schools of the district for the ensuing school year.

Long-Term Debt

The Township issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Township are irrevocably pledged for the payment of the principal of the bonds and interest thereon.

As of December 31, 2020 and 2019, the Township's long-term debt is as follows:

	2020	2019
<u>General Obligation Bonds</u>		
\$22,472,000, 2009 Bonds, were partially refunded by the 2016 refunding bond. Final installment of \$1,390,000 on February 2020.		\$ 1,390,000.00
\$3,145,000, 2012 Refunding Bonds, due in one final installment of \$385,000 due April 2021, interest rate of 4.00%	\$ 385,000.00	775,000.00
\$17,725,000 2016 Refunding Bonds, due in annual installments of \$1,360,000 to \$1,490,000 through February 2032, interest at 3.00% to 5.00%	17,525,000.00	17,525,000.00
\$31,683,000 General Improvement Bonds, due in annual installments of \$1,445,000 to \$1,905,000 through January 2035, interest at 2.50% to 4.00%	27,965,000.00	29,275,000.00
	\$ 45,875,000.00	\$ 48,965,000.00

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. MUNICIPAL DEBT (CONTINUED)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2020 and 2019 are as follows:

	Balance, December 31, 2019	Increases	Decreases	Balance, December 31, 2020
General Capital Fund:				
Bonds Payable	\$ 48,965,000.00		\$ 3,090,000.00	\$ 45,875,000.00
Capital Lease Payable	4,407,797.00		908,018.50	3,499,778.50
Green Acres Loans Payable	189,653.78		16,230.78	173,423.00
Environmental Infrastructure Loans Payable	905,390.84		120,689.09	784,701.75
Total	<u>\$ 54,467,841.62</u>	<u>\$ -</u>	<u>\$ 4,134,938.37</u>	<u>\$ 50,332,903.25</u>

	Balance, December 31, 2018	Increases	Decreases	Balance, December 31, 2019
General Capital Fund:				
Bonds Payable	\$ 51,960,000.00		\$ 2,995,000.00	\$ 48,965,000.00
Capital Lease Payable	5,260,935.50		853,138.50	4,407,797.00
Green Acres Loans Payable	205,884.56		16,230.78	189,653.78
Environmental Infrastructure Loans Payable	1,023,579.93		118,189.09	905,390.84
Total	<u>\$ 58,450,399.99</u>	<u>\$ -</u>	<u>\$ 3,982,558.37</u>	<u>\$ 54,467,841.62</u>

A Schedule of Annual Debt Service for Principal and Interest for Bonded Debt is as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 3,190,000.00	\$ 1,553,287.50	\$ 4,743,287.50
2022	3,225,000.00	1,424,987.50	4,649,987.50
2023	3,335,000.00	1,303,162.50	4,638,162.50
2024	3,365,000.00	1,192,825.00	4,557,825.00
2025	3,370,000.00	1,079,375.00	4,449,375.00
2026-2030	16,950,000.00	3,453,012.50	20,403,012.50
2031-2035	12,440,000.00	851,456.25	13,291,456.25
	<u>\$ 45,875,000.00</u>	<u>\$ 10,858,106.25</u>	<u>\$ 56,733,106.25</u>

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

7. MUNICIPAL DEBT (CONTINUED)

Green Acres Trust Loans

The Township was issued loans from the New Jersey Department of Environmental Protection for the purpose of improvements to the Township parks at an interest rate of 2%. Two loans were issued to the Township in fiscal year 2010 at a zero percent interest rate. Loans payable at December 31, 2020 in the amount of \$173,423.00 are as follows:

74th Street Park - 2010	\$	32,397.43
76th Street Field - 2011		141,025.57
	\$	173,423.00

The following is a Schedule of Annual Principal and Interest for the Green Acres Trust Loan:

Year	Principal	Interest	Total
2021	\$ 16,230.78	\$ -	\$ 16,230.78
2022	16,230.78	-	16,230.78
2023	16,230.78	-	16,230.78
2024	16,230.78	-	16,230.78
2025	16,230.78	-	16,230.78
2026-2030	79,448.77	-	79,448.77
2031	12,820.33	-	12,820.33
	\$ 173,423.00	\$ -	\$ 173,423.00

Environmental Infrastructure Trust Loan

The Township has a service contract with the North Bergen Municipal Utility Authority (MUA) in which the MUA provides for the operation of a sewerage system for the Township. The MUA applied for and received an Environmental Infrastructure Trust loan from the State of New Jersey for system upgrades. The Township has agreed to pay fifty percent (50%) of the debt service on the loan. The Township's portion of the loan payable as of December 31, 2020 is as follows:

Year	Principal	Interest	Total
2021	\$ 119,189.09	\$ 9,475.00	\$ 128,664.09
2022	122,689.09	7,600.00	130,289.09
2023	124,189.09	5,000.00	129,189.09
2024	115,189.09	2,500.00	117,689.09
2025	60,689.09	-	60,689.09
2026-2029	242,756.30	-	242,756.30
	\$ 784,701.75	\$ 24,575.00	\$ 809,276.75

Hudson County Improvement Authority (HCIA)

The Township entered into a regional agreement with other municipalities to establish the North Hudson Regional Fire and Rescue. Capital Leases were issued through the HCIA to build fire houses and for other capital expenditures. Each municipality was apportioned a share of the debt. At December 31, 2020 and 2019, the Township's share was \$3,499,778.50 and \$4,407,797.00, respectively.

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. MUNICIPAL DEBT (CONTINUED)

The Township's schedule of capital lease payments at December 31, 2020 are as follows:

YEAR	AMOUNTS
2021	\$ 1,153,997.80
2022	1,157,002.10
2023	1,154,179.68
2024	473,722.20
Total minimum lease payment	3,938,901.78
Less amount representing interest	(439,123.28)
Present value of net future minimum lease payments	\$ 3,499,778.50

North Bergen Municipal Utilities Authority

The Township guarantees the debt of the Utilities Authority. Debt was issued for construction of a wastewater treatment plant and other capital projects. At December 31, 2020 and 2019, the Authority's debt guaranteed by the Township was \$51,217,366.00 and \$53,927,087.00, respectively.

Bond Anticipation Notes

Outstanding Bond Anticipation Notes due on April 28, 2021 at an interest rate of 1.50% are summarized as follows:

Short Term Debt

	Balance, December 31, 2019	Increases	Decreases	Balance, December 31, 2020
Current Fund				
Emergency Notes Payable	\$ -	\$ 4,200,000.00	\$ -	\$ 4,200,000.00
General Capital Fund				
Bond Anticipation Notes	25,593,000.00	31,369,000.00	25,593,000.00	31,369,000.00
Total	\$ 25,593,000.00	\$ 35,569,000.00	\$ 25,593,000.00	\$ 35,569,000.00

	Balance, December 31, 2018	Increases	Decreases	Balance, December 31, 2019
General Capital Fund				
Bond Anticipation Notes	\$ 7,638,000.00	\$ 25,593,000.00	\$ 7,638,000.00	\$ 25,593,000.00
Total	\$ 7,638,000.00	\$ 25,593,000.00	\$ 7,638,000.00	\$ 25,593,000.00

8. PENSION PLANS

Description of Plans

The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State).

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

8. PENSION PLANS (CONTINUED)

According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the public Employees Retirement System (PERS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System

The Public Employees' Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund.

Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2020:

	2020
Inactive plan members or beneficiaries currently receiving benefits	182,492
Inactive plan members entitled to but not yet receiving benefits	942
Active plan members	249,045
Total	432,479

Contributing Employers – 1,691 (As of June 30, 2020)

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. PENSION PLANS (CONTINUED)

For the year ended December 31, 2020 the Township's total payroll for all employees was \$24,655,224.69. Total PERS covered payroll was \$12,150,847.00. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate is 7.50% for 2020. Employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Town contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

The Township's contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. The Township's payments to PERS during the year ending December 31, 2020 consisted of the following:

	2020
Total Regular Billing	\$ 1,765,862

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 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

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

8. PENSION PLANS (CONTINUED)

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her 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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township’s basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2020, the PERS reported a net pension liability of \$16,435,616,426.00 for its Non-State Employer Member Group. The Township’s proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$26,323,479.00 or 0.1614206047%, which was an increase of 0.0047875744% from its proportion measured as of June 30, 2019.

The following presents a summary of the proportionate share of the State of New Jersey’s changes in the collective deferred outflows of resources and deferred inflows of resources attributable to the Town for the year ended June 30, 2020:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 479,307	\$ 93,091
Changes in assumptions	853,963	11,021,890
Net difference between projected and actual earnings on pension plan investments	899,758	
Changes in proportion and differences between Township contributions and proportionate share of contributions	1,664,906	118,737
Township contributions subsequent to the measurement date	1,765,862	
Totals	\$ 5,663,796	\$ 11,233,718

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

8. PENSION PLANS (CONTINUED)

The \$1,765,862 of deferred outflows of resources resulting from the Township's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions would be recognized in pension expense if GASB 68 had been followed:

Year ended December 31,	Amount
2021	\$ (2,783,187)
2022	(2,508,390)
2023	(1,410,352)
2024	(508,801)
2025	(125,054)
Total	\$ (7,335,784)

Actuarial Assumptions- The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

	2020
Inflation - Prices	2.75%
Inflation - Wages	3.25%
Salary Increases*:	
Through 2026	2.00% to 6.00%
	based on years of service
Thereafter	3.00% to 7.00%
	based on years of service

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

8. PENSION PLANS (CONTINUED)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.20% adjustment for males and a 101.40% adjustment for females, with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.70% 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 127.70% adjustment for males and a 117.20% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experiences will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions, 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 rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 is summarized in the following table:

2020		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-US Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2020 was 7.00%. 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 will be based on 78% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers.

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. PENSION PLANS (CONTINUED)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all the 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 Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

<u>2020</u>	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
PERS	\$ 33,136,869	\$ 26,323,479	\$ 20,542,132

Plan Fiduciary Net Position – The plan fiduciary net position for PERS including the State of New Jersey at June 30, 2020 was \$29,045,369,302. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2020 was \$22,997,176,445.

Additional Information

Collective balances at June 30, 2020 are as follows:

Collective deferred outflows of resources	\$ 2,347,583,337
Collective deferred inflows of resources	7,849,949,467
Collective net pension liability - Local group	16,435,616,426
Township's Proportion	0.1614206047%

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 was \$407,705,399. The average of the expected remaining service lives of all plan members is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Prior to July 1, 2018 valuation, it is assumed the State will make pension contributions the June 30th following the valuation date. Effective with the July 1, 2018 valuation Chapter 83 P.L. 2017 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

TOWNSHIP OF NORTH BERGEN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. PENSION PLANS (CONTINUED)

Receivable Contributions

The Fiduciary Net Position (FNP) includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contribution for the year ended June 30, 2020 was \$1,144,889,253.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2020:

	<u>2020</u>
Inactive plan members or beneficiaries currently receiving benefits	45,537
Inactive plan members entitled to but not yet receiving benefits	65
Active plan members	<u>42,520</u>
Total	<u><u>88,122</u></u>

Contributing Employers – 582 (As of June 30, 2020)

Significant Legislation – Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

The State Legislature adopted L. 2018, c. 55 in July 2018, which transferred management of PFRS from the New Jersey Department of Treasury, Division of Pensions and Benefits to a newly constituted twelve-member PFRS Board of Trustees. The new PFRS Board, which was established in February 2019 per the legislation, has more power and authority as compared to the former PFRS Board of Trustees. In addition to overseeing the management of PFRS, the new PFRS Board will also have the authority to direct investment decisions, to adjust current benefit levels and to change member and employer contribution rates. With regard to changes in current benefit provisions, such changes can only be made with the approval of a supermajority of eight (8) of the twelve (12) members of the new PFRS Board. Also, benefit enhancement can only be made if an independent actuary certifies that the benefit enhancements will not jeopardize the long-term viability of PFRS. Under prior law, benefit enhancements, including the reinstatement of COLA for retirees, could only be considered when the funded level of the pension fund reaches 80%. An actuarial certification was also required that the funded levels would remain at or above 80% over a 30-year period following the benefit enhancement.

In accordance with L. 2018, c. 55, the new PFRS Board will also have the authority to formulate investment policies and direct the investment activities of the PFRS. The PFRS Board has proposed regulations for adoption governing the methods, practices, and procedures for investment or reinvestments of money of PFRS.

For the year ended December 31, 2020 the Township's total payroll for all employees was \$24,655,224.69. Total PFRS covered payroll was \$11,901,936.00. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. PENSION PLANS (CONTINUED)

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. The member contribution rate was 10% for 2020. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Town contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

Township payments to PFRS for the years ending December 31, 2020 and 2019 consisted of the following:

	2020
Total Regular Billing	\$ 3,546,054

The Township recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
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 on or after June 28, 2011.

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township’s basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

8. PENSION PLANS (CONTINUED)

At June 30, 2020, the PFRS reported a net pension liability of \$14,926,648,722 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$41,014,044, or 0.3174137588%, which was a decrease of 0.0159667654% from its proportion measured as of June 30, 2019.

At December 31, 2020, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources, if GASB No. 68 was recognized:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 413,491	\$ 147,194
Changes in assumptions	103,212	10,995,620
Net difference between projected and actual earnings on pension plan investments	2,404,845	
Changes in proportion and differences between Township contributions and proportionate share of contributions	1,567,692	2,421,403
Township contributions subsequent to the measurement date	3,546,054	
Totals	\$ 8,035,294	\$ 13,564,217

The \$3,546,054 of deferred outflows of resources resulting from the Township's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2021. Other Amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions would be recognized in pension expense if GASB No. 68 was followed:

Year ended December 31,	Amount
2021	\$ (3,788,526)
2022	(2,673,885)
2023	(1,349,177)
2024	(610,823)
2025	(652,566)
Total	\$ (9,074,977)

Actuarial Assumptions - The total collective pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

8. PENSION PLANS (CONTINUED)

	2020
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00 - 6.00%
	based on years of service
Thereafter	3.00% - 7.00%
	based on years of service

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and a 102.5% adjustment for females, with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale-MP-2020. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period of July, 1 2013 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions, 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 rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. PENSION PLANS (CONTINUED)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 are summarized in the following table:

2020		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-US Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2020 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employers and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investment was applied all projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. PENSION PLANS (CONTINUED)

<u>2020</u>	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
PFRS	\$ 54,540,237	\$ 41,014,044	\$ 29,779,508

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2020 was \$10,837,952,259.

Additional Information

Collective Local Group balances at June 30, 2020 are as follows:

Collective deferred outflows of resources	\$ 1,601,195,680
Collective deferred inflows of resources	4,191,274,402
Collective net pension liability - Local group	14,926,648,722
Township's Proportion	0.3174137588%

Collective pension expense for the Local Group for the measurement periods ended June 30, 2020 was \$949,220,570. The average of the expected remaining service lives of all plan members is 5.90, 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

Receivable Contributions

The Fiduciary Net Position (FNP) includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2020 was \$1,194,176,430.

Local contributions expected to be paid the April 1st, following the valuation are discounted by the interest rate used at the valuation date.

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. PENSION PLANS (CONTINUED)

Special Funding Situation

The Township is responsible for the actuarially determined annual contributions to the PFRS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PFRS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this relationship as a "special funding situation", and the State of New Jersey is defined as a non-employer contributing entity.

Unaudited data provided by the PFRS indicates that the total Non-employer contributions made to the PFRS by the State for the year ended June 30, 2020 was \$154,309,000. The portion of that contribution allocated to the Township in 2020 was \$489,798 or 0.3174137588%. The June 30, 2020 State special funding situation pension expense of \$227,263,993 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at June 30, 2020 was \$227,263,993 which represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The Township's allocated shares of the special funding situation pension expense for the years ended June 30, 2020 was \$721,367. The Township's share of the special funding situation net pension liability at that date were and \$6,365,193.

Defined Contribution Retirement Plan

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The Division has selected Prudential Financial to manage the DCRP on its behalf. The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers - Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or 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 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2020, the membership of DCRP, based on the information within the Division's database, was 60,336.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary. 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.

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 7.50% for PERS, 10% for PFRS and 5.5% for DCRP of employees' base wages.

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

9. OTHER POST-EMPLOYMENT BENEFITS - TOWNSHIP

Township OPEB Plan

General information about the OPEB Plan

The Township provides a single employer post-employment health benefits plan for 24 of its employees and retirees through a single employer defined benefit healthcare plan. The Township followed the accounting provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement established guidelines for reporting costs associated with "other postemployment benefits" (OPEB). OPEB costs are calculated based on plan benefits (other than pensions), that the retired employees and their spouses have accrued as a result of their respective years of employment service.

Plan description and benefits provided - The Township's post-employment retirement healthcare benefit plan provides health benefits to all retired Township employees and their spouses. The Plan is a comprehensive health benefits plan which pays for hospital services, doctor expenses and other medical related necessities which include prescription drugs, and mental health/substance abuse services, subject to provisions and limitations. The Township administers the Plan through the Horizon Blue Cross Blue Shield of New Jersey and has the authority to establish and amend the benefits provisions offered. The Plan is not a separate entity or trust and does not issue stand-alone financial statements.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Total OPEB Liability

The Township's total OPEB liability of \$337,685,906 and \$335,963,299 was measured as of December 31, 2020 and 2019, respectively, was determined by actuarial valuations as of those dates. There were 308 Retiree and surviving spouses and 311 active employees as part of the plan as of December 31, 2020. There were 301 Retiree and surviving spouses and 318 active employees as part of the plan as of December 31, 2019.

Actuarial assumptions and other imputes - The total OPEB liability in the December 31, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

9. OTHER POST-EMPLOYMENT BENEFITS – TOWNSHIP (CONTINUED)

	2020
Inflation	2.50%
Salary increases	3.00%
Discount rate	2.15%
Healthcare cost trend rate	Range from 4.0% to 6.5%
Retirees' share of benefit-related costs	Subject to the requirements of Chapter 78
	2019
Inflation	2.50%
Salary increases	3.00%
Discount rate	2.75%
Healthcare cost trend rate	Range from 4.0% to 8.0%
Retirees' share of benefit-related costs	Subject to the requirements of Chapter 78

The discount rate was based on the Bond Buyer 20-Bond Go Index.

Mortality rates were based on the PUB-2010 Headcount- Weighted Health Male/Female Mortality Projected with Scale MP-2020.

The total OPEB liability as of December 31, 2020 is based on the valuation results at January 1, 2020, adjusted for the change in the applicable discount rate, and projected to December 31, 2020 assuming no actuarial gains or losses due to plan demographics or claim experience.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2019	\$ 335,963,299
Changes for the year:	
Interest cost	9,431,982
Service cost	11,414,164
Changes in assumptions or other inputs:	
Benefit payments	(8,792,620)
Actuary changes	(10,330,919)
Balance at 12/31/2020	\$ 337,685,906

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

9. OTHER POST-EMPLOYMENT BENEFITS – TOWNSHIP (CONTINUED)

	<u>Total OPEB Liability</u>
Balance at 12/31/2018	\$ 275,508,330
Changes for the year:	
Interest cost	11,443,873
Service cost	7,586,918
Changes in assumptions or other inputs:	
Benefit payments	(7,952,787)
Actuary changes	49,376,965
Balance at 12/31/2019	\$ 335,963,299

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (1.15%)	Discount Rate (2.15%)	1% Increase (3.15%)
<u>2020</u>			
Total OPEB Liability	\$ 414,436,924	\$ 337,685,906	\$ 280,115,563
<u>2019</u>			
Total OPEB Liability	\$ 412,731,249	\$ 335,963,299	\$ 278,608,933

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
<u>2020</u>			
Total OPEB Liability	\$ 275,445,552	\$ 337,685,906	\$ 442,557,623
<u>2019</u>			
Total OPEB Liability	\$ 272,392,947	\$ 335,963,299	\$ 422,814,093

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2020 and 2019, respectively, the Township would have recognized OPEB expense of \$20,029,568, and \$20,280,397 had GASB No. 75 been followed. At December 31, 2020 and 2019, the Township would have reported \$25,516,305 and \$25,877,357, respectively, of deferred inflows. At December 31, 2020 and 2019, the Township would have reported \$29,626,179 and \$39,501,572, respectively, of deferred outflows.

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

10. OTHER POST-EMPLOYMENT BENEFITS – STATE

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

10. OTHER POST-EMPLOYMENT BENEFITS – STATE (CONTINUED)

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.

Contributions

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.

Plan Membership and Contributing Employers

Plan membership and contributing employers/non-employers consisted of the following at June 30, 2019:

	June 30, 2019
Inactive plan members or beneficiaries currently receiving benefits	29,812
Active plan members	66,213
Total	96,025
Contributing employers	590
Contributing nonemployers	1

Nonspecial Funding Situation - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$8,020,352,361 at June 30, 2019.

Components of Net OPEB Liability - The components of the collective net OPEB liability for Local Government Retired Employees Plan, including the State of New Jersey, is as follows:

	June 30, 2019
Total OPEB Liability	\$ 13,819,244,582
Plan Fiduciary Net Position	273,173,482
Net OPEB Liability	\$ 13,546,071,100
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

10. OTHER POST-EMPLOYMENT BENEFITS – STATE (CONTINUED)

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

<u>June 30, 2019</u>	
Inflation rate	2.50%
Salary increases*:	
Public Employees' Retirement Systems (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

* Salary increases are based on years of service within the respective plan.

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

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

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

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

Sensitivity of the State's Net OPEB Liability to Changes in the Discount Rate - The following presents the collective net OPEB liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage- point higher than the current rate:

	1% Decrease	At Discount Rate	1% Increase
Total Net OPEB Liability - 2019	\$ 15,662,704,137	\$ 13,546,071,100	\$ 11,826,026,995

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

10. OTHER POST-EMPLOYMENT BENEFITS – STATE (CONTINUED)

Sensitivity of the State’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability - 2019	\$ 11,431,214,644	\$ 13,546,071,100	\$ 16,243,926,531

Special Funding Situation - The State of New Jersey’s Total OPEB Liability for special funding situation was \$5,525,718,739 at June 30, 2019.

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 percent 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 non-employer 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.

The amounts of the State’s Non-employer OPEB Liability that are attributable to employees and retirees of the Township of North Bergen was \$19,647,356 at June 30, 2019. These allocated liabilities represent 0.355562% of the State’s Total Non-employer OPEB Liability for June 30, 2019. The OPEB expense attributed to the Township was \$260,431 at June 30, 2019.

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

11. RISK MANAGEMENT

The Township maintains a self-insurance fund for general liability and workers' compensation.

Under the terms of the Garden State Joint Insurance Fund (the "JIF"), the first \$100,000.00 of exposure is a self-insurance layer. The next \$150,000.00 of exposure is backed by the joint resources of the JIF and any exposure beyond that amount is covered by the JIF as follows:

<u>Coverage</u>	<u>Deductible</u>	<u>Limits</u>
1. Property (Blanket Building and Contents)	\$ 1,000	\$600,000,000
2. Earthquake	\$ 25,000	\$ 25,000,000
3. Flood (Zone X)	\$ 50,000	\$ 25,000,000
4. Flood (Zone A)	\$250,000	\$ 5,000,000
5. Flood (Zone V) Not Covered		
6. Crime	\$ 1,000	\$ 1,000,000
7. Auto Liability	\$100,000	\$ 15,000,000
8. General Liability	\$100,000	\$ 15,000,000
9. Auto Physical Damage	\$1,000/Comp/Collision	
10. Law Enforcement Liability	\$100,000	\$ 15,000,000
11. Workers' Comp	\$100,000	Statutory
12. Public Officials Liability		\$ 15,000,000
POL	\$20,000 plus 20% coinsurance/\$50,000 max	
EPL	\$20,000 plus 20% coinsurance/\$50,000 max	
Sexual Abuse Liability	\$100,000	
13. Cyber Liability	\$ 25,000	\$ 1,000,000

12. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2020 and 2019 interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>2020</u>		<u>2019</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 2,936,413.06	\$ 3,753,754.31	\$ 2,247,364.12	\$ 2,102,506.96
Federal and State Grant Fund		3,186,733.02		2,651,840.00
Community Development Trust Fund			4,582.76	630,886.63
General Capital Fund	3,243,810.81		2,704,799.24	
Animal Control Fund		16,313.10		16,313.10
Police Special Duty Trust Fund		535,699.58		655,717.58
CDBG Trust Fund	4,582.76	660,635.57		
Insurance Trust Fund	450,000.00		305,000.00	
Payroll Fund		121,277.84		46,183.96
Public Assistance Fund		1,000.00		1,000.00
General Trust Fund	1,640,606.79		842,702.11	
	<u>\$ 8,275,413.42</u>	<u>\$ 8,275,413.42</u>	<u>\$ 6,104,448.23</u>	<u>\$ 6,104,448.23</u>

TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

13. CONTINGENT LIABILITIES

a. Accrued Sick and Vacation Benefits

The Township has permitted employees to accrue sick and vacation pay, which may be taken as time off or paid at a later date at an agreed upon rate. The Township has estimated the current cost at December 31, 2020 and 2019 of such unpaid compensation to be \$4,345,489.11 and \$3,948,718.82, respectively. The Township has established a reserve account at December 31, 2020 and 2019 of \$100,000.00 in the Trust Fund to fund a portion of the estimated potential liabilities. These estimates by management are unaudited.

b. Tax Appeals

As of December 31, 2020, there were tax appeals pending before the New Jersey Tax Court of an undetermined amount. Judgments favorable to the taxpayers generally extend to two years following the year adjudicated and would also subject the Township to a liability for statutory interest on the amount of taxes refunded from the date of payment to the date of refund (R.S. 54:3-27.2).

County taxes paid on the reductions in assessed valuations are subject to credits against the County tax levy of the year subsequent to the year in which the appeals are adjudicated.

c. Federal and State Awards

The Township participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Township has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2020 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying regulatory basis financial statements for such contingencies.

d. Litigation

Local governments are required to disclose contingencies based on criteria set forth in *FASB Accounting Standards Codification 450, Contingencies*. There are currently a number of liability cases outstanding and workers' compensation claims outstanding. These claims are being handled through the New Jersey Municipal Self Insurer's Joint Insurance Fund (NJMSIJIF). The Township has a \$100,000 self-insured retention limit (SIR) and after that amount is exhausted the cases are then covered by NJMSIJIF for the next \$200,000. Exposure beyond \$300,000 is covered by the Municipal Excess Liability Fund (MELF). Coverage after January 1, 2016 after the first \$100,000 SIR will be by Garden State Joint Insurance Fund (GSJIF) for the next \$200,000.

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

14. GASB 77 TAX ABATEMENTS

The Township has entered into several property tax abatement agreements in order to provide incentives to redevelop areas that are in need for improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. The following represent the Township's most significant tax abatement agreements:

Entity Name	Commencement Date	Termination Date	PILOT Billing	Taxes If Billed In Full	Abated Taxes
Avalon Bay Communities	January 26, 2011	January 26, 2041	\$ 286,000.00	\$ 518,172.80	\$ 232,172.80
Post River Road	December 10, 2014	June 10, 2044	1,351,000.00	2,041,291.30	690,291.30
1122 53rd Street Urban Renewal	February 1, 2013	December 1, 2043	255,000.00	466,355.52	211,355.52
Floral Park	June 7, 1976	June 7, 2026	672,000.00	865,692.50	193,692.50
MTC Urban Renewal	January 1, 2014	December 1, 2043	290,000.00	196,905.66	(93,094.34)
Hudson Mews Urban Renewal	October 7, 2015	October 1, 2039	521,000.00	1,339,041.05	818,041.05
			<u>\$ 3,375,000.00</u>	<u>\$ 5,427,458.83</u>	<u>\$ 2,052,458.83</u>

15. GOVERNMENTAL FIXED ASSETS

Governmental Fixed Assets

The following is a summary of changes in the Governmental Fixed Assets account group as of December 31, 2020 and 2019:

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020
Land and Land Improvements	\$ 18,248,235.00	\$ 1,767,509.00		\$ 20,015,744.00
Buildings and Building Improvements	18,951,377.20			18,951,377.20
Machinery and Equipment	23,456,529.88	1,224,816.66	\$ 1,362,884.00	23,318,462.54
	<u>\$ 60,656,142.08</u>	<u>\$ 1,224,816.66</u>	<u>\$ 1,362,884.00</u>	<u>\$ 62,285,583.74</u>

	Balance December 31, 2018	Additions	Retirements	Balance December 31, 2019
Land and Land Improvements	\$ 18,248,235.00			\$ 18,248,235.00
Buildings and Building Improvements	18,951,377.20			18,951,377.20
Machinery and Equipment	23,005,491.88	\$ 813,973.00	\$ 362,935.00	23,456,529.88
	<u>\$ 60,205,104.08</u>	<u>\$ 813,973.00</u>	<u>\$ 362,935.00</u>	<u>\$ 60,656,142.08</u>

TOWNSHIP OF NORTH BERGEN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

16. DEFERRED COMPENSATION PLAN

The Township Deferred Compensation Plan was established pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; and P.L. 1980, C. 78 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The program balances are not recorded in the Trust Fund of the Township. The Township does not make any contributions to the plan and the deferred compensation is not available to employees until termination, retirement, death or unforeseeable hardship. In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of the Internal Revenue Code Section 457(g), the Township's plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the plan are held in trust, in annuity contracts or custodial accounts. The plan's assets are not the property of the Township and therefore are not presented in the financial statements.

17. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020, the following deferred charges existed:

<u>2020 Current Fund</u>	<u>Balance December 31, 2020</u>	<u>Amount Raised in 2021 Budget</u>
Special Emergency:		
Revaluations	\$ 900,000.00	\$ 180,000.00
COVID Revenue Relief	<u>2,800,000.00</u>	<u>-</u>
	<u>\$ 3,700,000.00</u>	<u>\$ 180,000.00</u>

The Township did not have any deferred charges at December 31, 2019.

18. SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the balance sheet date through September 30, 2021, which is the date the financial statements were available to be issued. Based on this evaluation, the Township has determined no subsequent event has occurred which requires disclosure in the financial statements.

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL FOR THE BONDS

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_____, 2022

Township Council of the
Township of North Bergen, in the
County of Hudson, New Jersey

Dear Council Members:

We have acted as bond counsel to the Township of North Bergen, in the County of Hudson, New Jersey (the "Township"), in connection with the issuance by the Township of \$_____ aggregate principal amount of General Improvement Bonds (the "Bonds"), dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the Township adopted on March 9, 2022 pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the Township has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the Township continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Township in the Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

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APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL FOR THE NOTE

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_____, 2022

Township Council of the
Township of North Bergen, in the
County of Hudson, New Jersey

Dear Council Members:

We have acted as bond counsel to the Township of North Bergen, in the County of Hudson, New Jersey (the "Township") in connection with the issuance by the Township of a \$13,813,000 Bond Anticipation Note dated the date hereof (the "Note"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction, and have undertaken such research and analyses as we have deemed necessary.

The Note is issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the Township listed in the Certificate of Determination and Award dated the date hereof, each in all respects duly approved, and published as required by law. The Note is a temporary obligation issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Note is a valid and legally binding obligation of the Township, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Note is issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the Township without limitation as to rate or amount.

On the date hereof, the Township has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Note in order to preserve the tax-exempt status of the Note pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Note to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note. In the event that the Township continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Township in the Certificate, it is our opinion that, under existing law, interest on the Note is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Note is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Note. Further, in our opinion, based upon existing law, interest on the Note and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

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