

**PRELIMINARY OFFICIAL STATEMENT DATED MARCH 20, 2018**

**NEW ISSUE (BOOK-ENTRY ONLY)**

**RATING: S&P: "AA" (stable outlook)  
(See "RATING" herein)**

*In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX EXEMPTION" herein.*

**\$39,867,000\***  
**CITY OF HACKENSACK  
IN THE COUNTY OF BERGEN  
STATE OF NEW JERSEY  
GENERAL OBLIGATION BONDS, SERIES 2018**  
**Consisting of:**  
**\$22,677,000\* General Improvement Bonds, Series 2018**  
**and**  
**\$17,190,000\* Refunding Bonds, Series 2018**  
**CALLABLE**

**Dated: Date of Delivery**

**Due: April 1, as shown on the inside front cover**

The \$39,867,000\* aggregate principal amount of General Obligation Bonds, Series 2018, consisting of \$22,677,000\* aggregate principal amount of General Improvement Bonds, Series 2018 (the "General Improvement Bonds") and \$17,190,000\* aggregate principal amount of Refunding Bonds, Series 2018 (the "Refunding Bonds" and together with the General Improvement Bonds the "Bonds"), are general obligations of the City of Hackensack, in the County of Bergen, State of New Jersey (the "City") for which the full faith and credit of the City are pledged. The City is authorized and required by law to levy *ad valorem* taxes on all taxable property within the City without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

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

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on the first day of April and October of each year, commencing October 1, 2018, at such rates of interest as shown on the inside front cover hereof until maturity or prior redemption. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the City or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the City to the registered owner thereof as of the Record Dates (as defined herein).

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

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), various bond ordinances duly adopted by the City Council on the dates set forth herein and by resolutions duly adopted by the City Council on March 13, 2018.

The General Improvement Bonds are being issued to: (i) currently refund existing bond anticipation notes and permanently finance the cost of various capital improvements by and in the City; and (ii) pay the costs associated with the issuance of the General Improvement Bonds. The Refunding Bonds are being issued to: (i) currently refund existing tax appeal refunding notes in the City; (ii) currently refund existing emergency notes in the City; and (iii) pay the costs associated with the issuance of the Refunding Bonds.

The Bonds are subject to optional redemption prior to their stated maturities as set forth herein. See "DESCRIPTION OF THE BONDS" under the subheading entitled "Optional Redemption".

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

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

**The Bonds are offered when, as and if issued and delivered subject to the approval of the legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel, and certain other conditions. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the City in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the City by the City Attorney, Cleary Jacobbe Alferi Jacobs, LLC, Oakland, New Jersey. It is anticipated that the Bonds will be available for delivery through DTC on or about April 12, 2018.**

**Electronic submissions for the Bonds, in accordance with the full Notice of Sale, must be made via PARITY until 11:00 a.m. prevailing New Jersey time on March 28, 2018. For more details on how to bid electronically, view the full Notice of Sale posted at [www.MuniHub.com](http://www.MuniHub.com).**

\* Preliminary, subject to change.

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

<u>Year</u>	<u>General Improvement Bonds*</u>	<u>Refunding Bonds*</u>	<u>Combined Principal Amounts*</u>	<u>Interest Rates</u>	<u>Yields</u>	<u>CUSIPs**</u>
2019	\$817,000	\$ 4,335,000	\$ 5,152,000			
2020	915,000	4,335,000	5,250,000			
2021	945,000	4,335,000	5,280,000			
2022	975,000	2,785,000	3,760,000			
2023	1,000,000	<u>1,400,000</u>	2,400,000			
2024	1,035,000		1,035,000			
2025	1,065,000		1,065,000			
2026	1,095,000		1,095,000			
2027	1,130,000		1,130,000			
2028	1,170,000		1,170,000			
2029	1,210,000		1,210,000			
2030	1,250,000		1,250,000			
2031	1,290,000		1,290,000			
2032	1,335,000		1,335,000			
2033	1,385,000		1,385,000			
2034	1,435,000		1,435,000			
2035	1,485,000		1,485,000			
2036	1,540,000		1,540,000			
2037	<u>1,600,000</u>		<u>1,600,000</u>			
<b>Total:</b>	<b>\$22,677,000</b>	<b>\$17,190,000</b>	<b>\$39,867,000</b>			

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\* Preliminary, subject to change.

\*\* A registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a Standard & Poor's Financial Services LLC business. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of Bonds.

**CITY OF HACKENSACK  
IN THE COUNTY OF BERGEN  
STATE OF NEW JERSEY**

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**MAYOR**

John P. Labrosse, Jr.

**CITY COUNCIL**

Leonardo Battaglia  
Kathleen Canestrino, Deputy Mayor  
David Sims, Deputy Mayor  
Stephanie Von Rudenberg

**CITY ATTORNEY**

Cleary Giacobbe Alfieri Jacobs, LLC  
Oakland, New Jersey

**CITY MANAGER**

Ted M. Ehrenburg

**CHIEF FINANCIAL OFFICER**

James A. Mangin

**CITY CLERK**

Deborah Karlsson

**INDEPENDENT AUDITORS**

DiMaria & DiMaria LLP  
Lodi, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC  
Bordentown, New Jersey

**BOND COUNSEL**

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

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

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

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

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

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

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

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

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

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**OFFICIAL STATEMENT  
OF THE  
CITY OF HACKENSACK  
IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY  
RELATING TO  
\$39,867,000\* GENERAL OBLIGATION BONDS, SERIES 2018  
Consisting of:  
\$22,677,000\* General Improvement Bonds, Series 2018  
and  
\$17,190,000\* Refunding Bonds, Series 2018**

**INTRODUCTION**

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the City of Hackensack (the "City"), in the County of Bergen (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$39,867,000\* General Obligation Bonds, Series 2018, consisting of: \$22,677,000\* aggregate principal amount of General Improvement Bonds, Series 2018 (the "General Improvement Bonds") and \$17,190,000\* Refunding Bonds, Series 2018 (the "Refunding Bonds" and together with the General Improvement Bonds, the "Bonds") of the City. This Official Statement, which includes the cover page, inside front cover page and appendices attached hereto, has been authorized by the City Council, and executed by and on behalf of the City by its Chief Financial Officer, to be distributed in connection with the sale of the Bonds.

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

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

**DESCRIPTION OF THE BONDS**

**General Description**

The Bonds are dated the date of delivery thereof and shall bear interest at the rates shown on the inside front cover page hereof from such date, payable semi-annually on the first day of April and October of each year (each an "Interest Payment Date") until maturity or prior redemption, commencing October 1, 2018. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be paid by check, draft or wire transfer mailed, transmitted or delivered to the registered owners of the Bonds as of each respective March 15 and September 15 preceding each Interest Payment Date (the "Record Dates"), at the address shown on the registration books for the Bonds kept for that purpose by the City's Chief Financial Officer, as Registrar and Paying Agent.

The Bonds will mature on April 1 in each of the years and in the respective principal amounts as set forth on the inside front cover page.

The Bonds, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds (the "Securities Depository"). Purchases of beneficial interests in the Bonds will be made in book-

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\* Preliminary, subject to change.

entry only form, without certificates, in denominations of \$1,000 each or any integral multiple thereof, with minimum purchases of \$5,000 required. Under certain circumstances, such beneficial interests in the Bonds are exchangeable for one or more fully registered Bond certificates of like series, maturity and tenor in authorized denominations.

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

### **Optional Redemption**

The Bonds maturing prior to April 1, 2026 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after April 1, 2026 are redeemable at the option of the City, in whole or in part, on any date on or after April 1, 2025, upon notice as required herein, at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

### **Notice of Redemption**

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption 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 City or a duly appointed Bond Registrar. 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. Any failure of the 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 City determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by the City. The Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided 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. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

### **Authorization for the Issuance of the Bonds**

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances duly adopted by the City Council of the City on the dates set forth in the charts on the following pages and published and approved as required by law, and by resolutions duly adopted by the City Council on October 18, 2016 and March 13, 2018.

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



## Purpose of the Bonds

The General Improvement Bonds are being issued to, along with certain available funds of the City in the amount of \$6,647, permanently finance the cost of various capital improvements by and in the City in the amount of \$22,677,000 by (i) currently refunding the bond anticipation notes of the City, in the amount of \$2,733,848, issued on April 19, 2017 and maturing on April 18, 2018, (ii) currently refunding the bond anticipation notes of the City, in the amount of \$8,201,799, issued on November 2, 2017 and maturing on April 18, 2018 and (iii) finance the costs of various capital improvements by and in the City in the amount of \$11,748,000.

The purposes for which the General Improvement Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described on the following table by ordinance number, description and date of final adoption and the amount of General Improvement Bonds to be issued for such purposes. The bond ordinances are:

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount</b>
23-2011	Road resurfacing on Kaplan Avenue, Sutton Avenue, Simons Avenue, Parker Avenue and Summit Avenue, finally adopted December 19, 2011	\$302,000
28-2012	Acquisition of various communication equipment, finally adopted December 4, 2012	\$475,000
11-2013	Various road improvements, finally adopted June 10, 2013	\$153,000
18-2013	Various repairs and improvements to Firehouse #2, finally adopted August 20, 2013	\$260,000
09-2014	Acquisition of a ladder truck, finally adopted March 18, 2014	\$218,000
16-2014	Various road improvements, finally adopted April 21, 2014	\$227,000
25-2014	Atlantic Street Park improvements, finally adopted August 18, 2014	\$349,000
30-2014	Various capital improvements, finally adopted September 16, 2014	\$335,000
31-2014	Improvements to connection with the City's combined sewer overflow improvement project, finally adopted September 16, 2014	\$257,000
10-2015	Various road improvements, finally adopted March 23, 2015	\$628,000
26-2015 as amended by 31-2016	Various 2015 capital improvements, finally adopted July 7, 2015 (26-2015) and August 22, 2016 (31-2016)	\$2,601,000
12-2016	Various road and street improvements, finally adopted April 4, 2016	\$986,000

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount</b>
13-2016	Main Street/State Street two-way conversion, finally adopted April 4, 2016	\$3,800,000
15-2016	Renovation, upgrade and expansion of the M & M Building, finally adopted April 4, 2016	\$7,800,000
29-2016	Various 2016 capital improvements, finally adopted July 25, 2016	\$813,000
04-2017	Acquisition of two (2) garbage trucks and the re-surfacing of various roads, finally adopted April 11, 2017	\$1,704,000
22-2017	Various capital improvements, finally adopted September 12, 2017	<u>\$1,769,000</u>
	TOTAL	<u>\$22,677,000</u>

The Refunding Bonds are being issued to (i) along with certain available funds of the City in the amount of \$4,704,997, permanently finance the cost of various tax appeals in the City in the amount of \$15,390,000 by currently refunding the tax appeal refunding notes of the City in the amount of \$20,094,997, issued on November 2, 2017 and maturing on April 18, 2018 and (ii) along with certain available funds of the City in the amount of \$600,000, permanently finance the cost of funding an emergency appropriation for a court ordered payment obligation in the amount of \$1,800,000 by currently refunding the emergency notes of the City in the amount of \$2,400,000, issued on April 19, 2017 and maturing on April 18, 2018.

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

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount</b>
24-14	Pay amounts owing to various taxpayers for taxes levied in the City, finally adopted September 16, 2014	\$2,846,000
39-15	Pay amounts owing to various taxpayers for taxes levied in the City, finally adopted October 6, 2015	\$5,483,000
33-16	Pay amounts owing to various taxpayers for taxes levied in the City, finally adopted September 27, 2016	\$7,061,000
40-16	Fund an emergency appropriation for a court ordered payment obligation, finally adopted November 22, 2016	<u>\$1,800,000</u>
	TOTAL	<u>\$17,190,000</u>

## **Payment of Bonds**

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

## **SECURITY FOR THE BONDS**

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

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

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

## **THE CITY**

The City is the County Seat of Bergen County and encompasses an area of 4.346 square miles. See APPENDIX A for more information concerning the City including demographic and statistical information.

## **NO DEFAULT**

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

## **MARKET PROTECTION**

The City does not anticipate issuing any additional bonds or bond anticipation notes in 2018.

## **BOOK-ENTRY ONLY SYSTEM**

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of

U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in

"street name", and will be the responsibility of such Participant and not of DTC, nor its nominee, Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

### **Discontinuance of Book-Entry Only System**

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

## **PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

### **Procedure for Authorization**

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

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

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

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

### **Short Term Financing**

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Investment of Municipal Funds**

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

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

## **FINANCIAL MANAGEMENT**

### **Accounting and Reporting Practices**

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

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

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

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

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

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon real property. For each utility, there is established a



separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate section of the budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "current" or operating budget.

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

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the City was not eligible for local examination of its budget in 2017. The City has adopted its 2017 budget in accordance with the procedures described under the heading entitled, "FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)".

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

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

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

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the City shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the City may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the City for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. The City has not utilized a portion of its "Cap Bank" in its 2017 budget. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

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

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

### **Deferral of Current Expenses**

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

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

### **Budget Transfers**

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

### **Anticipation of Real Estate Taxes**

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

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

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

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

### **Anticipation of Miscellaneous Revenues**

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

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

### **Debt Statements**

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

## **CAPITAL IMPROVEMENT PROGRAM**

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

## **TAX ASSESSMENT AND COLLECTION**

### **Assessment and Collection of Taxes**

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established

comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners.

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

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

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

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

## **Tax Appeals**

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

## **TAX EXEMPTION**

### **Federal Income Tax Treatment**

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Bonds in order for the interest on the Bonds to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of

issuance of the Bonds. The City will represent in its tax certificate that it expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the City with the requirements of the Code described above, interest on the Bonds is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and will not be treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax imposed on individuals.

The Bonds do not constitute "qualified tax-exempt obligations" as defined in and for the purpose of Section 265(b)(3) of the Code.

### **Premium Bonds**

[The Bonds [maturing on April 1 of the years 20\_\_ through 20\_\_, inclusive (collectively, the "Premium Bonds")], have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

### **Discount Bonds**

[Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on April 1 in the years 20\_\_ through 20\_\_, inclusive (collectively, the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the [Discount] Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. In the case of any holder of the [Discount] Bonds, the amount of such original issue discount which is treated as having accrued with respect to the [Discount] Bonds is added to the cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the [Discount] Bonds should consult their tax advisors for an explanation of the original issue discount rules.]

### **Additional Federal Income Tax Consequences Relating to Bonds**

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

### **State Taxation**

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

## **Prospective Tax Law Changes**

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

## **Other Tax Consequences**

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

See APPENDIX C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds.

**Prospective purchasers of the Bonds should consult their tax advisors with respect to all tax consequences (including but not limited to those listed above) of holding the Bonds.**

## **LEGALITY FOR INVESTMENT**

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

## **RISK TO HOLDERS OF BONDS**

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

## **Municipal Bankruptcy**

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

The undertakings of the City should be considered with reference to 11 U.S.C. §101 *et seq.*, as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this

chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

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

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

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

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

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

### **CERTIFICATES OF THE CITY**

Upon the delivery of the Bonds, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the City, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the City from that set forth in or contemplated by this Official Statement. In addition, the respective original purchaser of the Bonds shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Bonds, and signed by the officers who signed the Bonds, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds or the levy or collection of taxes to pay the Bonds, as applicable, or the interest thereon, or questioning the validity of the statutes or

the proceedings under which the Bonds, as applicable, are issued, and that neither the corporate existence or boundaries of the City, nor the title of any of the said officers to the respective offices, is being contested.

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel, whose approving legal opinions will be delivered with the Bonds substantially in the form set forth as APPENDIX C and APPENDIX D, respectively, hereto. Certain legal matters with respect to the Bonds and Notes will be passed on for the City by its City Attorney, Cleary Jacobbe Alfieri Jacobs, LLC, Oakland, New Jersey (the "City Attorney").

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the City of Hackensack, James A. Mangin, Chief Financial Officer, 65 Central Avenue, Hackensack, New Jersey 07013, (201) 646-3935 and Lisa A. Gorab, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6459, or Anthony P. Inverso, Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey 08505, (609) 291-0130.

### **MUNICIPAL ADVISOR**

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

### **LITIGATION**

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

### **COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE BONDS**

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

Within the five (5) years immediately preceding the date of this Official Statement, the City previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) audited financial information for the fiscal year ended December 31, 2012 and (ii) operating data for the fiscal year ended December 31, 2012. Additionally, the City previously failed to file late filing notices in connection with its untimely filings of audited financial information and operating data, all as described



above, and late filing notices and/or event notices in connection with a bond insurer rating change in 2014 and an underlying rating change in 2014. Such notices of events and late filings have since been filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA"). The City appointed Phoenix Advisors, LLC in November of 2014 to serve as continuing disclosure agent.

### **PREPARATION OF OFFICIAL STATEMENT**

Bond Counsel has participated in the preparation and review of this Official Statement and in the collection of financial, statistical or demographic information contained in this Official Statement but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

DiMaria & DiMaria LLP, Lodi, New Jersey, the Auditor to the City, has participated in the preparation of the information contained in this Official Statement but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the audited financial statements to the extent specified in the Independent Auditors' Report appearing in APPENDIX B hereto.

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

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

### **RATING**

S&P Global Ratings acting through Standard & Poor's Ratings Services LLC ("Standard & Poor's"), has assigned a rating of "AA" (stable outlook) to the Bonds.

An explanation of the significance of the ratings on the Bonds may be obtained from Standard & Poor's at 55 Water Street, New York, New York 10041. Such rating reflects only the views of Standard & Poor's, and there is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn entirely, if in the judgment of Standard & Poor's, circumstances so warrant. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Except as set forth in the Disclosure Certificate, the City has not agreed to take any action with respect to any proposed rating changes or to bring the rating changes, if any, to the attention of the owners of the Bonds.

### **UNDERWRITING**

The Bonds have been purchased from the City at a public sale by \_\_\_\_\_ (the "Underwriter") at a price of \$\_\_\_\_\_. The purchase price of the Bonds reflects the par amount of Bonds, plus a bid premium of \$\_\_\_\_\_.

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

## FINANCIAL STATEMENTS

The financial statements of the City for the year ended December 31, 2016, together with the Notes to the Financial Statements for the years then ended, are presented in APPENDIX B to this Official Statement. The financial statements referred to above have been audited by DiMaria & DiMaria LLP, Lodi, New Jersey, independent auditors, as stated in their report appearing in APPENDIX B. Also included in APPENDIX B is certain unaudited financial data of the City extracted from the Annual Financial Statement prepared by the City for the City's fiscal year ended December 31, 2017.

## MISCELLANEOUS

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

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

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

**CITY OF HACKENSACK**

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**JAMES A. MANGIN,**  
**Chief Financial Officer**

DATED: \_\_\_\_\_, 2018

**APPENDIX A**

**CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION  
CONCERNING THE CITY OF HACKENSACK**

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## **INFORMATION REGARDING THE CITY<sup>1</sup>**

The following material presents certain economic and demographic information of the City of Hackensack (the “City”), in the County of Bergen (the “County”), State of New Jersey (the “State”).

### **Size and Geographical Location**

The City, which is the seat of the County and has a population of over 42,000, is situated on the Hackensack River about six miles west of the George Washington Bridge and uptown New York City. It is one of the oldest municipalities in the State, having been established in the 17<sup>th</sup> century. It is governed by a Council-Manager form of government. It is mainly residential in character. While there are a number of one and two-family homes in the City, there are also many high-rise apartment buildings. The major share of the County’s office buildings are located in the City. The City contains fair-sized and busy shopping sections which draw patrons from neighboring communities and includes the Riverside Square Shopping Center, where such stores as Bloomingdales and Saks Fifth Avenue are located.

The Erie-Lackawanna Railroad crosses the City as well as Interstate Route 80 and State Routes 4 and 17. State Route 46 is in close proximity. The New Jersey Turnpike and Garden State Parkway are within two miles of its boundaries. Many bus routes serve the City providing transportation to New York City, Newark and other neighboring communities. The Teterboro Airport is located nearby. The Edward Williams College is located within the boundaries.

### **Governmental Structure**

The City is governed by a Mayor and five Council members elected for terms of four years each. The Mayor is selected from among the Council members for a one-year term. The City Council generally meets two Monday evenings each month. The first meeting is characterized as a work session. The second meeting is a regularly scheduled public meeting. All meetings are open to the public in compliance with New Jersey’s Sunshine Law. During Council meetings citizens are given an opportunity to address the Mayor and Council on proposed ordinances or any other issue of concern.

### **Educational Facilities**

The Hackensack School District (the “District”) is a Type II school district that is coterminous with the borders of the City. The Board of Education of the City of Hackensack (the “Board”) governs the operations of the District. The District's fiscal year-end is June 30th.

The Board is composed of nine members elected by the legally qualified voters in the District for three-year term on a staggered basis. The President and Vice-President are chosen for one-year terms from among the members. The Board is a policy making body and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the District, responsibility to draw up the annual budget and

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<sup>1</sup> Source: The City, unless otherwise indicated.

present it to the legally registered voters in the District for approval and the power to appoint the Superintendent of Schools (the “Superintendent”).

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

The Board presently operates one high school, one middle school and four elementary schools.

### **Transportation**

City residents enjoy an excellent transportation network. Buses provide the most important mode of public transportation. The City is served by the New Jersey Transit system. This bus company transports commuters on a regularly scheduled basis directly to New York City and surrounding communities.

Residents have access to all parts of New York and New Jersey via the Garden State Parkway, the New Jersey Turnpike, the New York Thruway, Route 80, Route 46, Route 17 and Route 4. The City is approximately 30 minutes from Newark and Laguardia Airports and about 45 minutes from Kennedy Airport.

### **Police and Fire Services**

The City is served by a Police Department consisting of 106 officers and operates 66 marked vehicles and 29 unmarked vehicles. It’s fire department is paid and consists of 98 firemen and 11 civilians, and operates 6 pumpers, 3 ladder trucks, 2 rescue trucks, 5 chief vehicles, 3 rescue boats and 9 special operations truck and trailers.

### **Sanitation**

Garbage collection is provided to all residents on a weekly basis from November to March and on a twice weekly basis from April to October. For these services the City contracts with a private contractor. Recycling pick-up is provided to all homes on a monthly basis. This service is provided by City employees. Sanitary sewerage is removed from the City’s collection system by means of the Bergen County Utilities Authority trunk system.

### **Utilities**

Electricity and gas are supplied to the City by Public Service Electric & Gas. Water is supplied to the City by United Water New Jersey.

## **Municipal Library**

The City has a modern library housed in its own facility with access to the county wide Bergen County Central Library System (BCCLS) network for procuring selected volumes and resource material. Operations are guided by a Library Board which includes the Mayor, Superintendent of Schools and five members who are appointed by the Mayor.

## **Downtown Redevelopment**

The City is in the midst of a decades-long redevelopment process, focused on its 160-acre downtown core. The City is currently tracking about 45 projects of varying investment ranging from 12 to 640 units. Most projects are a mixed-use of commercial and residential. Conservatively, the City is anticipating construction of approximately 4,000 new residential units over the next 5 years. The total investment of approved projects is estimated to be \$300 million with another \$200-300 million in varying stages of planning and approval. In the last two to three years, the City has approved eight redevelopment agreements and corresponding finance agreements allowing for payments in lieu of taxes (PILOTs) ranging from 15-30 years in term. The City is also working with long-time, large-scale commercial properties to ensure necessary investment for long-term success. These properties include Shops-at-Riverside and Continental Plaza at the City's northern end. In addition, a number of investment inquiries with several developers actively pursuing lot assemblages are also being tracked. Finally, the City continues to facilitate development through financial incentives, public infrastructure investment, attractive zoning, and a stream-lined process designed to expedite approvals.

## **Retirement Systems**

All full-time permanent or qualified City employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the "Division"), is the administrator of the funds with the benefit and contribution levels set by the State. The City is enrolled in the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS").

## **Pension Information<sup>2</sup>**

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost.

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<sup>2</sup> Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

## **Employment and Unemployment Comparisons**

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the City, the County, and the State:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>City</u></b>				
2016	24,400	23,191	1,209	5.0%
2015	24,451	23,108	1,343	5.5%
2014	24,215	22,653	1,562	6.5%
2013	24,120	22,274	1,846	7.7%
2012	24,490	22,337	2,153	8.8%
<b><u>County</u></b>				
2016	484,167	463,988	20,179	4.2%
2015	485,316	463,223	22,093	4.6%
2014	480,108	454,109	25,999	5.4%
2013	478,644	446,633	32,011	6.7%
2012	483,778	446,643	37,135	7.7%
<b><u>State</u></b>				
2016	4,524,262	4,299,923	224,315	5.0%
2015	4,543,800	4,288,800	255,000	5.6%
2014	4,513,600	4,209,700	303,900	6.7%
2013	4,528,500	4,157,600	370,800	8.2%
2012	4,585,300	4,158,600	426,800	9.3%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

## **Income (as of 2016)**

	<b><u>City</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$56,222	\$88,487	\$73,702
Median Family Income	67,043	107,465	90,757
Per Capita Income	32,105	44,978	37,538

Source: US Bureau of the Census, 2016 Estimate



## Population

The following tables summarize population increases and the decreases for the City, the County, and the State.

<u>Year</u>	<u>City</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2010	43,010	0.78	905,116	2.38	8,791,894	4.49
2000	42,677	15.19	884,118	7.12	8,414,350	8.85
1990	37,049	2.80	825,380	-2.37	7,730,188	4.96
1980	36,039	0.09	845,385	-5.77	7,365,001	2.75
1970	36,008	17.98	897,148	14.98	7,168,164	18.15

Source: United States Department of Commerce, Bureau of the Census

## Largest Taxpayers

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

<u>Taxpayers</u>	<u>2017 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Riverside Square Ltd	\$146,048,800	2.78%
20 Prospect Ave (HUMC)	138,000,000	2.62%
GSG Res Prospect Towers	85,427,000	1.62%
Hackensack VF, LLC (Vornado)	76,590,500	1.46%
JD CP Investors LLC	75,000,000	1.43%
Bloomington's Inc	47,969,600	0.91%
Pierre Towers LLC	47,510,200	0.90%
DASA Company, LLC	46,663,500	0.89%
Court Plaza Associates	44,500,000	0.85%
Equity One Riverfront	<u>44,084,100</u>	<u>0.84%</u>
<b>Total</b>	<b><u>\$751,793,700</u></b>	<b><u>14.29%</u></b>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2017U	\$178,437,703	\$178,352,574	99.95%
2016	171,465,201	171,406,660	99.97%
2015	164,798,187	164,805,319	100.00%
2014	161,063,344	158,247,518	98.25%
2013	156,915,929	153,965,693	98.12%

U = Unaudited  
Source: Annual Audit Reports of the City

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2017U	\$0	\$182,063	\$182,063	0.10%
2016	0	121,689	121,689	0.07%
2015	0	171,495	171,495	0.10%
2014	0	3,181,888	3,181,888	1.98%
2013	0	3,363,414	3,363,414	2.14%

U = Unaudited  
Source: Annual Audit Reports of the City

**Property Acquired by Tax Lien Liquidation**

<u>Year</u>	<u>Amount</u>
2017U	\$1,311,800
2016	1,311,800
2015	1,311,800
2014	1,311,800
2013	1,311,800

U = Unaudited  
Source: Annual Audit Reports of the City

## **Tax Rates per \$100 of Net Valuations Taxable and Allocations**

The table below lists the tax rates for City residents for the past five (5) years.

<u>Year</u>	<u>Local</u>			<u>Total</u>
	<u>Municipal</u>	<u>School</u>	<u>County</u>	
2017	\$1.635	\$1.537	\$0.243	\$3.415
2016	1.639	1.491	0.248	3.378
2015	1.693	1.551	0.256	3.500
2014	1.606	1.478	0.238	3.322
2013	1.535	1.424	0.258	3.217

Source: Abstract of Ratables and State of New Jersey – Property Taxes

## **Valuation of Property**

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2017	\$5,260,523,800	\$5,677,232,679	92.66%	\$0	\$5,677,232,679
2016	5,162,209,100	5,586,201,818	92.41	0	5,586,201,818
2015	4,874,047,550	5,938,890,642	82.07	0	5,938,890,642
2014	4,940,557,960	5,537,500,516	89.22	0	5,537,500,516
2013	4,930,683,770	5,253,232,229	93.86	21,534,684	5,274,766,913

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

## **Classification of Ratables**

The table below lists the comparative assessed valuation for each classification of real property within the City for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2017	\$57,910,900	\$1,941,114,800	\$0	\$1,913,353,700	\$322,384,000	\$1,025,760,400	\$5,260,523,800
2016	42,509,300	1,883,698,300	0	1,926,523,500	315,236,600	994,241,400	5,162,209,100
2015	48,420,800	1,964,113,450	0	1,721,451,400	277,317,000	862,744,900	4,874,047,550
2014	47,055,600	1,974,545,090	0	1,752,931,970	283,867,900	882,157,400	4,940,557,960
2013	48,369,100	1,995,196,200	0	1,718,956,070	288,435,400	879,727,000	4,930,683,770

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

## **Financial Operations**

The following table summarizes the City's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

### **Summary of Current Fund Budget**

<b><u>Anticipated Revenues</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Fund Balance Utilized	\$3,350,000	\$1,000,000	\$1,000,000	\$2,700,000	\$3,000,000
Miscellaneous Revenues	9,805,833	11,343,786	11,403,408	13,059,492	15,832,208
Receipts from Delinquent Taxes	2,750,000	2,750,000	2,750,000	0	0
Amount to be Raised by Taxation	<u>76,042,582</u>	<u>79,368,890</u>	<u>82,532,571</u>	<u>84,641,301</u>	<u>86,052,107</u>
Total Revenue:	<u>\$91,948,415</u>	<u>\$94,462,676</u>	<u>\$97,685,979</u>	<u>\$100,400,793</u>	<u>\$104,884,315</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$64,659,270	\$67,129,740	\$68,795,948	\$71,524,546	\$71,551,741
Operations (Excluded from CAPS)	9,747,630	9,636,304	9,690,899	9,463,136	9,540,282
Deferred Charges and Statutory Expenditures	9,101,868	8,474,021	8,706,924	9,321,668	9,711,064
Judgments	0	25,000	0	0	0
Capital Improvement Fund	200,000	614,000	400,000	600,000	1,742,400
Municipal Debt Service	4,504,647	4,848,611	6,357,208	8,491,443	10,838,828
Reserve for Uncollected Taxes	<u>3,735,000</u>	<u>3,735,000</u>	<u>3,735,000</u>	<u>1,000,000</u>	<u>1,500,000</u>
Total Appropriations:	<u>\$91,948,415</u>	<u>\$94,462,676</u>	<u>\$97,685,979</u>	<u>\$100,400,793</u>	<u>\$104,884,315</u>

Source: Annual Adopted Budgets of the City

## **Fund Balance**

### **Current Fund**

The following table lists the City's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<b><u>Year</u></b>	<b><u>Fund Balance - Current Fund</u></b>	
	<b><u>Balance</u></b> <b><u>12/31</u></b>	<b><u>Utilized in Budget</u></b> <b><u>of Succeeding Year</u></b>
2017U	\$10,303,909	\$3,000,000
2016	6,843,560	3,000,000
2015	4,712,738	2,700,000
2014	1,465,896	1,000,000
2013	2,032,231	1,000,000

U = Unaudited  
Source: Annual Audit Reports of the City

### **Public Parking Utility Operating Fund**

The following table lists the City's fund balance and the amount utilized in the succeeding year's budget for the Parking Utility Operating Fund for the past five (5) fiscal years ending December 31.

<b><u>Year</u></b>	<b><u>Fund Balance - Parking Utility Operating Fund</u></b>	
	<b><u>Balance</u></b> <b><u>12/31</u></b>	<b><u>Utilized in Budget</u></b> <b><u>of Succeeding Year</u></b>
2017U	\$730,671	\$360,000
2016	695,727	360,000
2015	834,055	360,000
2014	983,040	480,000
2013	895,797	600,000

U = Unaudited  
Source: Annual Audit Reports of the City

**City Indebtedness as of December 31, 2017**

<b>General Purpose Debt</b>	
Serial Bonds	\$15,924,000
Bond Anticipation Notes	33,430,644
Bonds and Notes Authorized but Not Issued	24,435,152
Other Bonds, Notes and Loans	<u>3,549,784</u>
Total:	\$77,339,581
<b>Local School District Debt</b>	
Serial Bonds	\$1,755,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$1,755,000
<b>Self-Liquidating Debt</b>	
Serial Bonds	\$150,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	434,000
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$584,000
<b>TOTAL GROSS DEBT</b>	<b><u>\$79,678,581</u></b>
Less: Statutory Deductions	
General Purpose Debt	\$1,093,443
Local School District Debt	1,755,000
Self-Liquidating Debt	<u>584,000</u>
Total:	\$3,432,443
<b>TOTAL NET DEBT</b>	<b><u>\$76,246,138</u></b>

Source: Annual Debt Statement of the City

**Overlapping Debt (as of December 31, 2017)<sup>3</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>City Percentage</u></b>	<b><u>City Share</u></b>
Local School District	\$1,755,000	100.00%	\$1,755,000
Bergen County Utilities Authority	179,306,349	9.01%	16,155,502
County	1,847,510,320	3.22%	<u>59,516,951</u>
Net Indirect Debt			\$77,427,453
Net Direct Debt			<u>76,246,138</u>
Total Net Direct and Indirect Debt			<b><u>\$153,673,591</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2015, 2016, 2017)	\$5,734,108,380
Permitted Debt Limitation (3 1/2%)	200,693,793
Less: Net Debt	<u>76,246,138</u>
Remaining Borrowing Power	<u>\$124,447,655</u>
Percentage of Net Debt to Average Equalized Valuation	1.330%
Gross Debt Per Capita based on 2010 population of 43,010	\$1,853
Net Debt Per Capita based on 2010 population of 43,010	\$1,773

Source: Annual Debt Statement of the City

<sup>3</sup> City percentage of County debt is based on the City's share of total equalized valuation in the County.

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**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE CITY OF HACKENSACK  
FOR THE YEAR ENDED DECEMBER 31, 2016  
AND UNAUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED  
DECEMBER 31, 2017**

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**CITY OF HACKENSACK**  
**County of Bergen, New Jersey**

**NJ Comprehensive Annual Financial Report**  
**Year Ended December 31, 2016**  
**(With Independent Auditors' Reports Thereon)**

**CITY OF HACKENSACK  
 NJ COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED DECEMBER 31, 2016  
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CITY OF HACKENSACK  
NJ Comprehensive Annual Financial Report  
Introductory Section

**CITY OF HACKENSACK  
ROSTER OF OFFICIALS**

Name	Title	Term Expires
John P. Labrosse, Jr.	Mayor	06/30/17
Kathleen Canestrino	Councilwoman	06/30/17
David Sims	Councilman	06/30/17
Leonardo Battaglia	Councilman	06/30/17
Deborah Keeling-Geddis	Councilwoman	06/30/17
Deborah Karlsson, RMC	City Clerk	12/31/19
Ted Ehrenburg	City Manager	
Simeon Cumberbatch	Personnel Director	
Lisamarie Schieli	Recycling Coordinator	
James A. Mangin	Chief Financial Officer	12/31/17
	Treasurer	
	Qualified Purchasing Agent	
Elisa Coccia	Tax Collector	
	Tax Search Officer	
DiMaria & DiMaria, LLP	City Auditor	
Steven W. Kleinman, Esq.	City Attorney	
Frank Catania, Jr.	City Prosecutor	
Marc Raso, Esq.	Tax Appeal Attorney	
Wilentz, Goldman & Spitzer	Bond Counsel	
Art Carlson, Jr.	Tax Assessor	
Boswell Engineering	City Engineer	
Otterstedt Agency	Risk Management Consultants	
Capt. Franciso Aquila	Police Officer In Charge	
Louis J. Dinice, Esq.	Municipal Court Judge	12/31/18
Elizabeth Pezzillo, CMCA	Municipal Court Administrator	
Ernest J. Sisco	Construction Code Official	
	Electrical Sub-code Official	
David Ludwig	Building Sub-code Official	
Michael T. Meade	Plumbing Sub-code Official	
Charles E. Eyer	Fire Sub-code Official	
Joseph A. Delgrosso	Elevator Sub-code Official	
Thomas Freeman	Fire Chief	
Susan McVeigh	Health Officer	
	Registrar of Vital Statistics	
Sharon Castanteen	Library Director	
Jesse D'Amore	Public Works Superintendent	
Pat Ruggerio	Recreation Superintendent	

CITY OF HACKENSACK  
NJ Comprehensive Annual Financial Report  
Financial Section

# Di Maria & Di Maria LLP

Accountants & Consultants

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245 Union Street  
Lodi, New Jersey 07644  
Voice 973.779.6890  
Facsimile 973.779.6891

## Independent Auditors' Report

Honorable Mayor and Members of the City Council  
City of Hackensack, County of Bergen, New Jersey

### Report on the Financial Statements

We have audited the accompanying combined comparative balance sheets (*regulatory basis*) of the various funds and account group of the City of Hackensack, in the County of Bergen (the "City") as of and for the years ended December 31, 2016 and 2015, the related combined statement of operations and change in fund balance (*regulatory basis*) for the years then ended, and the related statement of operations and change in fund balance (*regulatory basis*) - budget and actual of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the foregoing 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 accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



Independent Auditors' Report (Continued)

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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.

Independent Auditors' Report (Continued)

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

As described in Note 2, these financial statements have been prepared on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which are 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 Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "*Basis for the Adverse Opinion 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 City as of December 31, 2016 and 2015, or the changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements (regulatory basis) referred to above present fairly, in all material respects, the financial position (regulatory basis) of the various funds and account group as of December 31, 2016 and 2015, and the results of operations and change in fund balance (regulatory basis) of such funds for the years then ended and the respective revenues (regulatory basis) and expenditures (regulatory basis) of the various funds for the year ended December 31, 2016 in accordance with the financial accounting and reporting principles and practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 2.

Independent Auditors' Report (Continued)

Other Matters

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The supplementary data schedules listed in the table of contents, the letter of comments and recommendations section, and the accompanying schedules of expenditures of federal awards and the schedule of expenditures of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary data schedules listed above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules listed in the table of contents, the schedules of expenditures of federal awards, and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting as described in Note 2.

The letter of comments and recommendations section and the statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Independent Auditors' Report (Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

DI MARIA & DI MARIA LLP  
Accountants and Consultants

*Frank Di Maria*

Registered Municipal Accountant  
RMA No. CR00463

June 30, 2017

CITY OF HACKENSACK  
 COMBINED COMPARATIVE BALANCE SHEET (REGULATORY BASIS)  
 DECEMBER 31, 2016

	Current Fund	Grant Fund	Trust Fund	General Capital Fund	Public Parking Utility Operating Fund	Public Parking Utility Capital Fund	Fixed Asset Account Group	Totals (Memorandum Only)	
								2016	2015
<b>ASSETS AND OTHER DEBITS</b>									
Cash	\$ 17,196,058	\$ -	\$ 11,727,599	\$ 3,022,404	\$ 1,030,847	\$ 176,687	\$ -	\$ 33,153,595	\$ 32,041,317
Investments	-	-	-	-	-	-	-	-	251,000
Interfunds Receivable	-	575,273	-	-	-	-	-	575,273	612,918
Taxes Receivable	1,433,489	-	-	-	-	-	-	1,433,489	1,483,295
Intergovernmental Receivable	-	18,390	-	3,604,000	-	-	-	3,622,390	2,577,719
Deferred Charges	760,000	-	-	82,603,533	-	-	-	83,363,533	55,721,797
Fixed Capital Authorized & Uncompleted	-	-	-	-	-	434,000	-	434,000	434,000
Fixed Capital	-	-	-	-	-	8,035,084	-	8,035,084	8,035,084
Fixed Assets	-	-	-	-	-	-	51,562,905	51,562,905	51,562,905
<b>Total Assets and Other Debits</b>	<b>\$ 19,389,547</b>	<b>\$ 593,663</b>	<b>\$ 11,727,599</b>	<b>\$ 89,229,937</b>	<b>\$ 1,030,847</b>	<b>\$ 8,645,771</b>	<b>\$ 51,562,905</b>	<b>\$ 182,180,269</b>	<b>\$ 152,720,035</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>									
Accounts Payable/Encumbrances	\$ 215,300	\$ -	\$ -	\$ 29,310	\$ 74,640	\$ -	\$ -	\$ 319,250	\$ 177,401
Interfunds Payable	575,273	-	-	-	-	-	-	575,273	612,918
Intergovernmental Payable	56,261	-	-	-	-	-	-	56,261	761,234
Other Liabilities and Reserves	10,265,664	593,663	11,727,599	4,272,358	260,480	141,000	-	27,260,764	23,475,341
Improvement Authorizations	-	-	-	29,675,862	-	345,188	-	30,021,050	10,599,876
Serial Bonds Payable	-	-	-	18,144,000	-	300,000	-	18,444,000	20,874,000
Bond Anticipation Notes Payable	-	-	-	32,155,703	-	-	-	32,155,703	23,704,992
Loans Payable	-	-	-	3,931,701	-	-	-	3,931,701	4,298,204
Capital Lease Obligations Payable	-	-	-	374,978	-	-	-	374,978	523,249
Reserve for Receivables & Other Assets	1,433,489	-	-	-	-	-	-	1,433,489	1,483,295
Reserve for Investment in Fixed Assets	-	-	-	-	-	-	51,562,905	51,562,905	51,562,905
Reserve for Amortization	-	-	-	-	-	7,735,084	-	7,735,084	7,585,084
Fund Balance	6,843,560	-	-	646,025	695,727	124,499	-	8,309,811	7,061,536
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 19,389,547</b>	<b>\$ 593,663</b>	<b>\$ 11,727,599</b>	<b>\$ 89,229,937</b>	<b>\$ 1,030,847</b>	<b>\$ 8,645,771</b>	<b>\$ 51,562,905</b>	<b>\$ 182,180,269</b>	<b>\$ 152,720,035</b>

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

**CITY OF HACKENSACK  
COMBINED STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE (REGULATORY BASIS)  
YEAR ENDED DECEMBER 31, 2016**

	Current Fund	Public Parking Utility Fund	Total
<b><u>REVENUES AND OTHER CREDITS TO INCOME</u></b>			
Revenues:			
Operating Surplus Anticipated	\$ 2,700,000	\$ 360,000	\$ 3,060,000
Miscellaneous	13,367,754	-	13,367,754
Receipts from Delinquent Taxes	50,454	-	50,454
Amount to be Raised by Taxation - Local	80,357,045	-	80,357,045
Amount to be Raised by Taxation - Library	1,979,628	-	1,979,628
Off Street Parking	-	714,732	714,732
On Street Parking	-	409,535	409,535
Interest on Investments & Deposits	-	3,221	3,221
Total Revenues	98,454,881	1,487,488	99,942,369
Other Credits to Income	96,929,405	184,184	97,113,589
Total Revenues and Other Credits to Income	\$ 195,384,286	\$ 1,671,672	\$ 197,055,958
<b><u>EXPENDITURES AND OTHER CHARGES TO INCOME</u></b>			
Expenditures:			
Within "CAPS":			
Operations:			
Salaries and Wages	\$ 40,973,200	\$ -	\$ 40,973,200
Other Expenses	33,599,346	-	33,599,346
Deferred Charges	-	-	-
Statutory Expenditures	9,083,668	-	9,083,668
Excluded From "CAPS":			
Operations:			
Salaries and Wages	71,772	310,000	381,772
Other Expenses	9,646,932	590,000	10,236,932
Capital Improvements	600,000	4,141	604,141
Debt Service	8,491,443	165,359	8,656,802
Deferred Charges and Statutory Expenditures	190,000	20,500	210,500
Deficit in Operations in Prior Years	-	-	-
Surplus (General Budget)	-	360,000	360,000
Reserve for Uncollected Taxes	1,000,000	-	1,000,000
Total Expenditures	103,656,361	1,450,000	105,106,361
Other Charges to Income	89,897,103	-	89,897,103
Total Expenditures and Charges to Income	\$ 193,553,464	\$ 1,450,000	\$ 195,003,464
Statutory Excess to Fund Balance	1,830,822	221,672	2,052,494
Deferred Charges to Budget of Succeeding Year	3,000,000	-	3,000,000
Fund Balance, January 1	4,712,738	834,055	5,546,793
	9,543,560	1,055,727	10,599,287
Decreased by:			
Utilization as Anticipated Revenue	2,700,000	360,000	3,060,000
Fund Balance, December 31	\$ 6,843,560	\$ 695,727	\$ 7,539,287

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

**CITY OF HACKENSACK  
CURRENT FUND  
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE (REGULATORY BASIS)  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2016**

	Budget as Modified	Actual	Variance
<b>REVENUES AND OTHER CREDITS TO INCOME</b>			
Revenues:			
Operating Surplus Anticipated	\$ 2,700,000	\$ 2,700,000	\$ -
Miscellaneous Revenues	13,315,060	13,367,754	52,694
Receipts from Delinquent Taxes	-	50,454	50,454
Amount to be Raised by Taxation - Local	82,661,673	80,357,045	(2,304,628)
Amount to be Raised by Taxation - Library	1,979,628	1,979,628	-
Total Revenues	100,656,361	98,454,881	(2,201,480)
Other Credits to Income	89,710,488	96,929,405	7,218,917
Total Revenues and Other Credits to Income	<u>\$ 190,366,849</u>	<u>\$ 195,384,286</u>	<u>\$ 5,017,437</u>
<b>EXPENDITURES AND OTHER CHARGES TO INCOME</b>			
Expenditures:			
Within "CAPS":			
Operations:			
Salaries and Wages	\$ 40,973,200	\$ 40,973,200	\$ -
Other Expenses	33,599,346	33,599,346	-
Deferred Charges	-	-	-
Statutory Expenditures	9,083,668	9,083,668	-
Excluded From "CAPS":			
Operations:			
Salaries and Wages	71,772	71,772	-
Other Expenses	9,646,932	9,646,932	-
Capital Improvements	600,000	600,000	-
Municipal Debt Service	8,491,443	8,491,443	-
Deferred Charges	190,000	190,000	-
Reserve for Uncollected Taxes	1,000,000	1,000,000	-
Total Expenditures	103,656,361	103,656,361	-
Other Charges to Income	89,710,488	89,897,103	186,615
Total Expenditures and Charges to Income	<u>\$ 193,366,849</u>	<u>\$ 193,553,464</u>	<u>\$ 186,615</u>
Statutory Excess to Current Fund Balance		1,830,822	
Deferred Charges to Budget of Succeeding Year		3,000,000	
Fund Balance, January 1		4,712,738	
		<u>\$ 9,543,560</u>	
Decreased by:			
Utilization as Anticipated Revenue		2,700,000	
Fund Balance, December 31		<u>\$ 6,843,560</u>	

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

**CITY OF HACKENSACK  
PUBLIC PARKING UTILITY OPERATING FUND  
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE (REGULATORY BASIS)  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2016**

	Budget as Modified	Actual	Variance
<b><u>REVENUES AND OTHER CREDITS TO INCOME</u></b>			
Anticipated Revenues:			
Operating Surplus Anticipated	\$ 360,000	\$ 360,000	\$ -
Off Street Parking	690,000	714,732	24,732
On Street Parking	400,000	409,535	9,535
Total Anticipated Revenues	1,450,000	1,484,267	34,267
Non-Budget Revenue	-	3,221	3,221
Other Credits to Income	-	184,184	184,184
Total Anticipated Revenues and Other Credits to Income	<u>\$ 1,450,000</u>	<u>\$ 1,671,672</u>	<u>\$ 221,672</u>
<b><u>EXPENDITURES AND OTHER CHARGES TO INCOME</u></b>			
Budgetary Expenditures:			
Operations:			
Salaries and Wages	\$ 310,000	\$ 310,000	\$ -
Other Expenses	590,000	590,000	-
Capital Improvements	4,141	4,141	-
Debt Service	165,359	165,359	-
Deferred Charges & Statutory Expenditures	20,500	20,500	-
Deficit in Operations in Prior Years	-	-	-
Surplus (General Budget)	360,000	360,000	-
Total Budgetary Expenditures	1,450,000	1,450,000	-
Other Charges to Income	-	-	-
Total Expenditures and Charges to Income	<u>\$ 1,450,000</u>	<u>\$ 1,450,000</u>	<u>\$ -</u>
Statutory Excess to Current Fund Balance		221,672	
Deferred Charges to Budget of Succeeding Year		-	
Fund Balance, January 1		834,055	
		1,055,727	
Decreased by:			
Utilization as Anticipated Revenue		360,000	
Fund Balance, December 31		<u>\$ 695,727</u>	



**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 1 - Reporting Entity, Organization and Function**

A. Introduction

The City of Hackensack (the "City") is a municipal corporation of the State of New Jersey located in the county of Bergen and is located approximately 12 miles northwest of the City of New York. The City's population according to the 2010 census is 43,010.

The City operates under the 1923 Municipal Manager Law form of New Jersey municipal government. The City Council consists of five members who are elected to four-year terms on a concurrent basis in a non-partisan election held every four years in May. This form of government separates policy making (the work of the mayor and city council) from the execution of policy (the work of the city manager). This maintains professional management and a City-wide perspective through: nonpartisan election, at-large representation, concentration of executive responsibility in the hands of a professional manager accountable to the Mayor and Council, concentration of policy making power in one body: a five-person Mayor and Council. In the several decades in which the City has used the Municipal Manager form of government, Hackensack has had less than 15 City Managers. The City operates on a calendar fiscal year, January 1 to December 31.

The municipal budget includes the following generally stated municipal services:

General Government Functions	Code Enforcement Functions
Land Use Administration Functions	Municipal Court Functions
Public Safety Functions	Capital Improvements
Health and Human Service Functions	Debt Service
Park and Recreation Functions	Educational Functions

B. Component Units

The financial statements of the component units of the municipality are not presented in accordance with Governmental Accounting Standards Board Statement No. 14 as amended by Statement No. 61. If the provisions of this statement had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the municipality:

Free Public Library

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 2 - Summary of Significant Accounting Policies**

Financial Statement Reporting

The financial statements contain all applicable funds and account groups in accordance with the "Requirements of Audit" and the "N.J. Comprehensive Annual Financial Report" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. 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 municipality accounts for its financial transactions through the following separate funds which differs from the funds required by generally accepted accounting principles (GAAP).

Basis of Accounting

A modified accrual basis of accounting is followed with minor exceptions. Accounting principles prescribed for New Jersey municipalities by the Department of Community Affairs, Division of Local Government Services differ in certain respects from generally accepted accounting principles applicable to local government units.

Reclassifications and Restatements

Certain reclassifications and restatements may be made to prior amounts for clarification purposes.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

A. Funds and Account Groups

The accounts are organized into the following funds and account groups:

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature.

Federal and State Grant Fund - The Federal and State Grant Fund accounts for the budgeted and unbudgeted revenue/receipt, expenditure/disbursement of federal and state grants which qualify for accounting treatment more closely related to GAAP.

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

General Capital Fund - The General Capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. It is also the only fund, other than the Current Fund, that possesses the statutory authority to issue debt.

General Fixed Asset Account Group - The General Fixed Asset Account Group accounts for Township owned real and personal property in accordance with N.J.A.C. 5:30-5.6.

Public Parking Utility Fund - The Parking Utility Fund is used to account for the revenues and expenditures for the operation of the parking utility and the related assets and liabilities. Acquisition or improvement of capital facilities and assets are accounted for in the capital section of the fund.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**B. Budgets and Budgetary Accounting**

The municipality must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten (10) days prior to the hearing in a newspaper published and circulated in the municipality. The public hearing must not be held less than twenty-eight (28) days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board. 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 2 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.

The City is not required to adopt budgets for the Trust and General Capital Funds.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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C. Cash and Investments

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the municipality requires that funds be deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. Public funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units. All certificates of deposit are recorded as cash regardless of date of maturity.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

D. Interfunds

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

E. Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

F. General Fixed Assets

Accounting for Governmental Fixed Assets, as promulgated by N.J.A.C. 5:30-5.6 differs in certain respects from generally accepted accounting principles. The following is a brief description of the provisions of the statute. Property and equipment purchased after December 31, 1985 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation. Purchases prior to December 31, 1985 are stated as assessed value for Land & Buildings and estimated historical cost for Machinery & Equipment. 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 and drainage systems are not capitalized. No depreciation on general fixed assets is recorded in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. Fixed assets acquired through grants-in-aid or contributed capital have not been accounted for separately. Fixed Assets acquired by the Public Parking Utility Fund are capitalized as Fixed Capital and not depreciated.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

G. Foreclosed Property

Foreclosed property is recorded in the Current Fund at the assessed value when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Asset Account Group. If such property is converted to a municipal use, it will be capitalized in the General Fixed Asset Account Group. GAAP requires property to be recorded in the General Fixed Asset Account Group at the market value at the time of acquisition.

H. Deferred Charges

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

I. Appropriation Reserves

Appropriation reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

J. Liens Sold for Other Governmental Units

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

K. Fund Balance

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

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

L. Revenues

Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized as and when anticipated as such in the City's budget. Other amounts that are due the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenues be recognized when the actual expenditures financed by the grant are made.

M. Property Tax Revenues

Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. Property taxes unpaid on April 1 of the year following their final due date are subject to tax sale in accordance with the statutes. The amount of taxes levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the local free public library (if applicable), municipal open space (if applicable) and the entities described in "N" and "O" below. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenue to be recognized when available and measurable reduced by an allowance for doubtful accounts.

N. School Taxes

The municipality is responsible for levying, collecting and remitting school taxes for the Local School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30. GAAP would require the recording of a deferred revenue.

O. County Taxes

The municipality is responsible for levying, collecting and remitting county taxes for the County. Operations are charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations are charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.



**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

P. Reserve for Uncollected Taxes

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

Q. Expenditures

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Outstanding encumbrances at December 31, are recorded as a cash liability. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long term debt which is recognized when due.

R. Compensated Absences and Postemployment Benefits

Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long term obligations.

S. Total Columns on Combined Statements

Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

T. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

U. New Reporting Standard(s)

GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 2 - Summary of Significant Accounting Policies (Continued)  
New Reporting Standard(s) (Continued)**

GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

GASB No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pension, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 3 - Cash and Cash Equivalents**

Change funds, petty cash, cash in banks, certificates of deposit and funds on deposit with the New Jersey Cash Management Fund are considered cash and cash equivalents.

A. Deposits

The City's deposits of public funds are insured by either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or by New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The City is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA which requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm.

At December 31, the City's deposits are summarized as follows:

	<u>Year</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash	2016	\$ 38,150,814	\$ 33,153,595
Investments	2016	\$ -	\$ -

Refer to Note 4 regarding the City's investment balance.

B. New Jersey Cash Management Fund

The State of New Jersey Cash Management Fund is managed by the State of New Jersey, Division of Investment under the Department of Treasury. It consists of U.S. Treasury obligations, government agency obligations, certificates of deposit and commercial paper. The City had no investments in this Fund as of December 31, 2016.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 4 - Investments**

New Jersey Statutes permit the municipality to purchase the following types of securities for investment:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligation that a federal agency or federal instrumentality has issued, 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.
- d. Bonds or other obligations of municipalities or bonds or other obligations of school districts.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local government investment pools.
- g. Agreement for the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1(8a-8e).

In addition, the City is permitted to invest LOSAP Funds (if applicable) with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2016, the City had no LOSAP investments as its emergency services are paid and not volunteer. Had there been LOSAP investments they would have been subject to custodial credit risk as they are held in the pledging financial institution's trust department but are not in the City's name. In the event of the failure of the counterparty, the City may not be able to recover the value of the investments held by the outside party.

City held investments as of December 31, 2016 totaled \$0. Previously, the City's Public Parking Utility held an investment in the City's General Capital Bond Anticipation Notes (BAN's). These BAN's were fully paid off when the noted matured in April 2016.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 5 - Fixed Assets**

The following is a summary of general fixed asset additions, deletions and adjustments as of December 31, 2015:

	Beginning Balance		Additions		Deletions		Adjustments		Ending Balance
Land	\$ 9,539,800	\$	-	\$	-	\$	-	\$	9,539,800
Buildings	19,913,247		-		-		-		19,913,247
Improvements & Infrastructure	7,576,900		-		-		-		7,576,900
Machinery, Vehicles & Equipment	14,532,958		-		-		-		14,532,958
	<u>\$ 51,562,905</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>51,562,905</u>

CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

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**Note 6 - Municipal Debt**

A. Types of Municipal Debt

Capital Debt

The "Local Bond Law" of New Jersey Statutes governs the issuance of bonds and notes to finance capital expenditures, and are permitted only from the General Capital Fund. Bonds and Notes are backed by the full faith and credit of the municipality. Capital projects financed under the Local Bond Law must have a minimum useful life of five years.

Bond Anticipated Notes - Bond Anticipation Note ("BANs") are issued to temporarily finance projects prior to the issuance of permanent bonds. Generally, the term of BANs can not exceed one year, but may be renewed from time to time for periods not exceeding one year, and ultimately paid or permanently financed no later than the first day of the fifth month following the close of the tenth fiscal year following the original issue date of the BAN. New Jersey Statutes require that on or before the third anniversary date of the original BAN issue date, an amount at least equal to the first legally payable installment must be paid towards the BAN upon each renewal until permanently funded or retired.

Bonds - Bonds issued are retired in serial installments within statutory periods of usefulness. New Jersey Statutes limit installment increments unless approval for a non-conforming maturity schedule is approved by the Local Finance Board.

**The City's long term debt paid by the Current Fund consisted of the following at December 31, 2016:**

**General Serial Bonds:**

\$11,900,000 - General Obligation Bonds Series 2008 issued 1/1/2008 payable in annual installments through 1/15/2021. This issue was refinanced at the end of 2015 restructuring the debt payments by an additional \$285,000 over the life of the loan but also lowered the required semi-annual interest rate to 1.620% per annum from varying rates of 3.75% to 5.00% per annum. The balance remaining on this issue as of December 31, 2016 is \$8,550,000.

\$5,865,000 - General Obligation Refunding Bonds Series 2008 issued 4/11/2008 payable in annual installments through 3/15/2018. Interest is paid semi-annually at varying rates from 2.25% to 4.75% per annum. The balance remaining on this issue as of December 31, 2016 is \$1,245,000.

\$6,170,000 - General Obligation Bonds Series 2013"A" issued 5/1/2013 payable in annual installments through 5/1/2028. Interest is paid semi-annually at varying rates from 2.00% to 3.00% per annum. The balance remaining on this issue as of December 31, 2016 is \$5,230,000.

\$3,679,000 - General Obligation Bonds Series 2013"B" issued 5/1/2013 payable in annual installments through 5/1/2028. Interest is paid semi-annually at varying rates from 3.00% to 3.40% per annum. The balance remaining on this issue as of December 31, 2016 is \$3,119,000.

**Green Acres Loans:**

\$445,113 - Green Trust Loan (Second Ward Park Improvement Project) issued 12/4/2012 payable in annual installments through 3/9/2032. Interest is paid annually at 2.00% per annum. The balance remaining on this issue as of December 31, 2016 is \$375,241.

CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

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**Note 6 - Municipal Debt (Continued)**

**A. Types of Municipal Debt (Continued)**

**NJEIT Wastewater Treatment Loans**

\$1,445,000 - Series 1997" T" issued 11/1/97 payable in annual installments through 8/1/2017. Interest is paid annually at varying rates from 4.00% to 5.00% per annum. The balance remaining on this issue as of December 31, 2016 is \$115,000.

\$1,387,492 - Series 1997" L" issued 11/1/97 payable in semi-annual installments through 8/1/2015. No interest is payable on this issue. This issue was fully paid off as of December 31, 2015.

\$495,000 - Series 2000 Trust Loan issued 10/15/00 payable in annual installments through 8/1/2020. Interest is paid annually at varying rates from 5.00% to 5.25% per annum. The balance remaining on this issue as of December 31, 2016 is \$145,000.

\$490,000 - Series 2002"A" Trust Loan issued 10/15/02 payable in annual installments through 8/1/2017. Interest is paid annually at varying rates from 3.00% to 5.00% per annum. The balance remaining on this issue as of December 31, 2016 is \$45,000.

\$527,500 - Series 2010"A" Fund Loan issued 9/30/10 payable in semi-annual installments through 8/1/2030. No interest is payable on this issue. The balance remaining on this issue as of December 31, 2016 is \$375,509.

\$980,000 - Series 2010"B" Trust Loan issued 12/2/10 payable in annual installments through 8/1/2030. Interest is paid annually at 5.00% per annum. The balance remaining on this issue as of December 31, 2016 is \$805,000.

\$760,000 - Series 2015"A-1" Trust Loan issued 5/28/15 payable in annual installments through 8/1/2034. Interest is paid annually at varying rates from 4.00% to 5.00% per annum. The balance remaining on this issue as of December 31, 2016 is \$735,000.

\$1,459,650 - Series 2015"A-1" Fund Loan issued 5/28/15 payable in annual installments through 8/1/2034. No interest is payable on this issue. The balance remaining on this issue as of December 31, 2016 is \$1,335,951.

**Capital Lease Obligations:**

\$456,750 - BCIA (Garbage Truck Purchase) - issued 6/4/09 payable in semi-annual installments through 7/1/2019. Interest is paid semi-annually at 2.47% per annum. The balance remaining on this issue as of December 31, 2016 is \$148,978.

\$520,000 - BCIA (Pension Refunding) - issued 5/1/12 payable in annual installments through 3/1/2018. Interest is paid semi-annually at varying rates from .43% to 2.11% per annum. The balance remaining on this issue as of December 31, 2016 is \$226,000.

**The City's long term debt paid by the Public Parking Utility Fund consisted of the following at December 31, 2016:**

**General Serial Bonds:**

\$1,500,000 - General Obligation Refunding Bonds Series 2008 issued 4/11/2008 payable in annual installments through 3/15/2018. Interest is paid semi-annually at varying rates from 2.25% to 4.75% per annum. The balance remaining on this issue as of December 31, 2016 is \$300,000.



CITY OF HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2016

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**Note 6 - Municipal Debt (Continued)**

B. Summary of Debt and Remaining Borrowing Power

The following information summarizes the statutory debt calculations of the municipality as reported on the municipality's Annual Debt Statement.

	<u>2016</u>
Issued:	
School Bonds and Notes	\$ 2,340,000
General Bonds	18,144,000
Public Parking Utility Bonds	300,000
Infrastructure & Green Trust Loans	3,931,700
Bond Anticipation Notes - General	32,155,703
Bond Anticipation Notes - Public Parking Utility	-
	<u>\$ 56,871,403</u>
Authorized but not Issued:	
General Bonds and Notes	\$ 27,997,151
Public Parking Utility	434,000
	<u>\$ 28,431,151</u>
Gross Debt	<u>\$ 85,302,554</u>
Deductions	<u>\$ 30,579,363</u>
Net Debt	<u><u>\$ 54,723,191</u></u>
Equalized Valuation Basis	\$ 5,687,530,992
Statutory Net Debt Percentage	0.962%
3-1/2% of Equalized Valuation Basis	\$ 199,063,585
Remaining Borrowing Power	\$ 144,340,394

CITY OF HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2016

**Note 6 - Municipal Debt (Continued)**

C. Long-Term Bonded Debt Service Requirements to Maturity

The annual debt service requirement for long-term obligations requirements to maturity, including principal and interest as of December 31, 2016 are as follows:

**General Bonds**

Calendar Year	1/1/2008		4/11/2008	
	General Improvement Bonds		Pension Refunding Bonds	
	Principal	Interest	Principal	Interest
2017	1,045,000	145,678	630,000	42,638
2018	1,430,000	109,998	615,000	13,837
2019	1,965,000	82,498	-	-
2020	1,995,000	50,423	-	-
2021	2,115,000	17,131	-	-
	<u>\$ 8,550,000</u>	<u>\$ 405,728</u>	<u>\$ 1,245,000</u>	<u>\$ 56,475</u>

Calendar Year	5/1/2013		5/1/2013	
	General Improvement Bonds "A"		General Improvement Bonds "B"	
	Principal	Interest	Principal	Interest
2017	345,000	116,190	200,000	92,921
2018	345,000	109,290	200,000	86,921
2019	375,000	102,090	270,000	79,871
2020	405,000	94,290	270,000	71,771
2021	470,000	85,540	270,000	63,671
2022	470,000	76,140	270,000	55,571
2023	470,000	66,740	270,000	47,471
2024	470,000	57,340	270,000	39,371
2025	470,000	47,470	270,000	31,271
2026	470,000	35,250	280,000	22,741
2027	470,000	21,150	270,000	13,873
2028	470,000	7,050	279,000	4,743
	<u>\$ 5,230,000</u>	<u>\$ 818,540</u>	<u>\$ 3,119,000</u>	<u>\$ 610,196</u>

Calendar Year	Total	
	Principal	Interest
2017	2,220,000	397,427
2018	2,590,000	320,046
2019	2,610,000	264,459
2020	2,670,000	216,484
2021	2,855,000	166,342
2022	740,000	131,711
2023	740,000	114,211
2024	740,000	96,711
2025	740,000	78,741
2026	750,000	57,991
2027	740,000	35,024
2028	749,000	11,793
	<u>\$ 18,144,000</u>	<u>\$ 1,890,940</u>

CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

Note 6 - Municipal Debt (Continued)

C. Long-Term Bonded Debt Service Requirements to Maturity (Continued)

General Bonds (Continued)

Loans

Calendar Year	12/4/2012 Green Acres Trust		11/1/1997 NJEIF Wastewater Treatment "T"	
	Principal	Interest	Principal	Interest
	2017	20,874	7,401	115,000
2018	21,294	6,981	-	-
2019	21,722	6,553	-	-
2020	22,158	6,117	-	-
2021	22,604	5,672	-	-
2022	23,058	5,217	-	-
2023	23,521	4,754	-	-
2024	23,994	4,281	-	-
2025	24,476	3,799	-	-
2026	24,968	3,306	-	-
2027	25,470	2,805	-	-
2028	25,982	2,293	-	-
2029	26,504	1,771	-	-
2030	27,037	1,238	-	-
2031	27,581	694	-	-
2032	13,997	139	-	-
	<b>\$ 375,240</b>	<b>\$ 63,021</b>	<b>\$ 115,000</b>	<b>\$ 5,750</b>

Calendar Year	10/15/2000 NJEIF Wastewater Treatment		10/15/2002 NJEIF Wastewater Treatment "A"	
	Principal	Interest	Principal	Interest
	2017	35,000	7,612	45,000
2018	35,000	5,775	-	-
2019	35,000	3,938	-	-
2020	40,000	2,100	-	-
	<b>\$ 145,000</b>	<b>\$ 19,425</b>	<b>\$ 45,000</b>	<b>\$ 2,250</b>

Calendar Year	9/30/2010 NJEIF Wastewater Treatment "A"		12/2/2010 NJEIF Wastewater Treatment "B"	
	Principal	Interest	Principal	Interest
	2017	26,822	-	40,000
2018	26,822	-	45,000	38,250
2019	26,822	-	45,000	36,000
2020	26,822	-	50,000	33,750
2021	26,822	-	50,000	31,250
2022	26,822	-	50,000	28,750
2023	26,822	-	55,000	26,250
2024	26,822	-	60,000	23,500
2025	26,822	-	60,000	20,500
2026	26,822	-	65,000	17,500
2027	26,822	-	65,000	14,250
2028	26,822	-	70,000	11,000
2029	26,822	-	75,000	7,500
2030	26,823	-	75,000	3,750
	<b>\$ 375,509</b>	<b>\$ -</b>	<b>\$ 805,000</b>	<b>\$ 332,500</b>

Calendar Year	5/28/2015 NJEIF Wastewater Treatment "Trust"		5/28/2015 NJEIF Wastewater Treatment "Fund"	
	Principal	Interest	Principal	Interest
	2017	25,000	32,750	74,219
2018	30,000	31,500	74,220	-
2019	30,000	30,000	74,219	-
2020	30,000	28,500	74,220	-
2021	35,000	27,000	74,219	-
2022	35,000	25,250	74,220	-
2023	35,000	23,500	74,219	-
2024	35,000	21,750	74,220	-
2025	40,000	20,000	74,219	-
2026	40,000	18,000	74,220	-
2027	45,000	16,000	74,219	-
2028	45,000	14,200	74,220	-
2029	45,000	12,400	74,219	-
2030	50,000	10,600	74,220	-
2031	50,000	8,600	74,219	-
2032	55,000	6,600	74,220	-
2033	55,000	4,400	74,219	-
2034	55,000	2,200	74,220	-
	<b>\$ 735,000</b>	<b>\$ 333,250</b>	<b>\$ 1,335,951</b>	<b>\$ -</b>

CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

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Note 6 - Municipal Debt (Continued)

C. Long-Term Bonded Debt Service Requirements to Maturity (Continued)

Loans (Continued)

Calendar Year	Total	
	Principal	Interest
2017	381,915	96,013
2018	232,336	82,506
2019	232,763	76,491
2020	243,200	70,467
2021	208,645	63,922
2022	209,100	59,217
2023	214,562	54,504
2024	220,036	49,531
2025	225,517	44,299
2026	231,010	38,806
2027	236,511	33,055
2028	242,024	27,493
2029	247,545	21,671
2030	253,080	15,588
2031	151,800	9,294
2032	143,217	6,739
2033	129,219	4,400
2034	129,220	2,200
	<u>\$ 3,931,700</u>	<u>\$ 756,196</u>

CITY OF HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2016

**Note 6 - Municipal Debt (Continued)**

C. Long-Term Bonded Debt Service Requirements to Maturity (Continued)

**Capital Lease Obligations**

Calendar Year	6/4/2009		5/1/2012	
	BCIA - Garbage Truck		BCIA Pension Refunding	
	Principal	Interest	Principal	Interest
2017	48,446	3,382	108,000	3,371
2018	49,649	2,178	118,000	1,244
2019	50,883	946	-	-
	<u>\$ 148,978</u>	<u>\$ 6,506</u>	<u>\$ 226,000</u>	<u>\$ 4,615</u>

Calendar Year	Total	
	Principal	Interest
2017	156,446	6,753
2018	167,649	3,422
2019	50,883	946
	<u>\$ 374,978</u>	<u>\$ 11,121</u>

**Public Parking Utility Bonds**

Calendar Year	4/11/2009	
	General Improvement Bonds	
	Principal	Interest
2017	150,000	10,313
2018	150,000	3,375
	<u>\$ 300,000</u>	<u>\$ 13,688</u>

CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

**Note 6 - Municipal Debt (Continued)**

D. Summary of Changes in Municipal Debt

**Loans and General Bonds**

	Beginning Balance	Issued/ Refinanced	Adjustments/ Retired/Cash Rec'd	Ending Balance
<b>Short-Term Debt:</b>				
Tax Anticipation Notes	\$ -	\$ -	\$ -	\$ -
Bond Anticipation Notes	23,704,992	32,155,703	(23,704,992)	32,155,703
Emergency Notes	-	-	-	-
	<u>\$ 23,704,992</u>	<u>\$ 32,155,703</u>	<u>\$ (23,704,992)</u>	<u>\$ 32,155,703</u>
<b>Long-Term Debt:</b>				
Serial Bonds	\$ 20,424,000	\$ -	\$ (2,280,000)	\$ 18,144,000
Loans/Notes Payable	4,298,204	-	(366,503)	3,931,701
Capital Lease Obligations Authorized but not Issued	523,249	-	(148,271)	374,978
	5,821,352	35,364,070	(13,188,271)	27,997,151
	<u>\$ 31,066,805</u>	<u>\$ 35,364,070</u>	<u>\$ (15,983,045)</u>	<u>\$ 50,447,830</u>
	<u>\$ 54,771,797</u>	<u>\$ 67,519,773</u>	<u>\$ (39,688,037)</u>	<u>\$ 82,603,533</u>

	Ending Balance	Amounts Due within One Year	Long-term Portion
<b>Short-Term Debt:</b>			
Tax Anticipation Notes	\$ -	\$ -	-
Bond Anticipation Notes	32,155,703	32,155,703	-
Emergency Notes	-	-	-
	<u>\$ 32,155,703</u>	<u>\$ 32,155,703</u>	<u>\$ -</u>
<b>Long-Term Debt:</b>			
Serial Bonds	\$ 18,144,000	\$ 2,220,000	\$ 15,924,000
Loan Payable	3,931,701	381,915	3,549,786
Capital Lease Obligations Authorized but not Issued	374,978	156,446	218,532
	27,997,151	-	27,997,151
	<u>\$ 50,447,830</u>	<u>\$ 2,758,361</u>	<u>\$ 47,689,469</u>
	<u>\$ 82,603,533</u>	<u>\$ 34,914,064</u>	<u>\$ 47,689,469</u>

CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

**Note 6 - Municipal Debt (Continued)**

D. Summary of Changes in Municipal Debt (Continued)

**Public Parking Utility Bonds**

	Beginning Balance	Issued	Retired	Ending Balance
<b>Short-Term Debt:</b>				
Tax Anticipation Notes	\$ -	\$ -	\$ -	\$ -
Bond Anticipation Notes	-	-	-	-
Emergency Notes	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Long-Term Debt:</b>				
Serial Bonds	\$ 450,000	\$ -	\$ (150,000)	\$ 300,000
Loan Payable	-	-	-	-
Authorized but not Issued	434,000	-	-	434,000
	<u>\$ 884,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>	<u>\$ 734,000</u>
	<u>\$ 884,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>	<u>\$ 734,000</u>

	Ending Balance	Amounts Due within One Year	Long-term Portion
<b>Short-Term Debt:</b>			
Tax Anticipation Notes	\$ -	\$ -	-
Bond Anticipation Notes	-	-	-
Emergency Notes	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>Long-Term Debt:</b>			
Serial Bonds	\$ 300,000	\$ 150,000	\$ 150,000
Loan Payable	-	-	-
Authorized but not Issued	434,000	-	434,000
	<u>\$ 734,000</u>	<u>\$ 150,000</u>	<u>\$ 584,000</u>
	<u>\$ 734,000</u>	<u>\$ 150,000</u>	<u>\$ 584,000</u>

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 7 - Risk Management**

The City is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established a self-insurance fund for the following types of coverages:

General Liability  
Workers' Compensation  
Dental Insurance

The City makes annual contributions to fund the cost of the plan. Claims are administered by Bergen Risk Managers, Inc.

The City has not created a loss reserve for claims incurred which were unpaid and/or unreported at December 31, 2106. In addition, the City has not created a reserve for any potential unreported losses which have occurred but for which the City has not received notices or report of losses. The effect on the financial statements from these omissions could not be determined. A contingent liability exists with respect to reinsurance which would become an actual liability in the event the reinsuring company might be unable to meet their obligations to the City under existing reinsurance agreements. Any future liabilities would be funded by municipal taxes.

Cash reserves maintained by the City for the past 3 years are as follows:

Reserve for General Liability Insurance Claims:

2016 \$64,390  
2015 \$27,956  
2014 \$26,986

Reserve for Dental Insurance Claims:

2016 \$ 8,318  
2015 \$112,073  
2014 \$100,551

Reserve for Workmen's Compensation Claims:

2016 \$12,546  
2015 \$ 6,855  
2014 \$ 6,828

The City has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the State of New Jersey provides the administration of payments to former employees of the City. The City is billed quarterly for benefits paid to former employees. A separate dedicated unemployment Trust account is maintained to which all Unemployment expenditures are charged.

Unemployment expenditures for the past 3 years are as follows:

CY2016 - \$104,341  
CY2015 - \$116,874  
CY2014 - \$ 0



**CITY OF HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2016**

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**Note 8 - Interfunds**

As of December 31, 2016, interfund balances on the City's various balance sheets were as follows:

	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ -	\$ 575,273
Grant Fund	575,273	-
Trust Fund	-	-
General Capital Fund	-	-
Public Parking Utility Operating Fund	-	-
Public Parking Utility Capital Fund	-	-
	<u>\$ 575,273</u>	<u>\$ 575,273</u>

Interfund balances are comprised of the following:

Current Fund owes the Grant Fund \$575,273 for cash received and not turned over. It is anticipated that all interfunds will be liquidated during the subsequent fiscal year.

**CITY OF HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2016**

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**Note 9 - Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016 the following deferred charges are shown on the balance sheet of the indicated Fund:

	<u>Balance December 31,</u>	<u>Appropriated in Subsequent Year's Budget</u>	<u>Balance to Succeeding</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55) - Reassessment	\$ 760,000	\$ 190,000	\$ 570,000
Emergency Authorization	-	-	-
	<u>\$ 760,000</u>	<u>\$ 190,000</u>	<u>\$ 570,000</u>

**Note 10 - Retirement Plans**

**Description of the Plans**

All required employees of the City are covered by either the Public Employees' Retirement System (PERS) or the Police and Fireman's Retirement System (PFRS) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (the "Division"). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

The State also established and administers a Supplemental Annuity Collective Trust Fund ("SACT") which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

Additionally, the State also administers the Pensions Adjustment Fund ("PAF"). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60% of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

The cost-of-living increase for PERS and PFRS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

**Funded Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, which was rolled forward to June 30, 2016, the aggregate funded ratio for the local PERS system is 40.14% and \$29.6 billion, respectively and the aggregate funded ratio and unfunded accrued liability for the local PFRS is 52.0% and \$20.7 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2015 PERS and PFRS actuarial valuations, the date of the most recent actuarial valuations, the five year average of market value was used as the asset valuation method. The actuarial assumptions included (a) 7.65% for investment rate of return and (b) changes to projected salary increases of 1.65% to 5.15% based on age for PERS and 2.10% to 9.98% based on age for PFRS.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**Note 10 - Retirement Plans (Continued)**

**Public Employees' Retirement System (PERS)**

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

**Summary of Significant Accounting Policies**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2016, the City's liability of for its proportionate share of the net pension liability was \$43,420,400 which is not required to be reflected in the financial statements but is a required disclosure under GASB 68. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The City's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015. At June 30, 2016, the City's proportion was 0.14661%, which was an increase of 0.00962% from its proportion measured as of June 30, 2014 which was rolled forward to June 30, 2015.

For the year ended December 31, 2016, the City recognized PERS related pension expense of \$1,168,807 representing the required annual contribution. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 807,488	\$ -
Changes of assumptions	8,994,388	-
Net difference between projected and actual earnings on pension plan investments	1,655,659	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,880,052	2,050,260
Total	<u>\$ 13,337,587</u>	<u>\$ 2,050,260</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended 6/30:</u>
2017	\$ (2,540,777)
2018	(2,540,777)
2019	(2,943,735)
2020	(2,473,053)
2021	(788,985)
	<u>\$ (11,287,327)</u>

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**Note 10 - Retirement Plans (Continued)  
Public Employees' Retirement System (PERS) (Continued)**

Collective balances are as follows:

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources (Local Group)	\$ 8,685,338,380	\$ 3,578,755,666	\$ 952,194,675
Collective deferred inflows of resources (Local Group)	\$ 870,133,595	\$ 993,410,555	\$ 1,479,224,662
Collective net pension liability (Non State - Local Group)	\$29,617,131,759	\$22,447,996,119	\$ 18,722,735,003
City's Portion of net pension liability	\$ 43,420,400	\$ 30,752,460	\$ 28,715,305
City's Proportion	0.1466056887%	0.1369942325%	0.1533713157%

**Actuarial Assumptions**

The total pension liability in the July 1, 2015 actuarial valuation, which was rolled forward to June 30, 2016, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.08%
Salary Increases:	
Thru 2026	1.65% - 4.15% based on age
Thereafter	2.65% - 5.15% based on age
Investment Rate of Return	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members and a 1 year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. The RP-2000 Disabled Mortality Tables (setback 3 years for males and set forward 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience 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.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**Note 10 - Retirement Plans (Continued)  
PERS Actuarial Assumptions (Continued)**

Discount rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year.

State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following presents the City's June 30, 2016 proportionate share of the net pension liability calculated using the discount rate of 3.98%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate. A sensitivity analysis specific to the City's net pension liability was not provided by the pension system.

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Borough's proportionate share of the \$ net pension liability	53,207,358	\$ 43,420,400	\$ 35,339,864

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

**Defined Contribution Retirement Plan (DCRP)**

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 and was expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010 effective May 21, 2010 to new Tier 2 employees of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000. The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007, Chapter 103, P.L. 2007, Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010, plan members are required to contribute 5.5% of their annual covered salary and employers contribute 3% of employees base salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**PERS Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS. Retirement benefits for age and service are available at ages 60, 62 or 65 and are generally determined to be 1/55 or 1/60 of the final average salary for each year of service credit, as defined depending on the employees membership tier. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Note 10 - Retirement Plans (Continued)**  
**PERS Vesting and Benefit Provisions (Continued)**

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for earnings on their contributions at 2% per annum. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Significant Legislation**

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems. Chapter 78's provisions impacting employee pension and health benefits include:

1. New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
2. The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
3. The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
4. Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011.
5. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
6. The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
7. New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
8. In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**Contribution Requirements**

The PERS contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified that amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. PERS provides for employee contributions of 7.20% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate for PERS. The current PERS rate is 12.91% of covered payroll.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**Note 10 - Retirement Plans (Continued)**

**Police and Firemen's Retirement System (PFRS)**

The Police and Firemen's Retirement System (PFRS) was established as of July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death, disability and medical benefits to certain qualified members. The Police and Firemen's Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

**Summary of Significant Accounting Policies**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the City's liability of for its proportionate share of the net pension liability was \$148,988,129 which is not required to be reflected in the financial statements but is a required disclosure under GASB 68. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, rolled forward to June 30, 2016. The City's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the years ended June 30, 2016 and 2015. At June 30, 2016, the City's proportion was 0.7799%, which was an increase of 0.0342% from its proportion measured as of June 30, 2014 rolled forward to June 30, 2015.

For the year ended December 31, 2016, the City recognized PFRS related pension expense of \$6,435,365 representing the required annual contribution. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 976,639
Changes of assumptions	20,636,080	-
Net difference between projected and actual earnings on pension plan investments	10,439,298	-
Changes in proportion and differences between City contributions and proportionate share of contributions	5,739,429	-
Total	<u>\$ 36,814,807</u>	<u>\$ 976,639</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended 6/30:</u>
2017	\$ (8,579,657)
2018	(8,579,657)
2019	(11,557,809)
2020	(6,834,339)
2021	(286,706)
	<u>\$ (35,838,168)</u>



**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**Note 10 - Retirement Plans (Continued)  
Police and Firemen's Retirement System (PFRS) (Continued)**

Collective balances are as follows:

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources (Non Special Funding)	\$ 4,547,316,543	\$ 3,512,729,953	\$ 750,532,959
Collective deferred inflows of resources (Non Special Funding)	\$ 688,197,590	\$ 871,083,367	\$ 1,561,923,934
Collective net pension liability (Non Special Funding)	\$19,102,557,969	\$16,656,514,197	\$ 12,579,072,492
City's Portion of net pension liability	\$ 148,988,129	\$ 124,201,853	91,171,863
City's Proportion	0.7799381069%	0.7456653387%	0.7247900277%

**Actuarial Assumptions**

The total pension liability in the July 1, 2015 actuarial valuation, which was rolled forward to June 30, 2016, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age
Investment Rate of Return	7.65%

Mortality rates for male service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected 13 years using Projection Scale BB and then 2 years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 10 - Retirement Plans (Continued)  
PFRS Actuarial Assumptions (Continued)**

Discount rate

The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year.

The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following presents the City's June 30, 2016 proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 5.55%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Borough's proportionate share of the net pension liability \$	192,105,294	\$ 148,988,129	\$ 113,826,931

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**PFRS Vesting and Benefit Provisions**

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A. All benefits vest after ten years of service, except for disability benefits that vest after four years of service. Retirement benefits for age and service 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 early retirement after achieving 25 years of service credit, 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.

Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members contributions providing no survivor death benefits are payable.

**Contribution Requirements**

The PFRS contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on the actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate for PFRS. The current PFRS rate is 25.51% of covered payroll.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 11 - Other Post Retirement Benefits**

A. Compensated Absences (Unaudited)

Under the existing ordinances of the City, employees are permitted to accumulate (with certain limitations) unused sick and vacation pay over the life of their working careers which may be redeemed in cash (with certain limitations), upon death, retirement or by extended time off immediately preceding retirement.

At December 31, 2016, the accumulated value of unused sick and vacation was approximately \$17,965,000. There were \$438,935 in trust reserves for such purposes as of December 31, 2016. Payments are charged to operations when incurred. In 2017, \$1,200,000 has been budgeted within "CAPS" for accumulated absences.

In accordance with accounting practices prescribed by the Division of Local Government Services, this amount is not recorded as either an expenditure or a liability.

B. Post Retirement Health Benefits

In addition to the pension benefits described in Note 10, the City provides, at its cost, post employment health care benefits, including prescription drug and vision benefits, as part of the medical plan on a self-funded basis administered by Horizon BC/BS of New Jersey in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981. In addition, the City provides post-employment dental benefits on a self-funded basis administered by Delta Dental Plan of New Jersey.

Pursuant to GASB Statement No. 45 ("GASB 45"), Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the City obtained an actuarially determined calculation for this obligation.

The City's annual other postemployment benefits ("OPEB") costs for the Plan, which is currently funded on a pay-as-you-go basis and is a non-contributory plan with all plan payments for plan benefits being funded by the City, is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and interest on the net OPEB obligation and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City's annual OPEB cost for the year ended December 31, 2016 (latest available), and the related information for the plan are as follows:

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 11 - Other Post Retirement Benefits (continued)**

Projected Unfunded Accrued Liability as of 12/31/16:

(1) Unfunded Accrued Liability (UAL) as of 1/1/16	\$279,027,130
(2) Service Cost at Year End	6,842,671
(3) Projected Pay-As-You-Go Benefits for 1/1/16 to 12/31/16	(6,569,466)
(4) Interest on Unfunded Accrued Liability	<u>11,029,696</u>
(5) Unfunded Accrued Liability (UAL) as of 12/31/16	<u>\$290,330,031</u>

Annual OPEB Cost as of 12/31/16:

(1) Service Cost at Year End	\$ 6,842,671
(2) Amortization of Initial UAL w/Interest	9,672,940
(3) Interest on Net OPEB Obligation as of 1/1/16	1,249,257
(4) Adjustment to ARC	<u>6,402,931</u>
(5) Total Annual OPEB Cost - 1/1/16 to 12/31/16	\$24,167,799
(6) Projected Pay-As-You-Go Benefits for 1/1/16 to 12/31/16	<u>(6,569,466)</u>
(7) Net OPEB Expense Cost as of 12/31/16	\$ 17,598,333
(8) Net OPEB Obligation as of 12/31/15	<u>31,231,430</u>
(9) Net OPEB Obligation as of 12/31/16	<u>\$ 48,829,763</u>

The **Present Value of Future Benefits (PVFB)** is the total present value of all expected future benefits, net of expected retiree contributions, based on certain actuarial assumptions. The Present Value of future benefits is a measure of total liability or obligation. Essentially, the Present Value of future benefits is the value (on the valuation date) of the benefits promised to current and future retirees. The Plan's present value of all projected benefits (at January 1, 2016) was \$363,981,315 assuming no prefunding obligations. The majority of this liability is for current active employees (future retirees).

The **Actuarial Accrued Liability (AL)** is the past service liability or present value obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. GASB 45 requires the benefits to be earned ratably from date of hire to date of full eligibility for benefits. For retirees and actives that are immediately eligible to retire and receive full benefits, the AL equals the PVFB. For actives not yet eligible to retire, it equals a pro-rata portion of the PVFB based on past services to total service for that employee. The Plan's Actuarial Accrued Liability (at January 1, 2016) is \$279,027,130 assuming no prefunding obligations. The majority of this liability is for retirees.

**Assumptions**

The results were calculated based upon plan provisions, as provided by the City of Hackensack and the State of New Jersey, along with certain demographic and economic assumptions as recommended by the actuary, in conjunction with the City of Hackensack with guidance from the GASB statement.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 11 - Other Post Retirement Benefits (continued)**

**Demographic Assumptions**

Data was provided by the City of Hackensack as of December 31, 2016. Some highlights of census demographic information as of the January 1, 2016 valuation date are as follows:

- (1) Valuation based on 613 employees, 422 active and 191 retired. Of the retired, 188 are retirees and 3 are surviving spouses.
- (2) For retirees, the overall average age is 62.4 years, which reflects an average age of 55.9 for pre-65 retirees and 69.5 for post-65 retirees.
- (3) For actives, the average age is 45.0 years and average years of service of 12.7.
- (4) Of the active population, 12.1% of the population (51 employees) is eligible for retiree benefits.
- (5) 20.4% actives and 12.6% retirees valued were female. Retiree counts include surviving spouses (3 listed).
- (6) The discount rate assumption is 4%.
- (7) The healthcare inflation assumptions reflect 9% beginning January 1, 2018 and decrease 1/2 of one percent per year until an ultimate trend rate of 5%.

**Economic Assumptions**

The GASB statement requires that the discount rate used to determine the retiree healthcare liabilities should be estimated long-term yield on the "investments that are expected to be used to finance the payments of benefits". Since the City of Hackensack does not currently pre-fund the retiree healthcare liabilities, the discount rate for the "no prefunding" scenario should be based on the portfolio of the City of Hackensack's "general assets" used to pay these benefits. The discount rate assumption selected by the City is 4.00%.

**Mortality Assumptions**

RP 2014 Healthy Male and Female Tables are based on the Combined Healthy Table for both pre and post-retirement projected with mortality improvements using Projection Scale AA for one (1) year, (i.e. from date of table to valuation date), plus seven (7) years generational improvement.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 11 - Other Post Retirement Benefits (continued)**

Eligibility for participation in the post-retirement benefit program by collective bargaining unit are as follows:

**White Collar NON-CONTRACTUAL**

Members who retire subsequent to 1/1/02 and their eligible dependents are entitled to medical and prescription insurance under the City of Hackensack's group insurance plan until the demise of the association member, if the retiree has completed 25 years of service with the City of Hackensack at the time of their retirement and has been accepted by the PERS and continues to receive retirement benefits under Service, Early, Veteran, Ordinary Disability or Accidental Disability Retirement. The 25 years of service credit is waived for Disability retirements. At age 65 or upon Medicare Eligibility, coverage under the City of Hackensack's group medical insurance plan is supplemental to Medicare ONLY. Inclusion in this benefit is predicated upon enrollment in both Medicare Parts A & B upon eligibility. Proof of Medicare participation in both Medicare Parts A & B are required by the retiree and any dependent eligible for Medicare. A copy of their Medicare card must be supplied to the office of the CFO upon its receipt.

Members who retired prior to 1/1/02 who are accepted by the PERS for a bona fide retirement are covered under the City of Hackensack's group medical and prescription insurance beginning at age 55 until such time as the retiree attains the age of 65 regardless of their years of service with the City. This coverage also includes any eligible dependents. Once the member attains the age of 65 coverage will continue for a period of six (6) months as a supplement to Medicare in order to provide time for the member to obtain supplemental coverage on their own. Any eligible dependent of the association member will continue under the City of Hackensack's group insurance plan during this time and enjoy the coverage they have had in the past. Once this six (6) month period has expired, all coverage under the City of Hackensack's group medical and prescription insurance will cease for the association member and any eligible dependents.

The above coverage is not applicable to any HMO coverage. At age 65 or upon Medicare eligibility the City of Hackensack will reimburse the association member ONLY for their Medicare Part B premiums.

**School Crossing Guards Local # 97**

There are NO Other Post Employment Benefits offered to any association member.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 11 - Other Post Retirement Benefits (continued)**

**White Collar Local # 424J UPSEU**

Members who retire subsequent to 1/1/04 and their eligible dependents are entitled to medical and prescription insurance under the City of Hackensack's group insurance plan until the demise of the association member, if the retiree, has completed 25 years of service with the City of Hackensack at the time of their retirement and has been accepted by the PERS and continues to receive retirement benefits under Service, Early, Veteran, Ordinary Disability or Accidental Disability Retirement. The 25 years of service credit is waived for Disability retirements. At age 65 or upon Medicare Eligibility, coverage under the City of Hackensack's group medical insurance plan is supplemental to Medicare ONLY. Inclusion in this benefit is predicated upon enrollment in both Medicare Parts A & B upon eligibility. Proof of Medicare participation in both Medicare Parts A & B are required by the retiree and any dependent eligible for Medicare. A copy of their Medicare card must be supplied to the office of the CFO upon its receipt.

Members who retired prior to 1/1/04 who are accepted by the PERS for a bona fide retirement are covered under the City of Hackensack's group medical and prescription insurance until such time as the retiree attains the age of 65 regardless of their years of service with the City. This coverage also includes any eligible dependents. Once the member attains the age of 65 coverage will continue for a period of six (6) months as a supplement to Medicare in order to provide time for the member to obtain supplemental coverage on their own. Any eligible dependent of the association member will continue under the City of Hackensack's group insurance plan during this time and enjoy the coverage they have had in the past. Once this six (6) month period has expired, all coverage under the City of Hackensack's group medical and prescription insurance will cease for the association member and any eligible dependents.

The above coverage is not applicable to any HMO coverage. At age 65 or upon Medicare eligibility the City of Hackensack will reimburse the association member ONLY for their Medicare Part B premiums.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 11 - Other Post Retirement Benefits (continued)**

**DPW/Sanitation Local # 424J UPSEU**

Members who retire subsequent to 1/1/04 and their eligible dependents are entitled to medical and prescription insurance under the City of Hackensack's group insurance plan until the demise of the association member, if the retiree, has completed 25 years of service with the City of Hackensack at the time of their retirement and has been accepted by the PERS and continues to receive retirement benefits under Service, Early, Veteran, Ordinary Disability or Accidental Disability Retirement. The 25 years of service credit is waived for Disability retirements. At age 65 or upon Medicare Eligibility, coverage under the City of Hackensack's group medical insurance plan is supplemental to Medicare ONLY. Inclusion in this benefit is predicated upon enrollment in both Medicare Parts A & B upon eligibility. Proof of Medicare participation in both Medicare Parts A & B are required by the retiree and any dependent eligible for Medicare. A copy of their Medicare card must be supplied to the office of the CFO upon its receipt.

Members who retire without 25 years of service but with a minimum of 15 years of service and who are accepted by the PERS for a bona fide retirement are covered under the City of Hackensack's group medical and prescription insurance beginning at age 55 until such time as the retiree attains the age of 65 regardless of their years of service with the City. This coverage also includes any eligible dependents.

Members who have retired prior to 1/1/69 are not included in this coverage.

The above coverage is not applicable to any HMO coverage. At age 65 or upon Medicare eligibility the City of Hackensack will reimburse the association member ONLY for their Medicare Part B premiums.



**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 11 - Other Post Retirement Benefits (continued)**

**Hackensack Public Works Supervisors Group Local # 424J UPSEU**

Members who retire subsequent to 1/1/04 and their eligible dependents are entitled to medical and prescription insurance under the City of Hackensack's group insurance plan until the demise of the association member, if the retiree, has completed 25 years of service with the City of Hackensack at the time of their retirement and has been accepted by the PERS and continues to receive retirement benefits under Service, Early, Veteran, Ordinary Disability or Accidental Disability Retirement. The 25 years of service credit is waived for Disability retirements. At age 65 or upon Medicare Eligibility, coverage under the City of Hackensack's group medical insurance plan is supplemental to Medicare ONLY. Inclusion in this benefit is predicated upon enrollment in both Medicare Parts A & B upon eligibility. Proof of Medicare participation in both Medicare Parts A & B are required by the retiree and any dependent eligible for Medicare. A copy of their Medicare card must be supplied to the office of the CFO upon its receipt.

Members who retired prior to 1/1/04 who are accepted by the PERS for a bona fide retirement are covered under the City of Hackensack's group medical and prescription insurance until such time as the retiree attains the age of 65 regardless of their years of service with the City. This coverage also includes any eligible dependents. Once the member attains the age of 65 coverage will continue for a period of six (6) months as a supplement to Medicare in order to provide time for the member to obtain supplemental coverage on their own. Any eligible dependent of the association member will continue under the City of Hackensack's group insurance plan during this time and enjoy the coverage they have had in the past. Once this six (6) month period has expired, all coverage under the City of Hackensack's group medical and prescription insurance will cease for the association member and any eligible dependents.

The above coverage is not applicable to any HMO coverage. At age 65 or upon Medicare eligibility the City of Hackensack will reimburse the association member ONLY for their Medicare Part B premiums.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 11 - Other Post Retirement Benefits (continued)**

**Hackensack Fraternal Order of Police**

Members who retire subsequent to 1/1/00 and their eligible dependents are entitled to medical and prescription insurance under the City of Hackensack's group insurance plan until the demise of the association member, if the retiree, has completed 25 years of service with the City of Hackensack at the time of their retirement and has been accepted by the PFRS and continues to receive retirement benefits under Service, Special, Ordinary Disability or Accidental Disability Retirement. The 25 years of service credit is waived for Disability retirements. At age 65 or upon Medicare Eligibility, coverage under the City of Hackensack's group medical insurance plan is supplemental to Medicare ONLY. Inclusion in this benefit is predicated upon enrollment in both Medicare Parts A & B upon eligibility. Proof of Medicare participation in both Medicare Parts A & B are required by the retiree and any dependent eligible for Medicare. A copy of their Medicare card must be supplied to the office of the CFO upon its receipt.

Members who retired prior to 1/1/00 who are accepted by the PFRS for a bona fide retirement are covered under the City of Hackensack's group medical and prescription insurance until such time as the retiree attains the age of 65 regardless of their years of service with the City. This coverage also includes any eligible dependents. Once the member attains the age of 65 coverage will continue for a period of six (6) months as a supplement to Medicare in order to provide time for the member to obtain supplemental coverage on their own. Any eligible dependent of the association member will continue under the City of Hackensack's group insurance plan during this time and enjoy the coverage they have had in the past. Once this six (6) month period has expired, all coverage under the City of Hackensack's group medical and prescription insurance will cease for the association member and any eligible dependents.

The above coverage is not applicable to any HMO coverage. At age 65 or upon Medicare eligibility the City of Hackensack will reimburse the association member ONLY for their Medicare Part B premiums.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 11 - Other Post Retirement Benefits (continued)**

**PBA Local # 9**

Members who retire subsequent to 1/1/00 and their eligible dependents are entitled to medical and prescription insurance under the City of Hackensack's group insurance plan until the demise of the association member, if the retiree, has completed 25 years of service with the City of Hackensack at the time of their retirement and has been accepted by the PFRS and continues to receive retirement benefits under Service, Special, Ordinary Disability or Accidental Disability Retirement. The 25 years of service credit is waived for Disability retirements. At age 65 or upon Medicare Eligibility, coverage under the City of Hackensack's group medical insurance plan is supplemental to Medicare ONLY. Inclusion in this benefit is predicated upon enrollment in both Medicare Parts A & B upon eligibility. Proof of Medicare participation in both Medicare Parts A & B are required by the retiree and any dependent eligible for Medicare. A copy of their Medicare card must be supplied to the office of the CFO upon its receipt.

Members who retired prior to 1/1/00 who are accepted by the PFRS for a bona fide retirement are covered under the City of Hackensack's group medical and prescription insurance until such time as the retiree attains the age of 65 regardless of their years of service with the City. This coverage also includes any eligible dependents. Once the member attains the age of 65 coverage will continue for a period of six (6) months as a supplement to Medicare in order to provide time for the member to obtain supplemental coverage on their own. Any eligible dependent of the association member will continue under the City of Hackensack's group insurance plan during this time and enjoy the coverage they have had in the past. Once this six (6) month period has expired, all coverage under the City of Hackensack's group medical and prescription insurance will cease for the association member and any eligible dependents.

The above coverage is not applicable to any HMO coverage. At age 65 or upon Medicare eligibility the City of Hackensack will reimburse the association member ONLY for their Medicare Part B premiums.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 11 - Other Post Retirement Benefits (continued)**

**Fire Fighters Local # 2081**

Members who retire subsequent to 1/1/02 and their eligible dependents are entitled to medical and prescription insurance under the City of Hackensack's group insurance plan until the demise of the association member, if the retiree, has completed 25 years of service with the City of Hackensack at the time of their retirement and has been accepted by the PFRS and continues to receive retirement benefits under Service, Special, Ordinary Disability or Accidental Disability Retirement. The 25 years of service credit is waived for Disability retirements. At age 65 or upon Medicare Eligibility, coverage under the City of Hackensack's group medical insurance plan is supplemental to Medicare ONLY. Inclusion in this benefit is predicated upon enrollment in both Medicare Parts A & B upon eligibility. Proof of Medicare participation in both Medicare Parts A & B are required by the retiree and any dependent eligible for Medicare. A copy of their Medicare card must be supplied to the office of the CFO upon its receipt.

Members who retired prior to 1/1/02 who are accepted by the PFRS for a bona fide retirement are covered under the City of Hackensack's group medical and prescription insurance until such time as the retiree attains the age of 65 regardless of their years of service with the City. This coverage also includes any eligible dependents. Once the member attains the age of 65 coverage will continue for a period of six (6) months as a supplement to Medicare in order to provide time for the member to obtain supplemental coverage on their own. Any eligible dependent of the association member will continue under the City of Hackensack's group insurance plan during this time and enjoy the coverage they have had in the past. Once this six (6) month period has expired, all coverage under the City of Hackensack's group medical and prescription insurance will cease for the association member and any eligible dependents.

The above coverage is not applicable to any HMO coverage. At age 65 or upon Medicare eligibility the City of Hackensack will reimburse the association member ONLY for their Medicare Part B premiums.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 11 - Other Post Retirement Benefits (continued)**

**Uniform Fire Officers Association**

Members who retire subsequent to 1/1/02 and their eligible dependents are entitled to medical and prescription insurance under the City of Hackensack's group insurance plan until the demise of the association member, if the retiree, has completed 25 years of service with the City of Hackensack at the time of their retirement and has been accepted by the PFRS and continues to receive retirement benefits under Service, Special, Ordinary Disability or Accidental Disability Retirement. The 25 years of service credit is waived for Disability retirements. At age 65 or upon Medicare Eligibility, coverage under the City of Hackensack's group medical insurance plan is supplemental to Medicare ONLY. Inclusion in this benefit is predicated upon enrollment in both Medicare Parts A & B upon eligibility. Proof of Medicare participation in both Medicare Parts A & B are required by the retiree and any dependent eligible for Medicare. A copy of their Medicare card must be supplied to the office of the CFO upon its receipt.

Members who retired prior to 1/1/02 who are accepted by the PFRS for a bona fide retirement are covered under the City of Hackensack's group medical and prescription insurance until such time as the retiree attains the age of 65 regardless of their years of service with the City. This coverage also includes any eligible dependents. Once the member attains the age of 65 coverage will continue for a period of six (6) months as a supplement to Medicare in order to provide time for the member to obtain supplemental coverage on their own. Any eligible dependent of the association member will continue under the City of Hackensack's group insurance plan during this time and enjoy the coverage they have had in the past. Once this six (6) month period has expired, all coverage under the City of Hackensack's group medical and prescription insurance will cease for the association member and any eligible dependents.

The above coverage is not applicable to any HMO coverage. At age 65 or upon Medicare eligibility the City of Hackensack will reimburse the association member ONLY for their Medicare Part B premiums.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 11 - Other Post Retirement Benefits (continued)**

**Communications Operators Local # 1158 IBEW**

Members who retire subsequent to 1/1/02 and their eligible dependents are entitled to medical and prescription insurance under the City of Hackensack's group insurance plan until the demise of the association member, if the retiree, has completed 25 years of service with the City of Hackensack at the time of their retirement and has been accepted by the PFRS and continues to receive retirement benefits under Service, Early, Veteran, Ordinary Disability or Accidental Disability Retirement. The 25 years of service credit is waived for Disability retirements. At age 65 or upon Medicare Eligibility, coverage under the City of Hackensack's group medical insurance plan is supplemental to Medicare ONLY. Inclusion in this benefit is predicated upon enrollment in both Medicare Parts A & B upon eligibility. Proof of Medicare participation in both Medicare Parts A & B are required by the retiree and any dependent eligible for Medicare. A copy of their Medicare card must be supplied to the office of the CFO upon its receipt.

Members who retired prior to 1/1/02 who are accepted by the PFRS for a bona fide retirement are covered under the City of Hackensack's group medical and prescription insurance until such time as the retiree attains the age of 65 regardless of their years of service with the City. This coverage also includes any eligible dependents. Once the member attains the age of 65 coverage will continue for a period of six (6) months as a supplement to Medicare in order to provide time for the member to obtain supplemental coverage on their own. Any eligible dependent of the association member will continue under the City of Hackensack's group insurance plan during this time and enjoy the coverage they have had in the past. Once this six (6) month period has expired, all coverage under the City of Hackensack's group medical and prescription insurance will cease for the association member and any eligible dependents.

The above coverage is not applicable to any HMO coverage. At age 65 or upon Medicare eligibility the City of Hackensack will reimburse the association member ONLY for their Medicare Part B premiums.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 12 - Contingencies**

A. Litigation

The City is a party to various legal proceedings which normally occur in the operation of government. These proceedings may have a materially adverse affect on the various funds of the City. One notable case pertains to a claim made by the former Chief of Police; the outcome of which would have a significant financial impact on the City.

B. Tax Appeals

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2016. Amounts claimed have not yet been determined. The City is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the City does not recognize a liability, if any, until these cases have been adjudicated. The City expects such amounts, if any, to be material. As of December 31, 2016, the City recorded \$54,700 of reserves in the Current Fund for tax appeals pending in the New Jersey Tax Court. In 2017, \$500,000 has been budgeted within "CAPS" for pending tax appeals. Funding of any ultimate future liability would be provided for in succeeding years' budgets, from fund balance or by issuance of refunding bonds.

C. Federal and State Grants

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor agency. If expenditures are disallowed, the City may be required to reimburse the grantor agency. As of December 31, 2016, significant amounts of grant expenditures have not been audited. The City believes that any future disallowed expenditures will not have a material effect on its financial position.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 13 - Fund Balances Appropriated**

Fund balances at December 31 2016 and 2015 which were appropriated and included as anticipated revenue in their respective funds for the years ending December 31, 2017 and 2016 were as follows:

	<u>2017</u>		<u>2016</u>
Current Fund	\$ 3,000,000	\$	2,700,000
Public Parking Utility	360,000		360,000



**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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**Note 14 - Economic Dependency**

The City of Hackensack is not economically dependent on any one business or industry as a major source of tax revenue for the City.

**CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**Note 15 - Subsequent Events**

As of the date of this report, the following are considered material subsequent events:

A. Subsequent Year Capital Projects

The City's 2017 Capital Budget currently includes the following:

Purpose	Total	CIF, Fund Balance & Other Funded Sources	Bonds & Notes Authorized
2017 Road Re-Surfacing	\$ 892,000	\$ 383,563	\$ 508,437
Fire Resque #1 Replacement	700,000	35,750	664,250
Garbage Truck Replacements	600,000	30,000	570,000
Combined Sewer Separations	5,905,000	-	5,905,000
Fire House Building Renovations	278,138	125,040	153,098
Foschini Ballfields #1 and #7	800,000	648,000	152,000
City Building Renovations - Interior	344,000	215,700	128,300
City Building Renovations - Exterior	223,500	28,060	195,440
Sewer Pump Station Improvements	375,000	19,688	355,312
Main & State Street Two Way Conversion - Supplemental	659,500	32,975	626,525
Main Street Streetscape - Section 3	250,000	250,000	-
Police Radio Overhaul	560,000	28,000	532,000
City Hall Computer Upgrade	64,400	64,400	-
Various Roof Replacements	32,000	735	31,265
DPW Equipment Acquisition	301,700	24,543	277,157
	<u>\$11,985,238</u>	<u>\$ 1,886,454</u>	<u>\$ 10,098,784</u>

B. Bond Anticipation Notes

On April 19, 2017 the City issued Bond Anticipation Notes in the amount of \$2,733,848 comprised of \$2,733,848 of General Capital notes, and \$0 of Public Parking Utility Capital Notes to temporarily finance expenditures related to various capital projects. The City paid down \$2,203,285 to the maturing notes derived from the 2017 Current Fund budget (\$2,203,285), and the 2017 Public Parking Utility budget (\$0). The City has awarded the sale of said notes to TD Bank, N.A. at a gross interest rate of 1.44% receiving no premium. The note will mature on April 18, 2018.

Fund	Balance December 31, 2016	New Money	Paydowns	Issued April 19, 2017
General Capital Fund - #15-10	1,200,000	-	(1,200,000)	-
General Capital Fund - #23-11	332,423	-	(30,000)	302,423
General Capital Fund - #11-13	165,550	-	(12,529)	153,021
General Capital Fund - #18-13	275,000	-	(14,474)	260,526
General Capital Fund - #09-14	230,879	-	(12,179)	218,700
General Capital Fund - #16-14	267,742	-	(40,000)	227,742
General Capital Fund - #25-14	617,500	-	(268,085)	349,415
General Capital Fund - #30-14	411,350	-	(75,803)	335,547
General Capital Fund - #31-14	513,000	-	(255,322)	257,678
General Capital Fund - #10-15	923,689	-	(294,893)	628,796
Public Parking Utility Capital Fund	-	-	-	-
	<u>\$ 4,937,133</u>	<u>\$ -</u>	<u>\$ (2,203,285)</u>	<u>\$ 2,733,848</u>

C. Emergency Notes

On April 19, 2017 the City issued Emergency Notes in the amount of \$2,400,000 to temporarily finance expenditures related to a Local Finance Board approved emergency appropriation for the payment of court ordered back pay obligations to a former employee. The City paid down \$600,000 to the maturing notes derived from the 2017 Current Fund budget. The City has awarded the sale of said notes to Oppenheimer & Co., Inc. at a gross interest rate of 2.25% receiving a premium of \$18,285 producing a reduced net interest rate. The note will mature on April 18, 2018.

The City has evaluated subsequent events through June 30, 2017, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

**CITY OF HACKENSACK  
CURRENT FUND  
BALANCE SHEET (REGULATORY BASIS)**

	2016	2015
<u>ASSETS AND OTHER DEBITS</u>		
Cash:		
Current Account #1	\$ 17,195,608	\$ 12,019,039
Change Funds	450	450
	<u>\$ 17,196,058</u>	<u>\$ 12,019,489</u>
Taxes Receivable:		
Delinquent Property Taxes Receivable	\$ 121,689	\$ 171,495
Property Acquired for Taxes - Assessed Valuation	1,311,800	1,311,800
	<u>\$ 1,433,489</u>	<u>\$ 1,483,295</u>
Deferred Charges:		
Special Emergency Authorizations	\$ 760,000	\$ 950,000
Total Assets and Other Debits	<u>\$ 19,389,547</u>	<u>\$ 14,452,784</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Accounts Payable	<u>\$ 215,300</u>	<u>\$ 75,877</u>
Interfunds Payable:		
Grant Fund	<u>\$ 575,273</u>	<u>\$ 612,918</u>
Other Liabilities and Reserves:		
Appropriation Reserves	\$ 6,045,426	\$ 4,257,197
Reserve for Encumbrances	1,289,309	1,179,725
Pre-Paid Taxes	943,303	638,707
Tax Overpayments	399,875	13,619
Outside Tax Title Lien Payable	81,351	42,574
Reserve for Re-Assessment Expenditures	313,800	674,900
Reserve for Back Pay Refund Emergency	1,137,900	-
Reserve for Tax Appeals	54,700	-
	<u>\$ 10,265,664</u>	<u>\$ 6,806,722</u>
Intergovernmental Payable:		
Local District School Tax Payable	\$ -	\$ 717,706
Due County for Added & Omitted Taxes	7,065	2,014
Due County for Added & Omitted Open Space Taxes	86	-
Due Free Public Library	299	299
Due to State of New Jersey	48,811	41,215
	<u>\$ 56,261</u>	<u>\$ 761,234</u>
Reserve for Receivables and Other Assets	<u>\$ 1,433,489</u>	<u>\$ 1,483,295</u>
Fund Balance	<u>\$ 6,843,560</u>	<u>\$ 4,712,738</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 19,389,547</u>	<u>\$ 14,452,784</u>

**CITY OF HACKENSACK  
CURRENT FUND  
SCHEDULE OF REVENUES AND OTHER CREDITS TO INCOME (REGULATORY BASIS)  
YEAR ENDED DECEMBER 31, 2016**

	Budget As Modified	Realized	Excess/ (Deficit)
<b>REVENUES</b>			
Operating Surplus Anticipated	\$ 2,700,000	\$ 2,700,000	\$ -
Miscellaneous Revenues:			
Alcoholic Beverage Licenses	\$ 96,000	\$ 96,975	\$ 975
Other Licenses	95,000	94,443	(557)
Fees and Permits	565,000	736,353	171,353
Municipal Court Fines and Costs	1,750,000	1,752,657	2,657
Interest and Costs on Taxes	595,000	247,133	(347,867)
Utility Operating Surplus of Prior Year	360,000	360,000	-
Consolidated Municipal Property Tax Relief	389,805	389,805	-
Energy Receipts Tax	3,906,779	3,906,779	-
Uniform Construction Code Fees	1,820,000	2,224,542	404,542
Nursing Services for Hackensack BOE	10,422	10,490	68
Maywood - Recycling Collection	26,350	49,600	23,250
PSAP Services (9-1-1) North Arlington & Moonachie Boroughs	10,200	15,007	4,807
Municipal Alliance on Alcoholism & Drug Abuse	15,279	15,279	-
Law & Public Safety Grant	5,000	5,000	-
Recycling Tonnage Grant	57,340	57,340	-
Assistance to Fire Grant (AFG) - FEMA	21,546	21,546	-
Bergen County War Monument Grant	1,590	1,590	-
NJDEP Recycling Assistance Grant	11,408	11,408	-
Summer Nutrition Program - USDOA (CH159)	151,553	151,553	-
Clean Communities Program (CH159)	88,971	88,971	-
Emergency Management Assistance Grant (CH159)	5,000	5,000	-
Body Armor Replacement Program (CH159)	10,044	10,044	-
Uniform Fire Safety Act	180,000	200,294	20,294
Reserve for Payment of Debt Service (Notes)	677,573	677,573	-
Verizon FIOS Franchise Fees	233,000	233,183	183
Cablevision Franchise Fees	361,600	361,600	-
Air Rights - HUMC	200,000	200,000	-
Hackensack BOE - School Resource Officer	180,000	170,037	(9,963)
Sewer User Charges	365,000	373,755	8,755
PILOT - Hackensack Housing Authority	130,000	143,434	13,434
Recycling Revenue	48,000	10,000	(38,000)
Administrative Fees - Outside Police Employment	130,000	106,363	(23,637)
PILOT - 100 State Street (94 State Street) - 2016	177,600	-	(177,600)
HUMC Emergency Operations Center	140,000	140,000	-
Trust Fund Balance	300,000	300,000	-
General Capital Fund Balance	200,000	200,000	-
Total Miscellaneous Revenues	<u>\$ 13,315,060</u>	<u>\$ 13,367,754</u>	<u>\$ 52,694</u>
Receipts From Delinquent Taxes	<u>\$ -</u>	<u>\$ 50,454</u>	<u>\$ 50,454</u>
Amount to be Raised by Taxation - Local	<u>\$ 82,661,673</u>	<u>\$ 80,357,045</u>	<u>\$ (2,304,628)</u>
Amount to be Raised by Taxation - Library	<u>\$ 1,979,628</u>	<u>\$ 1,979,628</u>	<u>\$ -</u>
Total Revenues	<u>\$ 100,656,361</u>	<u>\$ 98,454,881</u>	<u>\$ (2,201,480)</u>
<b>OTHER CREDITS TO INCOME</b>			
Miscellaneous Revenues Not Anticipated	\$ -	\$ 3,144,165	\$ 3,144,165
Unexpended Balances of Appropriation Reserves	-	3,899,508	3,899,508
Interfund Loans Returned	-	-	-
Unexpended Balances Cancelled	-	175,244	175,244
Cancellations & Non-Cash Adjustments	-	-	-
Taxes Allocated to School and County:			
Local District School Tax	76,953,101	76,953,101	-
County Tax Levy	12,610,460	12,610,460	-
County Open Space	138,681	138,681	-
Municipal Open Space Preservation	-	-	-
Added County Taxes	7,065	7,065	-
Added County Open Space	86	86	-
Added Municipal Open Space	-	-	-
Added Library Taxes	1,095	1,095	-
Total Other Credits to Income	<u>\$ 89,710,488</u>	<u>\$ 96,929,405</u>	<u>\$ 7,218,917</u>
Total Revenues and Other Credits to Income	<u>\$ 190,366,849</u>	<u>\$ 195,384,286</u>	<u>\$ 5,017,437</u>

CITY OF HACKENSACK  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2016

	Appropriated			Expended		Unexpended	
	2016 Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
OPERATIONS - WITHIN "CAPS"							
<u>General Government Functions</u>							
General Administration:							
Salaries and Wages	\$ 550,000	\$ -	\$ 550,000	\$ 516,521	\$ 33,479	\$ -	\$ -
Other Expenses	145,300	-	156,300	149,705	6,595	-	-
Human Resources:							
Salaries and Wages	210,000	-	210,000	207,008	2,992	-	-
Mayor & City Council:							
Salaries and Wages	54,600	-	54,600	54,600	-	-	-
Other Expenses	-	-	-	-	-	-	-
City Clerk:							
Salaries and Wages	196,000	-	202,000	197,547	4,453	-	-
Other Expenses	98,400	-	98,400	77,454	20,946	-	-
Financial Administration:							
Salaries and Wages	485,000	-	485,000	480,137	4,863	-	-
Other Expenses	133,100	-	138,100	132,550	5,550	-	-
Audit Services:							
Other Expenses	105,000	-	105,000	100,000	5,000	-	-
Tax Assessment Administration:							
Salaries and Wages	190,000	-	190,000	173,271	16,729	-	-
Other Expenses	718,400	-	718,400	717,656	744	-	-
Revenue Administration (Collection of Taxes):							
Salaries and Wages	225,000	-	225,000	223,208	1,792	-	-
Other Expenses	52,300	-	52,300	51,180	1,120	-	-
Legal Services:							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	1,030,000	-	780,000	510,498	269,502	-	-
Codification of Ordinances	8,500	-	8,500	760	7,740	-	-
<u>Utility Expenses and Bulk Purchases</u>							
Electricity	700,000	-	674,000	499,300	174,700	-	-
Water	105,000	-	105,000	103,862	1,138	-	-
Gasoline	600,000	-	556,000	279,675	276,325	-	-
Gas (Natural)	-	-	-	-	-	-	-
Telephone	168,500	-	168,500	162,443	6,057	-	-
Street Lighting	520,000	-	480,000	418,026	61,974	-	-
Public Buildings & Grounds:							
Salaries and Wages	625,000	-	670,000	665,166	4,834	-	-
Other Expenses	218,700	-	249,700	227,060	22,640	-	-
<u>Land Use Administration</u>							
Planning Board:							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	28,350	-	28,350	25,571	2,779	-	-
Zoning Board of Adjustment:							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	56,600	-	56,600	48,622	7,978	-	-
Rent Stabilization Board:							
Salaries and Wages	5,000	-	5,000	4,841	159	-	-
Other Expenses	-	-	-	-	-	-	-
<u>Insurance</u>							
Group Insurance to Employees	15,383,720	-	15,383,720	13,754,467	1,629,253	-	-
Health Benefit Waiver for Employees	150,000	-	150,000	140,676	9,324	-	-
Workmen's Compensation Insurance	1,663,000	-	1,663,000	1,168,643	494,357	-	-
General Liability Insurance & Surety Bonds	2,374,000	-	2,374,000	1,874,323	499,677	-	-

CITY OF HACKENSACK  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2016

	Appropriated			Expended		Unexpended	
	2016 Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
OPERATIONS - WITHIN "CAPS" (Continued)							
<u>Public Safety Functions</u>							
Fire:							
Salaries and Wages	\$ 12,704,000	\$ -	\$ 12,634,000	\$ 12,371,471	\$ 262,529	\$ -	\$ -
Other Expenses	306,500	-	306,500	287,402	19,098	-	-
Fire Hydrant Service	360,000	-	360,000	331,814	28,186	-	-
Emergency Medical Service:							
Salaries and Wages	9,600	-	9,600	9,400	200	-	-
Other Expenses	100,000	-	51,000	324	50,676	-	-
Fire Official:							
Salaries and Wages	551,000	-	621,000	576,401	44,599	-	-
Other Expenses	22,800	-	22,800	16,461	6,339	-	-
Police:							
Salaries and Wages	15,500,000	-	15,500,000	15,255,486	244,514	-	-
Other Expenses	717,500	-	728,500	712,258	16,242	-	-
Police - Traffic Control:							
Salaries and Wages	60,000	-	60,000	52,592	7,408	-	-
Other Expenses	60,500	-	66,500	65,442	1,058	-	-
Communication Center:							
Salaries and Wages	1,030,000	-	1,037,000	1,036,604	396	-	-
Other Expenses	4,000	-	4,000	-	4,000	-	-
School Marshals:							
Salaries and Wages	400,000	-	440,000	439,289	711	-	-
Other Expenses	-	-	-	-	-	-	-
First Aid Organization:							
Other Expenses	15,000	-	15,000	-	15,000	-	-
Emergency Management:							
Salaries and Wages	8,500	-	8,500	8,500	-	-	-
Other Expenses	15,850	-	15,850	11,822	4,028	-	-
<u>Building Department</u>							
Inspection & Property Maintenance:							
Salaries and Wages	428,000	-	428,000	407,881	20,119	-	-
Other Expenses	2,000	-	2,000	-	2,000	-	-
Community Development:							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	280,000	-	280,000	260,386	19,614	-	-
<u>Public Works Functions</u>							
Administration:							
Salaries and Wages	715,000	-	715,000	714,455	545	-	-
Other Expenses	94,350	-	94,350	92,486	1,864	-	-
City Garage:							
Salaries and Wages	515,000	-	515,000	478,675	36,325	-	-
Other Expenses	42,000	-	62,000	49,724	12,276	-	-
Streets & Roads:							
Salaries and Wages	285,000	-	250,000	241,902	8,098	-	-
Other Expenses	126,800	-	111,800	97,336	14,464	-	-
Shade Tree:							
Salaries and Wages	165,000	-	165,000	153,939	11,061	-	-
Other Expenses	54,500	-	59,500	54,962	4,538	-	-
Snow Removal:							
Salaries and Wages	200,000	-	200,000	92,695	107,305	-	-
Other Expenses	383,450	-	383,450	265,392	118,058	-	-
<u>Sanitation</u>							
Street Cleaning:							
Salaries and Wages	122,000	-	112,000	110,367	1,633	-	-
Other Expenses	36,300	-	43,300	39,092	4,208	-	-
Garbage & Trash Removal:							
Salaries and Wages	1,400,000	-	1,528,700	1,516,078	12,622	-	-
Other Expenses	397,800	-	478,300	452,279	26,021	-	-
Bergen County Sanitary Landfill:							
Other Expenses - Contractual	1,500,000	-	1,371,500	1,076,941	294,559	-	-
Recycling:							
Salaries and Wages	33,000	-	25,000	21,456	3,544	-	-
Other Expenses	45,000	-	89,000	60,491	28,509	-	-
Sewer System:							
Salaries and Wages	130,000	-	133,000	130,374	2,626	-	-
Other Expenses	322,000	-	322,000	304,668	17,332	-	-
Sewer Treatment & Disposal	40,000	-	40,500	40,209	291	-	-
PVSC Group - CSO Monitoring	63,066	-	63,066	-	63,066	-	-

CITY OF HACKENSACK  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2016

	Appropriated			Expended		Unexpended	
	2016 Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
OPERATIONS - WITHIN "CAPS" (Continued)							
<u>Health and Human Services</u>							
Department of Health Administration:							
Salaries and Wages	\$ 630,000	\$ -	\$ 630,000	\$ 569,480	\$ 60,520	\$ -	\$ -
Other Expenses	61,800	-	61,800	37,430	24,370	-	-
Department of Health (Clinics):							
Other Expenses	37,650	-	37,650	23,621	14,029	-	-
Animal Control:							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	60,700	-	60,700	58,881	1,819	-	-
Human Services:							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	1,000	-	1,000	823	177	-	-
<u>Park and Recreation Functions</u>							
Parks & Playgrounds:							
Salaries and Wages	370,000	-	462,500	458,309	4,191	-	-
Other Expenses	127,100	-	147,100	135,734	11,366	-	-
Recreation:							
Salaries and Wages	418,000	-	461,300	460,373	927	-	-
Other Expenses	79,150	-	79,150	50,075	29,075	-	-
Cultural Arts Center:							
Salaries and Wages	67,000	-	76,000	74,439	1,561	-	-
Other Expenses	42,350	-	42,350	36,122	6,228	-	-
Celebration of Public Events:							
Salaries and Wages	40,000	-	40,000	36,144	3,856	-	-
Other Expenses	70,000	-	70,000	58,715	11,285	-	-
<u>Municipal Court</u>							
Municipal Court Administration:							
Salaries and Wages	640,000	-	655,000	652,601	2,399	-	-
Other Expenses	76,500	-	76,500	54,924	21,576	-	-
Public Defender:							
Other Expenses	55,000	-	60,000	54,960	5,040	-	-
Municipal Prosecutor:							
Other Expenses	67,000	-	70,000	69,450	550	-	-
<u>Code Enforcement &amp; Administration:</u>							
Salaries and Wages	375,000	-	375,000	338,770	36,230	-	-
Other Expenses	219,950	-	234,950	195,182	39,768	-	-
<u>Unclassified:</u>							
Accumulated Absences	1,300,000	-	1,300,000	823,909	476,091	-	-
Update of City Website	48,000	-	48,000	44,232	3,768	-	-
Boys & Girls Club	5,000	-	5,000	5,000	-	-	-
Reserve for Tax Appeals	500,000	-	500,000	500,000	-	-	-
Bergen County War Monument Grant - Local Match	12,660	-	12,660	12,660	-	-	-
Emergency Management Assistance Grant	7,000	-	7,000	599	6,401	-	-
Emergency Appropriation - Back Pay Refund	-	3,000,000	3,000,000	3,000,000	-	-	-
<u>Hazard Act (PEOSHA):</u>							
Other Expenses	161,200	-	161,200	159,943	1,257	-	-
Total Operations - Within "CAPS"							
	\$ 71,517,046	\$ 3,000,000	\$ 74,565,046	\$ 68,714,200	\$ 5,850,846	\$ -	\$ -
Contingent	7,500	-	7,500	-	7,500	-	-
Total Operations Including Contingent - Within "CAPS"							
	\$ 71,524,546	\$ 3,000,000	\$ 74,572,546	\$ 68,714,200	\$ 5,858,346	\$ -	\$ -
Detail:							
Salaries and Wages	\$ 40,636,700	\$ -	\$ 40,973,200	\$ 39,553,889	\$ 1,419,311	\$ -	\$ -
Other Expenses	\$ 30,887,846	\$ 3,000,000	\$ 33,599,346	\$ 29,160,311	\$ 4,439,035	\$ -	\$ -

CITY OF HACKENSACK  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2016

	Appropriated		Expended		Unexpended		
	2016 Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
DEFERRED CHARGES AND STATUTORY EXPENDITURES - WITHIN "CAPS"							
<u>Deferred Charges</u>							
Prior Year Bills:							
Overexpenditures	-	-	-	-	-	-	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Statutory Expenditures</u>							
Public Employees' Retirement System (PERS)	1,255,467	-	1,205,467	1,168,807	36,660	-	-
Social Security System (O.A.S.I.)	1,300,000	-	1,300,000	1,236,257	63,743	-	-
Consolidated Police & Firemen's Pension Fund	12,836	-	12,836	12,835	1	-	-
Police and Firemen's Retirement System (PFRS)	6,435,365	-	6,435,365	6,435,365	-	-	-
Reserve for Unemployment Insurance	120,000	-	120,000	104,341	15,659	-	-
Defined Contribution Retirement Program - DCRP	8,000	-	10,000	9,497	503	-	-
	\$ 9,131,668	\$ -	\$ 9,083,668	\$ 8,967,102	\$ 116,566	\$ -	\$ -
Total General Appropriations for Municipal Purposes - Within "C"	\$ 80,656,214	\$ 3,000,000	\$ 83,656,214	\$ 77,681,302	\$ 5,974,912	\$ -	\$ -



CITY OF HACKENSACK  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2016

	Appropriated			Expended		Unexpended	
	2016 Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
OPERATIONS - EXCLUDED FROM "CAPS"							
NJDEP Remediation	\$ 500	\$ -	\$ 500	\$ 460	\$ 40	\$ -	\$ -
<u>Utility Expenses &amp; Bulk Purchases</u>							
BCUA Share of Costs	6,346,200	-	6,346,200	6,346,148	52	-	-
<u>Educational Functions</u>							
Maintenance of Free Public Library	2,826,248	-	2,826,248	2,826,248	-	-	-
Employee Group Health Insurance	89,280	-	89,280	89,280	-	-	-
<u>Interlocal Municipal Service Agreements:</u>							
Nursing Services - Hackensack BOE							
Salaries and Wages	10,422	-	10,422	-	10,422	-	-
Borough of Maywood - Recycling Collection							
Salaries and Wages	26,350	-	26,350	26,350	-	-	-
Borough of Bergenfield - Health Officer							
Salaries and Wages	35,000	-	35,000	35,000	-	-	-
Borough of Paramus - Fire Vehicle Repairs							
Other Expenses	10,000	-	10,000	-	10,000	-	-
<u>Public &amp; Private Programs Offset by Revenues:</u>							
Municipal Alliance on Alcoholism & Drug Abuse - State	15,279	-	15,279	15,279	-	-	-
Municipal Alliance on Alcoholism & Drug Abuse - Local	4,819	-	4,819	4,819	-	-	-
NJDEP Recycling Assistance Grant	11,408	-	11,408	11,408	-	-	-
Law & Public Safety Grant	5,000	-	5,000	5,000	-	-	-
Recycling Tonnage Grant	57,340	-	57,340	57,340	-	-	-
Assistance to Fire Grant (AFG) - FEMA	21,546	-	21,546	21,546	-	-	-
Assistance to Fire Grant (AFG) - FEMA - Local Match	2,154	-	2,154	2,154	-	-	-
Bergen County War Monument Grant	1,590	-	1,590	1,590	-	-	-
Summer Nutrition Program - USDOA (CH159)	151,553	-	151,553	151,553	-	-	-
Clean Communities Program (CH159)	88,971	-	88,971	88,971	-	-	-
Emergency Management Assistance Grant (CH159)	5,000	-	5,000	5,000	-	-	-
Body Armor Replacement Program (CH159)	10,044	-	10,044	10,044	-	-	-
Total Operations Excluded from "CAPS"	\$ 9,718,704	\$ -	\$ 9,718,704	\$ 9,698,190	\$ 20,514	\$ -	\$ -
Detail:							
Salaries and Wages	\$ 71,772	\$ -	\$ 71,772	\$ 61,350	\$ 10,422	\$ -	\$ -
Other Expenses	\$ 9,646,932	\$ -	\$ 9,646,932	\$ 9,636,840	\$ 10,092	\$ -	\$ -

CITY OF HACKENSACK  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2016

	Appropriated			Expended		Unexpended	
	2016 Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>							
Capital Improvement Fund	\$ 500,000	\$ -	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -
Municipal Building Improvements	50,000	-	50,000	50,000	-	-	-
Municipal Park Improvements	50,000	-	50,000	-	50,000	-	-
Total Capital Improvements - Excluded From "CAPS"	\$ 600,000	\$ -	\$ 600,000	\$ 550,000	\$ 50,000	\$ -	\$ -
<b>DEBT SERVICE - EXCLUDED FROM "CAPS"</b>							
<u>Municipal Debt Service</u>							
Bond Principal	\$ 2,280,000	\$ -	\$ 2,280,000	\$ 2,280,000	\$ -	\$ -	\$ -
Payment of Bond Anticipation Notes	1,928,574	-	1,928,574	1,928,574	-	-	-
Payment of Bond Anticipation Notes - 2014 Tax Appeal Ref.	1,235,715	-	1,235,715	1,235,715	-	-	-
Payment of Bond Anticipation Notes - 2015 Tax Appeal Ref.	1,450,000	-	1,450,000	1,450,000	-	-	-
Bond Interest	654,361	-	654,361	567,475	-	86,886	-
Note Interest - BANS	282,000	-	282,000	280,873	-	1,127	-
Green Trust Loan - Principal	20,463	-	20,463	20,463	-	-	-
Green Trust Loan - Interest	7,813	-	7,813	7,813	-	1	-
Wastewater Treatment Bonds - Principal	381,157	-	378,119	290,890	-	87,229	-
Wastewater Treatment Bonds - Interest	93,651	-	96,689	96,689	-	-	-
Bergen County Improve. Authority Lease - Principal	148,271	-	148,271	148,271	-	-	-
Bergen County Improve. Authority Lease - Interest	9,438	-	9,438	9,437	-	1	-
Total Debt Service - Excluded From "CAPS"	\$ 8,491,443	\$ -	\$ 8,491,443	\$ 8,316,199	\$ -	\$ 175,244	\$ -
<b>DEFERRED CHARGES - EXCLUDED FROM "CAPS"</b>							
Emergency Authorizations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Emergency Authorizations :							
5 Years (N.J.S. 40A:4-53)	190,000	-	190,000	190,000	-	-	-
Deferred Charges Unfunded - Capital Judgments	-	-	-	-	-	-	-
Total General Appropriations for Municipal Purposes - Excluded from "CAPS"	\$ 19,000,147	\$ -	\$ 19,000,147	\$ 18,754,389	\$ 70,514	\$ 175,244	\$ -
Subtotal General Appropriations	\$ 99,656,361	\$ 3,000,000	\$ 102,656,361	\$ 96,435,691	\$ 6,045,426	\$ 175,244	\$ -
Reserve for Uncollected Taxes	1,000,000	-	1,000,000	1,000,000	-	-	-
Total General Appropriations	\$ 100,656,361	\$ 3,000,000	\$ 103,656,361	\$ 97,435,691	\$ 6,045,426	\$ 175,244	\$ -
Budget Appropriations - Adopted Budget	\$ 100,400,793	\$ -	\$ 100,400,793				
Budget Appropriations - Added by <u>N.J.S. 40A:4-87</u>	255,568	-	255,568				
Emergency Appropriations	-	3,000,000	3,000,000				
	\$ 100,656,361	\$ 3,000,000	\$ 103,656,361				
<b>Other Charges to Income:</b>							
Interfund Advances Originating in Current Year			\$ -	\$ -			
Refund of Prior Year's Revenue			-	186,615			
Shortfall in Federal & State Grant Fund			-	-			
<b>Taxes Allocated to School and County:</b>							
Local District School Tax			76,953,101	76,953,101			
County Tax Levy			12,610,460	12,610,460			
County Open Space			138,681	138,681			
Municipal Open Space Preservation			-	-			
Added County Taxes			7,065	7,065			
Added County Open Space			86	86			
Added Municipal Open Space			-	-			
Added Library Taxes			1,095	1,095			
			\$ 89,710,488	\$ 89,897,103			

**CITY OF HACKENSACK  
GRANT FUND  
BALANCE SHEET (REGULATORY BASIS)**

	<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>		
Cash	\$ -	\$ -
Intergovernmental Receivable: Grants Receivable	\$ 18,390	\$ 169,056
Interfunds Receivable: Current Fund	\$ 575,273	\$ 612,918
Total Assets	<u>\$ 593,663</u>	<u>\$ 781,974</u>
<b><u>LIABILITIES AND RESERVES</u></b>		
Other Liabilities and Reserves: Appropriated Reserves	\$ 583,262	\$ 776,974
Reserve for Encumbrances	-	-
Unappropriated Reserves	10,401	5,000
	<u>\$ 593,663</u>	<u>\$ 781,974</u>
Total Liabilities and Reserves	<u>\$ 593,663</u>	<u>\$ 781,974</u>

CITY OF HACKENSACK  
GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2016

Program	Balance December 31, 2015	Revenue Realized	Received	Unappropriated Reserve Applied	Adjustments	Balance December 31, 2016
<u>Federal:</u>						
Edward J. Byrne Memorial Justice Assistance Grant	\$ 23,711	\$ -	\$ -	\$ -	\$ (23,711)	\$ -
Assistance to Fire Grant (AFG) - FEMA	-	21,546	21,546	-	-	-
U.S. Dept. of Homeland Security - Passed Thru - New Jersey Department of Law & Public Safety - Emergency Management Grant (CH159)	-	5,000	5,000	-	-	-
U.S. Dept. of Agriculture - Passed Thru - New Jersey Department of Agriculture - Child Nutrition Summer Program (CH159)	122,600	151,553	67,754	-	(206,399)	-
U.S. Dept. of Justice - Bullet Proof Vest Partnership	7,960	-	-	-	(7,960)	-
	<u>\$ 154,271</u>	<u>\$ 178,099</u>	<u>\$ 94,300</u>	<u>\$ -</u>	<u>\$ (238,070)</u>	<u>\$ -</u>
<u>State:</u>						
Municipal Alliance on Alcoholism & Drug Abuse	\$ 14,785	\$ 15,279	\$ 12,069	\$ -	\$ -	\$ 17,995
Clean Communities Program (CH159)	-	88,971	88,971	-	-	-
Law & Public Safety Grant	-	5,000	-	5,000	-	-
Body Armor Replacement Program (CH159)	-	10,044	10,044	-	-	-
Recycling Tonnage Grant	-	57,340	57,340	-	-	-
NJDEP Recycling Assistance Grant	-	11,408	11,408	-	-	-
	<u>\$ 14,785</u>	<u>\$ 188,042</u>	<u>\$ 179,832</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 17,995</u>
<u>Other:</u>						
Bergen County War Monument Grant	\$ -	\$ 1,590	\$ 1,195	\$ -	\$ -	\$ 395
	<u>\$ -</u>	<u>\$ 1,590</u>	<u>\$ 1,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395</u>
Grand Total	<u>\$ 169,056</u>	<u>\$ 367,731</u>	<u>\$ 275,327</u>	<u>\$ 5,000</u>	<u>\$ (238,070)</u>	<u>\$ 18,390</u>

CITY OF HACKENSACK  
GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES  
YEAR ENDED DECEMBER 31, 2016

Program	Balance December 31, 2015	Revenue Realized	Expended	Adjustments	Balance December 31, 2016
<u>Federal:</u>					
Edward J. Byrne Memorial Justice Assistance Grant	\$ 100	\$ -	\$ -	\$ (100)	\$ -
COPS Fast	51,016	-	-	-	51,016
Assistance to Fire Grant (AFG) - FEMA	-	21,546	21,546	-	-
Assistance to Fire Grant (AFG) - FEMA - Local	-	2,154	2,154	-	-
U.S. Dept. of Homeland Security - Passed Thru - New Jersey Department of Law & Public Safety - Emergency Management Grant	884	5,000	-	-	5,884
U.S. Dept. of Homeland Security - Passed Thru - New Jersey Department of Law & Public Safety - Emergency Operation Center	175,316	-	-	-	175,316
U.S. Dept. of Agriculture - Passed Thru - New Jersey Department of Agriculture - Child Nutrition Summer Program	213,600	151,553	63,838	(251,315)	50,000
	<u>\$ 440,916</u>	<u>\$ 180,253</u>	<u>\$ 87,538</u>	<u>\$ (251,415)</u>	<u>\$ 282,216</u>
<u>State:</u>					
Clean Communities Program	\$ 61,372	\$ 88,971	\$ 80,191	\$ -	\$ 70,152
Municipal Alliance on Alcoholism & Drug Abuse - State	14,157	15,279	15,208	-	14,228
Municipal Alliance on Alcoholism & Drug Abuse - Local	-	4,819	4,819	-	-
Alcohol Education & Rehabilitation Fund	295	-	-	-	295
Law & Public Safety Grant	2,000	5,000	1,000	-	6,000
Body Armor Replacement Fund - 2014	10,032	-	10,032	-	-
Body Armor Replacement Fund - 2015	10,267	-	10,267	-	-
Body Armor Replacement Fund - 2016	-	10,044	10,044	-	-
Safe & Secure Communities Grant	15,000	-	-	-	15,000
Recycling Tonnage Grant	136,393	57,340	47,450	-	146,283
Body Armor Replacement Program	1,377	-	1,377	-	-
NJEDA State Street Site Remediation	84,165	-	47,485	-	36,680
NJDEP Recycling Assistance Grant	-	11,408	-	-	11,408
	<u>\$ 335,058</u>	<u>\$ 192,861</u>	<u>\$ 227,873</u>	<u>\$ -</u>	<u>\$ 300,046</u>
<u>Other:</u>					
Puffin Foundation Grant - Mural	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Bergen County War Monument Grant	-	1,590	1,590	-	-
	<u>\$ 1,000</u>	<u>\$ 1,590</u>	<u>\$ 1,590</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Grand Total	<u>\$ 776,974</u>	<u>\$ 374,704</u>	<u>\$ 317,001</u>	<u>\$ (251,415)</u>	<u>\$ 583,262</u>

CITY OF HACKENSACK  
 GRANT FUND  
 SCHEDULE OF UNAPPROPRIATED RESERVES  
 YEAR ENDED DECEMBER 31, 2016

Program	Balance December 31, 2015	Appropriated in 2016	Received in 2016	Adjustments	Balance December 31, 2016
<u>State:</u>					
Law & Public Safety Grant	\$ 5,000	\$ 5,000	\$ 10,401	\$ -	\$ 10,401
	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 10,401</u>	<u>\$ -</u>	<u>\$ 10,401</u>

**CITY OF HACKENSACK  
TRUST FUND  
BALANCE SHEET (REGULATORY BASIS)**

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash:		
Unemployment Trust Account	\$ 108,990	\$ 64,020
Self-Insurance Trust Accounts	85,254	146,884
Net Payroll Trust Account	1,465	8,843
Payroll Agency Trust Account	712,047	141,338
Animal Control Trust Account	23,590	15,990
Trust & Escrow Deposit Account	1,823,407	1,443,152
Affordable Housing Account	986,287	996,605
Other Trust Account	7,913,854	7,523,272
Urban Development Action Grant Fund Account (UDAG)	-	2,237,837
Equitable Sharing Program Agreement Trust Account	72,704	137,390
Community Development Account	1	1
	<u>\$ 11,727,599</u>	<u>\$ 12,715,332</u>
Total Assets	<u>\$ 11,727,599</u>	<u>\$ 12,715,332</u>
<u>LIABILITIES AND RESERVES</u>		
Other Liabilities and Reserves:		
Net Payroll & Deductions Payable	\$ 713,512	\$ 150,181
Tax Sale Premiums	6,079,908	5,572,524
Reserve for Animal Control Expenditures	23,590	15,990
Reserve for Unemployment Claims	108,990	64,020
Reserve for Public Defender Expenditures	66,791	86,636
Reserve for POAA Expenditures	51,566	34,012
Reserve for Developers' Escrow Deposits	1,823,407	1,443,152
Reserve for Other Trust Expenditures	1,276,654	1,391,165
Reserve for Accumulated Absence Expenditures	438,935	438,935
Reserve for Affordable Housing Expenditures	986,287	996,605
Reserve for Equitable Sharing Program Agreement Expenditures	72,704	137,390
Reserve for Urban Development Action Grant Project Expenditures	-	2,237,837
Reserve for Community Development Expenditures	1	1
Reserve for General Liability Insurance Claims	64,390	27,956
Reserve for Workmen's Compensation Claims	12,546	6,855
Reserve for Dental Insurance Claims	8,318	112,073
	<u>\$ 11,727,599</u>	<u>\$ 12,715,332</u>
Fund Balance	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 11,727,599</u>	<u>\$ 12,715,332</u>

**CITY OF HACKENSACK  
GENERAL CAPITAL FUND  
BALANCE SHEET (REGULATORY BASIS)**

	2016	2015
<u>ASSETS</u>		
Cash:		
General Capital Account	\$ 3,022,404	\$ 6,235,914
	<u>\$ 3,022,404</u>	<u>\$ 6,235,914</u>
Intergovernmental Receivable:		
Grants Receivable:		
Federal	\$ 605,808	\$ 714,149
County/Other	1,867,029	563,351
	<u>\$ 2,472,837</u>	<u>\$ 1,277,500</u>
Due From - State of New Jersey:		
NJEIT Trust Loan Drawdown Receivable	\$ 487,879	\$ 487,879
NJEIT Fund Loan Drawdown Receivable	643,284	643,284
	<u>\$ 1,131,163</u>	<u>\$ 1,131,163</u>
Deferred Charges:		
Funded	\$ 22,450,679	\$ 25,245,453
Unfunded	60,152,854	29,526,344
	<u>\$ 82,603,533</u>	<u>\$ 54,771,797</u>
Total Assets	<u>\$ 89,229,937</u>	<u>\$ 63,416,374</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Accounts/Contracts Payable	\$ 29,310	\$ 35,331
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 12,729	\$ 467,659
Reserve for Payment of Notes/Debt Service	2,086,792	1,286,055
Reserve for Preliminary Plan Expenses - Main & State Street Project	-	103,616
Reserve for Grants Receivable	2,172,837	977,500
	<u>\$ 4,272,358</u>	<u>\$ 2,834,830</u>
Improvement Authorizations:		
Funded	\$ 3,162,694	\$ 1,590,951
Unfunded	26,513,168	8,614,573
	<u>\$ 29,675,862</u>	<u>\$ 10,205,524</u>
Serial Bonds Payable	\$ 18,144,000	\$ 20,424,000
Bond Anticipation Notes Payable	\$ 32,155,703	\$ 23,704,992
Loans Payable:		
NJEIT Wastewater Treatment	\$ 3,556,460	\$ 3,902,501
Green Acres	375,241	395,703
	<u>\$ 3,931,701</u>	<u>\$ 4,298,204</u>
Capital Lease Obligation Payable	\$ 374,978	\$ 523,249
Fund Balance	\$ 646,025	\$ 1,390,244
Total Liabilities, Reserves and Fund Balance	<u>\$ 89,229,937</u>	<u>\$ 63,416,374</u>



**ANNUAL FINANCIAL STATEMENT FOR THE YEAR 2017  
(UNAUDITED)**

POPULATION LAST CENSUS	<u>43,010</u>
NET VALUATION TAXABLE 2017	<u>5,377,494,300</u>
MUNICODE	<u>0223</u>

**FIVE DOLLARS PER DAY PENALTY IF NOT FILED BY:  
COUNTIES – JANUARY 26, 2018  
MUNICIPALITIES - FEBRUARY 10, 2018**

**ANNUAL FINANCIAL STATEMENT REQUIRED TO BE FILED UNDER NEW JERSEY STATUTES ANNOTATED 40A:5-12, AS AMENDED, COMBINED WITH INFORMATION REQUIRED PRIOR TO CERTIFICATION OF BUDGETS BY THE DIRECTOR OF THE DIVISION OF LOCAL GOVERNMENT SERVICE**

City \_\_\_\_\_ of Hackensack County of Bergen

SEE BACK COVER FOR INDEX AND INSTRUCTIONS. DO NOT USE THESE SPACES

	Date	Examined By:	
1			Preliminary Check
2			Examined

I hereby certify that the debt shown on Sheets 31 to 34a, 49 to 51a and 63 to 65a are complete, were computed by me and can be supported upon demand by a register or other detailed analysis.

Signature: James Mangin  
Title: Chief Financial Officer

(This must be signed by Chief Financial Officer, Comptroller, Auditor or Registered Municipal Accountant.)

**REQUIRED CERTIFICATION BY THE CHIEF FINANCIAL OFFICER:**

I hereby certify that I am responsible for filing this verified Annual Financial Statement, and information required also included herein and that this Statement is an exact copy of the original on file with the clerk of the governing body, that all calculations, extensions and additions are correct, that no transfers have been made to or from emergency appropriations and all statements contained herein are in proof; I further certify that this statement is correct insofar as I can determine from all the books and records kept and maintained in the Local Unit.

Further, I do hereby certify that I James Mangin am the Chief Financial Officer, License #N-0772, of the City of Hackensack, County of Bergen and that the statements annexed hereto and made a part hereof are true statements of the financial condition of the Local Unit as at December 31, 2017, completely in compliance with N.J.S. 40A:5-12, as amended. I also give complete assurances as to the veracity of required information included herein, needed prior to certification by the Director of Local Government Services, including the verification of cash balances as of December 31, 2017.

Prepared by Chief Financial Officer: Yes

Signature	<u>James Mangin</u>
Title	<u>Chief Financial Officer</u>
Address	<u>65 Central Ave. Hackensack , NJ 07601</u>
Phone Number	<u>201-646-3935</u>
Email	<u>jmangin@hackensack.org</u>

**IT IS HEREBY INCUMBENT UPON THE CHIEF FINANCIAL OFFICER, WHEN NOT PREPARED BY SAID, AT A MINIMUM MUST REVIEW THE CONTENTS OF THIS ANNUAL FINANCIAL STATEMENT WITH THE PREPARER, SO AS TO BE FAMILIAR WITH THE REPRESENTATIONS AND ASSERTIONS MADE HEREIN.**

**THE REQUIRED CERTIFICATION BY AN RMA IS AS FOLLOWS:**

Preparation by Registered Municipal Accountant (Statement of Statutory Auditor Only)

I have prepared the post-closing trial balances, related statements and analyses included in the accompanying Annual Financial Statement from the books of account and records made available to me by the City Of Hackensack as of December 31, 2017 and have applied certain agreed-upon procedures thereon as promulgated by the Division of Local Government Services, solely to assist the Chief Financial Officer in connection with the filing of the Annual Financial Statement for the year then ended as required by N.J.S. 40A:5-12, as amended.

Because the agreed-upon procedures do not constitute an examination of accounts made in accordance with generally accepted auditing standards, I do not express an opinion on any of the post-closing trial balances, related statements and analyses. In connection with the agreed-upon procedures came to my attention that caused me to believe that the Annual Financial Statement for the year end December 31, 2017 is not in substantial compliance with the requirements of the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Had I performed additional procedures, or had I made an examination of the financial statements in accordance with generally accepted auditing standards, other matters might have come to my attention that would have been reported to the governing body and the Division. This Annual Financial Statement relates only to the accounts and items prescribed by the Division and does not extend to the financial statements of the municipality/county, taken as a whole.

Listing of agreed-upon procedures not performed and/or matters coming to my attention of which the Director should be informed:

---

Registered Municipal Accountant

---

Firm Name

---

Address

---

Phone Number

---

Email

Certified by me

NOTE THAT A TRIAL BALANCE IS REQUIRED AND NOT A BALANCE SHEET

**POST CLOSING  
TRIAL BALANCE - CURRENT FUND  
AS OF DECEMBER 31, 2017**

Cash Liabilities Must be Subtotalled and Subtotal Must be Marked With "C" - Taxes Receivable Must Be Subtotalled

Title of Account	Debit	Credit
Receivables with Full Reserves		
Delinquent Taxes	182,063.42	
Tax Title Liens		
Property Acquired by Taxes	1,311,800.00	
Contract Sales Receivable	0.00	
Mortgage Sales Receivable	0.00	
Subtotal Receivables with Full Reserves	1,493,863.42	0.00
Cash Liabilities		
Accounts Payable		734,165.14
Reserve for Encumbrances		2,125,492.41
Due to Grant Fund		605,599.25
Tax Overpayments		101,263.45
Prepaid Taxes		3,186,572.80
Due to State of NJ - DCA Training Fees		22,913.00
Due to State of NJ - Marriage License Fees		3,586.00
Reserve for City Wide Re-Assessment		143,566.21
Reserve for Tax Appeals		61,055.12
Appropriation Reserves		4,592,899.69
Due to State of New Jersey - Senior Citizens & Veterans Deductions		
Local District School Tax Payable		-21.50
Regional School Tax Payable		0.00
Regional High School Tax Payable		0.00
County Taxes Payable		0.00
Due County for Added and Omitted Taxes		13,868.76
Special District Taxes Payable		
State Library Aid		0.00
Subtotal Cash Liabilities	0.00	11,590,960.33
Current Fund Total		
Cash	21,324,869.41	
Due from State of NJ - Senior Citizens & Veterans Deductions	0.00	
Deferred Charges	570,000.00	
Deferred School Taxes	0.00	
Reserve for Receivables		1,493,863.42
School Taxes Deferred		0.00
Fund Balance		10,303,909.08
Investments		
Total	23,388,732.83	23,388,732.83

**POST CLOSING TRIAL BALANCE –  
FEDERAL AND STATE GRANTS  
AS OF DECEMBER 31, 2017**

Title of Account	Debit	Credit
Due from Current	605,599.25	
Cash	0.00	
Federal and State Grants Receivable	149,311.39	
Appropriated Reserves for Federal and State Grants		675,925.53
Unappropriated Reserves for Federal and State Grants		78,985.11
	754,910.64	754,910.64

**POST CLOSING**  
**TRIAL BALANCE - TRUST FUNDS**  
(Assessment Section Must be Separately Stated)  
AS OF DECEMBER 31, 2017

Title of Account	Debit	Credit
Trust Assessment Fund		
Cash	0.00	
Deferred Charges	0.00	
Assessment Bonds		0.00
Assessment Notes		
Fund Balance		0.00
Total Trust Assessment Fund	0.00	0.00
Animal Control Fund		
Reserve for Animal Control Expenditures		22,633.05
Cash	22,633.05	
Deferred Charges	0.00	
Total Animal Control Fund	22,633.05	22,633.05
Trust Other Fund		
Trust Other - Reserve for Tax Sale Premiums		4,576,607.81
Trust Other - Reserve for POAA Municipal Court		64,406.73
Trust Other - Reserve for Public Defender		70,337.43
Trust Other - Reserve for Snow / Debris Removal		636,628.77
Trust Other - Reserve for Accumulated Absences		915,025.28
Trust Other - Reserve for Performing Arts		37,433.54
Trust Other - Reserve for Recreation Programs		202,037.71
Trust Other - Reserve for Other Trust Expenditures		769,816.02
Trust - Reserve for Self Insurance Liability		61,401.91
Trust - Reserve for Self Insurance Workers' Compensation		18,430.55
Trust - Reserve for Self Insurance Dental		188,892.99
Trust - Reserve for Unemployment		153,774.79
Trust - Reserve for Federal Equitable Sharing Program		86,546.17
Trust - Reserve for Affordable Housing		981,068.05
Trust - Reserve for Community Development		1.00
Trust - Reserve for Developers' Escrow Expenditures		2,118,562.64
Cash	10,880,971.39	
Deferred Charges	0.00	
Total	10,880,971.39	10,880,971.39
Municipal Open Space Trust Fund		
Cash	0.00	
Total Municipal Open Space Trust Fund	0.00	0.00

**POST CLOSING  
TRIAL BALANCE - GENERAL CAPITAL FUND**

AS OF DECEMBER 31, 2017

Title of Account	Debit	Credit
Grants Receivable	3,502,899.54	
Capital Lease Obligations Payable		218,532.71
Reserve for Preliminary Expenses - Main St. Streetscape		30,000.00
Accounts / Contracts Payable		29,309.69
Reserve for Payment of Debt Service		1,093,442.53
Reserve for Grants Receivable		3,202,899.54
Estimated Proceeds - Bonds & Notes Authorized but Not Issued	24,435,152.07	
Proceeds - Bonds & Notes Authorized but Not Issued		24,435,152.07
Cash	4,993,022.36	
Deferred Charges	77,558,113.24	
General Capital Bonds		15,924,000.00
Assessment Serial Bonds		0.00
Bond Anticipation Notes		33,430,644.00
Assessment Notes		
Loans Payable		0.00
Loans Payable		354,366.57
Improvement Authorizations - Funded		1,400,236.94
Improvement Authorizations - Unfunded		25,899,231.23
Capital Improvement Fund		1,079,928.55
Down Payments on Improvements		0.00
Capital Surplus		196,025.49
NJEITF Wastewater Loan		3,195,417.89
<b>Total</b>	<b>110,489,187.21</b>	<b>110,489,187.21</b>

## CASH RECONCILIATION DECEMBER 31, 2017

	Cash		Less Checks Outstanding	Cash Book Balance
	On Hand	On Deposit		
Escrow Disbursement		76,531.85	73,993.91	2,537.94
Escrow Sub-Accounts		2,116,024.70		2,116,024.70
Trust - Unemployment		153,774.79		153,774.79
Trust - Federal Equitable Sharing Program		86,546.24		86,546.24
Trust - Affordable Housing		981,068.05		981,068.05
Community Development Block Grant		1.00		1.00
Trust - Self Insurance Liability		138,477.17	61,401.91	77,075.26
Trust - Self Insurance Workers' Compensation		71,333.59	52,903.04	18,430.55
Trust - Self Insurance Dental		192,938.61		192,938.61
Current	819,311.86	20,945,541.62	439,984.07	21,324,869.41
Public Assistance #1**				0.00
Public Assistance #2**				0.00
Trust - Dog License		22,633.05		22,633.05
Trust - Other		7,336,161.41	63,868.12	7,272,293.29
Capital - General	0.00	5,083,873.22	90,850.86	4,993,022.36
Parking Utility Operating	571.60	1,060,500.98	942.63	1,060,129.95
Parking Utility Capital	0.00	176,627.86	441.60	176,186.26
<b>Total</b>	<b>819,883.46</b>	<b>38,442,034.14</b>	<b>784,386.14</b>	<b>38,477,531.46</b>

\* - Include Deposits In Transit

\*\* - Be sure to include a Public Assistance reconciliation and trial balance if the municipality maintains such a bank account

### **REQUIRED CERTIFICATION**

I hereby certify that all amounts shown in the "Cash on Deposit" column on Sheet 9 and 9(a) have been verified with the applicable bank statements, certificates, agreements or passbooks at December 31, 2017.

I also certify that all amounts, if any, shown for Investments in Savings and Loan Associations on any trial balance have been verified with the applicable passbooks at December 31, 2017.

All "Certificates of Deposit", "Repurchase Agreements" and other investments must be reported as cash and included in this certification.

(THIS MUST BE SIGNED BY THE REGISTERED MUNICIPAL ACCOUNTANT (STATUTORY AUDITOR) OR

CHIEF FINANCIAL OFFICER) depending on who prepared this Annual Financial Statement as certified to on Sheet 1 or 1(a).

Signature: James Mangin Title: Chief Financial Officer

**STATEMENT OF GENERAL BUDGET REVENUES 2017**

Source	Budget -01	Realized -02	Excess or Deficit -03
Surplus Anticipated 80101-	3,000,000.00	3,000,000.00	0.00
Surplus Anticipated with Prior Written Consent of Director of Local Government 80102-			
Adopted Budget	15,832,208.00	17,035,510.93	1,203,302.93
Added by NJS40A:4-87	286,292.80	286,292.80	0.00
Total Miscellaneous Revenue Anticipated 80103-	16,118,500.80	17,321,803.73	1,203,302.93
Receipts from Delinquent Taxes 80104-			
Amount to be Raised by Taxation:			
(a) Local Tax for Municipal Purposes 80105-	84,190,041.00		
(b) Addition to Local District School Tax 80106-			
(c) Minimum Library Tax 80107-	1,862,066.00		
County Only: Total Raised by Taxation			
Total Amount to be Raised by Taxation 80107-	86,052,107.00	86,282,507.59	230,400.59
Total	105,170,607.80	106,604,311.32	1,433,703.52

**ALLOCATION OF CURRENT TAX COLLECTIONS**

	Debit	Credit
Current Taxes Realized in Cash 80108-00		178,352,573.57
Amount to be Raised by Taxation		
Local District School Tax 80109-00	80,840,020.00	
Regional School Tax 80119-00		
Regional High School Tax 80110-00		
County Taxes 80111-00	12,716,177.22	
Due County for Added and Omitted Taxes 80112-00	13,868.76	
Special District Taxes 80113-00		
Municipal Open Space Tax 80120-00	0.00	
Reserve for Uncollected Taxes 80114-00		1,500,000.00
Deficit in Required Collection of Current Taxes (or) 80115-00		
Balance for Support of Municipal Budget (or) 80116-00	86,282,507.59	
*Excess Non-Budget Revenue (see footnote) 80117-00		
*Deficit Non-Budget Revenue (see footnote) 80118-00		
Total	179,852,573.57	179,852,573.57

\* These items are applicable only when there is no "Amount to be Raised by Taxation" in the "Budget" column of the statement at the top of this sheet. In such instances, any excess or deficit in the above allocation would apply to "Non-Budget Revenue" only.



**STATEMENT OF GENERAL BUDGET REVENUES 2017**

MISCELLANEOUS REVENUES ANTICIPATED: ADDED BY N.J.S. 40A:4-87

Source	Budget	Realized	Excess of Deficit
Body Armor Fund	9,498.65	9,498.65	0.00
Bergen County Open Space Foschini Park	35,571.00	35,571.00	0.00
Drunk Driving Enforcement Fund	37,150.88	37,150.88	0.00
NJDEP Clean Communities Program	75,586.76	75,586.76	0.00
NJDOA Summer Food Program	128,485.51	128,485.51	0.00
	286,292.80	286,292.80	0.00

I hereby certify that the above list of Chapter 159 insertions of revenue have been realized in cash or I have received written notification of the award of public or private revenue. These insertions meet the statutory requirements of N.J.S.A. 40A:4-87 and matching funds have been provided if applicable.

CFO Signature \_\_\_\_\_ James A. Mangin \_\_\_\_\_

**STATEMENT OF GENERAL BUDGET APPROPRIATIONS 2017**

2017 Budget as Adopted	80012-01	104,884,315.00
2017 Budget - Added by N.J.S. 40A:4-87	80012-02	286,292.80
Appropriated for 2017 (Budget Statement Item 9)	80012-03	105,170,607.80
Appropriated for 2017 Emergency Appropriation (Budget Statement Item 9)	80012-04	
Total General Appropriations (Budget Statement Item 9)	80012-05	105,170,607.80
Add: Overexpenditures (see footnote)	80012-06	
Total Appropriations and Overexpenditures	80012-07	105,170,607.80
Deduct Expenditures:		
Paid or Charged [Budget Statement Item (L)]	80012-08	99,034,144.17
Paid or Charged - Reserve for Uncollected Taxes	80012-09	1,500,000.00
Reserved	80012-10	4,467,899.69
Total Expenditures	80012-11	105,002,043.86
Unexpended Balances Cancelled (see footnote)	80012-12	168,563.94

**FOOTNOTES - RE: OVEREXPENDITURES**

Every appropriation overexpended in the budget document must be marked with an \* and must agree in the aggregate with this item.

**RE: UNEXPENDED BALANCES CANCELED:**

Are not to be shown as "Paid or Charged" in the budget document. In all instances "Total Appropriations" and "Overexpenditures" must equal the sum of "Total Expenditures" and "Unexpended Balances Canceled".

**SCHEDULE OF EMERGENCY APPROPRIATIONS FOR LOCAL  
DISTRICT SCHOOL PURPOSES  
(EXCEPT FOR TYPE I SCHOOL DEBT SERVICE)**

2017 Authorizations		
N.J.S. 40A:4-46 (After adoption of Budget)		
N.J.S. 40A:4-20 (Prior to adoption of Budget)		
Total Authorizations		
Deduct Expenditures:		
Paid or Charged		
Reserved		
Total Expenditures		

**RESULTS OF 2017 OPERATION**  
CURRENT FUND

	Debit	Credit
State of NJ Dept of Taxation Audit of Sr / Vets Deduction	1,750.00	
Results of 2017 Operations		173,458.05
Unexpended Balances of CY Budget Appropriations		168,563.94
Excess of Anticipated Revenues: Miscellaneous Revenues Anticipated		1,203,302.93
Excess of Anticipated Revenues: Delinquent Tax Collections		27,297.60
Excess of Anticipated Revenues: Required Collection of Current Taxes		230,400.59
Miscellaneous Revenue Not Anticipated		817,696.66
Sale of Municipal Assets (Credit)		
Miscellaneous Revenue Not Anticipated: Proceeds of Sale of Foreclosed Property		0.00
Unexpended Balances of PY Appropriation Reserves (Credit)		3,908,950.90
Deferred School Tax Revenue: Balance January 1, CY		
Prior Years Interfunds Returned in CY (Credit)		
Deferred School Tax Revenue: Balance December 31, CY		0.00
Cancelation of Reserves for Federal and State Grants (Credit)		
Statutory Excess in Reserve for Dog Fund Expenditures (Credit)		
Deficit in Anticipated Revenues: Miscellaneous Revenues Anticipated	0.00	
Interfund Advances Originating in CY (Debit)		
Deficit in Anticipated Revenues: Delinquent Tax Collections		
Cancellation of Federal and State Grants Receivable (Debit)		
Deficit in Anticipated Revenues: Required Collection of Current Taxes	0.00	
Senior Citizen Deductions Disallowed - Prior Year Taxes (Debit)		
Refund of Prior Year Revenue (Debit)	67,572.12	
Surplus Balance	6,460,348.55	
Deficit Balance		
	6,529,670.67	6,529,670.67

## SCHEDULE OF MISCELLANEOUS REVENUES NOT ANTICIPATED

Source	Amount Realized
FEMA Reimbursement - "Superstorm Sandy"	235,460.49
Interest on Investments	119,897.82
2016 PILOT Payment 100 State St.	96,000.00
Unclaimed Property Recovery	87,616.64
Safe & Secure Grant Close-out - 2016	60,000.00
Pension Refunds - Prior Years (Employer Share)	44,480.62
Sewer Connection Fees	36,000.00
EDRS	22,175.00
NJMVC Vehicle Inspection Fines	17,167.00
BCUA - Sewer Connection Rebate	16,352.06
JAG Grant - Prior Year Close-out	12,178.00
Rents	12,000.00
Recycling Calendar Advertisement	7,150.00
Showmobile Rentals	7,000.00
Re-developement Fees	6,500.00
Temporary Sewerage Discharge Fees	4,450.00
Recycling Revenue - Various	4,327.30
2017 Self-Insurance Operations	4,045.62
Outdoor Advertising	3,077.20
Auction of Public Vehicles	2,700.00
Sr. Citizens / Vets Deduction Admin Fee	2,450.58
SBMJIF Safety Award	1,500.00
Hep B Innoculations (2015)	1,172.00
Other	13,996.33
Total Amount of Miscellaneous Revenues Not Anticipated	817,696.66

**SURPLUS – CURRENT FUND  
YEAR 2017**

	Debit	Credit
Miscellaneous Revenue Not Anticipated: Payments in Lieu of Taxes on Real Property (Credit)		
Excess Resulting from CY Operations		6,460,348.55
Amount Appropriated in the CY Budget - Cash	3,000,000.00	
Balance January 1, CY (Credit)		6,843,560.53
Amount Appropriated in the CY Budget - with Prior Written Consent of Director of Local Government Services		
Balance December 31, 2017 80014-05	10,303,909.08	
	13,303,909.08	13,303,909.08

**ANALYSIS OF BALANCE DECEMBER 31, 2017  
(FROM CURRENT FUND – TRIAL BALANCE)**

Cash		21,324,869.41
Investments		
Sub-Total		21,324,869.41
Deduct Cash Liabilities Marked with "C" on Trial Balance	80014-08	11,590,960.33
Cash Surplus	80014-09	9,733,909.08
Deficit in Cash Surplus	80014-10	
Other Assets Pledged to Surplus		
Due from State of N.J. Senior Citizens and Veterans Deduction	80014-16	0.00
Deferred Charges #	80014-12	570,000.00
Cash Deficit	80014-13	0.00
Total Other Assets	80014-14	570,000.00
	80014-15	10,303,909.08

Bonds and Notes Authorized but Not Issued must be disclosed in this Utility Capital Section in the same manner as set forth in General Capital Fund on Sheet 8

**Post Closing  
Trial Balance - Parking Utility Fund**

AS OF DECEMBER 31, 2017

**Operating and Capital Sections**

(Separately Stated)

**Cash Liabilities Must Be Subtotalled and Subtotal Must Be Marked With "C"**

Title of Account	Debit	Credit
Utility Operating Fund		
Cash Liabilities		
Reserve for Encumbrances		19,561.74
Appropriation Reserves		305,850.36
Accrued Interest on Bonds, Loans and Notes		4,046.88
Subtotal Cash Liabilities	0.00	329,458.98
Receivables Offset with Reserves		
Investments		
Cash	1,060,129.95	
Consumer Accounts Receivable		
Liens Receivable		
Deferred Charges		
Reserve for Consumer Accounts and Lien Receivable		0.00
Fund Balance		730,670.96
Total Operating Fund	1,060,129.95	1,060,129.94

Bonds and Notes Authorized but Not Issued must be disclosed in this Utility Capital Section in the same manner as set forth in General Capital Fund on Sheet 8

**Post Closing**  
**Trial Balance - Parking Utility Fund**  
AS OF DECEMBER 31, 2017  
**Operating and Capital Sections**  
(Separately Stated)

**Cash Liabilities Must Be Subtotalled and Subtotal Must Be Marked With "C"**

Title of Account	Debit	Credit
Utilities Capital Fund		
Fixed Capital	8,035,084.00	
Fixed Capital - Authorized & Uncompleted	434,000.00	
Reserve for Amortization		7,885,084.00
Estimated Proceeds - Bonds & Notes Authorized but Not Issued	434,000.00	
Proceeds - Bonds & Notes Authorized but Not Issued		434,000.00
Cash	176,186.26	
Deferred Charges		
Bond Anticipation Notes Payable		
Serial Bonds Payable		150,000.00
Improvement Authorizations - Funded		0.00
Improvement Authorizations - Unfunded		344,687.34
Capital Improvement Fund		141,000.00
Capital Surplus		124,498.92
<b>Total Capital Fund</b>	<b>9,079,270.26</b>	<b>9,079,270.26</b>

**Statement of 2017 Operation  
Parking Utility**

NOTE: Section 1 of this sheet is required to be filled out ONLY IF the 2017 budget year Parking Utility Budget contained either an item of revenue "Deficit (General Budget)" or an item of appropriation "Surplus (General Budget)"

Section 2 should be filled out in every case.

Section 1:

Revenue Realized	1,560,838.68	
Miscellaneous Revenue Not Anticipated	5,279.57	
2016 Appropriation Reserves Canceled	273,824.74	
Total Revenue Realized		1,839,942.99
Expenditures		
Expended Without Appropriation		
Cash Refund of Prior Year's Revenue		
Overexpenditure of Appropriation Reserves		
Total Expenditures	1,445,000.00	
Less: Deferred Charges Included in Above "Total Expenditures"		
Total Expenditures - As Adjusted		1,445,000.00
Excess		394,942.99
Balance of "Results of 2017 Operation" Remainder= ("Excess in Operations")	394,942.99	
Deficit		
Balance of "Results of 2017 Operation" Remainder= ("Operating Deficit - to Trial Balance")	0.00	

Section 2:



**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION FOR THE BONDS**

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

\_\_\_\_\_, 2018

Mayor and Council  
of the City of Hackensack  
Hackensack, New Jersey

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance and delivery of the \$39,867,000 aggregate principal amount of General Obligation Bonds, Series 2018, consisting of \$22,677,000 aggregate principal amount of General Improvement Bonds (the "General Improvement Bonds") and \$17,190,000 aggregate principal amount of Refunding Bonds, Series 2018 (the "Refunding Bonds" and together with the General Improvement Bonds, the "Bonds"), of the City of Hackensack, in the County of Bergen (the "City"), a body politic and corporate of the State of New Jersey (the "State").

The Bonds are authorized by and are issued pursuant to: (i) the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the City Council of the City and published as required by law; (iii) a resolution combining bond ordinances for the purpose of sale of the General Improvement Bonds duly adopted by the City Council of the City on March 13, 2018 and (iv) a resolution determining the form and other details of the Bonds duly adopted by the City Council of the City on March 13, 2018.

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

of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semi-annually on the first day of April and October (each an "Interest Payment Date") in each year until maturity or prior redemption, commencing October 1, 2018. The Bonds shall mature on April 1 in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Refunding Bonds</u>	<u>Combined Principal Amounts</u>	<u>Interest Rates</u>	<u>Yields</u>
2019	\$817,000	\$4,335,000	\$5,152,000		
2020	915,000	4,335,000	5,250,000		
2021	945,000	4,335,000	5,280,000		
2022	975,000	2,785,000	3,760,000		
2023	1,000,000	<u>1,400,000</u>	2,400,000		
2024	1,035,000		1,035,000		
2025	1,065,000		1,065,000		
2026	1,095,000		1,095,000		
2027	1,130,000		1,130,000		
2028	1,170,000		1,170,000		
2029	1,210,000		1,210,000		
2030	1,250,000		1,250,000		
2031	1,290,000		1,290,000		
2032	1,335,000		1,335,000		
2033	1,385,000		1,385,000		
2034	1,435,000		1,435,000		
2035	1,485,000		1,485,000		
2036	1,540,000		1,540,000		
2037	<u>1,600,000</u>		<u>1,600,000</u>		
	\$22,677,000	\$17,190,000	\$39,867,000		

The Bonds of this issue maturing prior to April 1, 2026 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after April 1, 2026 are redeemable at the option of the City, in whole or in part, on any date on or after April 1, 2025, upon notice as required therein, at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

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

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

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

In our opinion, under existing law, and assuming continuing compliance by the City with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Note is not includable for Federal income tax purposes in the gross income of the owners of the Note pursuant to Section 103 of the Code. The Note is not a "specified private activity bond" within the meaning of Section 57 of the Code and, therefore, the interest on the Note will not be treated as a preference item for purposes of computing the Federal alternative minimum tax imposed by Section 55 of the Code. However, the interest on the Note owned by corporations will be included in such corporations' "adjusted current earnings" (as defined in Section 56(g) of the Code) in calculating such corporations' alternative minimum taxable income for purposes of determining the Federal alternative minimum tax.

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

[The Bonds maturing on April 1 in the years 20\_\_ through 20\_\_, inclusive (the “[Premium] Bonds”), have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

[We are also of the opinion that the difference between the stated principal amount of the Bonds maturing on April 1 in the years 20\_\_ through 20\_\_, inclusive (the “[Discount] Bonds”) and their initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the [Discount] Bonds was sold, constitutes original issue discount which is excluded from gross income for Federal income tax purposes to the same extent as interest on the [Discount] Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each [Discount] Bond and the basis of each [Discount] Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount.]

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

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

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

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS**

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## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated \_\_\_\_\_, 2018 (the "Disclosure Certificate") is executed and delivered by the City of Hackensack, in the County of Bergen, State of New Jersey (the "City" or the "Issuer") in connection with the issuance of its \$39,867,000 aggregate principal amount of General Obligation Bonds, Series 2018, consisting of \$22,677,000 aggregate principal amount of General Improvement Bonds, Series 2018 (the "General Improvement Bonds") and \$17,190,000 aggregate principal amount of Refunding Bonds, Series 2018 (the "Refunding Bonds" and together with the General Improvement Bonds, the "Bonds"), all such Bonds being dated their date of delivery. The Bonds are being issued pursuant to various bond ordinances duly adopted by the City Council of the City approved and published as required by law, and, as applicable, resolutions combining City bond ordinances for purposes of sale of the Bonds and a resolution entitled, "RESOLUTION DETERMINING THE FORM AND OTHER DETAILS OF THE OFFERING OF \$39,867,000 GENERAL OBLIGATION BONDS, SERIES 2018, OF THE CITY OF HACKENSACK, IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY (THE "CITY"), CONSISTING OF \$22,677,000 GENERAL IMPROVEMENT BONDS, SERIES 2018 AND \$17,190,000 REFUNDING BONDS, SERIES 2018 AND PROVIDING FOR THEIR SALE AND DETERMINING CERTAIN OTHER MATTERS WITH RESPECT THERETO" (the "Bond Resolution"), being duly adopted by the City Council of the City on March 13, 2018. The City covenants and agrees as follows:

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

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

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

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

*"Continuing Disclosure Information"* shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the City with the EMMA (as defined herein) pursuant to Section 3 of this Disclosure Agreement, and (iii) any notice of a Listed Event

required to be filed by the Authority with EMMA pursuant to Section 5 of this Disclosure Agreement.

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

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

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

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

*“MSRB”* shall mean the Municipal Securities Rulemaking Board.

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

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

*“State”* shall mean the State of New Jersey.

*“Underwriter(s)”* shall mean any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

**SECTION 3. Provision of Annual Reports.** (a) The City shall provide or cause to be provided to the Dissemination Agent not later than September 15 of each year, (commencing September 15, 2018), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the City are not available by such date, the City shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the City, the same shall be submitted to the

Dissemination Agent no later than thirty (30) days after the receipt of the same by the City.

(b) Not later than September 30 of each year (commencing September 30, 2018) the Dissemination Agent shall file with EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the City does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot file the Annual Report with EMMA in accordance with subsection (b) above, the Dissemination Agent shall send a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the City (if the Dissemination Agent is not the City).

(d) Each year the Dissemination Agent shall file a report with the City (if the Dissemination Agent is not the City), certifying that the Annual Report has been provided to EMMA pursuant to this Disclosure Certificate, stating the date it was provided.

(e) If the fiscal year of the City changes, the City shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the City, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

**SECTION 4. Content of Annual Reports.** The City's Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the City (as of December 31 of each year).

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

(2) Certain financial information and operating data consisting of (i) City and overlapping indebtedness, including a schedule of outstanding debt issued by the City, (ii) property valuation information and (iii) tax rate, levy and collection data.

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

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

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

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

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

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

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

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

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

**SECTION 7. Compliance with the Rule.** The City is currently in compliance with all previous undertakings, if any, to provide secondary market disclosure pursuant to the Rule.

**SECTION 8. Dissemination Agent; Compensation.** The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent

shall be the City. The City shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

**SECTION 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the City to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the City or “Obligated Person,” or by approving vote of the Beneficial Owners of the Bonds, as applicable pursuant to the terms of the Refunding Bond Resolution at the time of the amendment. The City shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to

update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 11. Default.** In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

**SECTION 12. Duties, Immunities and Liabilities of the Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the City agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the City) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the City further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

**SECTION 13. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Underwriters, and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

**SECTION 14. Notices.** All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the City:

City of Hackensack  
65 Central Avenue  
Hackensack, New Jersey 07401  
Attention: Chief Financial Officer

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

City of Hackensack  
65 Central Avenue  
Hackensack, New Jersey 07013  
Attention: Chief Financial Officer

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

**SECTION 15. Counterparts.** This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the City and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

**SECTION 16. Severability.** If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the City and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

**SECTION 17. Governing Law.** This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey as applicable.

**CITY OF HACKENSACK**

By: \_\_\_\_\_  
**JAMES A. MANGIN,**  
**Chief Financial Officer**



**EXHIBIT A**

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

Name of Issuer: City of Hackensack,  
in the County of Bergen, State of New Jersey

Name of Issue: \$39,867,000 General Obligation Bonds, Series 2018  
Consisting of:  
\$22,677,000 General Improvement Bonds, Series 2018  
and \$17,190,000 Refunding Bonds, Series 2018  
Dated: \_\_\_\_\_, 2018  
(CUSIP Number: 404540\_\_\_\_)

Date of Issuance: \_\_\_\_\_, 2018

NOTICE IS HEREBY GIVEN that the above designated City has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate for the General Obligation Bonds dated \_\_\_\_\_, 2018 executed by the City.

DATED: \_\_\_\_\_

\_\_\_\_\_  
**DISSEMINATION AGENT**  
(on behalf of the City)

cc: The City

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