

**SUPPLEMENT**  
**Dated June 12, 2019**  
**TO**  
**PRELIMINARY OFFICIAL STATEMENT**  
**Dated June 5, 2019**

**IN CONNECTION WITH**  
  
**\$34,011,000**  
**TOWNSHIP OF GLOUCESTER**  
**County of Camden, New Jersey**  
**GENERAL OBLIGATION BONDS, SERIES 2019**  
**(Non-Callable)**

*Set forth below is certain additional and clarifying information that should be considered in connection with the Preliminary Official Statement, dated June 5, 2019 ("Preliminary Official Statement"), pertaining to the above-captioned bonds ("Bonds"). It currently is anticipated that the date of delivery of the Bonds will be on or about June 19, 2019. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Preliminary Official Statement.*

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Under the heading “**CONTINUING DISCLOSURE**”, the existing language is hereby revised to read as follows:

“In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule"), the Township has undertaken to file notice of certain enumerated events, pursuant to a Continuing Disclosure Agreement, in the form attached as Appendix "D" to this Official Statement.

The Township has previously failed to file certain information in connection with operating data during the last five years. Said information has subsequently been filed, along with a Failure To File Notice. The Township has appointed Acacia Financial Group, Inc., Mount Laurel, New Jersey, to serve as Dissemination Agent to the Township to assure future compliance with the Rule.”

**TOWNSHIP OF GLOUCESTER, NEW JERSEY**

By: /s/ Christie Ehret  
**CHRISTIE EHRET, Chief Financial Officer**

## NOTICE OF SALE

**\$34,011,000**

### **TOWNSHIP OF GLOUCESTER**

**County of Camden, New Jersey**

### **GENERAL OBLIGATION BONDS, SERIES 2019**

**(Book-Entry-Only)**

**ELECTRONIC PROPOSALS** will be received via the BiDCOMP®/Parity® Electronic Competitive Bidding System ("PARITY") of i-Deal LLC ("i-Deal") in the manner described below, until 11:00 a.m. (Eastern), on

**June 12, 2019**

at which time they will be publicly announced for the purchase of the following bonds (collectively, the "Bonds"), due on February 1, as follows:

<u><b>Year</b></u>	<u><b>Principal Amount</b></u>	<u><b>Year</b></u>	<u><b>Principal Amount</b></u>
2020	\$2,001,000	2025	\$3,785,000
2021	2,475,000	2026	3,880,000
2022	2,575,000	2027	3,975,000
2023	3,620,000	2028	4,000,000
2024	3,700,000	2029	4,000,000

The Bonds will be dated their date of delivery and bear interest at the rates per annum specified by the successful bidder therefor, payable initially on February 1, 2020 and semiannually thereafter on August 1 and February 1 in each year until maturity. The Bonds are not subject to redemption prior to their stated maturity dates.

Upon initial issuance, the Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds and be responsible for maintaining a book-entry system for recording the interests of its participants or the transfers of interests among its participants. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple thereof, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book entries made on the books and records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interest in the Bonds, but each book-entry bondholder will receive a credit balance on the books of its nominee. For additional information, see "THE BONDS -- Book-Entry-Only System" in the preliminary official statement described below ("Preliminary Official Statement").

The Township has prepared a Preliminary Official Statement in connection with the sale of the Bonds which it has deemed "final" as of its date for purposes of paragraph (b)(1) of Rule 15c2-12, as amended ("Rule 15c2-12") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, except for certain omissions permitted thereunder. Within seven (7) business days of the sale of the Bonds, and in sufficient time to accompany any confirmation that requests payment from a customer, the Township will

deliver a sufficient number of copies of the final official statement ("Official Statement") to the purchaser in order for the same to comply with Paragraph (b)(4) of Rule 15c2-12.

The Preliminary Official Statement is available for viewing in electronic format through the internet facilities of Bowman & Company LLP. Bowman & Company's web address is **www.govdebt.net** ("Site"). In addition, broker dealers registered with the National Association of Securities Dealers ("NASD") and dealer banks with DTC clearing arrangements may either: (i) print out a copy of the Preliminary Official Statement by their own means; or (ii) at any time prior to June 12, 2019, elect to receive a printed copy of the Preliminary Official Statement in the mail by requesting the same on the Bowman & Company web site or by calling the Township's Bond Counsel, Parker McCay P.A. ("Bond Counsel"), Parker McCay P.A., 9000 Midlantic Drive, Suite 300, P.O. Box 5054, Mount Laurel, New Jersey 08054. Calls should be directed to Alexis B. Batten, Esquire at (856) 985-4067. In order to view, print a copy or request a copy of the Preliminary Official Statement from the Bowman & Company web site, please visit **www.govdebt.net**. Bidders may log-in to access electronic viewing and delivery. Once logged-in to the Site, bidders must follow the applicable instructions and prompts to access the Preliminary Official Statement. All bidders must review the Preliminary Official Statement and certify that they have done so prior to participating in the bidding.

In accordance with the requirements of Rule 15c2-12, the Township will, prior to the issuance of the Bonds, enter into an agreement substantially in the form set forth in Appendix "D" to the Preliminary Official Statement ("Disclosure Agreement").

The Township will not be designating the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended ("Code").

## **BID SPECIFICATIONS**

Each **ELECTRONIC PROPOSAL** for the Bonds must be submitted to PARITY in accordance with this notice, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, including any fee charged, potential bidders may contact BiDCOMP®/PARITY®, 1359 Broadway, Second Floor, New York, New York 10018, (212) 849-5021. The Township may, but is not obligated to, acknowledge its acceptance in writing of any bid submitted electronically via PARITY. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that:

1. If a bid submitted electronically by PARITY is accepted by the Township, the terms of this Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract, and the successful bidder shall be bound by the terms of such contract.

2. PARITY is not an agent of the Township, and the Township shall have no liability whatsoever based on any bidder's use of PARITY, including but not limited to any failure by PARITY to correctly or timely transmit information provided by the Township or information provided by the bidder.

3. The Township may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via THOMSON MUNICIPAL NEWSWIRE, or by other available means, no later than 3:00 p.m. (Eastern Time) on the last business date prior to the bid date set forth above.

4. Once the bids are communicated electronically via PARITY to the Township as described above, each bid will constitute an official "Proposal for Bonds" and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale. For purposes of submitting electronic bids, the time as maintained on PARITY shall constitute the official time.

5. Each bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Township nor i-Deal shall have any duty or obligation to provide or assure to any bidder, and neither the Township nor i-Deal shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The Township is using PARITY as a communication mechanism, and not as the Township's agent, to conduct the electronic bidding for the Bonds. By using PARITY, each bidder agrees to hold the Township harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

Each proposal must specify in a multiple of 1/8th or 1/20th of 1%, a single rate of interest which each maturity of the Bonds are to bear. Not more than one rate of interest may be named for Bonds of the same maturity. No rate of interest named for any maturity may be less than the rate of interest named for a prior maturity, and the difference between the highest and the lowest rates of interest named in the proposal shall not exceed three percent (3%). No proposal shall be considered that offers to pay an amount less than the principal amount of Bonds offered for sale or under which the total loan is made at an interest cost higher than the lowest net interest cost to the Township under any legally acceptable proposal.

The Bonds will be sold to the bidder who, after having complied with the terms of this Notice of Sale, offers the lowest net interest cost for the Bonds. The net interest cost shall be computed in each instance by adding to the total amount of Bonds bid for, the total interest cost to maturity in accordance with such bid. **Proposals may not include any premium.** If two (2) or more bidders specify the same lowest net interest cost, then to one of such bidders selected by the undersigned by lot. The purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. The Township reserves the right to reject all bids and any bid not complying with the terms of this Notice of Sale.

Each bidder is required to make a good faith deposit, in the amount of **\$680,220** ("Deposit"), in the form of a cash wire or a certified, cashier's or treasurer's check payable to the order of the "Township of Gloucester". If a cash wire is used, the wire must be received by the Township prior to **11:00 A.M.** (Eastern Time), on **WEDNESDAY, JUNE 12, 2019**. Bidders submitting cash wires must (i) notify the Township of their intent to use such cash wire prior to **10:00 A.M.** (Eastern Time), on **WEDNESDAY, JUNE 12, 2019** (ii) provide proof of electronic transfer of such cash wire prior to **11:00 A.M.** (Eastern Time), on **WEDNESDAY, JUNE 12, 2019**; and (iii) also enclose return wiring instructions for use by the Township. Wiring instructions may be obtained by contacting the Township's Municipal Advisor, Acacia Financial Group, Inc., Attention: Joe Calogero, Telephone: (856) 234-2266 or Email: jcalogero@acaciafin.com. If a check is used, the check must be a certified or cashier's or treasurer's check drawn upon a bank or

trust company and must be delivered to the Township, c/o Christie Ehret, Chief Financial Officer, Township of Gloucester, 1261 Chews Landing-Clementon Road at Hider Lane, PO Box 8, Gloucester Township, New Jersey 08012 by no later than **11:00 A.M.** (Eastern Time), on **WEDNESDAY, JUNE 12, 2019**. Bidders submitting good faith checks should also enclose a return envelope for use by the Township. Each bidder accepts responsibility for delivering such cash wire or check on time and the Township is not responsible for any cash wire or check that is not received on time. When the successful bidder has been ascertained, all such Deposits shall be returned by the Township to the persons making the same within a reasonable period of time, except the cash wire or check of the successful bidder which shall be applied as partial payment for the Bonds or to secure the Township from any loss resulting from the failure of the successful bidder to comply with the terms of its bid. Award of the Bonds to the successful bidder or rejection of all bids is expected to be made promptly after receipt of the bids. The successful bidder may not withdraw its proposal until after **5:30 P.M.** (Eastern Time), on the bid date and then only if such award has not been made prior to the withdrawal.

**AT THE TIME OF DELIVERY OF THE BONDS, PAYMENT FOR THE BONDS SHALL BE IN IMMEDIATELY AVAILABLE FUNDS.**

The successful bidder may refuse to accept the Bonds, if prior to their delivery, any income tax law of the United States of America shall provide that the interest thereon is taxable, or shall be taxable at a future date, for federal income tax purposes and, in such case, the deposit made by such bidder will be returned and the successful bidder will be relieved of its contractual obligations arising from the acceptance of its proposal.

### **RATING**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC, has assigned its municipal bond rating of "A+". Any change in the aforementioned rating on the Bonds will be communicated via THOMSON MUNICIPAL NEWSWIRE.

### **OPTIONAL PURCHASE OF MUNICIPAL BOND INSURANCE**

Information concerning the Township has been furnished to certain companies for the purpose of qualifying the Bonds for municipal bond insurance. Any purchase of said insurance will be at the sole option and expense of the bidder and increased costs of issuance including, without limitation, any additional rating agency fees, resulting by reason of such insurance will be paid by such bidder. Notice of qualification of the Bonds for municipal bond insurance will be communicated via THOMSON MUNICIPAL NEWSWIRE . If the Bonds qualify for municipal bond insurance, each bidder shall be required to specify whether municipal bond insurance will be purchased.

### **POSTPONEMENT**

The Township reserves the right to postpone, from time to time, the date and time established for receipt of Bids. **ANY SUCH POSTPONEMENT WILL BE PUBLISHED ON THOMSON MUNICIPAL NEWSWIRE , BEFORE 11:00 A.M. ON THE DAY BEFORE THE SALE.** If any date fixed for receipt of bids and the sale of the Bonds is postponed, an

alternative sale date will be announced via Thomson Municipal Newswire at least forty-eight hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of the Notice of Sale, except for the date of sale and except for the changes announced on Thomson Municipal Newswire at the time the sale date and time are announced.

## **DELIVERY OF THE BONDS**

It is anticipated that delivery of the Bonds will occur on or about Wednesday, June 19, 2019.

### *CUSIPS*

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or a refusal by the purchaser thereof to accept delivery of and to pay for the Bonds in accordance with the terms hereof. In accordance with Municipal Securities Rulemaking Board Rule G-34, as amended, Acacia Financial Group, Inc., municipal advisor to the Township, will request CUSIP identification numbers and will advise CUSIP Global Services of the details related to the sale of the Bonds, including the identity of the winning purchaser of the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Township; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the purchaser.

### *Closing Certificates:*

Simultaneously with the delivery of the Bonds, the purchaser shall assist the Township in establishing the issue price and yield of the Bonds and shall execute and deliver to the Township at closing an "issue price" and "yield" or similar certificate setting forth the reasonably expected initial offering price to the public or the sale price or prices of the Bonds and yield, together with the supporting pricing wires or equivalent communications ("Issue Price Certificate"). The Issue Price Certificate shall be executed in a form attached hereto as Exhibit "A".

### *Establishment of Issue Price:*

(a) The Township intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) the Township disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Township may receive bids from at least three (3) underwriters of municipal bonds or Bonds who have established industry reputations for underwriting new issuances of municipal bonds or Bonds; and
- (4) the Township anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(b) If the successful bidder is a bank or local government unit purchasing for its own account the provisions of paragraphs (d) and (e) below shall not apply

(c) In the event that paragraph (b) above is not applicable and the competitive sale requirements are not satisfied, the Township shall so advise the successful bidder. The Township shall treat the first price at which 10% of the Bonds (the "10% Test") is sold to the public as the issue price of the Bonds. The successful bidder shall advise the Township if the Bonds satisfy the 10% Test as of the date and time of the award of the Bonds. The Township will **not** require bidders to comply with the "hold-the-offering-price rule" and therefore does not intend to use the initial offering price to the public as of the sale date of the Bonds as the issue price of the Bonds. Bids will **not** be subject to cancellation in the event that the competitive sale requirements are not satisfied. *Bidders should prepare their bids on the assumption that the Bonds will be subject to the 10% Test in order to establish the issue price of the Bonds.*

(d) If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to the Bonds, the successful bidder agrees to promptly report to the Township the prices at which the unsold Bonds have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Bonds. If the 10% Test is not met by the closing date, a supplemental issue price certificate must be provided.

(e) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Bonds, if and for so long as directed by the successful bidder and as set forth in the related pricing wires; and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds, if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

(f) Sales of any securities to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party;
- (ii) "underwriter" means: (A) any person that agrees pursuant to a written contract with the Township (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public; and (B) any person that agrees pursuant to a written contract

- directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
  - (iv) "sale date" means the date that the Bonds are awarded by the Township to the successful bidder.

The obligation of the purchaser to purchase and pay for the Bonds is conditioned on the delivery, at the time of settlement of the Bonds, of the following: (i) approving legal opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, a form of which can be found in Appendix "C" to the Preliminary Official Statement; (ii) the delivery of certificates in form and tenor satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and receipt of payment therefor, including a statement of the Township, dated as of the date of such delivery, to the effect that there is no litigation pending or, to the knowledge of the signer or signers thereof, threatened relating to the issuance, sale and delivery of the Bonds; and (iii) an executed copy of the Disclosure Agreement.

### **COMPLIANCE WITH P.L. 2005, c.271, s.3**

The purchaser is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to *N.J.S.A. 19:44A-20.13* (P.L. 2005, c.271, s.3) if the purchaser enters into agreements or contracts, such as its agreement to purchase the Bonds, with a public entity, such as the Township and receives compensation or fees in excess of \$50,000 in the aggregate from public entities, such as the Township, in a calendar year. It is the purchaser's responsibility to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at [www.elec.state.nj.us](http://www.elec.state.nj.us).

**CHRISTIE EHRET, Chief Financial Officer**

**Dated: June 5, 2019**



**EXHIBIT “A”**

**\$34,011,000**  
**TOWNSHIP OF GLOUCESTER**  
**County of Camden, New Jersey**  
**GENERAL OBLIGATION BONDS, SERIES 2019**

**CERTIFICATE OF UNDERWRITER**  
**REGARDING YIELD AND ISSUE PRICE**

The undersigned, an authorized representative of \_\_\_\_\_, as underwriter ("Underwriter") for the above-captioned bonds ("Bonds"), hereby certifies as follows:

1. This certificate is delivered to the Township of Gloucester, County of Camden, New Jersey ("Township") and may be relied upon in establishing the reasonable expectations of the Township as to the matters stated herein as may be necessary or appropriate in the preparation by the Township of a certificate relating to arbitrage matters in connection with the issuance of the Bonds and in complying with the requirements of the Internal Revenue Code of 1986, as amended ("Code"), and the regulations promulgated thereunder with respect to arbitrage.

2. This certificate is based on facts and estimates in existence on the date hereof and, to the best of the undersigned's knowledge and belief, the matters set forth herein are reasonable in light of such facts and estimates.

3. On June 12, 2019 ("Sale Date"), the Underwriter submitted and the Township accepted its competitive proposal to purchase the Bonds.

4. [As of the date of this certificate, the Underwriter has not sold at least 10% of the Bonds at a single price and agrees once it has sold at least 10% of the Bonds at a single price, it will provide a Supplemental Issue Price Certificate to the Township and Bond Counsel, which

date will be not later than thirty (30) days after the last day of the calendar quarter next ending after the date of closing of the Bonds.] [As of the date of this certificate, the first price at which at least 10% of the Bonds was sold to the Public (as defined below) is \_\_\_\_\_.]

[5. The Underwriter has offered the Bonds to the Public for purchase at the initial offering price listed in Schedule A ("Initial Offering Price") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

6. As set forth in the Notice of Sale and bid award, the Underwriter has agreed in writing that: (i) it would neither offer nor sell any of the Bonds to any person at a price that is higher than the Initial Offering Price during the Holding Period (as defined below) ("hold-the-offering-price rule"); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no underwriter (as defined below) has offered or sold the Bonds at a price that is higher than the respective Initial Offering Price during the Holding Period.]

[5/7]. The Yield (as defined below) on the Bonds to maturity is not less than \_\_\_\_\_%

[6/8]. Capitalized terms utilized herein and not otherwise defined shall have the meanings ascribed thereto below:

(i) "Public" shall mean any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(ii) "Underwriter" shall mean: (a) any person that agrees pursuant to a written contract with the Township (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public; and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public). The representations set forth in this certificate are limited to factual matters only.

(iii) "Yield" shall mean that discount rate, determined on the basis of one interest compounding period equal to the term of the Bonds, which, when used in computing the present value of all unconditionally payable payments of principal (including original issue discount, if any), produces an amount equal to the aggregate issue price thereof.

[(iv) "Holding Period" means the period starting on the Sale Date and ending on the earlier of: (i) the close of the fifth business day after the Sale Date; or (ii) the date on which the Underwriter has sold at least 10% of the Bonds to the Public at a price that is no higher than the Initial Offering Price.]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Township with respect to certain of the representations set forth in the Certificate as to Nonarbitrage and Other Tax Matters and with respect to compliance with the federal income tax rules affecting the Bonds, and by Parker McCay P.A. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Township from time to time relating to the Bonds.

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**IN WITNESS WHEREOF**, I have hereunto set my hand this 19th day of June, 2019.

\_\_\_\_\_,  
**as Underwriter**

**By:** \_\_\_\_\_  
[NAME], [Title]

DRAFT

[Schedule A]

DRAFT

[Schedule B]

DRAFT



**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 5, 2019**

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Township of Gloucester, County of Camden, New Jersey ("Township") with certain tax covenants described herein, under existing law, interest on the Bonds (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals pursuant to Section 55 of the Code. In addition, interest on the Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act as presently executed and construed. See "TAX MATTERS" herein.

**\$34,011,000**  
**TOWNSHIP OF GLOUCESTER**  
**County of Camden, New Jersey**  
**GENERAL OBLIGATION BONDS, SERIES 2019**  
**(Non-Callable)**

**Dated: Date of Delivery****Due: February 1, as shown below**

The Township of Gloucester, County of Camden, New Jersey ("Township") is issuing \$34,011,000 aggregate principal amount of its General Obligation Bonds, Series 2019 ("Bonds"). The Bonds shall be issued in fully registered book-entry-only form without coupons.

The principal of the Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the Bonds at the offices of the Township or its hereafter designated paying agent, if any. Interest on the Bonds is payable semi-annually on February 1 and August 1 ("Interest Payment Dates"), commencing February 1, 2020, in each year until maturity. The Bonds are not subject to redemption prior to their stated maturity dates.

Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of principal and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as hereinafter defined) which will, in turn, remit such payments to the Beneficial Owners (as hereinafter defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Bond.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) Bond Ordinances O-14-15, O-15-01, O-16-01, O-16-03, O-16-05, O-17-02, O-18-01 and O-19-03, each duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Council on June 3, 2019; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on June \_\_, 2019.

The Bonds are being issued by the Township to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Township; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the Township payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the Township without limitation as to rate or amount.

**MATURITY SCHEDULE, INTEREST RATE AND YIELDS**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>
2020	\$2,001,000	%	%		2025	\$3,785,000	%	%	
2021	2,475,000				2026	3,880,000			
2022	2,575,000				2027	3,975,000			
2023	3,620,000				2028	4,000,000			
2024	3,700,000				2029	4,000,000			

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

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Solicitor, David F. Carlamere, Esquire, of Carlamere & Rowan, Voorhees, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey, has acted as Municipal Advisor to the Township in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery, in immediately available funds, through DTC in New York, New York on or about June 19, 2019.

<sup>1</sup> "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above for the Bonds are being provided solely for the convenience of holders of the Bonds only at the time of issuance of the Bonds. The Township does not make any representations with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity of the Bonds is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**TOWNSHIP OF GLOUCESTER  
COUNTY OF CAMDEN, NEW JERSEY**

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<b><u>Name</u></b>	<b><u>Title</u></b>
David R. Mayer	Mayor
Orlando Mercado	Council President
Tracey Trotto	Council Vice President
Dan Hutchison	Council Member
Michael Mignone	Council Member
Scott Owens	Council Member
Andrea Stubbs	Council Member
Michelle L. Winters	Council Member

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**Administrator**  
Thomas C. Cardis

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**Township Clerk**  
Nancy Power

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**Chief Financial Officer**  
Christie Ehret

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**Solicitor**  
Carlamere & Rowan  
Voorhees, New Jersey

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**Auditor**  
Bowman & Company, LLP  
Voorhees, New Jersey

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**Bond Counsel**  
Parker McCay P.A.  
Mount Laurel, New Jersey

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**Municipal Advisor**  
Acacia Financial Group, Inc.  
Mount Laurel, New Jersey

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

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or any underwriter.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, State, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET 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 WITHOUT PRIOR NOTICE.

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

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
AUTHORIZATION FOR THE BONDS.....	1
PURPOSE OF THE ISSUE .....	1
DESCRIPTION OF THE BONDS .....	2
General.....	2
Book-Entry-Only System.....	3
Discontinuance of Book-Entry-Only System .....	5
SECURITY FOR THE BONDS .....	6
GENERAL INFORMATION REGARDING THE TOWNSHIP .....	6
General.....	6
Financial.....	6
CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT .....	6
Local Bond Law.....	6
Local Fiscal Affairs Law .....	8
Local Budget Law.....	8
Miscellaneous Revenues.....	9
Real Estate Taxes.....	10
Deferral of Current Expenses.....	11
Budget Transfers.....	11
Capital Budget .....	11
Related Constitutional and Statutory Provisions .....	11
The Municipal Finance Commission.....	12
Limitation of Remedies Under Federal Bankruptcy Code.....	12
TAXATION.....	13
Procedure for Assessment and Collection of Taxes.....	13
Tax Appeals .....	14
TAX MATTERS.....	14
Federal .....	14
New Jersey.....	15
Changes in Federal and State Tax Law.....	15
LITIGATION.....	16
RATING .....	16
PREPARATION OF OFFICIAL STATEMENT .....	16
UNDERWRITING .....	17
LEGALITY FOR INVESTMENT.....	17
MUNICIPAL ADVISOR.....	17
NO DEFAULT.....	18
CONTINUING DISCLOSURE.....	18
LEGAL MATTERS.....	18
ADDITIONAL INFORMATION.....	19
APPENDIX A:	CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP OF GLOUCESTER
APPENDIX B:	FINANCIAL STATEMENTS OF THE TOWNSHIP OF GLOUCESTER
APPENDIX C:	FORM OF BOND COUNSEL OPINION
APPENDIX D:	FORM OF CONTINUING DISCLOSURE AGREEMENT

**\$34,011,000**  
**TOWNSHIP OF GLOUCESTER**  
**County of Camden, New Jersey**  
**GENERAL OBLIGATION BONDS, SERIES 2019**  
**(Non-Callable)**

**INTRODUCTION**

This Official Statement, including the cover page and Appendices hereto, is to provide certain information relating to the issuance by the Township of Gloucester, County of Camden, New Jersey ("Township") of its \$34,011,000 aggregate principal amount of General Obligation Bonds, Series 2019 ("Bonds").

**AUTHORIZATION FOR THE BONDS**

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances O-14-15, O-15-01, O-16-01, O-16-03, O-16-05, O-17-02, O-18-01 and O-19-03 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Council on June 3, 2019; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on June \_\_, 2019.

**PURPOSE OF THE ISSUE**

The Bonds are being issued by the Township to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Township; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The Improvements to be permanently financed with the proceeds of the Bonds include the following:

[Remainder of Page Intentionally Left Blank.]

<b>Ordinance Number</b>	<b>Purpose</b>	<b>Amount Authorized</b>	<b>Notes Outstanding</b>	<b>Bonds to be Issued</b>
O-14-15	Various Improvements to Blackwood Lake Dam; Provision of a Portion of the Costs of Closure and Remediation with respect to the Gloucester Environmental Management Services Landfill	\$1,609,629	\$1,554,124	\$1,554,124
O-15-01	Various Capital Improvements; Acquisition of Various Capital Equipment	5,452,883	5,371,364	5,371,364
O-16-01	Various Capital Improvements; Acquisition of Various Capital Equipment	5,983,240	5,983,240	5,983,240
O-16-03	Acquisition and Installation of Synthetic Turf at Various Recreational Facilities	2,009,523	2,009,523	2,009,523
O-16-05	Acquisition and Installation of Guard Rails	156,750	156,750	156,750
O-17-02	Various Capital Improvements; Acquisition of Various Capital Equipment	6,316,635	6,316,635	6,316,635
O-18-01	Acquisition of Various Pieces of Capital Equipment and the Construction and Completion of Various Capital Improvements	5,903,165	5,903,165	5,903,165
O-19-03	Acquisition of Various Pieces of Capital Equipment and the Construction and Completion of Various Capital Improvements	6,716,544	0	6,716,199
<b>TOTAL</b>		<b>\$34,148,369</b>	<b>\$27,294,801</b>	<b>\$34,011,000</b>

## **DESCRIPTION OF THE BONDS**

### **General**

The Bonds will be issued in the aggregate principal amount of \$34,011,000. The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the front cover hereof. Interest on the Bonds is payable semi-annually on February 1 and August 1 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing February 1, 2020, in each year until maturity. The Bonds are not subject to redemption prior to their stated maturity dates.

Individual purchases of the Bonds may be made in the principal amount of \$5,000, or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS--Book-Entry-Only System" below. The Bonds will mature on February 1 in the years and in the principal amounts all as shown on the front cover page of this Official Statement.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the Township or its hereafter designated paying agent, if any. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Township for such purpose at the offices of Township or its hereafter designated paying agent, if any, as of the close of business on the fifteenth (15<sup>th</sup>) day of the calendar month immediately preceding an Interest Payment Date (each a "Record Date").

So long as The Depository Trust Company, New York, New York ("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 to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Bonds is the responsibility of the DTC Participants and not the Township or its hereafter designated paying agent, if any.

### **Book-Entry-Only System<sup>1</sup>**

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 is hereinafter defined), 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 Township. Accordingly, the Township does not make any representations as to the completeness or accuracy of such information.

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

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<sup>1</sup> Source: The Depository Trust Company

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Redemption proceeds and distributions on the Bonds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or its hereafter designated paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Township or its hereafter designated paying agent, if any, subject to any statutory or regulatory



requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or its hereafter designated paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but neither the Township nor the Underwriters (as hereinafter defined) take any responsibility for the accuracy thereof.

**NEITHER THE TOWNSHIP NOR ITS HEREAFTER DESIGNATED PAYING AGENT, IF ANY, WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.**

**SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE HEADING "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.**

#### **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 would apply: (i) the Bonds may be exchanged for an equal principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the Township or its hereafter designated paying agent, if any; (ii) the transfer of the Bonds may be registered on the books maintained by the Township or its hereafter designated paying agent, if any, for such purposes only upon the surrender thereof to the Township or its hereafter designated paying agent, if any, together with the duly executed assignment in form satisfactory to the Township or its hereafter designated paying agent, if any; and (iii) for every exchange or registration of transfer of the Bonds, the Township or its hereafter designated paying agent, if any, 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 for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. In such event,

interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

## **SECURITY FOR THE BONDS**

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the Township payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the Township without limitation as to rate or amount.

The Township may pledge only its own credit and taxing power in respect of the Bonds, and has no power to pledge the credit or taxing power of the State or any other political subdivision thereof, nor shall the Bonds be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of or interest on the Bonds.

## **GENERAL INFORMATION REGARDING THE TOWNSHIP**

### **General**

General information concerning the Township, including economic, financial, demographic and other relevant data, is set forth in Appendix "A" to this Official Statement.

### **Financial**

Appendix "B" to this Official Statement contains audited financial statements of the Township for the years ending December 31, 2013 through 2017 and certain unaudited financial information for the year ending December 31, 2018. The financial data was provided by Bowman & Company, LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company, LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete reports of audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

## **CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT**

### **Local Bond Law**

**General** - The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy *ad valorem* taxes upon all taxable property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in

addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

**Debt Limits** - The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.50%) of its equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The Township, including the issuance of the Bonds, will not exceed its three and one-half percent (3.50%) debt limit.

**Exceptions to Debt Limits – Extensions of Credit** - The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval may be granted.

In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for purposes in an amount not exceeding two-thirds (2/3) of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

**Short-Term Financing** – When approved by bond ordinance, the Township may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the Notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the Notes are issued.

**Bonds** – Bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding 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 bonds.

## **Local Fiscal Affairs Law**

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey State Statutes, as amended and supplemented ("Local Fiscal Affairs Law"), governs audits, auditors, public moneys and financial statements of local governmental units, including the Township.

Each local unit is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six months after the close of its fiscal year by either a Registered Municipal Accountant or, by agreement with the Director ("Director") of the Division of Local Government Services ("Division") in the Department of Community Affairs, by qualified employees of the Division.

An independent examination of the Township's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2017 is on file with the Township Clerk and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the Chief Financial Officer of the local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units.

## **Local Budget Law**

The Local Budget Law, Chapter 4 of Title 40A of the State states, as amended and supplemented ("Local Budget Law"), governs the budgeting and appropriation of funds by local governmental units.

The Local Budget Law requires local governmental units to adopt a "cash basis" budget in such form that there will be sufficient cash collected to meet all debt service requirements, necessary operations of the local governmental units for the fiscal year and any mandatory payments required to be met during the fiscal year.

No budget shall be adopted unless the Director shall have previously certified their approval thereof.

Each local governmental unit must include in its budget an appropriation for the payment of debt service. The Director is required to examine such appropriation to determine whether it is properly set forth, in addition to determining whether all estimates of revenue contained in the budget are reasonable, accurate and correctly stated.

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and

modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a local unit to increase its overall appropriations, it does not limit the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on the Bonds. The Cap Law provides that a local unit shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010 (S-29R1), which, among other things, imposes a two percent (2.00%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2.00%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.00%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.00% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 *et seq.*), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, *N.J.S.A. 40A:4-45-46*) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2.00%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2.00%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

### **Miscellaneous Revenues**

*N.J.S.A. 40A:4-26* provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the [D]irector 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." Such determination may be made by the governing body and the chief financial officer in any year during which the local unit is subject to local examination.

No budget or amendment shall be adopted unless the Director has previously certified the approval of such anticipated revenues.

## **Real Estate Taxes**

**Receipts from Delinquent Taxes** - Revenues are permitted by *N.J.S.A. 40A:4-29* to be anticipated in the annual budget for collection of delinquent taxes of prior years. The maximum amount permitted to be anticipated is determined by applying the collection rate of the prior year's delinquent taxes to the total amount of delinquent taxes outstanding at the beginning of the current year.

**Current Year Tax Levy and Reserve for Uncollected Taxes** - The current year's taxes to be levied are determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets, if any, together with the amount of an appropriation required to be included in the annual municipal budget entitled "Reserve for Uncollected Taxes", less the total of anticipated revenues. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the current year's budget protects the municipality from taxes currently unpaid. The "Reserve for Uncollected Taxes" is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year, the average of the previous three years in accordance with P.L. 2000, c. 126, or the previous year collection percentage after reducing the previous year levy by tax appeal judgments of the county tax board pursuant to R.S.54:3-21 *et seq.*, or the State tax court pursuant to R.S.54:48-1 *et seq.* in accordance with Chapter 56 of P.L. 2010.

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

Another provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required for all current budget appropriations and school and county taxes of the current fiscal year. The reserve requirement is calculated as follows:

$$\frac{\text{Levy Required for Current Budget,} \\ \text{School and County Taxes}}{\text{Prior Year's Percentage of Current} \\ \text{Tax Collections (or Lesser \%)}} = \text{Total Taxes to be Levied}$$

## **Deferral of Current Expenses**

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3.00%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair, or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three years; and tax map preparations, revision of ordinances, revaluations, master plan preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, and payments of accumulated sick and vacation time which may be amortized over five years.

## **Budget Transfers**

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

## **Capital Budget**

In accordance with the Local Budget Law, each local unit shall prepare and adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. Every local unit which adopts a capital budget must also adopt a three (3) year capital program unless the local unit's population exceeds 10,000 where a six (6) year capital program is required.

## **Related Constitutional and Statutory Provisions**

In the general election of January 2, 1976, as amended by the general election of January 6, 1984, the following Article 8, Section 1, Paragraph 7, with respect to a state income tax, was added to the State Constitution:

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

A progressive state income tax is currently in effect in the State.

The State Constitution may only be amended after: (i) approval of a proposed amendment by three-fifths (3/5) of all of the members of each house of the State Legislature and approval by a majority vote in a statewide referendum; or (ii) approval in two successive legislative years by a majority of all of the members of each house and approval by a majority vote in a statewide referendum. Amendments failing to receive voter approval may not be resubmitted for voter approval before the third succeeding general election after such disaffirmance.

### **The Municipal Finance Commission**

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

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

The Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. The Commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors and the readjustment of debts under the Federal Municipal Bankruptcy Act. Such Act permits municipalities to have access to bankruptcy court for protection against suits by bondholders and creditors.

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

### **Limitation of Remedies Under Federal Bankruptcy Code**

The rights and remedies of the registered owners of the Bonds are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a



petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the local unit's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE TOWNSHIP EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE BONDS.

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS 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.

## **TAXATION**

### **Procedure for Assessment and Collection of Taxes**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. The County of Camden ("County") has implemented a County-wide assessment system whereby all assessments are done at the County level, and each municipality in the County is reassessed every three years. The Township's most recent property revaluation/reassessment occurred in 2010, and became effective for the 2011 tax year.

Upon the filing of certified adopted budgets by the Township, the School District and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, 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 the State for various special services rendered to the properties located within the special district.

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18.00% per annum on any amounts in excess of

\$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6.00% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. Tax liens retained by the Township are periodically assigned to the Township Solicitor for "in rem foreclosures" in order to acquire title to these properties.

### **Tax Appeals**

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the New Jersey Board of Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

## **TAX MATTERS**

### **Federal**

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, assuming continuing compliance by the Township with the tax covenants described below, under existing law, interest on the Bonds will not be includible for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax will be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Township that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Township to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Township has *not* designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

## **New Jersey**

Bond Counsel is also of the opinion that interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

## **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to bonds or notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds.

**PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE BONDS AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.**

### **LITIGATION**

To the knowledge of the Township's Solicitor, David F. Carlamere, Esquire, of Carlamere & Rowan, Voorhees New Jersey ("Solicitor"), there is no litigation of any nature now pending, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

### **RATING**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("Rating Agency") has assigned a rating of "A+" to the Bonds based upon the creditworthiness of the Township.

The rating reflects only the views of the Rating Agency. Any desired explanation of the significance of such rating should be obtained directly from the Rating Agency. The Township furnished to the Rating Agency certain information and materials concerning the Bonds and the Township. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

### **PREPARATION OF OFFICIAL STATEMENT**

The Township hereby states that the descriptions and statements herein and in the Appendices attached hereto, including financial and statistical statements, are true and correct in all material respects, and it will confirm the same to the purchasers of the Bonds by certificates signed by various officers and officials of the Township upon issuance and delivery of the Bonds.

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

The Township compiled Appendix "A" from information obtained from various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto.

Parker McCay P.A. has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

### **UNDERWRITING**

The Bonds have been purchased from the Township at a public sale by \_\_\_\_\_, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated June \_\_, 2019. The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in connection with the Bonds. The Bonds are being offered for sale at the yields set forth on the front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing bonds and notes into investment trusts) at yields higher than the public offering yield set forth on the front cover page of this Official Statement, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

### **LEGALITY FOR INVESTMENT**

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

### **MUNICIPAL ADVISOR**

Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as municipal advisor to the Township with respect to the issuance of the Bonds ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent

verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this 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.

## **NO DEFAULT**

There is no record of default in the payment of the principal of or interest on the bonds or notes of the Township.

## **CONTINUING DISCLOSURE**

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule"), the Township has undertaken to file notice of certain enumerated events, pursuant to a Continuing Disclosure Agreement, in the form attached as Appendix "D" to this Official Statement.

The Township has complied with all continuing disclosure requirements for the past five (5) years. The Township has appointed Acacia Financial Group, Inc., Mount Laurel, New Jersey, to serve as Dissemination Agent to the Township to assure future compliance with the Rule.

## **LEGAL MATTERS**

The legality of the Bonds will be subject to the approving legal opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township ("Bond Counsel"). Such opinion will be printed on or accompany the Bonds and provide, *inter alia*, that the Bonds are valid and binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township without limitation as to rate or amount for the payment of the Bonds and interest thereon. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, or other law affecting creditors' rights or remedies heretofore or hereinafter enacted. Certain legal matters will be passed upon for the Township by its Solicitor.

Bond Counsel has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement (except to the extent, if any, as specifically stated herein) and will express no opinion relating thereto.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Christie Ehret, Chief Financial Officer, Township of Gloucester, at 856-374-3534, or to the Township's Municipal Advisor, Acacia Financial Group, Inc. at 856-234-2266.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth merely as opinions and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement, which may have been made verbally or in writing, is to be construed as a contract with, or a covenant for the benefit of, the holders of the Bonds. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

All quotations from and summaries and explanations of provisions of 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 has been duly executed and delivered by the Chief Financial Officer of the Township for and on behalf of the Township.

## **TOWNSHIP OF GLOUCESTER, NEW JERSEY**

By: \_\_\_\_\_  
**CHRISTIE EHRET, Chief Financial Officer**

**Dated:** June \_\_, 2019

## **APPENDIX A**

### **CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP OF GLOUCESTER**



## **GENERAL INFORMATION ON THE TOWNSHIP**

### **History**

The present Township of Gloucester, in the County of Camden, New Jersey, ("Township") was one of the original townships that comprised Old Gloucester County, becoming its first political subdivision in 1685. The boundaries of the Township extended from the Delaware River to the Atlantic Ocean until 1693, when the County of Gloucester was divided into two townships, Egg Harbor Township and Gloucester Township. In 1695, the Township was further subdivided into four smaller townships, and on June 1 of that year, the Township was incorporated, becoming one of the earliest townships in the State to be so incorporated. In 1844, the Township became a part of the newly-formed Camden County.

Early industrial activity, which included grist mills, saw mills and foundries, centered around the Township's principal waterway, Great Timber Creek. The Brewer Shipyard, founded in the late 1700s along the Creek in Chews Landing, was the Township's largest industry from 1794 until 1876. The Bateman Manufacturing Company, established in 1863, manufactured such iron products as farm machinery, cultivators and household goods.

In addition to the foundry and saw mill industries, farming played an important role in the Township's economy. By the middle of the nineteenth century, farming and the shipping of farm products to markets in Philadelphia, had become one of the Township's leading industries. Before the Civil War, the Township was also noted for its stone quarries and horse farms.

Today the Township is primarily a residential suburban community with its major concentration of light industries and commercial activity located in the Glendora section.

### **Location**

The Township is situated in the western portion of the Camden County, approximately fifteen miles southeast of the City of Philadelphia, Pennsylvania. With a land area of 23.14 miles, the Township is the fourth largest municipality in the County, encompassing the unincorporated communities of Glendora, Blackwood, Chews Landing, Timberline-White Birch, Broadmoor, Blenheim, Erial, Glen Oaks, Hilltop and Lambs Terrace.

### **Organization**

The Township is governed by a Mayor and a seven-member Township Council ("Council"). The Mayor is elected for a four-year term and serves as the full-time, chief executive officer of the Township. The functions of the Mayor are, among others, to see that the laws of the State and the ordinances of the Township are executed and to recommend to the Council such measures as he/she deems necessary and expedient for the welfare of the Township. Members of the Council, elected for four-year terms on a staggered basis, oversee the Township's operations. The functions of the Council are, among others, to adopt the municipal budget and to enact ordinances to promote and secure the health, government and protection of the Township and its residents.

The Township's Business Administrator is responsible for the appointment of the Tax Collector, the Tax Assessor and the Township Treasurer. In addition to being in charge of the daily operations of the Township, the Township Business Administrator oversees staffing and personnel, prepares and implements the budget and is responsible for Township receipts and disbursements.

The Township Clerk assists with administering the affairs of the Township. The Township Tax Assessor has the duty of assessing property for the purpose of general taxation.

A number of services are provided by the Township and paid for from general revenues. In addition to police protection, employees in the Public Works Department maintain Township streets

and roads, storm drains, snow removal, parks, playgrounds and public areas, building and zoning protection and any emergency service affecting the community.

### **Police, Fire Protection and Emergency Services**

The Township's Police Department ("Department") offers residents 24 hour a day protection from the centrally located Township Municipal Building. The Department consists of a Police Chief, one (1) Deputy Chief, three (3) Captains, ten (10) Lieutenants, seventeen (17) Sergeants, twenty-four (24) Detectives and seventy-five (75) Patrol Officers. Also, the Department has organized a neighborhood watch and a K-9 Unit.

Fire Protection is manned by 250 volunteer firemen operating 25 pieces of equipment in six (6) fire districts and paid firemen between the hours of 6:00 a.m. to 6:00 p.m. Ambulance crews plus two (2) volunteer ambulance corps provide service from 6:00 p.m. to 6:00 a.m. to Jefferson Stratford Hospital and the Camden County Health Care Service Center in the Township.

### **Recreation**

The Township's Director of Public Works conducts a year-round program of sporting, exercise and leisure events. The Township provides many recreational areas and activities for its residents such as baseball fields, softball fields, soccer fields, tennis courts, football fields, basketball/playground facilities, tot lots and a swimming pool. The Township has a recreation building for basketball, indoor soccer and other recreational programs.

### **Transportation**

The North/South Freeway (Route 42), a six-lane divided highway running through the Township's southern section, provides direct access to the Atlantic City Expressway, Interstate Route 295 (north to south), 76 (west via the Walt Whitman Bridge to Philadelphia and Philadelphia International Airport) and 676 north via the Benjamin Franklin Bridge and center-city Philadelphia. State Route 168 (Black Horse Pike) provides connection to the New Jersey Turnpike. The State completed extensive improvements to State Route 168 in the fall of 1996. Also completed was the extension of State Route 55 from Vineland to an interchange with Interstate 295 in the Borough of Bellmawr, giving the residents of the Township access to a north-south highway system extending from southern sections of the state to the state capitol in Trenton. Additional forms of public transportation include intercity bus service on Public Service Bus Lines and commuter rail service to Philadelphia from Lindenwold to the PATCO High Speed Line.

### **Hospitals**

Local medical treatment is available to Township residents at the three (3) divisions of Jefferson Hospital. The Stratford Division and the Washington Township Division are located approximately four (4) miles from the Township, in Stratford Borough and Turnersville, Washington Township (Gloucester County), respectively. The Cherry Hill Division is located approximately eight (8) miles from the Township.

### **Trash and Recyclables**

Trash collection and disposal services are provided by a private company, Waste Management of NJ, Inc., which is paid by the Township at a rate of approximately \$2,000,000 annually. The Township currently has a five-year contract with Waste Management of NJ, Inc. for collection services which expires December 31, 2020. The Township also has a separate five-year contract with Waste Management of NJ, Inc. for disposal services, which expires December 31, 2020. The trash is then disposed of at the Covanta Camden Energy Recovery Center at a rate of \$60.00 per ton.

Recyclable material such as glass, aluminum cans, newspapers and plastic are collected by the Gloucester Township Municipal Utilities Authority ("Authority") at a cost of approximately \$758,436 annually.

## **Water Service**

The Township is served by two (2) private water companies. The Glendora, Chews Landing and Hilltop sections of the Township are served by the New Jersey-American Water Company which provides water to approximately one-third of the Township comprising fifty percent (50%) of the population. The remainder of the Township is served by the Blackwood Division of Aqua America, Inc. (formerly known as Consumers New Jersey Water Company). Both water companies service residential and commercial/industrial properties.

## **Sewer Service**

On November 29, 1963, the Township conveyed its sewerage facilities, constructed in 1929-1930, to the Gloucester Township Municipal Utilities Authority ("Authority"). The Township does not own or operate any sanitary sewerage facilities and the Authority has the sole right to operate sewerage facilities within the Township.

In 1963, the Authority commenced a program consisting of the acquisition and reconstruction of two (2) privately owned sewerage systems, the construction of a new treatment plant and the construction of new sewerage collection mains and pumping stations. The program is now complete.

The governing body of the Authority is autonomous and consists of five (5) members and two (2) alternates, appointed by the Mayor and Township Council. The terms of the members are staggered so that the term of at least one member expires each year; the terms of the alternate members are two years. Authority Board members may be re-appointed. The Council President presently serves as the Township's liaison with the Authority.

The Township has adopted an ordinance requiring the owner of any building located upon a street in which a public sanitary sewer has been or is to be constructed to connect the building to the sewer line when the sewer line is operational.

The Authority's sewerage system ("System") consists of approximately 368 miles of gravity sewer lines and 51 pumping stations which provide sewerage collection service to a substantial portion of the Township's residents. There are approximately 29,574 Equivalent Dwelling Units ("EDU") connected to the System.

Present sewer rates for residential dwellings are \$184 per year. Residential connection fees to the Authority are \$1,600, plus a permit fee to the Camden County Municipal Utilities Authority ("CCMUA") of \$6,123.

Sewer treatment service is provided by the CCMUA. The CCMUA is an autonomous body that owns and operates the treatment facility, and has established an annual rate of \$352 per Equivalent Dwelling Unit.

## **Camden County Municipal Utilities Authority**

The Camden County Municipal Utilities Authority ("CCMUA") is a public body corporate and politic of the State and was originally created as the Camden County Sewerage Authority ("Sewerage Authority") by a resolution of the County adopted on December 5, 1967. The Sewerage Authority was reorganized in 1972 as a utilities authority and changed its name to the Camden County Municipal Utilities Authority pursuant to a resolution of the County adopted on April 13, 1972. The CCMUA operates under the supervision of nine commissioners who are appointed by the Board for five-year staggered terms. The County has entered into a deficiency agreement with the CCMUA ("Deficiency

Agreement”) whereby the County is obligated to pay to the CCMUA any annual charges equal to any deficits in CCMUA revenues necessary to pay or provide for: (i) operation and maintenance expenses of the CCMUA’s regional sewer system, (ii) principal and interest payments on bonds and notes of the CCMUA in an aggregate principal amount not to exceed \$685,500,000, and (iii) the maintenance of reserves required under the bond resolution securing the CCMUA’s bonds and notes. The obligation of the County pursuant to the provisions of the Deficiency Agreement is a direct and general obligation of the County, and any annual charges are ultimately payable by the County from the levy of *ad valorem* taxes on all the taxable real property within the jurisdiction of the County in amounts sufficient to enable the County to meet its obligations under the Deficiency Agreement. ***To date, no payments have been required to be made by the County pursuant to the Deficiency Agreement.*** The County and the CCMUA may agree to amend the Deficiency Agreement at any time to increase the obligations of the County thereunder.

The CCMUA owns and operates a sewage collection and treatment system which serves all County residents connected to local sewer collection systems. The CCMUA’s system does not include the local sewage collection system of any CCMUA participant, but it owns and operates interceptor sewer lines connecting the local systems to the CCMUA’s sewage treatment facilities.

The CCMUA is required to charge and collect service charges for the use of its facilities such that revenues of the CCMUA will at all times be adequate to pay all operating and maintenance expenses, including reserves, insurance, extensions and replacements, and to pay punctually the principal of and interest on any bonds and notes of the CCMUA and to maintain reserves and sinking funds therefor as may be required by the terms of any agreements with the holders thereof.

The gross debt as of December 31, 2018 for the CCMUA was \$203,282,026. The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

**Camden County Improvement Authority**

The Camden County Improvement Authority ("CCIA") is a public body corporate and politic of the State and was created by a resolution of the County Board. The CCIA operates under the supervision of a five (5) member Board who are appointed for five (5) year staggered terms by the County Board. The CCIA has from time to time issued its revenue bonds for projects involving the County and for which the County has a repayment obligation or guaranty. The CCIA also issues conduit debt from time to time which is not included in the overlapping debt as there is no obligation by the taxpayers to repay the associated debt service.

The amount of debt which the County has guaranteed or for which it has a repayment obligation as of December 31, 2018 was \$415,177,178.

**Personnel**

The Township currently employs approximately 295 persons on a full-time year-round basis, of whom 131 are police officers.

**Township Population (1)**

2010	Federal Census	64,634
2000	Federal Census	64,350
1990	Federal Census	53,797
1980	Federal Census	45,156
1970	Federal Census	26,511

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

## Selected Census 2017 Data for the Township(1)

Median household income	\$73,701
Median family income	\$90,691
Per capita income	\$32,703

## Labor Force(2)

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Township</b>					
Labor Force	34,948	35,233	35,314	35,427	34,588
Employed	32,416	33,232	33,542	33,804	33,119
Unemployed	2,532	2,001	1,772	1,623	1,469
Unemployment	7.2%	5.7%	5.0%	4.6%	4.2%
<b>County</b>					
Labor Force	252,870	255,354	256,005	256,929	249,945
Employment	233,430	239,308	241,947	243,835	238,357
Unemployment	19,440	16,046	14,058	13,094	11,588
Unemployment Rate	7.7%	6.3%	5.5%	5.1%	4.6%
<b>State</b>					
Labor Force	4,513,600	4,543,800	4,530,800	4,518,800	4,422,900
Employment	4,209,700	4,288,800	4,305,500	4,309,700	4,239,600
Unemployment	303,900	255,000	225,300	209,100	183,400
Unemployment Rate	6.7%	5.6%	5.0%	4.6%	4.1%

## Business and Industry

There is, at present, modest industrial activity in the Township. The Gloucester Premium Outlets opened August 13, 2015. The outlets consist of 450,000 square-foot shopping center with over 90 high end retail stores. The outlets are located on State Route 42 with a specific interchange for the outlets. The Chews Landing Park is located in Chews Landing on State Route 42 and Lower Landing Road. Approximately 25 acres in size and zoned for office and light industry, the industrial park contains U.S. Vision, three office buildings, a storage facility, and Marble and Granite Works. The Freeway Industrial Park is located on Orr Road off of State Route 42, and is approximately 112 acres in size. The Commerce Center Industrial Park, a warehouse and office park, is also located on State Route 42 and Lower Landing Road. The Cross Keys Industrial Site is a newly designated industrial area located on Cross Keys Road and the Atlantic City Expressway, with 150 acres available for development/redevelopment. The Township estimates that there are 21 light industrial concerns in various sections of the Township. A recently completed commercial center includes a bank, three national fast food restaurants, a major-chain food market in a 60,000 square foot building, plus 140,000 square feet of retail stores and service centers. In addition, there is a 30-store K-Mart Shopping Center on Blackwood-Clementon Road. The Marketplace Shopping Center located on Chews Landing-Clementon Road contains a 55,000 square foot ShopRite supermarket and various strip stores with 15,000 square foot of office space. The majority of retail stores are located along the Black Horse Pike (State Route 168) and Blackwood-Clementon Road.

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

(2) Source: New Jersey Department of Labor

## Building, Zoning and Development Codes(1)

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

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

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

## Building Permits(1)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2019(2)	933	\$15,800,720
2018	3,248	67,024,659
2017	3,987	74,952,460
2016	4,071	99,016,630
2015	3,841	128,205,577
2014	2,811	119,580,328

## CERTAIN TAX INFORMATION

### TEN LARGEST TAXPAYERS(3)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2019 Assessed Valuation</u>
HP Altman Autumn Ridge LLC	Housing	\$ 34,982,900
SDK Millbridge Gardens LLC	Housing	33,388,000
Camden County Realty LLC	Shopping Center	28,541,900
Korman Residential Properties	Housing	23,562,200
Lakeview Reality Investment Assoc	Housing	22,360,500
East Coast Fairways Apartments LLC	Housing	16,145,500
Jemstone Cross Keys LLC	Shopping Center	13,995,100
Paramount at Chews Landing LLC	Shopping Center	11,570,800
Target Corporation	Shopping Center	10,913,800
Lowe's Home Centers Inc	Shopping Center	9,975,200

(1) Source: Township's Construction office

(2) As of April 30, 2019

(3) Source: Township Tax Assessor

### CURRENT TAX COLLECTIONS(1)

<u>Year</u>		<u>Total Levy</u>	<u>Collected in Year of Levy</u>			<u>Delinquent Taxes</u>	
			<u>Amount</u>	<u>Percentage</u>		<u>Amount</u>	<u>Percentage</u>
2018	(2)	\$ 174,195,723	\$ 173,675,980	99.70%	\$	1,081	0.00%
2017		168,270,441	167,631,925	99.62%		6,287	0.00%
2016		165,207,162	164,549,102	99.60%		11,125	0.01%
2015		154,505,315	153,889,654	99.60%		10,706	0.01%
2014		154,799,199	154,261,292	99.65%		2,915	0.00%

### DELINQUENT TAXES(1)

<u>Year</u>		<u>Outstanding</u>		<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
		<u>Jan. 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2018	(2)	\$ 124,690	\$ 73,300	\$ 103,302	52.18%	\$ 4,843	-	\$ 89,844
2017		141,212	88,006	110,160	48.06%	-	\$ 655	118,403
2016		162,079	76,599	107,825	45.18%	-	766	130,087
2015		210,275	64,128	91,422	33.32%	24,582	7,026	151,373
2014		302,359	68,285	161,522	43.58%	-	1,728	207,395

### TAX TITLE LIENS(1)

<u>Year</u>		<u>Balance Jan. 1</u>	<u>Added by</u>		<u>Cancellations/ Foreclosures</u>	<u>Balance Dec. 31</u>
			<u>Sales and Transfers</u>	<u>Collected</u>		
2018	(2)	\$ 967,849	\$ 423,311	\$ 131,396	\$ 13,710	\$ 1,246,054
2017		1,039,001	266,613	100,080	237,685	967,849
2016		1,112,370	276,860	195,839	154,390	1,039,001
2015		962,001	320,429	170,060	-	1,112,370
2014		753,373	315,128	106,500	-	962,001

### FORECLOSED PROPERTY (1)(3)

<u>Year</u>		<u>Balance Jan. 1</u>	<u>Added By Transfer</u>	<u>Sale of Property</u>	<u>Adjustments</u>	<u>Balance Dec. 31</u>
2018	(2)	\$ 1,645,700	-	\$ 26,980	\$ (622,520)	\$ 996,200
2017		703,300	\$ 237,684	-	704,716	1,645,700
2016		-	146,580	-	556,720	703,300
2015		-	-	-	-	-
2014		-	-	-	-	-

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

(2) Information from Annual Compiled Financial Statement

(3) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services.

## NET ASSESSED VALUATIONS AND ANNUAL TAX RATES(1)

<u>Year</u>	<u>Net</u> <u>Valuation</u> <u>Taxable</u>	<u>Tax Rate (2)</u>					
		<u>Total</u> <u>Rate</u>	<u>County</u>	<u>Local</u> <u>School</u>	<u>High</u> <u>School</u>	<u>Fire</u> <u>Districts</u>	<u>Municipal</u>
2018	\$ 4,393,804,300	\$ 4.713	\$ 0.897	\$ 1.147	\$ 0.637	\$ 0.924	\$ 1.108
2017	4,396,570,200	4.551	0.869	1.141	0.625	0.885	1.031
2016	4,411,876,400	4.457	0.849	1.102	0.604	0.874	1.028
2015	4,447,441,000	4.157	0.813	1.026	0.565	0.835	0.918
2014	4,406,383,200	4.132	0.797	1.040	0.542	0.828	0.925

## SPECIAL DISTRICT TAXES (3)

<u>Year</u>	<u>Total</u>	<u>Fire</u> <u>No. 1</u>	<u>Fire</u> <u>No. 2</u>	<u>Fire</u> <u>No. 3</u>	<u>Fire</u> <u>No. 4</u>	<u>Fire</u> <u>No. 5</u>	<u>Fire</u> <u>No. 6</u>
2018	\$ 0.924	\$ 0.087	\$ 0.146	\$ 0.093	\$ 0.242	\$ 0.211	\$ 0.145
2017	0.885	0.085	0.146	0.093	0.214	0.206	0.141
2016	0.874	0.085	0.147	0.093	0.205	0.202	0.142
2015	0.835	0.083	0.145	0.091	0.189	0.190	0.137
2014	0.828	0.081	0.149	0.090	0.180	0.196	0.132

## RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA(4)

<u>Year</u>	<u>Real Property</u> <u>Assessed</u> <u>Valuation</u>	<u>Percentage</u> <u>of True</u> <u>Value</u>	<u>True</u> <u>Value</u>	<u>True Value</u> <u>per Capita (5)</u>
2018	\$ 4,387,277,300	100.64%	\$ 4,359,377,285	\$ 67,447
2017	4,390,203,000	103.23%	4,252,836,385	65,799
2016	4,405,474,100	104.23%	4,226,685,311	65,394
2015	4,440,891,600	108.19%	4,104,715,408	63,507
2014	4,400,011,900	107.63%	4,088,090,588	63,250

(1) Source: Township Tax Collector

(2) Per \$100 of assessed valuation, excluding Special District Taxes

(3) Source: Township Tax Collector. Rates expressed as dollars (fractions) / \$100 assessed value.

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

(5) Based upon Federal Census 2010 of 64,634



## REAL PROPERTY CLASSIFICATION(1)

<b>Assessed Value of Land and</b>							
<b><u>Year</u></b>	<b><u>Improvements</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Farmland</u></b>
2019	\$ 4,409,249,700	\$ 40,667,700	\$ 3,753,673,200	\$ 391,284,900	\$ 47,529,400	\$ 169,537,400	\$ 6,557,100
2018	4,387,277,300	42,479,100	3,749,847,700	380,617,300	47,616,500	159,657,900	7,058,800
2017	4,390,203,000	55,792,000	3,748,429,200	371,648,000	47,998,900	159,657,900	6,677,000
2016	4,405,464,100	55,182,400	3,762,790,300	373,582,200	47,981,100	159,252,700	6,675,400
2015	4,440,891,600	54,885,800	3,792,784,400	375,824,800	49,999,300	160,526,700	6,870,600

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(1) Source: Township Tax Assessor

**TOWNSHIP OF GLOUCESTER  
STATEMENT OF INDEBTEDNESS(1)**

The following table summarizes the direct debt of the Township as of December 31, 2018, in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, and Debt of the Local and Regional School Districts. Deductions from gross debt to arrive at net debt include reserve for the payment of debt, and local and regional school district debt. The resulting net debt of \$66,274,295 represents 1.514% of the average of equalized valuations for the Township for the last three years, of \$4,376,561,877 which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Debt Auth. But Not Issued	Gross Debt	Deductions		Net Debt
	Bonds/Loans	Notes			School District	Reserve for Payment of Debt	
General	\$ 32,295,596	\$ 27,294,801	\$ 6,775,858	\$ 66,366,255		\$ 91,960	\$ 66,274,295
Local School District	13,500,000			13,500,000	\$ 13,500,000		
Regional School District	2,215,192			2,215,192	2,215,192		
	<u>\$ 48,010,788</u>	<u>\$ 27,294,801</u>	<u>\$ 6,775,858</u>	<u>\$ 82,081,447</u>	<u>\$ 15,715,192</u>	<u>\$ 91,960</u>	<u>\$ 66,274,295</u>

(1) Source: Annual Debt Statement

## DEBT RATIOS AND VALUATIONS (1)

Average of Equalized Valuations of Real Property with Improvements for 2016, 2017 and 2018	\$ 4,376,561,877
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2016, 2017 and 2018	1.514%
2018 Net Valuation Taxable	\$ 4,393,804,300
2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 4,365,904,285
Gross Debt (2)	
As a Percentage of 2018 Net Valuation Taxable	1.87%
As a Percentage of 2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.88%
Net Debt (2)	
As a Percentage of 2018 Net Valuation Taxable	1.51%
As a Percentage of 2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.52%
Gross Debt per Capita(3)	\$ 1,270
Net Debt per Capita(3)	\$ 1,025

(1) As of December 31, 2018

(2) Excluding Overlapping Debt

(3) Based on Federal 2010 Census of 64,634

### **TOWNSHIP BORROWING CAPACITY(1)**

3.5% of Average (2016-18) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$4,376,561,877)	\$ 153,179,666
Net Debt	<u>(66,274,295)</u>
Remaining Borrowing Capacity	<u>\$ 86,905,371</u>

### **LOCAL SCHOOL BORROWING CAPACITY(1)**

3% of Average (2016-18) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$4,376,561,877)	\$ 131,296,856
Local School Debt	<u>(13,500,000)</u>
Remaining Borrowing Capacity	<u>\$ 117,796,856</u>

### **REGIONAL HIGH SCHOOL DISTRICT(1)**

3% of Average (2016-18) Equalized Valuation of Real Property with Improvements Including Improvements (\$5,644,332,869)	\$ 169,329,986
Regional School Debt (2)	<u>(2,857,000)</u>
Remaining Borrowing Capacity	<u>\$ 166,472,986</u>

(1) As of December 31, 2018

(2) Debt Portion Allocated to the Township is \$2,215,192

**TOWNSHIP OF GLOUCESTER  
OVERLAPPING DEBT  
AS OF DECEMBER 31, 2018**

	<b>DEBT ISSUED</b>					<b>Debt Auth. but not Issued</b>
	<b><u>Debt Outstanding</u></b>	<b><u>Deductions</u></b>		<b><u>Net Debt Outstanding</u></b>	<b><u>Net Debt Outstanding Allocated to the Issuer</u></b>	
County of Camden(1):						
General:						
Bonds	\$ 36,870,000	\$ 4,597,984 (2)	\$	32,272,016	\$ 3,733,227 (4)	\$ 28,877,825
Notes	35,461,125			35,461,125	4,102,143 (4)	
Loan Agreements	308,746,532			308,746,532	35,715,799 (4)	
Bonds Issued by Other Public Bodies						
Guaranteed by the County	268,301,335	263,081,335 (3)		5,220,000		
	<u>\$ 649,378,992</u>	<u>\$ 267,679,319</u>		<u>\$ 381,699,673</u>	<u>\$ 43,551,169</u>	<u>\$ 28,877,825</u>

(1) Source: County of Camden

(2) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2018 Net Valuation on which County taxes are apportioned, which is 11.568%.

## GENERAL INFORMATION ON THE SCHOOL DISTRICT(1)

### Education

The Board of Education of the Township of Gloucester in the County of Camden, New Jersey ("Board" when referring to the governing body, and "School District" when referring to the legal entity governed by the Board) was organized in the late 1800s and operates under the provisions of Title 18A, of the New Jersey State ("State") Statutes. The Board functions independently through a nine-member board, elected by the citizens in alternate three-year terms. There are presently eight (8) elementary and three (3) middle schools in use for grades pre-kindergarten through eight.

Gloucester Township ("Township") high school students attend the Black Horse Pike Regional School District ("Regional School District") which presently operates three (3) high schools for grades 9 through 12.

The Regional School District was organized on June 14, 1955 with the approval of the legal voters, and functions through a nine (9) member board, elected by the citizens in alternate three-year terms. The Regional School District comprises the Township and the Boroughs of Runnemede and Bellmawr. Taxes for the support of the Regional School District, as approved by the voters in the Regional School District, are levied on the valuations in the three (3) municipalities as equalized by the County.

### TOWNSHIP OF GLOUCESTER SCHOOL DISTRICT SCHOOL ENROLLMENTS (1)

	As of October 15,				
<u>Grade</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Pre-School	48	49	48	32	27
K	556	559	601	482	532
1	557	614	579	634	646
2	580	570	550	588	623
3	570	563	564	632	626
4	555	560	605	627	635
5	576	595	628	628	614
6	602	645	632	629	653
7	634	637	625	644	636
8	638	614	645	643	680
Special Education	<u>907</u>	<u>892</u>	<u>882</u>	<u>1,038</u>	<u>1,067</u>
<b>Totals</b>	<b><u>6,223</u></b>	<b><u>6,298</u></b>	<b><u>6,359</u></b>	<b><u>6,577</u></b>	<b><u>6,739</u></b>

### Present School Facilities, Enrollment and Capacity(1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Renovations / Additions</u>	<u>Grades</u>	<u>Enrollment Oct. 15, 2018</u>	<u>Functional Capacity</u>
Blackwood School	1958	1960/1980/1995/2001	K-5	574	850
Chews School	1958	1960/1967/1995/2001	K-5	661	925
Erial School	1961	1968/1980/1995/2001	K-5	643	925
Glendora School	1922	1931/1951/1978	K-5	232	350
Gloucester Township School	1926	2001	K-5	250	350
Loring-Fleming School	1976	1988	K-5	692	975
James W. Lilley, Jr. School	1986	1988/1996/2001	K-5	496	925
C.W. Lewis Middle School	1964	1969/2001	6-8	684	1,100
Glen Landing Middle School	1971	1974	6-8	695	1,100
Ann Mullen Middle School	1996		6-8	842	1,350
Union Valley School	2001		K-5	<u>454</u>	<u>925</u>
<b>Totals</b>				<b><u>6,223 (2)</u></b>	<b><u>9,775</u></b>

(1) Source: School District officials

(2) Does not include students attending out of district schools

**BLACK HORSE PIKE REGIONAL HIGH SCHOOL DISTRICT  
SCHOOL ENROLLMENTS (1)**

**As of October 15,**

<b><u>Grade</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
9	729	765	731	812	752
10	720	776	712	723	805
11	688	708	746	778	826
12	745	796	699	827	839
Spec. Ed.	<u>726</u>	<u>599</u>	<u>586</u>	<u>546</u>	<u>520</u>
<b>Totals</b>	<b><u>3,608</u></b>	<b><u>3,644</u></b>	<b><u>3,474</u></b>	<b><u>3,686</u></b>	<b><u>3,742</u></b>

**Budget History – Gloucester Local School Only**

<b><u>Budget Year</u></b>	<b><u>Outcome of Election</u></b>	<b><u>General Fund Tax Levy As Originally Proposed</u></b>
2019-2020	(2)	\$ 51,434,683
2018-2019	(2)	49,630,311
2017-2018	(2)	48,215,991
2016-2017	(2)	47,270,580
2015-2016	(2)	45,456,852

**School District Employees**

**As of June 30,**

	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Permanent Employees	<u>1,290</u>	<u>1,007</u>	<u>1,044</u>	<u>1,088</u>	<u>1,069</u>

**Employee Collective Bargaining Units**

The following is a schedule of employee collective bargaining units, number of employees represented and dates of expiration of current contracts:

	<b><u>Employees Represented</u></b>	<b><u>Contract Expiration Date</u></b>
Gloucester Township Education Association	617	6/30/2021
Gloucester Township Principals and Supervisors Association	30	6/30/2021
Gloucester Township Support Personnel Association	330	6/30/2021
Gloucester Township Central Administration Support Group Assoc.	15	6/30/2021

**Compensated Absences**

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may

(1) Source: Application for State School Aid. Includes students from the Township and the Boroughs of Bellmawr and Runnemede.

(2) Not subject to Voter Approval since General Fund Tax Levy was within State Cap and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

not be accumulated. For additional information regarding compensated absences, see Appendix B: Note 19 to the Financial Statements.

## **Pension Plans**

Those School District employees who are eligible for pension coverage are enrolled in one of three pension systems established for school districts by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. For additional information regarding pension plans, see Appendix B: Note 7 to the Financial Statements.

## **HIGHER EDUCATION FACILITIES**

### **Rutgers University-Camden Campus**

Rutgers University-Camden ("Rutgers"), is a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. For the 2016-2017 school year, there were approximately 5,021 undergraduate students and 1,622 graduate students.

### **Camden County College**

Fully accredited by the Middle States Association of Colleges and Secondary Schools, Camden County College ("College") is a comprehensive publicly supported, co-educational two-year institution developed under the State Department of Higher Education. It is funded in part by the County Board of Chosen Freeholders who appoint an eleven (11) member Board of Trustees. The College has three distinct campuses in Blackwood, Camden and Cherry Hill – along with its satellite locations in Lakeland, Sicklerville and elsewhere throughout the County.

As of the Fall of 2018, full time enrollment was 4,271 and part-time enrollment was 5,404 for a total of 9,675.

### **Camden County Technical Schools**

From a vocational school that opened with 400 students in 12 trade areas in 1928, Camden County Technical Schools ("CCTS") has grown to be one of the largest and most comprehensive technical schools in the nation. The district today encompasses a full range of day and evening programs at campuses in Pennsauken and Gloucester Township. Beginning in 2012, the adult programs were operated by Camden County College as part of the Camden County shared services agreement.

For high school students, there are 32 career programs from which to choose. For the 2018-2019 school year, 1,331 students are enrolled at the Gloucester Township Campus, and 772 at the Pennsauken Campus, including 270 Special Education Students between the two campuses. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

In addition to the facilities mentioned above, Stockton University, University of Pennsylvania, Temple University, LaSalle University, Villanova University, St. Joseph's University, Drexel University and Rowan University are all within a commuting distance from the Township.



**TOWNSHIP OF GLOUCESTER**  
2019 MUNICIPAL BUDGET (1)

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**CURRENT FUND**

Anticipated Revenues:

Fund Balance	\$ 3,150,000
Miscellaneous Revenues:	
Local Revenues	4,255,650
State Aid without Offsetting Appropriations	5,106,459
Dedicated Uniform Construction Code Fees	600,000
Public and Private Programs Offset with Appropriations	1,150,747
Other Special Items of Revenue	1,996,493
Receipts from Delinquent Taxes	200,000
Amount to be Raised by Taxation for Municipal Purposes	<u>47,829,279</u>

Total Appropriated Revenues	<u><u>\$ 64,288,628</u></u>
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Appropriations:

Within CAPS:

Operations	\$ 47,407,137
Deferred Charges and Statutory Expenditures	7,142,500

Excluded from CAPS:

Other Operations	97,000
Public and Private Programs	1,182,550
Capital Improvements	335,000
Debt Service	6,771,950
Transferred to the Board of Education	510,000
Reserve for Uncollected Taxes	<u>842,491</u>

Total Appropriations	<u><u>\$ 64,288,628</u></u>
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(1) 2019 Introduced Budget.

**TOWNSHIP OF GLOUCESTER  
CAPITAL PROGRAM  
PROJECTS SCHEDULED FOR THE YEARS 2019 - 2024 (1)**

	<b>Estimated Total Cost</b>	<b>Bonds and Notes General</b>	<b>Capital Improvement Fund</b>
<b>General Capital:</b>			
Repaving Various Sidewalk	\$ 1,092,875	\$ 1,038,231	\$ 54,644
Repave Various Streets	12,109,300	11,503,835	605,465
Improvements to Recreational Area	662,153	629,045	33,108
Drainage Improvements	500,000	475,000	25,000
Acquisition of Street Lighting	798,263	758,350	39,913
Improvements to Various Buildings	4,880,925	4,636,879	244,046
Acquisition of Public Works Equipment	6,238,876	5,926,932	311,944
Acquisition of Office Equipment	513,300	487,635	25,665
Acquisition of Police Equipment	6,285,204	5,970,944	314,260
Acquisition of Recreational Equipment	1,474,223	1,400,512	73,711
Preliminary Cost for Various Redevelopment Studies	100,000	95,000	5,000
Totals--All Projects	<u>\$ 34,655,119</u>	<u>\$ 32,922,363</u>	<u>\$ 1,732,756</u>

(1) 2019 Introduced Budget.

## **APPENDIX B**

### **FINANCIAL STATEMENTS OF THE TOWNSHIP OF GLOUCESTER**

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**FOR THE YEAR ENDED 2018**  
**COMPILED FINANCIAL STATEMENTS**

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**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

The Honorable Mayor and  
Members of the Township Committee  
Township of Gloucester  
County of Camden  
Blackwood, New Jersey 08012

Management is responsible for the accompanying financial statements of the Township of Gloucester, in the County of Camden, State of New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2018 and the related statement of operations and changes in fund balances--regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

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

Respectfully submitted,

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

/s/ Robert P. Nehila, Jr.  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
May 14, 2019

**TOWNSHIP OF GLOUCESTER****CURRENT FUND**

Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

As of December 31, 2018

**ASSETS**

Cash	\$ 10,773,440
Due from State of New Jersey:	
Senior Citizens and Veterans Deductions	98,706
Federal and State Grants Receivable	801,551
Receivables with Full Reserves:	
Delinquent Property Taxes Receivable	90,926
Tax Title Liens Receivable	1,246,054
Property Acquired by Taxes--Assessed Valuation	996,200
Property Maintenance Liens Receivable	50,161
Revenue Accounts Receivable	36,360
Interfunds Receivable	452,298
Accounts Receivable--Other	5,519
	<u>\$ 14,551,215</u>

**LIABILITIES, RESERVES AND FUND  
BALANCE**

Appropriation Reserves	\$ 728,964
Accounts Payable	287,981
Reserve for Encumbrances	1,103,129
Reserve for Costs of Revaluation	8,772
Interfunds Payable	2,909,257
County Taxes Payable	59,500
School Taxes Payable	1
Prepaid Taxes	1,425,604
Tax Overpayments	430
Prepaid Abatement	613
Due to Gloucester Township Municipal Utilities Authority	344,057
Due to Camden County Municipal Utilities Authority	745,605
Other Liabilities and Special Funds	15,039
Reserve for Receivables and Other Assets	2,877,518
Reserve for Federal and State Grants	435,015
Fund Balance	<u>3,609,730</u>
	<u>\$ 14,551,215</u>

See Independent Accountant's Compilation Report and Selected Notes.

**TOWNSHIP OF GLOUCESTER**  
**CURRENT FUND**  
Statement of Operations and Changes in Fund Balance--Regulatory Basis  
For the Year Ended December 31, 2018

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Revenue Realized:	
Current Tax Collections	\$ 173,675,980
Delinquent Tax Collections	234,698
	<hr/>
Total Taxes	173,910,678
	<hr/>
Miscellaneous Revenues Anticipated	11,488,130
Other Income	1,751,044
Fund Balance Utilized	4,000,000
	<hr/>
Total Income	191,149,852
	<hr/>
Expenditures:	
Operating	47,262,527
Capital Improvements	300,000
Debt Service	7,247,210
Deferred Charges and Statutory Expenditures	6,683,104
Transferred to Board of Education	255,000
County Taxes	39,371,310
Local District School Purposes	50,416,295
Regional High School Tax	28,028,623
Fire District Taxes	7,074,130
Municipal Open Space Tax	880,088
Other Expenditures	322,194
	<hr/>
Total Expenditures and Encumbrances	187,840,481
	<hr/>
Statutory Excess to Fund Balance	3,309,371
Fund Balance Beginning of Year	4,300,359
	<hr/>
	7,609,730
Decreased by:	
Utilized as Revenue	4,000,000
	<hr/>
Fund Balance Ending of Year	\$ 3,609,730
	<hr/> <hr/>

See Independent Accountant's Compilation Report and Selected Notes.

**TOWNSHIP OF GLOUCESTER**  
**GENERAL CAPITAL FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
As of December 31, 2018

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**ASSETS**

Cash	\$ 3,139,574
Deferred Charges to Future Taxation:	
Funded	32,295,596
Unfunded	34,070,659
Due from State of New Jersey - Infrastructure Loan Receivable	100,670
Interfunds Receivable	431,725
	<hr/>
	\$ 70,038,224
	<hr/>

**LIABILITIES, RESERVES AND FUND BALANCE**

Bond Anticipation Notes	\$ 27,294,801
General Serial Bonds	27,555,000
Loans Payable:	
Green Acres	863,424
New Jersey Environmental Infrastructure Trust	3,877,172
Improvement Authorizations:	
Funded	303,260
Unfunded	7,847,386
Reserve for Encumbrances	1,821,881
Interfunds Payable	16,740
Capital Improvement Fund	5,178
Reserves for Payment of Debt	91,960
Fund Balance	361,422
	<hr/>
	\$ 70,038,224
	<hr/>

See Independent Accountant's Compilation Report and Selected Notes.



**TOWNSHIP OF GLOUCESTER**

**TRUST FUND**

Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

As of December 31, 2018

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**ASSETS**

Cash and Investments	\$ 4,598,092
Due from School Bus GPS System	49,538
Due from Gloucester Township Municipal Utilities Authority	12,064
Rehabilitation Mortgages Receivable	905,471
Metro Cities Receivable	273,459
Camden County Home Consortium Program Receivable	46,638
Interfunds Receivable	<u>2,777,920</u>
	<u>\$ 8,663,182</u>

**LIABILITIES, RESERVES AND FUND BALANCE**

Interfunds Payable	\$ 735,946
Due State of New Jersey	10
Reserve for Liabilities and Special Funds	<u>7,927,226</u>
	<u>\$ 8,663,182</u>

See Independent Accountant's Compilation Report and Selected Notes.

**TOWNSHIP OF GLOUCESTER**  
Selected Information – Substantially All Disclosures  
Required by Regulatory Basis of Accounting Have Been Omitted  
For the Year Ended December 31, 2018

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Financial Reporting Entity** - The Township of Gloucester (hereafter referred to as the "Township" or "Gloucester Township") was incorporated in 1695 and is located in southwest New Jersey approximately fifteen miles southwest of the City of Philadelphia. The population according to the 2010 census is 64,700.

The Township is governed by a Mayor and seven-member Township Council form of government. The Mayor is elected for a four-year term and serves as the full-time Chief Executive Officer of the Township. Members of the Township Council are elected to four-year terms on a staggered basis and function as the legislative body of the Township. The Township Administrator and the Township Clerk are appointed by the Mayor and monitor the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

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

Gloucester Township Municipal Utilities Authority  
71 Landing Road, P. O Box 216  
Blackwood, New Jersey 08012

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

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

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

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

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

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

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

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

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

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

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

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

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

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

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'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.

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

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

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

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

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

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

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

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

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

**Property Tax Revenues** - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Camden, the Township of Gloucester School District, the Black Horse Pike Regional High School District, and the Township of Gloucester Fire Districts No. 1-6. Unpaid property taxes are subject to tax sale in accordance with the statutes.

**School Taxes** - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Gloucester School District and the Black Horse Pike Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate both school districts for the period from January 1 to December 31.

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

**Fire District Taxes** - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Gloucester Fire Districts No.1-6. Operations is charged for the full amount required to be raised from taxation to operate the Fire Districts for the period from January 1 to December 31.

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

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

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

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

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

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

**Compensated Absences and Postemployment Benefits** - Compensated absences for 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.

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**FOR THE YEARS ENDED 2017, 2016, 2015, 2014 AND 2013**

**AUDITED FINANCIAL STATEMENTS**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Gloucester, in the County of Camden, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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



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

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

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

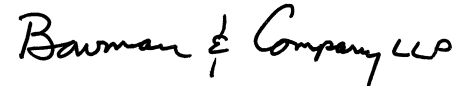
### **Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

In our opinion, because of the significance of the matter discussed in the "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Gloucester, in the County of Camden, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, or the results of its operations and changes in fund balance for the years then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Gloucester, in the County of Camden, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Robert P. Nehila, Jr.  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
June 21, 2018

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

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>					
Cash	\$ 12,404,369	\$ 12,317,817	\$ 15,925,520	\$ 13,325,095	\$ 11,382,310
Due from State of New Jersey:					
Senior Citizens and Veterans Deductions	84,325	86,460	86,897	89,841	85,996
Federal and State Grants Receivable	586,629	775,566	433,835	631,193	664,515
Receivables with Full Reserves:					
Delinquent Property Taxes Receivable	124,690	141,212	162,079	210,275	302,359
Tax Title Liens Receivable	967,849	1,039,001	1,112,370	962,001	753,373
Property Acquired for Taxes	1,645,700	703,300			
Revenue Accounts Receivable	81,153	554,922	97,760	116,173	215,317
Interfunds Receivable	421,035	72,946	159,500	311,599	49,327
Accounts Receivable--Other	8,397	8,208	46,633	66,131	44,888
	<u>\$ 16,324,147</u>	<u>\$ 15,699,432</u>	<u>\$ 18,024,594</u>	<u>\$ 15,712,308</u>	<u>\$ 13,498,085</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Appropriation Reserves	\$ 1,053,228	\$ 1,229,204	\$ 1,675,673	\$ 830,053	\$ 2,066,295
Accounts Payable	6,994	1,442	1,141	19,385	8,807
Reserve for Encumbrances	424,301	527,438	890,729	360,741	228,527
Interfunds Payable	1,456,655	2,174,730	5,089,704	3,467,694	1,630,429
County Taxes Payable	64,335	62,247	40,137	642,292	28,664
School Taxes Payable	366	1	1,949,635	49,699	4,904
Prepaid Revenues	4,200,917	1,223,366	1,514,669	925,047	1,114,475
Tax Overpayments	2,235			10,601	135,649
Other Liabilities and Special Funds	1,226,578	1,492,596	1,428,993	1,240,961	1,763,300
Reserve for Receivables and Other Assets	3,248,824	2,519,588	1,423,436	1,355,676	1,365,263
Reserve for Federal and State Grants	339,355	593,961	284,753	687,904	585,523
Fund Balance	4,300,359	5,874,859	3,725,724	6,122,255	4,566,249
	<u>\$ 16,324,147</u>	<u>\$ 15,699,432</u>	<u>\$ 18,024,594</u>	<u>\$ 15,712,308</u>	<u>\$ 13,498,085</u>

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

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

	For the Years Ended December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenue Realized:					
Current Tax Collections	\$ 167,631,925	\$ 164,549,102	\$ 153,889,654	\$ 154,261,292	\$ 145,883,276
Delinquent Tax Collections	210,240	303,663	261,483	268,022	456,817
Total Taxes	167,842,165	164,852,765	154,151,137	154,529,314	146,340,093
Miscellaneous Revenues Anticipated	10,497,598	11,678,401	12,856,321	11,782,787	11,244,168
Other Income	2,856,386	4,063,528	962,399	2,263,967	3,700,307
Fund Balance Utilized	5,240,000	3,175,830	4,840,000	4,150,000	5,200,000
Total Income	186,436,149	183,770,524	172,809,857	172,726,068	166,484,568
Expenditures:					
Operating	45,147,537	44,724,846	43,113,038	41,387,697	40,257,182
Capital Improvements	310,000	310,000	300,000	212,000	150,000
Transferred to Board of Education	510,000	510,000	510,000	510,000	510,000
Debt Service	6,705,671	6,597,425	6,673,641	7,138,943	7,132,391
Deferred Charges and Statutory Expenditures	6,149,946	5,687,915	5,405,610	4,988,965	4,845,864
County Taxes	38,196,332	37,438,448	36,141,275	35,706,774	35,419,299
Local District School Purposes	50,129,952	48,636,745	45,638,520	45,791,690	43,603,342
Regional High School Tax	27,513,335	26,671,772	25,159,352	23,872,287	23,206,657
Fire District Taxes	6,808,131	6,746,731	6,516,358	6,409,735	6,075,575
Municipal Open Space Tax	880,796	883,852	890,473	896,923	896,865
Other Expenditures	418,949	237,825	18,121	105,048	317,235
Total Expenditures and Encumbrances	182,770,649	178,445,559	170,366,388	167,020,062	162,414,410
Statutory Excess to Fund Balance	3,665,500	5,324,965	2,443,469	5,706,006	4,070,158
Fund Balance Beginning of Year	5,874,859	3,725,724	6,122,255	4,566,249	5,696,091
	9,540,359	9,050,689	8,565,724	10,272,255	9,766,249
Decreased by:					
Utilized as Revenue	5,240,000	3,175,830	4,840,000	4,150,000	5,200,000
Fund Balance Ending of Year	\$ 4,300,359	\$ 5,874,859	\$ 3,725,724	\$ 6,122,255	\$ 4,566,249

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

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

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>					
Cash	\$ 1,197,544	\$ 1,083,073	\$ 1,677,423	\$ 3,184,428	\$ 4,041,463
Deferred Charges to Future Taxation:					
Funded	37,848,707	43,265,104	47,434,080	51,895,089	35,307,247
Unfunded	27,347,412	20,547,446	13,162,374	7,400,810	19,251,539
Due from State of New Jersey:					
Infrastructure Loan Receivable	1,949,445	1,949,445	2,249,575	1,558,256	
Interfunds Receivable	159,455		895,981		3,191
	<u>\$ 68,502,563</u>	<u>\$ 66,845,068</u>	<u>\$ 65,419,433</u>	<u>\$ 64,038,583</u>	<u>\$ 58,603,440</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Bond Anticipation Notes	\$ 21,995,320	\$ 15,945,355	\$ 8,062,512		\$ 14,987,579
General Serial Bonds	32,710,000	37,750,000	42,690,000	\$ 47,539,000	32,303,000
Loans Payable	5,138,707	5,515,103	4,744,080	4,356,089	3,004,247
Improvement Authorizations:					
Funded	283,421	276,114	871,777	2,800,105	92,953
Unfunded	7,056,349	5,633,991	4,869,424	5,175,081	6,248,856
Reserve for Encumbrances	1,172,081	999,623	2,049,972	1,078,821	615,556
Capital Improvement Fund	336	6,064	3,478	998	194,053
Reserve to Pay Debt Service	91,960	691,960	2,101,464		
Other Liabilities and Special Funds	27,663	132		61,763	142,451
Fund Balance	26,726	26,726	26,726	3,026,726	1,014,745
	<u>\$ 68,502,563</u>	<u>\$ 66,845,068</u>	<u>\$ 65,419,433</u>	<u>\$ 64,038,583</u>	<u>\$ 58,603,440</u>

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

**TOWNSHIP OF GLOUCESTER**  
**TRUST FUND**  
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>					
Cash and Investments	\$ 6,383,996	\$ 5,942,643	\$ 4,383,881	\$ 4,757,601	\$ 3,218,668
Accounts Receivable--Other	1,192,033	1,356,321	1,396,874	1,155,512	1,519,012
Interfunds Receivable	1,298,289	2,103,735	4,095,540	3,167,191	1,668,119
	<u>\$ 8,874,318</u>	<u>\$ 9,402,699</u>	<u>\$ 9,876,295</u>	<u>\$ 9,080,304</u>	<u>\$ 6,405,799</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Interfunds Payable	\$ 394,460	\$ 1,820	\$ 61,316	\$ 10,006	\$ 8,429
Other Liabilities and Special Funds	5	21	8	8	17
Reserve for Liabilities and Special Funds	8,479,853	9,400,858	9,814,971	9,070,290	6,397,353
	<u>\$ 8,874,318</u>	<u>\$ 9,402,699</u>	<u>\$ 9,876,295</u>	<u>\$ 9,080,304</u>	<u>\$ 6,405,799</u>

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

**TOWNSHIP OF GLOUCESTER**  
Notes to Financial Statements  
For the Year Ended December 31, 2017

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Financial Reporting Entity** - The Township of Gloucester (hereafter referred to as the "Township" or "Gloucester Township") was incorporated in 1695 and is located in southwest New Jersey approximately fifteen miles southwest of the City of Philadelphia. The population according to the 2010 census is 64,700.

The Township is governed by a Mayor and seven-member Township Council form of government. The Mayor is elected for a four-year term and serves as the full-time Chief Executive Officer of the Township. Members of the Township Council are elected to four-year terms on a staggered basis and function as the legislative body of the Township. The Township Administrator and the Township Clerk are appointed by the Mayor and monitor the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

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

Gloucester Township Municipal Utilities Authority  
71 Landing Road, P. O Box 216  
Blackwood, New Jersey 08012

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

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

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

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd) –**

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

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

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

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

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

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

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

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

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

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

**Cash, Cash Equivalents and Investments (Cont'd)** - The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

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

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

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

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

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

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



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

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

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

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

**Property Tax Revenues** - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Camden, the Township of Gloucester School District, the Black Horse Pike Regional High School District, and the Township of Gloucester Fire Districts No. 1-6. Unpaid property taxes are subject to tax sale in accordance with the statutes.

**School Taxes** - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Gloucester School District and the Black Horse Pike Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate both school districts for the period from January 1 to December 31.

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

**Fire District Taxes** - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Gloucester Fire Districts No.1-6. Operations is charged for the full amount required to be raised from taxation to operate the Fire Districts for the period from January 1 to December 31.

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

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

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

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

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

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

**Pensions** - 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 Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS), and additions to/deductions from PFRS' and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2: CASH AND CASH EQUIVALENTS**

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

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

As of December 31, 2017, the Township's bank balances of \$25,709,016.70 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 23,688,039.13
Uninsured and Uncollateralized	<u>2,020,977.57</u>
Total	<u>\$ 25,709,016.70</u>

**New Jersey Cash Management Fund** - During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2017, the Township's deposits with the New Jersey Cash Management Fund were \$316,253.10.

**Note 3: PROPERTY TAXES**

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

**Comparative Schedule of Tax Rates**

	Year Ended				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	<u>\$ 4.551</u>	<u>\$ 4.457</u>	<u>\$ 4.157</u>	<u>\$ 4.132</u>	<u>\$ 3.912</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.011	\$ 1.008	\$ .898	\$ .906	\$ .833
County	.869	.849	.813	.797	.791
Local School	1.141	1.102	1.026	1.040	.974
Regional School	.625	.604	.565	.542	.517
Fire Districts	.885	.874	.835	.828	.777
Municipal Open Space	.020	.020	.020	.019	.020

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2017	\$ 4,396,570,200.00
2016	4,411,876,400.00
2015	4,447,441,000.00
2014	4,406,383,200.00
2013	4,480,663,900.00

**Note 3: PROPERTY TAXES (CONT'D)**

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

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 168,270,441.08	\$ 167,631,924.80	99.62%
2016	165,207,162.44	164,549,102.19	99.60%
2015	154,505,315.88	153,889,654.23	99.60%
2014	154,799,198.63	154,261,292.01	99.65%
2013	146,698,569.85	145,883,275.91	99.44%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 967,849.48	\$ 124,689.69	\$ 1,092,539.17	0.65%
2016	1,039,000.51	141,212.01	1,180,212.52	0.71%
2015	1,112,369.52	162,078.52	1,274,448.04	0.82%
2014	962,001.09	210,274.52	1,172,275.61	0.76%
2013	753,373.16	302,359.44	1,055,732.60	0.72%

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

<u>Year</u>	<u>Number</u>
2017	182
2016	411
2015	381
2014	356
2013	241

**Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

<u>Year</u>	<u>Amount</u>
2017	\$ 1,645,700.00
2016	703,300.00
2015	-
2014	-
2013	-

**Note 5: FUND BALANCES APPROPRIATED**

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 4,300,358.56	\$ 4,000,000.00	93.02%
2016	5,874,858.97	5,230,000.00	89.02%
2015	3,275,723.71	3,175,830.00	96.95%
2014	6,122,254.67	4,840,000.00	79.06%
2013	4,566,249.51	4,150,000.00	90.88%

**Note 6: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 421,034.91	\$ 1,227,451.72
Federal and State Grant		229,202.53
Trust - Municipal Open Space	58,886.53	238,786.63
Trust - Other	1,239,401.72	155,673.53
General Capital	159,455.38	27,664.13
Totals	<u>\$ 1,878,778.54</u>	<u>\$ 1,878,778.54</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2018, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 7: PENSION PLANS**

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

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

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans****Plan Descriptions**

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

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

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

**Vesting and Benefit Provisions**

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

**Tier Definition**

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

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

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

The following represents the membership tiers for PFRS:

**Tier Definition**

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

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

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

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions**

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10% in State fiscal year 2017. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2017 was 13.19% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$1,100,866.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$925,343.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$612,692.90.

**Police and Firemen's Retirement System** - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was 10% in State fiscal year 2017. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

The Township's contractually required contribution rate for the year ended December 31, 2017 was 26.72% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.



**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Police and Firemen's Retirement System (Cont'd)** - Based on the most recent PFRS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$3,357,164.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$2,993,035.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$1,265,094.73.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2017 was 2.61% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2017 is \$327,998.00, and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2016 was \$225,636.00, which was paid on April 1, 2017.

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

For the year ended December 31, 2017, employee contributions totaled \$4,182.60, and the Township's contributions were \$1,003.44. There were no forfeitures during the year.

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

**Public Employees' Retirement System** - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$27,662,553.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was .1188335578%, which was an increase of .0146735086% from its proportion measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$2,268,248.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PERS was \$925,343.00, and was paid on April 1, 2017.

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Police and Firemen's Retirement System** - At December 31, 2017, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 58,561,628.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>6,559,396.00</u>
	<u>\$ 65,121,024.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was .3793326534%, which was an increase of .0122425041% from its proportion measured as of June 30, 2016. Likewise, at June 30, 2017, the State of New Jersey's proportion, on-behalf of the Township, was .3793326534%, which was an increase of .0122425041% from its proportion, on-behalf of the Township, measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$7,027,522.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PFRS was \$2,993,035.00, and was paid on April 1, 2017.

At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2017 measurement date is \$802,362.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2017, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 651,358.00	\$ 379,913.00	\$ 1,031,271.00	\$ -	\$ 343,708.00	\$ 343,708.00
Changes of Assumptions	5,573,051.00	7,221,301.00	12,794,352.00	5,552,619.00	9,590,682.00	15,143,301.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	188,363.00	1,117,493.00	1,305,856.00	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	3,135,479.00	5,214,904.00	8,350,383.00	1,291,815.00	-	1,291,815.00
Township Contributions Subsequent to the Measurement Date	550,433.00	1,678,582.00	2,229,015.00	-	-	-
	<u>\$ 10,098,684.00</u>	<u>\$ 15,612,193.00</u>	<u>\$ 25,710,877.00</u>	<u>\$ 6,844,434.00</u>	<u>\$ 9,934,390.00</u>	<u>\$ 16,778,824.00</u>

\$550,443.00 and \$1,678,582.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. These amounts were based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2017 to the Township's year end of December 31, 2017.

**Note 7: PENSION PLANS (CONT'D)**

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

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

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

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

<b><u>Year Ending Dec 31,</u></b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2018	\$ 852,821.00	\$ 2,356,570.00	\$ 3,209,391.00
2019	1,184,300.00	3,573,898.00	4,758,198.00
2020	1,088,841.00	1,084,893.00	2,173,734.00
2021	(125,126.00)	(2,029,151.00)	(2,154,277.00)
2022	(297,019.00)	(986,989.00)	(1,284,008.00)
	<u>\$ 2,703,817.00</u>	<u>\$ 3,999,221.00</u>	<u>\$ 6,703,038.00</u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>PERS</u></b>	<b><u>PFRS</u></b>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

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

For PFRS, preretirement mortality rates were based on the RP-2000 Preretirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the Plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the Plan actuary's modified 2014 projection scales and further projected on a generational basis using the Plan actuary's modified 2014 projection scales. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the Plan actuary's modified 2014 projection scales and 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.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2017) 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.

**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

Best estimates of arithmetic rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

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

**Discount Rate** - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS and 6.14% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% 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 2040 for PERS and through 2057 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for PERS and through 2057 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

**Note 7: PENSION PLANS (CONT'D)****Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Public Employees' Retirement System (PERS)** - The following presents the Township's proportionate share of the net pension liability at June 30, 2017, the Plan's measurement date, calculated using a discount rate of 5.00%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 34,317,274.00</u>	<u>\$ 27,662,553.00</u>	<u>\$ 22,118,345.00</u>

**Police and Firemen's Retirement System (PFRS)** - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2017, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.14%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>PFRS</b>		
	<b>1% Decrease (5.14%)</b>	<b>Current Discount Rate (6.14%)</b>	<b>1% Increase (7.14%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 77,159,768.00	\$ 58,561,628.00	\$ 43,281,142.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>8,642,544.41</u>	<u>6,559,396.00</u>	<u>4,847,852.71</u>
	<u>\$ 85,802,312.41</u>	<u>\$ 65,121,024.00</u>	<u>\$ 48,128,994.71</u>

**Pension Plan Fiduciary Net Position**

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



**Note 7: PENSION PLANS (CONT'D)****Supplementary Pension Information**

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

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.1188335578%	0.1041600492%	0.1000742320%
Township's Proportionate Share of the Net Pension Liability	\$ 27,662,553.00	\$ 30,849,219.00	\$ 22,464,660.00
Township's Covered Payroll (Plan Measurement Period)	\$ 8,212,092.00	\$ 7,235,632.00	\$ 6,853,252.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	336.85%	426.35%	327.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.1004808943%	0.1178066439%	
Township's Proportionate Share of the Net Pension Liability	\$ 18,812,772.00	\$ 22,515,190.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 6,877,064.00	\$ 5,685,840.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	273.56%	395.99%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	

**Note 7: PENSION PLANS (CONT'D)**

**Supplementary Pension Information (Cont'd)**

***Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Contractually Required Contribution	\$ 1,100,866.00	\$ 925,343.00	\$ 860,370.00
Township's Contribution in Relation to the Contractually Required Contribution	(1,100,866.00)	(925,343.00)	(860,370.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 8,347,830.00	\$ 8,198,747.00	\$ 7,462,451.00
Township's Contributions as a Percentage of Covered Payroll	13.19%	11.29%	11.53%

	<u>Year Ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 828,350.00	\$ 887,649.00
Township's Contribution in Relation to the Contractually Required Contribution	(828,350.00)	(887,649.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 6,825,776.00	\$ 6,696,274.00
Township's Contributions as a Percentage of Covered Payroll	12.14%	13.26%

**Note 7: PENSION PLANS (CONT'D)**

**Supplementary Pension Information (Cont'd)**

***Schedule of the Township's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Five Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.3793326534%	0.3670901493%	0.3456970022%
Township's Proportionate Share of the Net Pension Liability	\$ 58,561,628.00	\$ 70,123,609.00	\$ 57,581,070.00
State's Proportionate Share of the Net Pension Liability associated with the Township	6,559,396.00	5,888,644.00	5,049,667.00
Total	<u>\$ 65,121,024.00</u>	<u>\$ 76,012,253.00</u>	<u>\$ 62,630,737.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 12,225,308.00	\$ 11,849,924.00	\$ 10,918,532.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	479.02%	591.76%	527.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%

	<u>Measurement Date Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.3362946265%	0.3109934496%
Township's Proportionate Share of the Net Pension Liability	\$ 42,302,745.00	\$ 41,343,773.00
State's Proportionate Share of the Net Pension Liability associated with the Township	4,555,295.00	3,853,742.00
Total	<u>\$ 46,858,040.00</u>	<u>\$ 45,197,515.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 10,554,980.00	\$ 9,646,628.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	400.78%	428.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.41%	58.70%

Note 7: **PENSION PLANS (CONT'D)**

**Supplementary Pension Information (Cont'd)**

***Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS)  
(Last Five Years)***

	<b><u>Year Ended December 31,</u></b>		
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Township's Contractually Required Contribution	\$ 3,357,164.00	\$ 2,993,035.00	\$ 2,810,001.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(3,357,164.00)</u>	<u>(2,993,035.00)</u>	<u>(2,810,001.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 12,563,928.00	\$ 12,185,857.00	\$ 11,771,077.00
Township's Contributions as a Percentage of Covered Payroll	26.72%	24.56%	23.87%
	<b><u>Year Ended December 31,</u></b>		
	<b><u>2014</u></b>	<b><u>2013</u></b>	
Township's Contractually Required Contribution	\$ 2,582,975.00	\$ 2,268,939.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(2,582,975.00)</u>	<u>(2,268,939.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 10,878,044.00	\$ 10,618,007.00	
Township's Contributions as a Percentage of Covered Payroll	23.74%	21.37%	

**Note 7: PENSION PLANS (CONT'D)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

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

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

Changes in Assumptions - For 2017, the discount rate changed to 6.14% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 5.55%, the long-term expected rate of return changed to 7.65% from 7.90%, and the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**Plan Description** - The Township provides certain medical and prescription drug benefits for retired employees, where such benefits are established and amended by various union contracts, separate employee agreements and Township policies. This plan is a single-employer defined benefit health plan.

The Township provides for 100% payment of retired employees health, dental and prescription coverage until the retiree is eligible for Medicare benefits at age 65. The Township also pays the entire Medicare Part B premium for retirees who purchase Medicare Part B and their beneficiaries. The retired employee has a choice of benefit plans based on union contracts. The plans are administered by the Township; therefore, premium payments are made directly by the Township to the insurance carriers. The Plan does not issue a separate financial report.

**Funding Policy** - The contribution requirements of plan members and the Township are established and may be amended by the Township's governing body. Plan members receiving benefits contribute twenty percent (20%) of the total cost of the medical benefits, per retiree, spouse, and family per year.

**Retirees** - The Township presently funds its current retiree postemployment benefit costs on a "pay-as-you-go" basis. The Township contributes 100% of the cost of the benefits for employees with 25 or more years of service; however, retirees with less than 25 years of service have to pay 100% of the self-insured premium to continue coverage. The Township's contributions to the plan for the years ended December 31, 2017, 2016, and 2015 were \$4,010,669.00, \$3,940,680.00, and \$3,690,737.00, respectively, for 135, 134 and 125 retirees, respectively.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Funding Policy (Cont'd)**

**Future Retirees** - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Township is required to disclose the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$9,005,467.00 at an unfunded discount rate of 4.00%. As previously stated, the Township has funded the cost of existing retirees in the amount of \$4,010,669.00, and has incurred the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

**Annual OPEB Cost** - For year ended December 31, 2017, the Township's annual OPEB cost (expense) of \$8,422,767.00 for the plan was equal to the ARC plus certain adjustments because the Township's actual contributions in prior years differed from the ARC.

The Township's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for years 2017, 2016, and 2015 are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution (ARC)	\$ 9,005,467.00	\$ 9,005,467.00	\$ 8,973,163.00
Interest on the Net OPEB Obligation	1,307,100.00	1,130,566.00	936,000.00
Adjustment to the ARC	<u>(1,889,800.00)</u>	<u>(1,782,457.01)</u>	<u>(1,353,200.00)</u>
Annual OPEB Cost	8,422,767.00	8,353,575.99	8,555,963.00
Pay-as-You Go Cost (Existing Retirees)	<u>(4,010,669.00)</u>	<u>(3,940,680.00)</u>	<u>(3,690,737.00)</u>
Increase (Decrease) in the Net OPEB Obligation	4,412,098.00	4,412,895.99	4,865,226.00
Net OPEB Obligation, January 1	<u>32,677,034.99</u>	<u>28,264,139.00</u>	<u>23,398,913.00</u>
Net OPEB Obligation, December 31	<u>\$ 37,089,132.99</u>	<u>\$ 32,677,034.99</u>	<u>\$ 28,264,139.00</u>
Percentage of Annual OPEB Cost Contributed	47.6%	47.2%	43.1%

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Cont'd)**

**Funded Status and Funding Progress** - The funded status of the plan as of the past three actuarial valuation dates is as follows:

	<u>2016</u>	<u>2014</u>	<u>2012</u>
Actuarial Accrued Liability (AAL)	\$ 129,761,448.00	\$ 118,133,916.00	\$ 114,036,259.00
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 129,761,448.00</u>	<u>\$ 118,133,916.00</u>	<u>\$ 114,036,259.00</u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%	0.0%	0.0%
Covered Payroll (Active Plan Members)	\$ 20,384,604.00	\$ 19,233,528.00	\$ 17,703,820.00
UAAL as a Percentage of Covered Payroll	636.6%	614.2%	644.1%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as shown above, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the most recent actuarial valuation of December 31, 2016, the Projected Unit Credit Funding Method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate identified in the below table. The actuarial value of the Township Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a four year period. The Township Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2016 was twenty-four years on a straight line basis.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Healthcare Trend Rate**

<b>Medical</b>		<b>Medical</b>	
<b><u>Year</u></b>	<b><u>Trend</u></b>	<b><u>Year</u></b>	<b><u>Trend</u></b>
2017	.74%	2026	4.93%
2018	1.20%	2027	5.39%
2019	1.67%	2030	5.39%
2020	2.13%	2035	5.39%
2021	2.60%	2040	5.39%
2022	3.06%	2045	5.05%
2023	3.53%	2050	4.91%
2024	4.00%	2075+	3.94%
2025	4.46%		

The information was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Amortization Method	Closed/Level
Remaining Amortization	24 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.0%
Rate of Medical Inflation/Healthcare Trend Rate	See Above Table

For determining the GASB ARC, the rate of employer contributions to the Plan is composed of the Normal Cost plus amortization of the Unfunded Actuarial Liability. The Normal Cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The Actuarial Liability is that portion of the Present Value of Projected Benefits that will not be paid by Future Employer Normal Costs or active employee contributions. The difference between this liability and the funds accumulated as of the same date is the Unfunded Actuarial Liability.

**Note 9: COMPENSATED ABSENCES**

Full-time Township employees are granted vacation and sick leave in varying amounts in accordance with the Township's personnel policies and collective bargaining agreements. Unused sick leave and vacation days may be accumulated and carried forward to the subsequent year. Employees who retire from the Township shall be paid for unused sick leave and vacation days in accordance with the Township's agreement or personnel policy.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2017, accrued benefits for compensated absences are valued at \$5,721,740.55. Actual payment for compensated absences occurs through the Accumulated Leave Trust Fund at the time the employee terminates employment. The Trust Fund is funded through the annual budget appropriation of the Current Fund budget. The balance in the Trust Fund as of December 31, 2017 is \$54,817.61.



**Note 10: DEFERRED COMPENSATION SALARY ACCOUNT**

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

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

**Note 11: CAPITAL DEBT**

**General Improvement Bonds**

General Improvement Bonds, Series 2007 - On December 1, 2007, the Township issued \$6,154,000.00 of General Improvement Bonds, with interest rates ranging from 2.00% to 3.80%. The purpose of the bonds was to fund various capital ordinances. The final maturity of the bonds is December 1, 2020.

General Improvement Bonds, Series 2011 - On February 1, 2011, the Township issued \$10,000,000.00 of General Improvement Bonds, with interest rates ranging from 3.00% to 4.00%. The purpose of the bonds was to fund various capital ordinances. The final maturity of the bonds is February 1, 2022.

General Improvement Refunding Revenue Bonds CCIA Lease, Series 2011 - On April 1, 2011, the Township issued \$3,440,000.00 of General Improvement Refunding Bonds with interest rates ranging from 2.00% - 5.00%. The bonds were issued to refund \$3,580,000.00 in Revenue Bonds CCIA Lease, Series 2001 with an interest rate of 4.95% and \$410,000.00 of General Improvement Bonds, Series 2003 with an interest rate of 3.85%. The final maturity of the bonds is April 1, 2022.

General Improvement Refunding Bonds, Series 2012 - On February 1, 2012, the Township issued \$5,540,000.00 of General Improvement Refunding Bonds with an interest rate of 2.00%. The bonds were issued to refund \$5,438,000.00 in General Improvement Bonds, Series 2003 with an interest rate of 3.85%. The final maturity of the bonds is February 1, 2018.

General Improvement Bonds, Series 2012 - On November 15, 2012, the Township issued \$1,985,000.00 of General Improvement Bonds, with interest rates ranging from 2.00% to 3.50%. The purpose of the bonds was to fund various capital ordinances. The final maturity of the bonds is November 15, 2026.

General Improvement Bonds, Series 2014 - On April 2, 2014, the Township issued \$21,154,000.00 of General Improvement Bonds, with interest rates ranging from 2.00% to 3.00%. The purpose of the bonds was to fund various capital ordinances. The final maturity of the bonds is February 15, 2025.

General Improvement Refunding Bonds, Series 2014 - On October 1, 2014, the Township issued \$4,770,000.00 of General Improvement Refunding Bonds with interest rates ranging from 3.00% to 4.00%. The bonds were issued to refund \$4,928,000.00 in General Improvement Bonds, Series 2005 with interest rates ranging from 2.75% to 4.00%. The final maturity of the bonds is August 1, 2023.

**Note 11: CAPITAL DEBT (CONT'D)****General Improvement Bonds (Cont'd)**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 5,155,000.00	\$ 921,725.00	\$ 6,076,725.00
2019	4,960,000.00	786,612.50	5,746,612.50
2020	5,055,000.00	644,337.50	5,699,337.50
2021	4,535,000.00	498,500.00	5,033,500.00
2022	4,620,000.00	360,637.50	4,980,637.50
2023-2026	8,385,000.00	400,737.50	8,785,737.50
Totals	<u>\$ 32,710,000.00</u>	<u>\$ 3,612,550.00</u>	<u>\$ 36,322,550.00</u>

**General Debt - New Jersey Environmental Infrastructure Loans**

On September 1, 2012, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,185,938.00, at no interest, from the fund loan, and \$375,000.00 with interest rates ranging from 3.00% to 5.00% from the trust loan. The proceeds were used to finance various capital ordinances. Semiannual debt payments are due February 1st and August 1st through 2031.

On May 21, 2014, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,173,256.00, at no interest, from the fund loan, and \$385,000.00 with interest rates ranging from 3.00% to 5.00% from the trust loan. The proceeds were used to finance various capital ordinances. Semiannual debt payments are due February 1st and August 1st through 2033.

On May 28, 2015, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$526,319.00, at no interest, from the fund loan, and \$165,000.00 with interest rates ranging from 4.00% to 5.00% from the trust loan. The proceeds were used to finance various capital ordinances. Semiannual debt payments are due February 1st and August 1st through 2034.

On September 1, 2016, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$920,888.00, at no interest, from the fund loan, and \$300,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund the various capital improvements. Semiannual debt payments are due March 1st and September 1st through 2035.

**Note 11: CAPITAL DEBT (CONT'D)****General Debt - New Jersey Environmental Infrastructure Loans (Cont'd)**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 244,128.17	\$ 42,325.02	\$ 286,453.19
2019	244,128.17	40,075.02	284,203.19
2020	244,128.17	37,825.02	281,953.19
2021	259,128.17	35,575.02	294,703.19
2022	264,128.17	32,575.02	296,703.19
2023-2027	1,335,640.85	115,975.10	1,451,615.95
2028-2032	1,244,857.75	51,081.32	1,295,939.07
2033-2035	308,927.67	6,012.50	314,940.17
Totals	<u>\$ 4,145,067.12</u>	<u>\$ 361,444.02</u>	<u>\$ 4,506,511.14</u>

**General Debt - New Jersey Green Acres Loans**

The Township entered into a loan agreement with the New Jersey Department of Environmental Protection. Semiannual debt payments are due through 2028.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 130,216.32	\$ 19,224.97	\$ 149,441.29
2019	132,833.67	16,607.60	149,441.27
2020	130,894.27	13,937.67	144,831.94
2021	128,869.79	11,352.79	140,222.58
2022	131,460.08	8,762.49	140,222.57
2023-2027	327,052.87	15,105.25	342,158.12
2028	12,313.17	123.14	12,436.31
Totals	<u>\$ 993,640.17</u>	<u>\$ 85,113.91</u>	<u>\$ 1,078,754.08</u>

**Note 11: CAPITAL DEBT (CONT'D)**

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 59,844,027.29	\$ 59,210,458.60	\$ 55,496,591.76
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds, Loans and Notes	<u>5,352,091.34</u>	<u>4,602,091.34</u>	<u>5,099,862.00</u>
Total Issued and Authorized but not Issued	<u>65,196,118.63</u>	<u>63,812,549.94</u>	<u>60,596,453.76</u>
<b><u>Deductions</u></b>			
General:			
Funds Temporarily Held to Pay Debt	<u>91,960.15</u>	<u>691,960.15</u>	<u>2,101,464.77</u>
<b>Net Debt</b>	<u>\$ 65,104,158.48</u>	<u>\$ 63,120,589.79</u>	<u>\$ 58,494,988.99</u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.515%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Purposes	\$ 4,570,000.00	\$ 4,570,000.00	
Regional School Purposes	4,606,891.53	4,606,891.53	
General	<u>65,196,118.63</u>	<u>91,960.15</u>	\$ 65,104,158.48
	<u>\$ 74,373,010.16</u>	<u>\$ 9,268,851.68</u>	<u>\$ 65,104,158.48</u>

Net debt \$65,104,158.48 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$4,295,993,439.00, equals 1.515%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 150,359,770.37
Less: Net Debt	<u>65,104,158.48</u>
Remaining Borrowing Power	<u>\$ 85,255,611.89</u>

A revised Annual Debt Statement should be filed by the Chief Financial Officer.

**Note 12: ARBITRAGE REBATE**

The Township has the following bond issues outstanding at December 31, 2017:

<u>Issue Date</u>	<u>Amount</u>	<u>Liability</u>
December 1, 2007	\$ 6,154,000.00	None (2)
February 1, 2011	10,000,000.00	None (2)
April 1, 2011	3,440,000.00	None (1)
February 1, 2012	5,540,000.00	None (4)
November 15, 2012	1,985,000.00	None (1)
April 2, 2014	21,154,000.00	None (3)
October 1, 2014	4,770,000.00	None (4)

- (1) Issue meets the small issuer or other exceptions and is not subject to an arbitrage calculation.
- (2) Arbitrage calculation was completed and no rebate is due.
- (3) The rebate calculations on these bonds are required to be made at least once every five years. However, the Township of Gloucester has not prepared the rebate calculation for purposes of determining any contingent liability for rebate. It is anticipated that when such calculation is made, the liability, if any, will be appropriated in that year's current fund budget.
- (4) Refunding bonds are not subject to arbitrage calculations.

**Note 13: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The Township maintains commercial insurance coverage for property, liability, vehicle, surety bonds, etc.

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

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

<u>Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 31,242.34	\$ 226.05	\$ 12,855.53	\$ 63,325.99
2016	54,948.91		43,656.62	44,713.13
2015	49,930.23	137.49	31,087.42	33,420.84

It is estimated that unreimbursed payments on behalf of the Township at December 31, 2017 are \$5,553.91.

**Note 13: RISK MANAGEMENT (CONT'D)**

**Self- Insurance Plan** - The Township is self-insured for the following:

**Health Benefits** - The Township contracts with third party administrators to provide health, prescription and dental benefits. Per the contracts, there is a stop loss deductible of \$75,000.00 per individual and a \$1,000,000.00 aggregate at 125% of projected claims. At December 31, 2017, the balance of estimated health insurance payables was \$505,138.64, as provided by the third party administrators. None of the pending claims have been recorded as accounts payable and charged to the employee group insurance appropriation as of December 31, 2017. Any additional funding required for claims will be paid and charged to future budgets.

There were certain settlements that exceed the Township's coverage for years ended December 31, 2016, and 2015 totaling \$48,434.38 and \$118,463.00, respectively. There were no settlements that exceeded the Township's coverage for the year ended December 31, 2017.

**Workers Compensation** - The Township is self-insured for worker's compensation up to \$250,000.00 per incident with an aggregate of \$500,000.00. A commercial policy is maintained for claims in excess of \$250,000.00 per occurrence. The Gloucester Township Municipal Utilities Authority is also covered under this policy and reimburses the Township for claims applicable to their employees.

A workers' compensation insurance claims liability (incurred) is based on an analysis prepared by management, which is based on historical trends. The remaining claims liability (incurred) is based on an evaluation performed by the third-party administrator of the plan. The total liability of \$240,939.68 consists of claims reported and payable as well as an estimate for claims incurred but not reported. None of the pending claims have been recorded as accounts payable and charged to the workman's compensation budget appropriation as of December 31, 2017. Any additional funding required for claims will be paid and charged to future budgets.

There have been no settlements that exceed the Township's coverage for years ended December 31, 2017, 2016, and 2015.

**Temporary Disability Insurance** – The Township's Temporary Disability program is a mirror image of the State of New Jersey Temporary Disability Insurance Plan, whereby an employee who becomes temporarily disabled within fourteen (14) days of their last day of work is covered. Each employee must contribute 1/2 of a percent on the first \$20,200.00 of covered wages up to a maximum of \$101.00. The Township is required to contribute at a variable rate.

A Reserve for Disability Insurance was established in the Trust - Other Fund to account for and finance its related uninsured risks. The following is a summary of Township contributions, claims paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Employee Receipts</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2017	\$ 16,748.15	\$ 42,576.78	\$ 129.81
2016	12,973.88	23,839.99	25,958.44
2015	15,358.06	21,097.87	36,824.55

**Note 13: RISK MANAGEMENT (CONT'D)**

**Self- Insurance Plan (Cont'd)**

**Temporary Disability Insurance (Cont'd)** - At December 31, 2017, the balance of disability insurance payables was unable to be determined. Any additional funding required for claims in excess of the aforementioned reserve will be paid and charged to future budgets. No estimate of the required reserve for claims has been made.

There have been no settlements that exceed the Township's coverage for years ended December 31, 2017, 2016, and 2015.

**Note 14: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST**

On November 6, 2001, pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township authorized the establishment of the Township of Gloucester Open Space, Recreation and Farmland Preservation Trust Fund effective February 25, 2002, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. Overall, as a result of the referendum, the Township levies a tax not to exceed two cents per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a trust fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township of Gloucester Open Space, Recreation and Farmland Preservation Trust Funds.

**Note 15: CONTINGENCIES**

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

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

**Note 16: CONCENTRATIONS**

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

**Note 17: SUBSEQUENT EVENTS**

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

<b><u>Purpose</u></b>	<b><u>Adoption</u></b>	<b><u>Authorization</u></b>
<b>General Improvements</b>		
Acquisition of Various Pieces of Capital Equipment and Construction and Completion of Various Capital Improvements	01/22/18	\$ 5,903,165.00
Various Improvements to the Stormwater Drainage System	01/22/18	1,400,000.00



## **APPENDIX C**

### **FORM OF BOND COUNSEL OPINION**



June \_\_, 2019

Mayor and Township Council  
of the Township of Gloucester  
1261 Chews Landing Road  
Blackwood, New Jersey

**RE: \$34,011,000 TOWNSHIP OF GLOUCESTER, COUNTY OF CAMDEN,  
NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2019**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds") by the Township of Gloucester, County of Camden, New Jersey ("Township").

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Township Council and published in accordance with applicable law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Township Council on June 3, 2019 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on June 12, 2019 ("Award Certificate").

The Bonds are dated June 19, 2019, mature on February 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum below, payable initially on February 1, 2020 and semi-annually thereafter on August 1 and February 1 in each year until maturity.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020	\$2,001,000	%	2025	\$3,785,000	%
2021	2,475,000		2026	3,880,000	
2022	2,575,000		2027	3,975,000	
2023	3,620,000		2028	4,000,000	
2024	3,700,000		2029	4,000,000	

The Bonds are issued in fully registered book-entry-only form without coupons, and are not subject to redemption prior to their stated maturity dates.

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**

Mount Laurel, New Jersey | Hamilton, New Jersey | Atlantic City, New Jersey



The Bonds are being issued to provide funds which will be used to: (i) permanently finance the cost of various capital improvements by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Township; (ii) permanently finance the costs of various capital improvements for which obligations have been authorized, but not issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, inter alia, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinances, the Resolution, the Award Certificate, the representations and covenants of the Township given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and Other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Notes

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined including, without limiting the generality of the foregoing, the Nonarbitrage Certificate.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Bonds are legal, valid and binding obligations of the Township enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

2. For the payment of principal of and interest on the Bonds, the Township has the power and is obligated, to the extent payment is not otherwise provided, to levy ad valorem taxes upon all taxable real property within the Township without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

3. Interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and is not a specific item of tax preference item under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).

Interest on tax-exempt obligations, including the Bonds, is not excludable in calculating certain corporation's "adjusted current earnings." Accordingly, a portion of the interest on the



Bonds received or accrued by a corporation that owns the Bonds is included in computing such corporation's alternative minimum taxable income for such year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Township that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Township to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Township has not designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.



Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

4. Interest on the Bonds and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the Bonds.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State of New Jersey, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

This is only an opinion letter and not a warranty or guaranty of the matters discussed above.

This letter is being provided solely for the benefit of the Township and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

## **APPENDIX D**

### **FORM OF CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this \_\_\_\_ day of June, 2019 between the Township of Gloucester, County of Camden, New Jersey ("Township") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its General Obligation Bonds, Series 2019, in the principal amount of \$34,011,000 ("Bonds").

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds ("Rule").

**SECTION 2. Definitions.** Capitalized terms, not otherwise defined herein, shall, for purposes of this Disclosure Agreement, have the following meanings:

**"Annual Report"** shall mean, the Township's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

**"Commission"** shall have the meaning set forth in Section 1 of this Disclosure Agreement

**"Business Day"** shall mean any day other than a Saturday, Sunday or a day on which the Township or the Dissemination Agent is authorized by law or contract to remain closed.

**"Continuing Disclosure Information"** shall mean: (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

**"Dissemination Agent"** shall mean Acacia Financial Group, Inc., Mount Laurel, New Jersey, or any successor Dissemination Agent designated in writing by the Township and which has filed with the Township a written acceptance of such designation.

**"EMMA"** shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062 of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

**"Listed Events"** shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

**"MSRB"** shall mean the Municipal Securities Rulemaking Board.

**"National Repository"** shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Commission as a repository for purposes of the Rule.

**"Official Statement"** shall mean the Official Statement of the Township dated June \_\_\_, 2019 relating to the Bonds.

**"Opinion of Counsel"** shall mean a written opinion of counsel expert in federal securities law acceptable to the Township.

**"Rule"** shall have the meaning set forth in Section 1 of this Disclosure Agreement.

### **SECTION 3. Provision of Annual Report.**

(a) The Township shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Township's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Township (commencing for the fiscal year ending December 31, 2019). Each Annual Report provided to the Dissemination Agent by the Township shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the Township, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the Township certifying that the Annual Report has been provided pursuant to this Disclosure Agreement to the National Repository and stating the date it was provided to the National Repository.

(c) If the Township fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Township advising of such failure. Whether or not such notice is given or received, if the Township thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with a copy of said notice to the Township) to the National Repository in substantially the form attached as EXHIBIT "A" hereto.

**SECTION 4. Contents of Annual Report.** Annual Report shall mean: (i) the Township's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, audited by an independent certified public accountant, provided that the annual audited financial statements of the Township may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Township are included in the Annual Report; and (ii) the general financial information and operating data of the Township consistent with the information set forth in Appendix A to the Official Statement. Each annual audited financial statements will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.



## **SECTION 5. Reporting of Significant Events.**

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation<sup>1</sup> of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Township shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13), (14) or (15) of subsection (a) of this Section 5, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the Township to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with

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<sup>1</sup> The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

the National Repository within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Township.

**SECTION 6. Termination of Reporting Obligations.** The reporting obligations of the Township under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Township is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

**SECTION 7. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Township may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The Township shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

**SECTION 8. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Township from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. If the Township 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 Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 9. Prior Compliance With the Rule.** As of the date hereof, the Township is in compliance with its previous undertakings with regard to continuing disclosure for prior obligations issued.

**SECTION 10. Default and Remedies.** In the event of a failure of the Township to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall), 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 Township to comply with its obligations under this Disclosure Agreement. A failure of the Township to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds. The sole remedy under this Disclosure Agreement in the event of any failure of the Township to comply with this Disclosure Agreement shall be an action to compel performance.

**SECTION 11. Notices.** All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Township:

Township of Gloucester  
1261 Chews Landing-Clementon Road  
PO Box 8  
Blackwood, New Jersey 08012  
Attention: Chief Financial Officer

If to the Dissemination Agent:

Acacia Financial Group, Inc.  
6000 Midlantic Drive, Suite 410 North  
Mount Laurel, New Jersey 08054

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 11 for the giving of notice.

**SECTION 12. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Township, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

**SECTION 13. Submission of Information to MSRB.** Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

**SECTION 14. Compensation.** The Township shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

**SECTION 15. Successors and Assigns.** All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Township or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 16. Headings for Convenience Only.** The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

**SECTION 17. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 18. Severability.** If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held

invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

**SECTION 19. Governing Law.** This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

**IN WITNESS WHEREOF**, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**TOWNSHIP OF GLOUCESTER, NEW JERSEY**

By: \_\_\_\_\_  
**CHRISTIE EHRET, Chief Financial Officer**

**ACACIA FINANCIAL GROUP, INC.,C**  
**as Dissemination Agent**

By: \_\_\_\_\_  
**JOSHUA C. NYIKITA, Managing Director**

**EXHIBIT A**

**NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: Township of Gloucester, County of Camden, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2019

Date of Issuance of the Affected  
Bond Issue: June 19, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated June 19, 2019, between the Township and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

ACACIA FINANCIAL GROUP, INC.,  
as Dissemination Agent

cc: Township of Gloucester, New Jersey