

**NOTICE OF SALE
TOWNSHIP OF WASHINGTON,
IN THE COUNTY OF GLOUCESTER, NEW JERSEY
\$13,410,000 GENERAL OBLIGATION BONDS, SERIES 2017
(Book-Entry-Only) (Callable)**

ELECTRONIC PROPOSALS (the "Proposals"), via BiDCOMP/PARITY Competitive Bidding System ("PARITY") only, will be received in the manner described below by the Chief Financial Officer of the Township of Washington, in the County of Gloucester, New Jersey (the "Township"), on **April 6, 2017** until 11:00 a.m., New York City time, at which time they will be announced for the purchase of the Township's \$13,410,000 aggregate principal amount of General Obligation Bonds, Series 2017 (the "Bonds"). Bidders are required to submit their Proposal for the purchase of the Bonds in accordance with the terms of the Notice of Sale.

Terms of the Bonds

The Bonds will be dated the date of delivery (which is expected to be April 20, 2017), and will bear interest at the rate or rates per annum specified by the successful bidder therefor in accordance herewith, payable semi-annually on February 1st and August 1st of each year, commencing February 1, 2018, until maturity or earlier redemption. The Bonds will mature, subject to prior redemption, on February 1st in the years and in the amounts set forth below:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2018	\$430,000	2028	\$665,000
2019	525,000	2029	690,000
2020	535,000	2030	715,000
2021	545,000	2031	740,000
2022	560,000	2032	770,000
2023	575,000	2033	795,000
2024	590,000	2034	825,000
2025	610,000	2035	860,000
2026	625,000	2036	855,000
2027	645,000	2037	855,000

* Subject to Adjustment as provided herein.

The Township reserves the right to increase or decrease the aggregate principal amount of the Bonds by an amount not to exceed ten percent (10%) as the Township deems necessary or advisable in order to accomplish the purposes for which the Bonds were issued. No single maturity will be increased or decreased more than ten percent (10%). If the Township elects to increase or decrease the aggregate principal amount of the Bonds and the proposal of the Successful Bidder contains original issue premium for any maturity or maturities of the Bonds, the final purchase price of the Bonds will be adjusted to reflect the total dollar amount of original issue premium on the principal amount of each maturity or maturities of the Bonds. No increase or decrease in the aggregate principal amount of the Bonds as described in this paragraph will

affect the basis upon which the Township determines to award the Bonds to the Successful Bidder as described below.

Term Bond Option

The Bonds will be issued as serial bonds. There is no option for term bonds.

Optional Redemption Provisions

The Bonds maturing prior to February 1, 2028 are not subject to redemption prior to maturity. The Bonds maturing on or after February 1, 2028 are subject to redemption prior to maturity at the option of the Township, as a whole at any time or in part from time to time on or after February 1, 2027, in such order of maturity as the Township may direct at a redemption price equal to one hundred percent (100%) of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption.

Notice of redemption shall be given by first class mail postage prepaid to the registered owners of the Bonds not less than thirty (30) days but not more than sixty (60) days prior to the redemption date. So long as the Bonds are in book-entry form such notice will be mailed to DTC as the registered owner of the Bonds. Any failure of DTC to advise any of its participants or any failure of any participant to notify any beneficial owner of any redemption shall not affect the validity of the redemption proceedings.

Security for the Bonds

The Bonds are general obligations of the Township and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and the interest thereon. The Bonds are payable, if not paid from other sources, from ad valorem taxes to be levied upon all the taxable real property within the Township without limitation as to rate or amount.

Book-Entry Only System

All bidders for the Bonds must be participants of The Depository Trust Company, New York, New York ("DTC") or affiliated with its participants. The Bonds will be issued in the form of one certificate for the aggregate principal amount of Bonds maturing in each year and will be payable as to both principal and interest in lawful money of the United States of America. Each certificate will be registered in the name of Cede & Co., as nominee of DTC, which will act as Securities Depository. The certificate will be deposited with DTC which will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchases. Individual purchases may be made in the principal amount of \$5,000 or any multiple of \$1,000 in excess thereof through book entries made on the books and records of DTC and its participants.

Payments of principal and interest on the Bonds will be made to DTC or its authorized nominee. The DTC will credit payments of principal of and interest on the Bonds to the participants of DTC as listed on the records of DTC.

In the event (a) DTC determines not to continue to act as Securities Depository for the Bonds or (b) the Township determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the Township will discontinue the book-entry system with DTC. If the Township fails to identify another qualified securities depository to replace DTC, the Township will deliver replacement bonds in the form of fully registered certificates.

Electronic Bidding Procedures

Bids may be submitted electronically via PARITY in accordance with this Notice of Sale, until 11:00 a.m., New York City time, on April 6, 2017, 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, potential bidders may contact PARITY at (212) 849-5021. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that:

1. The Township may regard the electronic transmission of the bid through PARITY (including information about the purchase price of the Bonds, the interest rate or rates to be borne by the various maturities of the Bonds, the initial public offering price of each maturity and any other information included in such transmission) as though the same information were submitted directly to the Township and executed by a duly authorized signatory of the bidder. If a bid submitted electronically by PARITY is accepted by the Township, the terms of the Proposal for Bonds and 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 TM3 News Services, or by other available means, no later than 3:00 p.m. (New York City 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 a 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 PARITY shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure access to any qualified prospective bidder, and neither the Township nor PARITY 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.

Bid Specifications

Each Proposal must specify a rate of interest for each maturity of the Bonds which rate of interest must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%). Not more than one rate may be named for Bonds of the same maturity. The difference between the highest and lowest rates of interest named shall not exceed three percent (3.0%). Each Proposal submitted must be for all of the Bonds and the purchase price specified in the proposal must be not less than 100% of the aggregate par value of the Bonds or for more than 110% of the aggregate par value of the Bonds.

Award, Delivery and Payment

The Bonds will be awarded to the bidder on whose bid the total loan may be made at the lowest true interest cost. Such true interest cost shall be computed, as to each bid, by determining the interest rate, compounded semi-annually, necessary to discount the debt service payments to the date of the Bonds and to the price bid, excluding interest accrued to the delivery date. 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 true interest cost to the Township under any legally acceptable proposal. If two or more such bidders offer to pay the lowest true interest cost, then the Bonds will be sold to one of such bidders selected by lot from among all such bidders. The bidder to which the Bonds are awarded (in the manner specified above) is herein referred to as the "Successful Bidder." It is expected that delivery of the Bonds to DTC and payment for the Bonds will take place on or about, April 20, 2017 at the offices of Capehart & Scatchard, P.A., bond counsel to the Township ("Bond Counsel"), in Mount Laurel, New Jersey or at such other place as may be agreed upon with the Successful Bidder. The Bonds will be delivered to DTC in single denominations for each maturity of each type of bond. PAYMENT FOR THE BONDS AT THE TIME OF ORIGINAL ISSUANCE AND DELIVERY SHALL BE IN IMMEDIATELY AVAILABLE FUNDS.

Change of Bid Date and Closing Date

The Township reserves the right to postpone, from time to time, the date established for the receipt of bids and will undertake to notify registered prospective bidders via notification published on Thomson Municipal Market Monitor ("TM3") (www.tm3.com). In addition, the Township reserves the right to make changes to this Notice of Sale. Such changes will be

announced on the TM3. A postponement of the bid date will be announced via TM3 not later than 11:00 a.m., New York City time, on the last business day prior to any announced date for receipt of bids, and an alternative sale date and time will be announced via TM3 by 12:00 Noon, New York City time, not less than forty-eight (48) hours prior to such alternative date for receipt of bids. On any such alternative date and time for receipt of bids, the Township will accept electronic bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time for receipt of bids and any other changes announced via TM3 at the time the date and time for receipt of bids are announced.

Right to Reject Bids; Waive Irregularities

The right is reserved to reject all bids, and any bid not complying with the terms of this Notice of Sale will be rejected. The Township reserves the right to reject any or all Proposals and so far as permitted by law, to waive any irregularity or informality in any or all Proposals.

Good Faith Deposit

A good faith deposit (the "Deposit"), in the form of a certified, cashier's or treasurer's check, wire transfer in the amount of \$268,200 is required for each bid for the Bonds to be considered. If a check is used, it must be a certified, cashier's or treasurer's check and must be provided to the Township by 10:45 a.m., New Jersey time, on the Bid Date at the address referred to above. If a wire transfer is used, the transfer must be completed and receipt confirmed by the Township by 10:45 a.m., New Jersey time, on the Bid Date. Bidders sending a wire transfer should contact either James D'Auria, Chief Financial Officer at (856) 589-0520 Ext. 299 or Brittany Whelan of Acacia Financial Group, Inc., the Township's financial advisor, at (856) 234-2266 for wire instructions. **If a check is used, it must be a certified, treasurer's or cashier's check and must be provided to the Township no later than by 10:45 a.m. on the Bid Date. Each bidder accepts responsibility for delivering such check on time and the Township is not responsible for any check that is not received on time.** The Deposit of the Successful Bidder will be collected and the proceeds thereof retained by the Township to be applied in partial payment for the Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the Successful Bidder shall fail to comply with the terms of its respective bid, the proceeds thereof will be retained as and for full liquidated damages. Award of the Bonds to the Successful Bidder or rejection of all bids is expected to be made within five hours after opening of the bids, but such Successful Bidder may not withdraw its Proposal for Bonds until after 5:00 p.m. of the day of such bid-opening and then only if such award has not been made prior to the withdrawal.

Bond Insurance

If the Bonds qualify for issuance of any policy of municipal bond insurance, any purchase of such policy shall be at the sole option and expense of the Successful Bidder. If the Bonds are to be insured, the Successful Bidder shall pay the premium therefor prior to the delivery of the Bonds. Any failure of the Bonds to be so insured or of any such policy of

insurance to be issued shall not in any way relieve the Successful Bidder of its contractual obligations arising from the acceptance of its Proposal for Bonds for the purchase of the Bonds.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for the failure or refusal of the Successful Bidder to accept delivery of and pay for the Bonds. The CUSIP Service Bureau charges for the assignment of CUSIP numbers on the Bonds shall be the responsibility of and shall be paid for by the Successful Bidder.

Undertakings of the Successful Bidder

THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THEIR RESPECTIVE INITIAL REOFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW. THE SUCCESSFUL BIDDER MUST SELL TO THE PUBLIC 10% OR MORE IN PAR AMOUNT OF THE RESPECTIVE SERIES OF THE BONDS FROM EACH MATURITY THEREOF AT THE INITIAL REOFFERING PRICES.

The Successful Bidder shall within thirty (30) minutes after being notified of the award of the Bonds, advise the Township in writing (via facsimile transmission) of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). The Successful Bidder must, by facsimile transmission or delivery received by the Township within twenty-four (24) hours after notification of the award, furnish the following information to the Township to complete the Official Statement in final form, as described below:

A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the Successful Bidder advised the Township that the Bonds were initially offered to the public).

B. The identity of the underwriters if the Successful Bidder is part of a group or syndicate.

C. Any other material information that the Township determines is necessary to complete the Official Statement in final form. After the award of the Bonds, the Township will prepare copies of the final Official Statement and will include therein such additional information concerning the reoffering of the Bonds as the Successful Bidder may reasonably request. The Successful Bidder will be responsible to the Township in all aspects for the accuracy and completeness of information provided by such Successful Bidder with respect to such reoffering.

The Successful Bidder shall be obligated to furnish to the Township within forty-eight (48) hours prior to the date of delivery of the Bonds a certificate satisfactory to Bond Counsel to the Township to the effect that: (i) each maturity of the Bonds has been the subject of a bona fide

initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the initial public offering price set forth in such certificate; (ii) ten percent (10%) or more in par amount of the Bonds of each maturity were sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the initial public offering price for such maturity set forth in such certificate; and (iii) at the time the Successful Bidder submitted its bid to the Township, based upon then prevailing market conditions, the Successful Bidder had no reason to believe that any maturity of the Bonds would be sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at a price greater than the initial public offering price for that maturity, or that the fair market of any maturity of the Bonds would be in excess of the initial public offering price for that maturity. Such certificate shall state that it is made to the best knowledge, information and belief of the Successful Bidder.

Legal Opinions

The obligations hereunder to pay for and to accept delivery of the Bonds shall be conditioned on the availability and the delivery at the time of delivery of the Bonds of the approving opinion of the law firm of Capehart & Scatchard, P.A. Trenton, New Jersey, Bond Counsel to the Township, which will be furnished without cost to the Successful Bidder, substantially in the form set forth in the Official Statement distributed in preliminary form in connection with the sale of the Bonds. Such opinion shall state to the effect that the Bonds are valid and legally binding obligations of the Township, and that all the taxable property therein will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, to pay the principal of the Bonds and the interest thereon; and will also state that under existing law, interest on the Bonds is excluded from gross income for purposes of Federal income taxation.

Concerning the Preliminary Official Statement

The Township has issued an Official Statement with respect to the sale of the Bonds in preliminary form (the "Preliminary Official Statement") which the Township has deemed final as of its date for purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for certain omissions permitted thereunder and except for changes permitted by other applicable law. The Preliminary Official Statement may be accessed via the Internet at www.govdebt.net. A printed version is also available upon request made to the Chief Financial Officer of the Township at 856-589-0520 x. 299.

Official Statement

The Township agrees to provide the Successful Bidder with up to one hundred (100) copies of the final Official Statement adopted by the Township in relation to the sale by the Township of the Bonds within the period of time allowed under Rule 15c2-12, at the sole cost and expense of the Township, with any additional copies which the Successful Bidder shall reasonably request to be provided at the sole cost and expense of the Successful Bidder.

Continuing Disclosure

In order to assist the Successful Bidder in complying with Rule 15c2-12, the Township agrees to deliver on the Closing Date a Continuing Disclosure Certificate to be dated as of the Closing Date pursuant to which the Township shall agree to provide at the times and to the information repositories and other persons described in Rule 15c2-12 the financial or operating data required to be disclosed on a continuing basis pursuant to Rule 15c2-12.

Dated: March __, 2017

James D'Auria, Chief Financial Officer
Township of Washington, in the
County of Gloucester, New Jersey

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 30, 2017

In the opinion of Capehart & Scatchard, P.A., Trenton, New Jersey, Bond Counsel, assuming continuing compliance by the Township of Washington, County of Gloucester, 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 and corporations pursuant to Section 55 of the Code. In the case of certain corporations that own the Bonds, the interest thereon is not excludable in computing the alternative minimum tax as a result of the inclusion of interest on the Bonds in "adjusted current earnings". 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 (hereinafter defined) and any gain from the sale thereof is not includable in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.

\$13,410,000
TOWNSHIP OF WASHINGTON
County of Gloucester, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2017
(Book-Entry-Only) (Callable)

The Township of Washington, County of Gloucester, New Jersey ("Township") is issuing \$13,410,000 aggregate principal amount of its General Obligation Bonds, Series 2017 ("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 February 1 maturity dates upon presentation and surrender of the Bonds at the office of the Township, as paying agent ("Paying Agent"). Interest on the Bonds is payable semi-annually on February 1 and August 1 ("Interest Payment Dates"), commencing February 1, 2018 in each year until maturity or earlier redemption thereof. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions set forth herein.

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 of and interest on the Bonds will be made by the Township or its hereafter designated paying agent, if any, 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 36-2013, 03-2015 and 12-2016 ("Bond Ordinances"), 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 March 8, 2017; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on April __, 2017.

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 equipment authorized by the Bond Ordinances; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds. See "PURPOSE OF THE ISSUE" herein.

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.

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 Capehart & Scatchard, P.A., Trenton, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by Stuart Platt, Esquire, Solicitor. Acacia Financial Group, Inc., Marlton, New Jersey, has acted as Financial 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 April 20, 2017.

MATURITY SCHEDULES

\$13,410,000 **GENERAL OBLIGATION BONDS, SERIES 2017**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2018	\$430,000	%	%	2028	\$665,000	%	%
2019	525,000			2029	690,000		
2020	535,000			2030	715,000		
2021	545,000			2031	740,000		
2022	560,000			2032	770,000		
2023	575,000			2033	795,000		
2024	590,000			2034	825,000		
2025	610,000			2035	860,000		
2026	625,000			2036	855,000		
2027	645,000			2037	855,000		

TOWNSHIP OF WASHINGTON
County of Gloucester, New Jersey

Mayor

Joann Gattinelli

Township Council

Nick Fazzio

Council President

Joe Perry

Council Vice-President

Angela Donato

Council Member

Sean Longfellow

Council Member

Dana Pasqualone

Council Member

Business Administrator

Jason Gonter

Chief Financial Officer

James L. D'Auria

Municipal Clerk

Leo Selb

Township Solicitor

Stuart Platt, Esquire

Auditor

Bowman & Company LLP
Voorhees, New Jersey

Bond Counsel

Capehart & Scatchard, P.A.
Trenton, New Jersey

Financial Advisor

Acacia Financial Group, Inc.
Marlton, New Jersey

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

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OFFICIAL STATEMENT

\$13,410,000
TOWNSHIP OF WASHINGTON, COUNTY OF GLOUCESTER, NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2017
(Book-Entry-Only) (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 Washington, County of Gloucester, New Jersey ("Township") of its \$13,410,000 aggregate principal amount of its General Obligation Bonds, Series 2017 ("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 36-2013, 03-2015 and 12-2016 ("Bond Ordinances"), 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 March 8, 2017; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on the date hereof.

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 equipment authorized by the Bond Ordinances, all as more particularly described in the Table below; and (ii) 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:

General Improvement Bonds

Bond Ordinance	Purpose/ Improvement	Original Amount Authorized	Prior Notes Outstanding	Bonds to be Issued
36-2013	Various Capital Improvements	\$2,616,000	\$2,485,200	\$2,485,000
03-2015	Various Capital Improvements	5,300,000	5,035,000	5,035,000
12-2016	Various Capital Improvements	6,200,000	5,890,000	5,890,000
TOTAL		\$14,116,000	\$13,410,200	\$13,410,000

DESCRIPTION OF THE BONDS

General

The Bonds will be issued in the aggregate principal amount of \$13,410,000.

The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside 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, 2018, in each year until maturity or earlier redemption thereof. 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 inside 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 office of the Township as ("Paying Agent"). 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 Paying Agent, as of the close of business on the fifteenth (15th) 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 Paying Agent, or the Township.

Redemption Provisions

The Bonds maturing on and after February 1, 2028 are subject to redemption prior to their stated maturity dates at the option of the Township, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Township shall determine and within any such maturity by lot) on any date on or after February 1, 2027, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be

redeemed at his or her last address, if any, appearing on the registration books of the Paying Agent. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC or any successor, and will not be sent to the beneficial owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any participant or any failure of a participant to notify any beneficial owner of the Bonds shall not affect the validity of any proceedings for the redemption of Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bond or portion thereof to be redeemed shall cease to accrue and be payable.

Book-Entry-Only System ¹

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 each such term 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

¹ Source: The Depository Trust Company

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

Purchases of the 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, the Paying Agent, or its hereafter designated paying agent for the Notes, 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 Paying Agent, on 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 the Paying Agent, 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 Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Township, or the Paying Agent. 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 Underwriter (as hereinafter defined) take any responsibility for the accuracy thereof.

NEITHER THE TOWNSHIP, NOR THE PAYING AGENT, 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 the Paying Agent; (ii) the transfer of the Bonds may be registered on the books maintained by the Township, or the Paying Agent for such purposes only upon the surrender thereof to the Township, or the Paying Agent together with the duly executed assignment in form satisfactory to the Township, or the Paying Agent; and (iii) for every exchange or registration of transfer of the Bonds, the Township, or the Paying Agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer 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 (a) compiled financial statements of the Township for the year ended December 31, 2016 and (b) audited financial statements of the Township for the years ended December 31, 2015, 2014, 2013, 2012 and 2011. The compiled and audited financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the

authority of such firm. Bowman & Company LLP, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete 2016 Annual Financial Statement (unaudited) and 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 New Jersey State Board of Accountancy. 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, 2015 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. The Annual Compiled Financial Statement for the year ended December 31, 2016 is on file with the Township Clerk and is available for review during business hours.

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%) 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%) 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 2.0%; (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 2.0% 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%) 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%) 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%) 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.

Rights and Remedies of Owners of Bonds

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 last complete revaluation of property within the Township was in 2012 effective for the 2013 tax year.

Upon the filing of certified adopted budgets by the Township, the Local School District, the Fire District and the County of Gloucester ("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% 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% 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 Capehart & Scatchard, P.A., Trenton, 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 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 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 the Bonds is included in computing a corporation's "adjusted current earnings." Accordingly, a portion of the interest on 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 its opinion, Bond Counsel has relied on the Township's covenants contained in the Bond Ordinances, and in the Certificate as to Non-Arbitrage and Other Tax Matters, that it will comply with the applicable requirements of the Code, 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. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Bonds 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, controlled foreign corporations, property and casualty insurance companies, 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 the 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 will **not** designate the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(1) of the Code.

Owners of the Bonds should consult their own tax advisors 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

Upon delivery of the Bonds, the Township shall furnish an opinion of its Solicitor, Stuart Platt, Esquire, of the law firm Platt & Riso, P.C., Stratford, New Jersey, dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending, to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition, such opinion shall state that there is no litigation of any nature now pending by or against the Township wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the Township or adversely affect the power to levy, collect and enforce the collection of taxes or other revenues for the payment of the Bonds, which has not been otherwise disclosed in this Official Statement.

RATINGS

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

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained 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 such rating 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.

Bond Counsel 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.

Bowman & Company LLP, Voorhees, New Jersey, compiled this Official Statement from information obtained from Township management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information. Bowman & Company LLP does take responsibility for the compiled and audited financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Accountant's Compilation Report.

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 April __, 2017. 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 [or prices] set forth on the inside 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 inside 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 into investment trusts) at yields higher or prices lower than the public offering yield or prices set forth on the inside front cover page of this Official Statement, and such public offering yields or prices 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 of the Township, including the Bonds, and such bonds are authorized security for any and all public deposits.

NO DEFAULT

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

FINANCIAL ADVISOR

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

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, the Township has undertaken to file notice of certain enumerated events, pursuant to a Disclosure Dissemination Agent Agreement for the Bonds in the forms attached as Appendix "D" to this Official Statement.

During the previous five fiscal years, the Township has failed to timely file, in accordance with the Rule, its annual financial information for fiscal years ended December 31, 2011 through and including 2013 for certain bond issuances and CUSIPs associated with such bond issuances on EMMA. A Failure to File Notice was filed by the Township on November 24, 2014. It should be noted that the additional operating data of the Township, including budget data as of that fiscal year, is contained within the Township's CAFRs.

The Township also failed to timely file notices relating to underlying rating recalibrations undertaken by certain rating agencies. The Township has since filed an event notice which identifies the current credit ratings, including those of bond insurers. The Township has retained a dissemination agent to ensure timely filings of its annual information on a going-forward basis.

In 2014, in response to the Securities and Exchange Commission's Municipalities Continuing Disclosure Cooperative Initiative, the Local Finance Board within the

Division of Local Government Services in the New Jersey Department of Community Affairs (the "Division") issued a Public Finance Notice to all Chief Financial Officers of local governments within New Jersey under its jurisdiction (the "Notice"). Among other things, this notice established certain baseline information that should be filed to EMMA on an annual basis by a local issuer including each issuer's annual financial statements, adopted budget, completed audit, operating data and material events. To encourage compliance with this directive, the Division is considering a requirement that the auditor of a local issuer certify that these filings are being made on an annual basis as part of the local issuer's annual audit. The Township is in the process of amending its internal procedures to comply with the recommendations of the Division's Notice.

LEGAL MATTERS

The legality of the Bonds will be subject to the approving legal opinions of Capehart & Scatchard, P.A., Trenton, New Jersey, Bond Counsel to the Township ("Bond Counsel"). Such opinions 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 Stuart Platt, Esquire, 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 various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to James D'Auria, Chief Financial Officer, Township of Washington at 856-589-0520 or 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 as such and not as representations of fact, and no representation is made that any of 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 or agreement with the owners of the Bonds.

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.

TOWNSHIP OF WASHINGTON, NEW JERSEY

By: _____
JAMES D'AURIA, Chief Financial Officer

Dated: April __, 2017

APPENDIX A

CERTAIN INFORMATION REGARDING THE TOWNSHIP

GENERAL INFORMATION ON THE TOWNSHIP

History

The Township of Washington, County of Gloucester, New Jersey ("Township") was settled about 1677 by English settlers who were given land by the crown as a reward for their bravery in crossing the Atlantic. At that time, the Township was home to the Mantese Indians, part of the Lenni-Lenape tribe. In 1677, the Mantese, with whom the settlers are reported to have had friendly relations, deeded the land of which the Township is a part to the settlers in return for various items, including tools, weapons, articles of clothing and trinkets.

The Township was once a part of the largest township in Gloucester County – Deptford Township as it was called by the English. On February 17, 1836, a part of old Deptford Township was set aside and assigned the name "The Township of Washington" in honor of George Washington. On March 11, 1844, Camden County was formed and Washington Township was "set off to that county". On February 28, 1871, the Township was put back into Gloucester County. Monroe Township was a part of Washington Township from 1836 until March 3, 1859, when that new township was incorporated. There have been a few minor boundary changes since 1871.

In addition to farming, early commercial activity included grist mills and saw mills. Today the Township is primarily a residential suburban community experiencing continued growth and development.

Location

The Township is within the Delaware Valley economic region, a tri-state region composed of eleven counties in the States of New Jersey, Pennsylvania and Delaware. It is a major transportation center, combining one of the largest port facilities in the world with extensive rail, air and interstate highway systems.

The Township falls within the Philadelphia, PA-NJ Metropolitan Statistical Area ("MSA"), a region, which includes Bucks, Chester, Delaware, Montgomery and Philadelphia Counties in Pennsylvania and Burlington, Camden and Gloucester Counties in New Jersey. The population of New Jersey as a whole increased in population from 7,748,634 in 1990, to 8,791,894 in 2010, as determined by the United States Department of Commerce, Bureau of the Census. According to the 2010 Census, the population of Gloucester County, however, increased from 230,082 in 1990 to 288,288 in 2010, an increase of 25.30 percent. The population of the Township has increased in the last decade or so from: 41,960 in 1990 to 48,559 in 2010, an increase of 15.72 percent.

Organization

The Township is governed by a Mayor and a five-member Township Council. The Mayor and members of the Township Council are elected for staggered four-year terms in elections held every two years. The Mayor and two members of Council are elected in one election and two years later, the other three members of Council are elected.

The Mayor is the Chief Executive Officer of the Township. The responsibilities of the Mayor include execution and enforcement of laws of the State and ordinances of the Township, recommending to Council such measures as she deems necessary or appropriate for the health, safety and welfare of the Township, and preparing and submitting the annual budget to Council for its consideration.

The responsibilities of Council, are, among others, to adopt the municipal budget and to enact ordinances to promote the health, safety and welfare of the Township and its residents.

The Township's Business Administrator serves the Township on a full-time basis as its Chief Operating Officer and Director of Finance. As the Township's Chief Operating Officer, he is

responsible for the daily operations of the Township, staffing and personnel matters, preparation and implementation of the budget and Township receipts and disbursements.

The Township's Chief Financial Officer is custodian of all public moneys of the Township and also serves as Treasurer.

The Township Clerk assists with administering the affairs of the Township, including attending Council meetings and providing for the taking and preparation of minutes thereof; compilation, preservation, indexing and publication of all ordinances and resolutions; and any other duties which Council may assign.

Police, Fire Protection and Emergency Services

The Township provides police protection through the employment of seventy-eight full-time officers and six special police officers. The police department has recently installed a new computer network, added vehicle and body cameras, added mounted and mobile radios, and has started the conversion from traditional police cruisers to more specialized sports utility vehicles (SUV's).

Fire protection is provided by a paid and volunteer network, separate and distinct from Township operations, which has its own taxing power. Ambulance service is provided by an autonomous volunteer network. The Township does not allocate an annual expenditure in the budget for this service, but does contribute \$16,419.00 to the fire district through a shared service agreement.

Library

The Margaret E. Heggan Free Public Library of the Township is open seven days per week, all year long. The library has a collection of 107,000 items that can be checked out, including books, movies, recorded books, magazines, music, museum passes, and American Girl dolls. There is always a reference librarian on duty to answer questions, and the library is a Cooperating Coalition of the Foundation Center, providing philanthropy materials in print and online for non-profit organizations. The library includes a computer lab and a separate children's area with computers just for children, a puppet theater, and many programs for babies, toddlers, and school-age children. It became a municipal library in 1991. It is located at 606 Delsea Drive and is 20,000 square feet. Residents can also enjoy the benefits of the Gloucester County Library System as part of a consortium.

Recreation

A number of services are provided by the Township and paid for from general revenues. The Parks and Recreation Department oversees Township parks, playgrounds and recreational activities. Washington Lake Park is home to several spring and summer events including movies, concerts, and a Super Saturday Town Fair. It is also host to an annual summer wine festival that attracts people from all over the area. The park contains three playgrounds – two of which are handicap accessible and a new state of the art playground that includes a rock wall and parent/child swing set. Recreational activities in the Township include eleven organized sports and over thirty summer programs. In addition, the recreational department offers summer discount theme park ticketing.

Transportation

The Township is located on the North-South Freeway (State Highway 42) at the beginning of the Atlantic City Expressway, approximately twenty minutes from downtown Philadelphia, the Philadelphia International Airport and the main hub of AMTRAK and New Jersey Transit's Northeast Corridor Train Service. Interstate Routes 295, 95, 676 and the New Jersey Turnpike are less than ten minutes away. Local train service is available from nearby Woodbury (the County seat) or the Lindenwold High Speed Line operated by PATCO. The Township is serviced by New Jersey Transit Bus Service. Newark International Airport is approximately ninety minutes away, center city Manhattan, New York City two hours and the Delaware Memorial Bridge forty minutes.

Hospital

Kennedy Memorial Hospital, Washington Township Division – who recently formed a partnership with the nationally acclaimed Sidney Kimmel Cancer Network at Thomas Jefferson Hospital, has for the past 37 years, evolved to 230 acute care beds, a 190 bed long-term facility. Also providing multiple ambulatory services, and offers 24-hour emergency services, inpatient and outpatient services and diagnostic programs. In addition, Kennedy houses Gloucester County's only Level 3 Neonatal Intensive Care Unit (NICU), providing life-saving care for the most fragile infants. Kennedy is poised to begin two major construction projects in the Washington Township campus representing a \$225-million investment in the community. The two-phase project will feature an enclosed parked facility with 700 spaces, and an 180,000 square-foot, multi-level patient tower with all-private patient rooms. The enclosed parking garage will begin construction by the end of 2017, with an opening in late fall 2018, and the new patient tower is estimated for completion in 2020. The construction will provide \$170 million direct, and an estimated \$200 million indirect investment in community while providing more than 2,200 construction jobs.

Virtua Health Systems and The Rothman Institute also have a large presence in the Township with Virtua providing an expanding Express Urgent Care and Virtua at work.

Trash and Recyclables

Trash, including recyclables, is collected on behalf of the Township by a private contractor, Gold Medal Environment, Inc. ("Gold Medal"). The Township has a five-year contract with Gold Medal expiring July 31, 2021. Residential trash is directed to Wheelabrator Gloucester County, Westville, New Jersey or Gloucester County Improvement Authority, Woodbury, New Jersey for disposal.

At the present time, the cost per ton for disposal is \$83.24. The total contract cost for trash and recyclables over a five-year period is \$13,012,130.00.

Washington Township Municipal Utilities Authority

The Washington Township Municipal Utilities Authority ("Authority"), a public body corporate and politic of the State, was created pursuant to an ordinance duly adopted on June 22, 1962, as amended by Ordinance No. 10 duly adopted July 17, 1985, by the Township Council of the Township. The Authority was created for the purpose of constructing and operating a sanitary sewerage system for the proper collection and disposal of certain sanitary sewerage and other wastes arising within the Township and a water distribution system within the Township.

Water Service

The Authority provides water service to Township residents. The Authority currently has sixteen wells in operation with a 13 million gallon per day output maximum. Additional storage tanks exist with a capacity of ten million gallons.

Residents pay a minimum quarterly charge of \$25.00 for 10,000 gallons of water. The water rates for usages greater than 10,000 gallons are based on a tiered system. The price per 1,000 gallons is indicated in the following schedules:

WATER RATES (Per Quarter)

Residential (5/8" Meter)

0	-	10,000	=	\$25.00 min.
10,000	-	35,000	=	\$1.85 per 1,000
35,001	-	60,000	=	\$3.15 per 1,000
60,001	-	85,000	=	\$4.15 per 1,000
85,001	-	125,000	=	\$5.55 per 1,000
125,001	-	200,000	=	\$8.55 per 1,000
200,000	-	and up	=	\$10.55 per 1,000

Commercial (5/8" Meter)

0	-	10,000	=	\$35.00 min.
10,001	-	50,000	=	\$1.91 per 1,000
50,001	-	75,000	=	\$3.05 per 1,000
75,001	-	100,000	=	\$4.05 per 1,000
100,000	-	and up	=	\$5.05 per 1,000

Water Service

Apartments

All gallonage allowances are per apartment

0	-	5,000	=	\$30.00 per apt.
5,001	-	15,000	=	\$1.91 per apt., per 1,000
15,001	-	30,000	=	\$3.05 per apt., per 1,000
30,001	-	and up	=	\$10.55 per apt., per 1,000

Industrial (5/8" Meter)

0	-	10,000	=	\$35.00 min.
10,001	-	50,000	=	\$1.91 per 1,000
50,001	-	75,000	=	\$2.55 per 1,000
75,001	-	100,000	=	\$4.05 per 1,000
100,000	-	and up	=	\$5.05 per 1,000

Sewer Service

The Authority provides sewer service to the Township residents. The fixed rate is \$68.50 per quarter with a variable rate of \$1.80 per 1,000 gallons based on water consumption during the previous winter quarter.

Most residents in developments are connected to the Authority's system. The Authority currently has approximately 17,500 customers serviced by its water and sewer system.

Personnel

The Township employs 166 persons on a full-time year-round basis and 71 persons on a part-time basis, of whom 78 are police officers.

Employee Collective Bargaining Units

The Township maintains collective bargaining relationships with the following organizations:

- (1) The American Federation of State, County and Municipal Employees (Clerical), with a five-year contract which expired on December 31, 2016, currently under negotiations.
- (2) The American Federation of State, County and Municipal Employees (Public Works), with a four year contract from January 1, 2016 through December 31, 2019.
- (3) Superior Officers Association, Fraternal Order of Police, Lodge 86, with a seven-year contract which expired on January 1, 2017, currently under negotiations.
- (4) Municipal Services Supervisors and Coordinators, with a four-year contract from January 1, 2017 through December 31, 2020.
- (5) Police Benevolent Association of New Jersey, Local 318, with a six-year contract which expired on December 31, 2015, currently under negotiations.
- (6) Policemen's Benevolent Association of New Jersey, Police Sergeant's Association, with a six-year contract which expired at midnight January 1, 2016, currently under negotiations.

Township Population (1)

2010 Federal Census	48,559
2000 Federal Census	47,114
1990 Federal Census	41,960
1980 Federal Census	27,878
1970 Federal Census	15,741

Selected Census 2014 Data for the Township(1)

Median household income	\$83,600
Median family income	96,113
Per capita income	36,318

Labor Force(2)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Township					
Labor Force	25,659	25,437	25,216	25,317	25,433
Employment	23,514	23,519	23,673	24,008	24,358
Unemployment	2,145	1,918,	1,543	1,292	1,083
Unemployment Rate	8.4%	7.5%	6.1%	5.1%	4.2%
County					
Labor Force	152,015	150,614	148,835	149,442	151,000
Employment	136,772	137,357	138,254	140,225	143,400
Unemployment	15,243	13,257	10,581	9,208	7,583
Unemployment Rate	10.0%	8.8%	7.1%	6.2%	5.0%
State					
Labor Force	4,588,100	4,534,400	4,518,700	4,543,817	4,559,375
Employment	4,162,100	4,164,400	4,218,400	4,277,317	4,336,358
Unemployment	426,000	370,000	300,300	266,525	222,983
Unemployment Rate	9.3%	8.2%	6.6%	5.9%	4.9%

Business and Industry

Commercial Development within Washington Township continues to be attractive. Recently constructed businesses include, but are not limited to, Republic Bank, Auto Zone and Gantown Equity that houses an upscale Pizzeria/Eatery with indoor and outdoor seating.

Washington Township has two redevelopment projects currently in progress, Washington Square and Delsea Drive. By qualifying these areas as Redevelopment Zones, the Township had made it easier for businesses to move into and expand in these areas. The projects include 138 townhouses being constructed on Delsea Drive, while Washington Square has started the process of developing commercial property as well as 330 residential apartments and 100 townhouses. The Township also offers five year Property Tax Abatements for Commercial/Industrial Properties on a graduated "in lieu of tax" payment schedule.

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

(2) Source: New Jersey Department of Labor

Washington Township is also home to the Investors Bank Arts Centre, one of the Delaware Valley's largest indoor entertainment venues, with seating for 2,500. The Centre is located within the Washington Township High School. Additionally, the Township houses large businesses such as the Turnersville Auto Mall, which consists of ten dealerships, Hampton Inn, Walmart, Kohl's, Target, Home Depot, Lowes, Shop-Rite, Acme, Aldi Supermarket, United Artist and Regal movie theatres and the Brunswick Bowling Center.

Building, Zoning and Development Codes

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

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

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

Building Permits(1)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2017(2)	431	\$6,771,444
2016	3,049	41,140,252
2015	2,974	34,647,371
2014	2,225	29,581,794
2013	1,895	23,319,592
2012	1,899	19,700,233

TEN LARGEST NON-GOVERNMENTAL EMPLOYERS(3)

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Kennedy Memorial Hospital	Health Care	700
Walmart	Retail Store	385
Virtua Health Care	Health Care	250
Bottino's Shoprite	Supermarket	240
Health Care Center at Washington Township	Assisted Living	180
Home Depot	Retail Store	169
Kohl's	Retail Store	154
Lowes	Retail Store	150
Target	Retail Store	140
AcmeMarkets	Supermarket	105

(1) Source: Township's Construction office

(2) As of March 8, 2017

(3) Source: Respective Employers

GENERAL INFORMATION ON THE SCHOOL DISTRICT(2)

Education

The Washington Township Board of Education ("Board" when referring to the governing body and "School District" when referring to the legal entity governed by the Board) is a Type II School District functioning through a nine-member board elected for three-year terms. The School District operates six elementary schools, three middle schools, one high school complex, and one pre-school/kindergarten center, providing educational services for grades pre-kindergarten through twelve.

TOWNSHIP OF WASHINGTON SCHOOL DISTRICT SCHOOL ENROLLMENTS (1)

<u>Grade</u>	<u>2012</u>	<u>2013</u>	<u>As of October 15,</u> <u>2014</u>	<u>2015</u>	<u>2016</u>
K	351	364	359	391	452
1	476	400	475	454	452
2	394	421	428	442	428
3	479	392	472	424	448
4	485	503	450	486	442
5	490	496	541	475	486
6	499	500	534	549	486
7	525	504	508	523	556
8	556	529	515	506	525
9	508	500	488	458	463
10	526	505	513	485	464
11	556	508	514	519	498
12	567	545	514	510	533
Special Education	<u>1,504</u>	<u>1,458</u>	<u>1,106</u>	<u>1,105</u>	<u>1,240</u>
Totals	<u>7,916</u>	<u>7,625</u>	<u>7,417</u>	<u>7,327</u>	<u>7,473</u>

Present School Facilities, Enrollment and Capacity(2)

<u>Name of School</u>	<u>Date</u> <u>Constructed</u>	<u>Renovations /</u> <u>Additions</u>	<u>Grades</u>	<u>Enrollment</u> <u>Oct. 15, 2016(2)</u>	<u>Functional</u> <u>Capacity</u>
Bells Elementary School	1969	1997	1-5	447	675
Birches Elementary School	1969	1997	1-5	451	675
Thomas Jefferson Elementary School	1980	1997	K-5	511	675
Hurffville Elementary School	1959	1997	1-5	496	600
Grenloch Terrace	1940	1991	K	356	600
Wedgewood Elementary School	1969	1997	1-5	473	675
Whitman Elementary School	1965	1997	K-5	472	675
Chestnut Ridge Middle School	1989		6-8	698	900
Orchard Valley Middle School	1989		6-8	527	900
Washington Township High School	1961, 1980	1997	9-12	2,277	3,200
Bunker Hill Middle School	1997		6-8	<u>608</u>	<u>800</u>
Totals				<u>7,316</u>	<u>10,375</u>

(1) Source: Application for State School Aid

(2) Source: School District officials

(3) Excludes 157 Out of District students

HIGHER EDUCATION FACILITIES

Rowan College at Gloucester County

Rowan College at Gloucester County (which opened in 1967 as Gloucester County College) is a publicly supported, co-educational two-year institution, fully accredited by the Middle States Commission on Higher Education.

The College offers more than 70 academic programs in business, humanities, allied health, technologies and the sciences. A number of selective admission programs related to the allied-health field are also available. Total enrollment for the Fall 2016 semester was 7,118 students (3,995 full-time and 3,123 part-time students).⁽¹⁾

Rowan College maintains a well-rounded cultural, artistic and sports calendar of events. In addition, the College's Division of Continuing Education provides numerous educational, career training and personal enrichment courses as well as outreach programs to community residents.

The College awards both certificate and associate degrees leading to immediate career and transfer opportunities. Rowan College continues to offer students a variety of four-year degree options with transfer agreements with university partners, in addition to an extensive listing of articulation agreements for students pursuing baccalaureate and master's degree programs. Students also have the option to complete advanced degrees without leaving the Rowan College campus through partnership agreements with Rowan University, Fairleigh Dickinson University and Wilmington University.

Rowan College at Gloucester County is located on a 250-acre campus on Tanyard Road in Deptford, New Jersey.

Rowan University

Rowan University ("University") (formerly known as Glassboro State College) is a selective, medium-sized state university located in southern New Jersey, between Atlantic City and Philadelphia. In 1992, the University received a \$100 million gift from Henry and Betty Rowan, one of the largest gifts ever bestowed on a public university. The gift has been a catalyst for the University's transformation into a university of regional prominence. Founded in 1923 as a school for teachers, the University enrolls over 10,000 students in Business, Communications, Education, Engineering, Fine & Performing Arts, Liberal Arts and a Graduate School. The 200-acre campus contains 31 buildings, including eight (8) residence halls, three (3) apartment complexes and one (1) town-house project. The University was also the site of the historic Summit Conference between President Johnson and Russian Premier Kosygin in 1967.

Enrollment is approximately 14,778 students (12,022 undergraduates, 1,927 graduates, and 829 professionals).⁽²⁾

As a result, in part, of a State reorganization plan transferring certain functions, powers and duties of the University of Medicine and Dentistry of New Jersey ("UMDNJ") in the City of Camden to the University, construction is underway on a \$140 million four-year allopathic medical school. The University is partnering with the Cooper University Hospital to develop the Cooper Medical School of Rowan University. The medical school building is a six-story, 200,000 square foot, LEED certified building. At full capacity, it is anticipated that the new medical school will have an annual enrollment of approximately 400 students. The medical school will be the first four year allopathic medical school in South Jersey and the first new medical school in the State of New Jersey ("State") in more than 30 years. The facility held a Grand Opening on July 24, 2012 and welcomed their first class of students in the Fall of 2012.

¹ Source: Rowan College at Gloucester County website

² Source: Rowan website

On August 22, 2012, after passage by the New Jersey State Legislature, the Governor signed the New Jersey Medical and Health Sciences Education Restructuring Act ("Restructuring Act") into law. The Restructuring Act reorganizes certain higher education facilities throughout the State of New Jersey. In relevant part, UMDNJ facilities located in the City of Camden, New Jersey and the UMDNJ School of Osteopathic Medicine in Stratford, New Jersey will be transferred from UMDNJ to the University. Additionally, the Restructuring Act creates: (i) a Rutgers, the State University of New Jersey – Camden Campus ("Rutgers-Camden") Board of Directors with responsibilities including the policies and administration of Rutgers-Camden; and (ii) a joint University/ Rutgers-Camden Board of Directors with responsibilities including the policies and administration of Rowan and Rutgers-Camden in the area of Health Sciences.

In furtherance of the University's growth, the construction of several new facilities is planned, including new buildings for the Colleges of Business and Engineering, a housing village, a health sciences facility and an academic building to serve the entire university. These projects, more than \$300 million worth of construction over the next eight years, will generate much needed construction jobs in the short-term and increase access to higher education in the long-term.

Gloucester County Vocational and Technical School District

The Gloucester County Vocational and Technical School District ("District") provides a full range of regionalized occupational and technical County-wide educational services and programs appropriate to the needs of the students of 13 public high schools, and adults who seek educational opportunities that lead to employment or higher education. The District also provides programming for secondary students who wish to continue to higher education through Tech Prep matriculation agreements with various county colleges and four-year institutions.

For the 2014-2015 school year, approximately 1,510 students are enrolled in the District's Academy and Career-Technical programs. Recent construction has added, among other things, a cafeteria, gymnasium and classrooms to the academic facilities in order to keep pace with demand.

In addition to its day school enrollment, the District serves an average of 4,000 residents in various programs, including: (i) adult and continuing education programs; (ii) County employees in customized training programs; (iii) adults in the skill center; (iv) over 400 at-risk youth and their families in school-based youth services counseling; (v) the U.S. swim team of 175 members; and (vi) the joint auto technology program with Rowan College serving 40 adult students in an AAS degree program.

Gloucester County Special Services School District

Gloucester County Special Services School District ("GCSSSD") provides a wide range of educational services to the families of the County. GCSSSD serves children with special needs from birth to age 21. The enrollment for the 28-acre Bankbridge complex in Deptford, for the 2014-2015 school year, was approximately 716 special needs students.

Bankbridge Regional opened its doors in September 2000 and serves secondary level students who have special needs. In September 2002, GCSSSD opened Bankbridge Elementary School. The elementary school is located next to Bankbridge Regional, and serves special needs students from pre-kindergarten to grade 5.

The Bankbridge Development Center ("BDC") opened in 2007. With an emphasis on developing skills in the areas of communication, socialization, and independence, the BDC strives toward helping students become participating and contributing members of their community. Education, advocacy, public awareness efforts, and the promotion of research form the cornerstones of the activities. Together, they can promote lifelong access and opportunity for all individuals within the autism spectrum and/or multiply disabled.

BDC student outcome goals include, but are not limited to:

- The development of a functional communication system in order to increase interaction and enhance adaptive behaviors.
- Effectively providing functional, skill based instruction to develop each student's social, behavioral and academic abilities.
- Providing students with the skills necessary to become contributing and functional members of society.

The staff at BDC is dedicated to educating and supporting the special needs students who attend BDC. Each classroom and specialty area has been carefully designed to provide an encouraging but challenging learning environment to help the children reach their maximum potential. The programs are tailored to meet the specific needs of each child. The philosophy, goals, and objectives of the BDC reflect the diversity of the children they serve. Programs are designed to meet their educational, social, and emotional needs.

In addition to the schools, GCSSSD provides the following services to support the special needs children of the County: (i) the Early Intervention Program for children from birth to age 3 and their families; and (ii) the Center for Regional Education Support Services (CRESS) which provides professional services to the school districts in the County and the County of Camden.

GCSSSD also provides support to nonpublic students through their schools including remedial programs, speech-language therapy and textbook purchasing. GCSSSD's Special Projects Program provides Migrant Services to more than 3,000 students and families throughout the southern region of New Jersey.

CERTAIN TAX INFORMATION TEN LARGEST REAL PROPERTY TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	2017 <u>Assessed Valuation</u>
Turnersville Auto Mall	Auto Sales	\$ 43,618,600
Virtua West Jersey c/o Altus Group	Healthcare	32,812,900
BRE RC Cross Keys NJ LLC	Apartments	28,469,200
CSC Cross Keys LLP	Retail Stores	23,801,500
Centro Bradley c/o Ryan LLC	Retail Stores	20,140,000
Wal-Mart Property	Retail Stores	20,007,800
Turnersville Interstate, LLC	Retail Stores	19,583,000
Washington Center LLC	Retail Stores	14,866,300
WP Plaza c/o Nat'l Realty & Dev Co	Retail Stores	14,586,000
Lowe's Companies	Retail Stores	14,200,000

CURRENT TAX COLLECTIONS (2)

<u>Year</u>	<u>Tax Levy</u>	<u>Current Collection</u>		<u>Outstanding</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Dec. 31</u>	<u>Percent</u>
2016(3)	\$150,371,686	\$ 149,972,434	99.73%	\$ 59,155	.04%
2015	148,623,553	147,696,380	99.38	53,987	.04
2014	143,375,707	142,639,474	99.49	150,864	.11
2013	140,569,274	140,033,464	99.62	128,653	.09
2012	136,083,749	135,021,266	99.22	53,902	.04

(1) Source: Township Tax Assessor

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

(3) Information from Annual Compiled Financial Statement

DELINQUENT TAXES (1)

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected Amount</u>	<u>Percent</u>	<u>Transfer to Liens</u>	<u>Other Changes</u>	<u>Outstanding Dec. 31</u>
2016(2)	\$ 293,467	\$ 3,198	\$ 31,603	10.65%	---	\$ 2,768	\$ 262,294
2015	284,640	13,703	62,820	21.06	\$410	4,367	239,480
2014	168,881	16,801	51,846	27.92	---	(61)	133,775
2013	70,224	46,417	84,079	72.08	---	7,667	40,229
2012	87,757	18,917	96,252	90.23	157	6,056	16,321

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales & Transfers</u>	<u>Collected</u>	<u>Other Changes</u>	<u>Balance Dec. 31</u>
2016(2)	\$ 654,645	\$ 158,400	\$ 148,837	---	\$664,208
2015	466,216	193,444	2,067	(\$2,948)	654,645
2014	510,240	81,476	125,500	---	466,216
2013	493,088	135,345	113,543	(4,650)	510,240
2012	423,826	162,406	82,408	(10,736)	493,088

FORECLOSED PROPERTY (1)(3)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Adjustment for Properties Sold in Prior Years</u>	<u>Adjustment to Assessed Valuation</u>	<u>Sales (Gain) or Loss</u>	<u>Balance Dec. 31</u>
2016(2)	\$865,625	---	---	---	\$865,625
2015	865,625	---	---	---	865,625
2014	865,625	---	---	---	865,625
2013	865,625	---	---	---	865,625
2012	865,625	---	---	---	865,625

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (4)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate(5)</u>				
		<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Municipal</u>	<u>Fire District</u>
2017	\$ 4,258,451,544	---	---	---	---	---
2016	4,237,529,564	\$ 3.538	\$.706	\$ 1.989	\$.703	\$.140
2015	4,251,976,804	3.488	.688	1.959	.702	.139
2014	4,234,341,348	3.378	.654	1.912	.681	.131
2013(6)	4,253,197,354	3.303	.644	1.857	.673	.129
2012	2,562,495,207	5.300	1.041	2.972	1.080	.207

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

(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.

(4) Source: Township Tax Assessor

(5) Per \$100 of assessed valuation

(6) Revaluation

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value Per Capita(3)</u>
2017	\$4,253,381,000	93.65%(2)	\$4,541,784,303	\$93,531
2016	4,232,321,200	93.65	4,519,296,530	93,068
2015	4,246,446,900	94.79	4,479,846,925	92,256
2014	4,228,916,400	95.38	4,433,755,924	91,307
2013	4,245,842,000	94.87	4,475,431,643	92,165

REAL PROPERTY CLASSIFICATION (4)

<u>Year</u>	<u>Assessed Value Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Farmland & Industrial</u>	<u>Apartment</u>
2017	\$4,253,381,000	\$40,551,300	\$3,397,484,400	\$744,805,500	\$12,093,900	\$58,445,900
2016	4,232,321,200	38,031,000	3,384,306,100	727,653,800	14,225,300	68,105,000
2015	4,246,446,900	38,422,900	3,382,794,000	742,553,500	14,367,900	68,308,600
2014	4,228,916,400	37,005,500	3,385,410,500	722,086,100	15,755,700	68,658,600
2013	4,245,842,000	37,156,900	3,389,076,100	733,075,800	16,591,200	69,942,000

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

(2) Preliminary Percentage

(3) Based on Census 2010 of 48,559

(4) Source: Township Tax Assessor

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

The following table summarizes the direct debt of the Township of Washington as of December 31, 2016. The gross debt comprises long and short-term debt issued, including General and debt of the School District. Deductions from gross debt to arrive at net debt include deductible school district debt. The resulting net debt of \$27,957,615 represents .624% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued			Gross <u>Debt</u>	Deductions	Net <u>Debt</u>
	<u>Bonds</u>	<u>Loans</u>	<u>Notes</u>		<u>School Debt</u>	
General	\$14,220,000	\$327,415	\$13,410,200	\$27,957,615		\$27,957,615
School District	13,580,000			13,580,000	\$13,580,000	
	<u>\$27,800,000</u>	<u>\$327,415</u>	<u>\$13,410,200</u>	<u>\$41,537,615</u>	<u>\$13,580,000</u>	<u>\$27,957,615</u>

(1) As of December 31, 2016

Source: Annual Debt Statement

DEBT RATIOS AND VALUATIONS(1)(2)

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad for 2014, 2015 and 2016	\$4,477,633,126
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2014, 2015 and 2016	0.62%
2016 Net Valuation Taxable	\$4,237,529,564
2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$4,470,153,189
Gross Debt (3):	
As a percentage of 2016 Net Valuation Taxable	0.98%
As a percentage of 2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.93%
Net Debt (3):	
As a percentage of 2016 Net Valuation Taxable	0.66%
As a percentage of 2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.63%
Gross Debt Per Capita (4)	\$855
Net Debt Per Capita (4)	\$576

BOROUGH BORROWING CAPACITY(1)(2)

3.5% of Averaged (2014-16) Equalized Valuation of Real Property including Improvements (\$4,477,633,126)	\$156,717,159
Net Debt	<u>27,957,615</u>
Remaining Borrowing Capacity	<u><u>\$128,759,544</u></u>

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

4% of Averaged (2014-16) Equalized Valuation of Real Property including Improvements (\$4,477,633,126)	\$179,105,325
School Debt	<u>13,580,000</u>
Remaining Borrowing Capacity	<u><u>\$165,525,325</u></u>

(1) As of December 31, 2016

(2) Source: Township Auditor

(3) Excluding overlapping debt

(4) Based on 2010 Federal Census of 48,559

TOWNSHIP OF WASHINGTON
OVERLAPPING DEBT AS OF DECEMBER 31, 2016

DEBT ISSUED					
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>
County of Gloucester(1):					
General	\$ 238,163,000	\$ 8,319,000 (3)	\$ 229,844,000	\$ 40,084,794 (5)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	149,913,453	149,913,453 (4)			
Washington Township MUA(2)	8,640,000		8,640,000	8,640,000	
Washington Township Fire District(2)	1,800,000		1,800,000	1,800,000	
	<u>\$ 398,516,453</u>	<u>\$ 158,232,453</u>	<u>\$ 240,284,000</u>	<u>\$ 50,524,794</u>	<u>\$ -</u>

(1) Source: County's Annual Debt Statement

(2) Entity's Audit Report

(3) Includes County College Bonds

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

(5) Such debt is allocated as a proportion of the Issuer's share of the total 2016 Net Valuation on which County taxes are apportioned, which is 17.44%.

TOWNSHIP OF WASHINGTON
SCHEDULE OF TOWNSHIP DEBT SERVICE
(BONDED DEBT AND LONG-TERM LOANS)

Existing Debt(1)								
<u>Year</u>	<u>Bonds</u>			<u>Loans</u>			<u>Grand</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Total</u>	
2017	\$ 2,095,000.00	\$ 467,456.26	\$ 2,562,456.26	\$ 69,806.64	\$ 6,200.99	\$ 76,007.63	\$	2,638,463.89
2018	1,740,000.00	416,056.26	2,156,056.26	71,209.75	4,797.89	76,007.64		2,232,063.90
2019	1,725,000.00	356,056.26	2,081,056.26	30,626.29	3,575.63	34,201.92		2,115,258.18
2020	1,735,000.00	284,206.26	2,019,206.26	31,241.86	2,960.01	34,201.87		2,053,408.13
2021	1,710,000.00	212,006.26	1,922,006.26	31,869.84	2,332.06	34,201.90		1,956,208.16
2022	510,000.00	141,506.26	651,506.26	20,073.78	1,691.48	21,765.26		673,271.52
2023	525,000.00	131,306.26	656,306.26	7,916.25	1,412.36	9,328.61		665,634.87
2024	515,000.00	115,556.26	630,556.26	8,075.37	1,253.24	9,328.61		639,884.87
2025	515,000.00	100,106.26	615,106.26	8,237.68	1,090.92	9,328.60		624,434.86
2026	525,000.00	84,656.26	609,656.26	8,403.26	925.35	9,328.61		618,984.87
2027	525,000.00	68,906.26	593,906.26	8,572.17	756.45	9,328.62		603,234.88
2028	525,000.00	53,156.26	578,156.26	8,744.47	584.14	9,328.61		587,484.87
2029	525,000.00	37,406.26	562,406.26	8,920.24	408.38	9,328.62		571,734.88
2030	525,000.00	25,593.76	550,593.76	9,099.53	229.09	9,328.62		559,922.38
2031	525,000.00	13,125.00	538,125.00	4,618.12	46.18	4,664.30		542,789.30
						-		
	<u>\$ 14,220,000.00</u>	<u>\$ 2,507,100.14</u>	<u>\$ 16,727,100.14</u>	<u>\$ 327,415.25</u>	<u>\$ 28,264.17</u>	<u>\$ 355,679.42</u>	<u>\$</u>	<u>17,082,779.56</u>

Proposed 2017 GO Bonds, Series 2017								
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Grand</u>
2018	\$ 430,000.00			2028	\$ 665,000.00			<u>Total</u>
2019	525,000.00			2029	690,000.00			
2020	535,000.00			2030	715,000.00			
2021	545,000.00			2031	740,000.00			
2022	560,000.00			2032	770,000.00			
2023	575,000.00			2033	795,000.00			
2024	590,000.00			2034	825,000.00			
2025	610,000.00			2035	860,000.00			
2026	625,000.00			2036	855,000.00			
2027	645,000.00			2037	855,000.00			

(1) As of December 31, 2016

**TOWNSHIP OF WASHINGTON
2016 MUNICIPAL BUDGET (1)**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 2,300,000.00
Miscellaneous Revenues:	
Local Revenues	1,351,482.00
State Aid without Offsetting Appropriations	3,201,429.00
Dedicated Uniform Construction Code Fees	617,061.00
Public and Private Programs Offset with Appropriations	321,128.23
Other Special Items of Revenue	955,135.97
Receipts from Delinquent Taxes	75,000.00
Amount to be Raised by Taxation for Municipal Purposes	<u>29,347,905.16</u>
Total Appropriated Revenues	<u><u>\$ 38,169,141.36</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 29,157,425.00
Deferred Charges and Statutory Expenditures	2,860,583.00
Excluded from CAPS:	
Other Operations	1,560,124.11
Shared Service Agreements	16,419.00
Public and Private Programs	336,848.23
Capital Improvements	359,000.00
Debt Service	2,458,510.00
Deferred Charges	487,869.84
Reserve for Uncollected Taxes	<u>932,362.18</u>
Total Appropriations	<u><u>\$ 38,169,141.36</u></u>

(1) As adopted June 8, 2016

**TOWNSHIP OF WASHINGTON
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2016 - 2020 (1)**

	<u>Estimated Total Cost</u>	<u>Budget Appropriations</u>		<u>Capital Improvement Fund</u>	<u>Bonds and Notes</u>
		<u>Current Year</u>	<u>Future Years</u>		<u>General</u>
Road Program	\$ 2,750,000.00			\$ 137,500.00	\$ 2,612,500.00
Public Works Equipment	910,000.00			45,500.00	864,500.00
Municipal Building HVAC	250,000.00			12,500.00	237,500.00
Erosion Issues	1,095,000.00			54,750.00	1,040,250.00
Stormwater Inlet and Pipe Repairs	100,000.00			5,000.00	95,000.00
Various Road Repairs	150,000.00			7,500.00	142,500.00
Whitman Retaining Wall	250,000.00			12,500.00	237,500.00
Bethel Mill	30,000.00			1,500.00	28,500.00
Tennis Courts and Hockey Rink Upgrades	35,000.00			1,750.00	33,250.00
Skate Park	50,000.00			2,500.00	47,500.00
Police Vehicles	420,000.00			21,000.00	399,000.00
Police Radios	160,000.00			8,000.00	152,000.00
Road Program 2017	1,500,000.00		\$ 75,000.00		1,425,000.00
Road Program 2018	1,500,000.00		75,000.00		1,425,000.00
Road Program 2019	1,500,000.00		75,000.00		1,425,000.00
Road Program 2020	1,500,000.00		75,000.00		1,425,000.00
Road Program 2021	1,500,000.00		75,000.00		1,425,000.00
	<u>\$ 13,700,000.00</u>	<u>\$ -</u>	<u>\$ 375,000.00</u>	<u>\$ 310,000.00</u>	<u>\$ 13,015,000.00</u>

(1) As adopted June 8, 2016

APPENDIX B

**COMPILED AND AUDITED FINANCIAL STATEMENTS AND
SELECTED FINANCIAL INFORMATION OF THE TOWNSHIP OF WASHINGTON**

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Township Council
Township of Washington
Sewell, New Jersey 08080

Management is responsible for the accompanying financial statements of the Township of Washington, in the County of Gloucester, 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, 2016 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/ Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
February 9, 2017

TOWNSHIP OF WASHINGTON**CURRENT FUND****Statement of Assets, Liabilities, Reserves, and Fund Balances - Regulatory Basis****As of December 31, 2016****ASSETS****Regular Fund:****Cash:**

Treasurer	\$ 10,676,492.90
Change Fund	1,480.00
Due from State of New Jersey (Ch.73, P.L.1976)	64,497.49
	<u>10,742,470.39</u>

Receivables and Other Assets with**Full Reserves:**

Delinquent Property Taxes Receivable	321,449.08
Tax Title Liens Receivable	664,208.39
Miscellaneous Liens Receivable	9,216.17
Property Acquired for Taxes - Assessed Valuation	865,625.00
Revenue Accounts Receivable	31,223.16
Loan Receivable - County House Village	1,920,000.00
Accrued Interest Receivable on Loan	1,017,600.00
Due from General Capital Fund	91,901.33
	<u>4,921,223.13</u>
	<u>15,663,693.52</u>

Federal, State and Other Grant Fund:

Federal, State and Other Grants Receivable	968,316.47
Due from the Current Fund	524,129.22
	<u>1,492,445.69</u>
	<u>\$ 17,156,139.21</u>

(Continued)

TOWNSHIP OF WASHINGTON**CURRENT FUND****Statement of Assets, Liabilities, Reserves, and Fund Balances - Regulatory Basis****As of December 31, 2016****LIABILITIES, RESERVES AND FUND BALANCE****Regular Fund:**

Appropriation Reserves	\$ 1,901,355.24
Reserve for Encumbrances	527,351.32
Accounts Payable	56,187.96
Payroll Deductions Payable	17,786.52
Prepaid Taxes	1,336,095.69
Due County for Added and Omitted Taxes	88,817.19
Due to Library	23,843.16
Due to State of New Jersey - DCA Fees	12,596.00
Due to State of New Jersey - Marriage and Burial Fees	1,205.00
Due to Federal, State and Other Grant Fund	524,129.22
Due to Open Space Trust Fund	1,385.32
Due to Trust Other Fund	26,228.17

4,516,980.79

Reserves for Receivables	4,921,223.13
Fund Balance	6,225,489.60

15,663,693.52**Federal, State and Other Grant Fund:****Reserve for:**

Federal, State and Other Grants Unappropriated	
Federal, State and Other Grants Appropriated	1,383,671.96
Encumbrances	108,773.73

1,492,445.69\$ 17,156,139.21

See Independent Accountant's Compilation Report.

TOWNSHIP OF WASHINGTON**CURRENT FUND****Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Year Ended December 31, 2016**

Revenue and Other Income Realized:

Fund Balance Utilized	\$ 2,300,000.00
Miscellaneous Revenues Anticipated	7,377,157.48
Receipts from Delinquent Taxes	180,440.16
Receipts from Current Taxes	149,972,434.22
Nonbudget Revenues	625,683.90
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	1,455,194.37
	<hr/>
	161,910,910.13

Expenditures:**Budget and Emergency Appropriations:****Appropriations Within "CAPS"****Operations:**

Salaries and Wages	13,590,000.00
Other Expenses	15,567,425.00
Deferred Charges and Statutory Expenditures	2,860,583.00

Appropriations Excluded from "CAPS"**Operations:**

Salaries and Wages	18,000.00
Other Expenses	2,044,495.17
Capital Improvements	359,000.00
Municipal Debt Service	2,403,036.99
Deferred Charges	487,869.84
Fire District Taxes	5,897,716.00
County Taxes	29,915,089.14
Due County for Added Taxes	88,817.19
Local District School Tax	84,257,790.00
Municipal Open Space Tax	463,085.32
Cancellation of Prior Year Taxes - Creation of Tax Overpayment	187,037.46
Reserves Created	57,325.70

Prior Year Senior Citizen and Disabled Disallowed Taxes	3,198.48
	<hr/>
	158,200,469.29

Statutory Excess of Fund Balance	3,710,440.84
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Fund Balance January 1	4,815,048.76
	<hr/>
	8,525,489.60

Decreased by:

Utilization as Anticipated Revenue	2,300,000.00
	<hr/>

Fund Balance December 31	\$ 6,225,489.60
	<hr/>

See Independent Accountant's Compilation Report.

TOWNSHIP OF WASHINGTON
TRUST FUNDS
Statement of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2016

ASSETS

Animal Control Fund:	
Cash - Treasurer	\$ 29,233.60
	<u>29,233.60</u>
Open Space Trust Fund:	
Cash - Treasurer	2,856,282.54
Due from Current Fund	<u>1,385.32</u>
	<u>2,857,667.86</u>
Trust Other Funds:	
Cash - Treasurer	1,980,461.27
Cash - Collector	2,103,932.61
Cash - Change Fund	300.00
Due from Current Fund	<u>26,228.17</u>
	<u>4,110,922.05</u>
	<u>\$ 6,997,823.51</u>

LIABILITIES, RESERVES AND FUND BALANCE

Animal Control Fund:	
Reserve for Animal Control Expenditures	\$ 25,812.00
Due to State of New Jersey	510.60
Prepaid Dog License Fees	<u>2,911.00</u>
	<u>29,233.60</u>
Open Space Trust Fund:	
Reserve for Open Space	<u>2,857,667.86</u>

(Continued)

TOWNSHIP OF WASHINGTON
TRUST FUNDS
Statement of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2016

LIABILITIES, RESERVES AND FUND BALANCE

Trust Other Funds:

Miscellaneous Trust Reserves:

Youth Services	\$ 56,280.46
Escrow	484,058.07
Unemployment	37,855.63
Parks and Recreation Trust	907,559.07
Off-Duty Police	56,869.38
Affordable Housing	231,987.28
Forfeited Funds	69,487.80
Self Insurance Claims	6,894.00
Clean Up Day Donations	2,848.85
POAA Fees	819.00
Technology and Communications	128.00
Sidewalk Fund	41,382.38
Speedhumps	593.53
Historical Properties	37,405.56
Police Donations	127.33
K-9 Unit Donations	36,978.15
Earth Day Donations	1,816.18
Veterans Wall	2,281.80
4th of July Festival	2,997.19
Public Defender	17,954.32
Super Saturday	10,665.46

Miscellaneous Trust Escrows Reserves:

Tax Sale Premiums	1,912,900.00
Redemption of Tax Title Liens	191,032.61

4,110,922.05

\$ 6,997,823.51

See Independent Accountant's Compilation Report.

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
Statement of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2016

ASSETS

Cash	\$ 6,859,913.94
Grant Receivable	1,243.93
Deferred Charges to Future Taxation:	
Funded	14,547,415.25
Unfunded	<u>13,410,200.00</u>
	<u>\$ 34,818,773.12</u>

LIABILITIES, RESERVES AND FUND BALANCE

General Serial Bonds Payable	\$ 14,220,000.00
Loan Payable - Green Trust	327,415.25
Bond Anticipation Notes Payable	13,410,200.00
Improvement Authorizations:	
Funded	41,953.51
Unfunded	4,838,679.93
Reserve for Encumbrances	1,632,306.18
Due to Current Fund	91,901.33
Capital Improvement Fund	83,468.15
Reserve for:	
Accrued Interest	22,010.37
Debt Service	15,760.50
Fund Balance	<u>135,077.90</u>
	<u>\$ 34,818,773.12</u>

See Independent Accountant's Compilation Report.

TOWNSHIP OF WASHINGTON
Selected Information – Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Washington (hereafter referred to as the "Township") was incorporated on February 17, 1836 and is located in southwest New Jersey approximately twenty miles southeast of the City of Philadelphia. The population according to the 2010 census is 48,559. The Township is 21.5 square miles.

The Township has a Mayor-Council form of government known as the Mayor-Council Plan A under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor is separately elected. Executive and administrative responsibility rests with the Mayor, who is assisted by the Business Administrator. Department Heads are appointed by the Mayor, with the consent of the Council. The five (5) member Township Council exercises legislative responsibilities.

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*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. If the provisions of GASBS No. 14, as amended by GASBS No. 39 and GASBS No. 61, 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:

Washington Township Municipal Utilities Authority
152 Whitman Drive
Turnersville, New Jersey 08012

Margaret E. Heggan Free Public Library
606 Delsea Drive
Sewell, 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* ("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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fund Balance - Fund balances included in the current fund represent 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 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 Gloucester, the Township of Washington School District, and the Township of Washington Fire District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

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

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Gloucester. 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 Washington Fire District. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

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

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 bonds and notes are provided on the cash basis and interest on general capital indebtedness is on the cash basis.

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

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. 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.

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Washington
Sewell, New Jersey 08080

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 Washington, in the County of Gloucester, State of New Jersey, as of December 31, 2015, 2014, 2013, 2012 and 2011, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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 Washington, in the County of Gloucester, State of New Jersey, as of December 31, 2015, 2014, 2013, 2012 and 2011, 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 Washington, in the County of Gloucester, State of New Jersey, as of December 31, 2015, 2014, 2013, 2012 and 2011, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2015, the Township adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of these Statements only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Respectfully submitted,

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

/s/ Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 24, 2016

TOWNSHIP OF WASHINGTON
CURRENT FUND

Statements of Assets, Liabilities, Reserves, and Fund Balances - Regulatory Basis

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
ASSETS					
Regular Fund:					
Cash:					
Treasurer	\$ 8,524,316.68	\$ 9,108,934.75	\$ 7,128,417.31	\$ 5,885,611.75	\$ 5,018,673.92
Petty Cash	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Change Fund	1,480.00	1,540.00	1,540.00	1,540.00	3,050.00
Due from State of New Jersey (Ch.73, P.L.1976)	110,304.56	62,063.45	67,540.48	63,225.13	66,397.12
	8,637,101.24	9,173,538.20	7,198,497.79	5,951,376.88	5,089,121.04
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	293,466.89	284,639.65	168,881.44	70,223.63	87,757.19
Tax Title Liens Receivable	654,645.28	466,215.93	510,239.51	493,087.65	423,825.90
Miscellaneous Liens Receivable	10,183.59	13,504.16	6,349.15	6,525.06	7,300.06
Property Acquired for Taxes- Assessed Valuation	865,625.00	865,625.00	865,625.00	865,625.00	865,625.00
Revenue Accounts Receivable	27,544.83	38,190.57	28,571.40	29,156.82	34,745.59
Loan Receivable - County House Village	1,920,000.00	1,920,000.00	1,920,000.00	1,920,000.00	1,920,000.00
Accrued Interest Receivable on Loan	960,000.00	902,400.00	844,800.00	787,200.00	987,752.73
Due from Animal Control Trust Fund	28,701.44	28,701.44	7,281.44	11,580.53	41,421.65
Due from General Capital Fund	5,874.19	143.00	78.55		349,489.25
	4,766,041.22	4,519,419.75	4,351,826.49	4,183,398.69	4,717,917.37
Deferred Charges:					
Emergency Authorization (40A:4-46)	487,869.84				
	13,891,012.30	13,692,957.95	11,550,324.28	10,134,775.57	9,807,038.41
Federal and State Grant Fund:					
Federal and State Grants Receivable	986,695.42	665,751.32	1,001,466.96	757,278.28	818,712.85
Due from the Current Fund	693,314.66	873,514.25	482,875.34	622,696.27	452,930.49
	1,680,010.08	1,539,265.57	1,484,342.30	1,379,974.55	1,271,643.34
	<u>\$15,571,022.38</u>	<u>\$15,232,223.52</u>	<u>\$13,034,666.58</u>	<u>\$11,514,750.12</u>	<u>\$11,078,681.75</u>

(Continued)

TOWNSHIP OF WASHINGTON

CURRENT FUND

Statements of Assets, Liabilities, Reserves, and Fund Balances - Regulatory Basis

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Regular Fund:					
Appropriation Reserves	\$1,569,950.09	\$1,281,349.11	\$1,286,856.62	\$1,424,914.77	\$414,272.10
Reserve for Encumbrances	591,268.62	496,242.32	552,719.71	484,527.74	534,556.84
Accounts Payable	46,437.95	44,191.70			
Payroll Deductions Payable	15,093.86	12,524.17	16,128.57	64,827.23	138,146.26
Prepaid Taxes	1,231,814.10	1,304,533.03	896,882.92	1,174,645.62	842,610.18
Tax Overpayments		102,865.01	2.66	8.59	474.51
Due County for Added and Omitted Taxes	61,843.50	61,025.55	16,798.71	54,512.23	57,703.04
Due to Library	36,173.89	33,439.05	33,447.75	31,073.48	30,102.43
Due to State of New Jersey - DCA Fees	29,648.00	10,571.00	10,163.00	6,693.00	6,872.00
Due to State of New Jersey -					
Marriage and Burial Fees	1,030.00	1,105.00	1,300.00	935.00	990.00
Reserve for Prescriptions	5,709.22	4,221.85	593.94		2,672.81
Reserve for Division of Motor Vehicles			18,685.66	18,685.66	18,685.66
Reserve for Deposit for Sale of Property				100,000.00	
Reserve for Tax Appeals			170,000.00		
Due to Federal and State Grant Fund	693,314.66	873,514.25	482,875.34	622,696.27	452,930.49
Due to Open Space Trust Fund	1,482.78		484,079.63	483,990.36	554,016.99
Due to Trust Other Fund	26,155.65	24,602.84	184,198.23	589,433.43	550,686.68
	4,309,922.32	4,250,184.88	4,154,732.74	5,056,943.38	3,604,719.99
Reserves for Receivables	4,766,041.22	4,519,419.75	4,351,826.49	4,183,398.69	4,717,917.37
Fund Balance	4,815,048.76	4,923,353.32	3,043,765.05	894,433.50	1,484,401.05
	13,891,012.30	13,692,957.95	11,550,324.28	10,134,775.57	9,807,038.41
Federal and State Grant Fund:					
Reserve for:					
Federal and State Grants Unappropriated	2,802.00	186,363.23			8,121.18
Federal and State Grants Appropriated	1,550,301.24	1,233,776.59	1,425,464.62	1,172,561.22	1,184,304.31
Encumbrances	126,906.84	119,125.75	53,874.46	202,410.11	74,214.63
Due to General Capital Fund			5,003.22	5,003.22	5,003.22
	1,680,010.08	1,539,265.57	1,484,342.30	1,379,974.55	1,271,643.34
	<u>\$15,571,022.38</u>	<u>\$15,232,223.52</u>	<u>\$13,034,666.58</u>	<u>\$11,514,750.12</u>	<u>\$11,078,681.75</u>

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

**TOWNSHIP OF WASHINGTON
CURRENT FUND**

Statements of Operations and Changes in Fund Balance - Regulatory Basis

	For the Years Ended December 31,				
	2015	2014	2013	2012	2011
Revenue and Other Income Realized:					
Fund Balance Utilized	\$1,524,000.00	\$230,000.00	\$500,000.00	\$1,200,000.00	\$2,500,000.00
Miscellaneous Revenues Anticipated	7,019,581.64	7,571,608.52	14,260,374.94	6,600,595.20	6,707,241.97
Receipts from Delinquent Taxes	64,887.06	177,346.70	197,622.78	178,659.92	97,967.90
Receipts from Current Taxes	147,696,379.75	142,639,474.33	140,033,464.41	135,021,265.89	135,755,756.40
Nonbudget Revenues	158,705.83	321,868.76	218,468.57	225,113.48	391,404.02
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	841,248.19	1,236,401.57	1,216,798.21	374,535.24	636,504.21
Statutory Excess - Animal Control Fund		21,420.00	7,281.44	11,580.53	31,940.79
Cancellation of Local School District Tax			1.50		
Cancellation of Fire District Tax			1.00		
Cancellation of Reserve for Division of Motor Vehicles		18,685.66			
Cancellation of Fed., State and Other Grants Appropriated		247,087.75			
Cancellation of Public Assistance Reserve					625.63
Reallocation of Prior Year Expenditures to Federal, State and Other Grants Fund	175,782.00				
Reserves Liquidated:					
Animal Control Fund			4,299.09	29,841.12	
Trust Other Fund					42,243.35
General Capital Fund				349,489.25	180,530.70
	<u>157,480,584.47</u>	<u>152,463,893.29</u>	<u>156,438,311.94</u>	<u>143,991,080.63</u>	<u>146,344,214.97</u>
Expenditures:					
Budget and Emergency Appropriations:					
Appropriations Within "CAPS"					
Operations:					
Salaries and Wages	13,206,000.00	12,684,100.00	12,065,054.00	12,042,585.00	11,991,918.00
Other Expenses	16,083,357.84	15,015,182.00	14,626,557.00	14,760,380.00	15,488,030.00
Deferred Charges and Statutory Expenditures	2,771,998.67	2,569,026.36	2,749,522.00	2,791,505.00	3,203,778.00
Appropriations Excluded from "CAPS"					
Operations:					
Salaries and Wages	9,000.00	65,000.00			
Other Expenses	2,628,895.95	1,872,337.24	2,232,045.61	2,099,275.62	2,285,321.19
Capital Improvements	10,449.00	320,000.00	370,000.00	532,302.00	22,301.17
Municipal Debt Service	2,791,609.51	2,684,843.49	9,333,935.69	2,280,916.49	2,868,663.21
Deferred Charges		506.00	4,528.80		
Judgment			81,467.28	64,800.00	
Fire District Taxes	5,901,099.00	5,539,173.00	5,465,389.00	5,302,556.00	4,895,187.00
County Taxes	29,206,828.48	27,659,105.85	27,340,646.46	26,665,070.48	27,938,459.87
Due County for Added Taxes	61,843.50	61,025.55	16,798.71	54,512.24	57,703.05
Local District School Tax	83,255,074.00	80,922,881.00	78,961,042.00	76,137,579.00	76,215,274.50
Municipal Open Space Tax	477,620.68	494,441.76	495,497.49	512,499.04	
Prior Year Revenue Refund					11,176.38
Marriage Licenses and Burial Fees Adjustment					1,295.00
Cancellation of Federal, State and Other Grants Receivable		249,077.09			
Cancellation of Prior Year Taxes-Creation of Tax Overpayment	132,501.05	179,319.94		118,149.50	38,666.05
Reserves Created:					
Animal Control Fund		21,420.00			
General Capital Fund	5,731.19	64.45	78.55		
Animal Control Trust Fund					31,968.63
Prior Year Senior Citizen and Disabled Disallowed Taxes	10,750.00	16,801.29	46,417.80	18,917.81	4,632.87
	<u>156,552,758.87</u>	<u>150,354,305.02</u>	<u>153,788,980.39</u>	<u>143,381,048.18</u>	<u>145,054,374.92</u>
Excess in Revenue to Fund Balance	927,825.60	2,109,588.27	2,649,331.55	610,032.45	1,289,840.05
Adjustments to Income Before Fund Balance -					
Expenditures Included Above Which Are by Statue Deferred					
Charges to Budget of Succeeding Year	487,869.84				
	<u>1,415,695.44</u>	<u>2,109,588.27</u>	<u>2,649,331.55</u>	<u>610,032.45</u>	<u>1,289,840.05</u>
Fund Balance January 1	<u>4,923,353.32</u>	<u>3,043,765.05</u>	<u>894,433.50</u>	<u>1,484,401.05</u>	<u>2,694,561.00</u>
	<u>6,339,048.76</u>	<u>5,153,353.32</u>	<u>3,543,765.05</u>	<u>2,094,433.50</u>	<u>3,984,401.05</u>
Decreased by:					
Utilization as Anticipated Revenue	1,524,000.00	230,000.00	500,000.00	1,200,000.00	2,500,000.00
Fund Balance December 31	<u>\$4,815,048.76</u>	<u>\$4,923,353.32</u>	<u>\$3,043,765.05</u>	<u>\$894,433.50</u>	<u>\$1,484,401.05</u>

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

TOWNSHIP OF WASHINGTON
TRUST FUNDS
Statements of Assets, Liabilities and Reserves - Regulatory Basis

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>					
Animal Control Fund:					
Cash - Treasurer	\$71,414.06	\$64,138.84	\$43,886.44	\$50,287.93	\$87,277.85
Due from State of New Jersey				78.60	
	<u>71,414.06</u>	<u>64,138.84</u>	<u>43,886.44</u>	<u>50,366.53</u>	<u>87,277.85</u>
Open Space Trust Fund:					
Cash - Treasurer	2,083,866.04	1,569,671.46	372,604.08	47,248.96	22,774.36
Due from Current Fund	1,482.78		484,079.63	483,990.36	554,016.99
Due from Trust Other Fund					1,250.00
	<u>2,085,348.82</u>	<u>1,569,671.46</u>	<u>856,683.71</u>	<u>531,239.32</u>	<u>578,041.35</u>
Trust Other Funds:					
Cash - Treasurer	2,024,489.57	2,074,938.57	2,016,476.99	1,095,276.37	1,236,759.67
Cash - Collector	2,215,538.87	2,682,167.21	1,693,654.53	474,725.34	674,511.81
Cash - Change Fund	300.00				
Due from Current Fund	26,155.65	24,602.84	184,198.23	589,433.43	550,686.68
	<u>4,266,484.09</u>	<u>4,781,708.62</u>	<u>3,894,329.75</u>	<u>2,159,435.14</u>	<u>2,461,958.16</u>
	<u>\$6,423,246.97</u>	<u>\$6,415,518.92</u>	<u>\$4,794,899.90</u>	<u>\$2,741,040.99</u>	<u>\$3,127,277.36</u>
<u>LIABILITIES AND RESERVES</u>					
Animal Control Fund:					
Reserve for Animal Control Expenditures	\$41,482.82	\$35,433.80	\$36,600.80	\$38,786.00	\$45,855.00
Prepaid Dog License Fees	1,027.60				
Due to State of New Jersey	202.20	3.60	4.20		1.20
Due to Current Fund	28,701.44	28,701.44	7,281.44	11,580.53	41,421.65
	<u>71,414.06</u>	<u>64,138.84</u>	<u>43,886.44</u>	<u>50,366.53</u>	<u>87,277.85</u>
Open Space Trust Fund:					
Reserve for Open Space	2,085,348.82	1,569,671.46	856,683.71	531,239.32	578,041.35

(Continued)

TOWNSHIP OF WASHINGTON
TRUST FUNDS
Statements of Assets, Liabilities and Reserves - Regulatory Basis

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>LIABILITIES AND RESERVES</u>					
Trust Other Funds:					
Due to Open Space Trust Fund					\$1,250.00
Miscellaneous Trust Reserves:					
Youth Services	\$56,230.46	\$56,230.46	\$55,859.46	\$55,602.46	54,875.46
Escrow	484,673.05	412,285.97	575,484.46	314,693.42	314,647.74
Unemployment Claims	51,811.27	90,166.61	63,969.59		
Parks and Recreation Trust	1,040,315.18	1,025,849.51	991,448.48	875,433.36	887,854.00
Off-Duty Police	56,869.38	70,711.63	85,358.13	24,372.76	16,436.75
Affordable Housing	172,596.58	242,331.36	248,710.19	221,901.85	189,695.56
Forfeited Funds	54,879.47	75,919.29	71,741.22	101,976.03	240,084.49
Self Insurance Claims	266.00	138.00	10.00	2,970.18	3,158.46
Clean Up Day Donations	2,724.48	2,361.48	2,161.48	1,324.14	1,984.52
POAA Fees	733.00	683.00	637.00	525.00	373.00
Technology and Communications	128.00	400.00	400.00		
Sidewalk Fund	26,246.88	26,246.88	20,223.03	12,174.64	12,174.64
Speed humps	593.53	593.53	593.53	593.53	593.53
Historical Properties	41,505.37	29,025.71	22,380.82	14,400.46	3,920.28
Octoberfest		2,863.80	2,863.80	2,863.80	2,863.80
Police Donations	1,790.57	18,575.74	46,376.89	28,864.46	16,608.86
K-9 Donations	31,475.38				
Earth Day Donations	1,891.78	2,404.12	2,753.53	2,891.49	3,795.74
Veterans Wall	2,927.80	3,354.42	2,564.42	3,914.42	3,104.27
Fireworks					
4th of July Festival	2,997.19	33.39	457.06	3,157.06	6,294.44
Public Defender	12,269.32	6,264.32	3,833.16	14,858.12	24,473.04
Super Saturday	8,020.53	5,546.29	3,225.49	2,543.60	3,905.80
Miscellaneous Trust Escrows Reserves:					
Tax Sale Premiums	2,056,600.00	2,520,400.00	1,632,300.00	346,800.00	538,000.00
Redemption of Tax Title Liens	158,938.87	189,323.11	60,978.01	127,574.36	135,863.78
	<u>4,266,484.09</u>	<u>4,781,708.62</u>	<u>3,894,329.75</u>	<u>2,159,435.14</u>	<u>2,461,958.16</u>
	<u>\$6,423,246.97</u>	<u>\$6,415,518.92</u>	<u>\$4,794,899.90</u>	<u>\$2,741,040.99</u>	<u>\$3,127,277.36</u>

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

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

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>					
Cash	\$4,898,280.78	\$3,152,980.61	\$2,342,523.15	\$11,240,796.28	\$619,173.79
Grant Receivable	1,243.93	1,243.93	1,243.93	1,243.93	1,243.93
Due from Federal and State Grant Fund			5,003.22	5,003.22	5,003.22
Deferred Charges to Future Taxation:					
Funded	17,150,846.41	19,597,929.57	22,002,414.10	24,347,860.88	17,876,426.99
Unfunded	7,520,200.00	2,485,200.00	2,485,706.00	6,655,034.80	2,285,034.80
	<u>\$29,570,571.12</u>	<u>\$25,237,354.11</u>	<u>\$26,836,890.40</u>	<u>\$42,249,939.11</u>	<u>\$20,786,882.73</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
General Serial Bonds Payable	\$16,755,000.00	\$19,135,000.00	\$21,458,000.00	\$23,708,000.00	\$17,143,000.00
Loan Payable - Green Trust	395,846.41	462,929.57	544,414.10	639,860.88	733,426.99
Bond Anticipation Notes Payable	7,520,200.00	2,485,200.00		6,650,000.00	2,280,000.00
Improvement Authorizations:					
Funded	330,285.06	1,118,071.93	1,815,159.63	2,029,315.59	70,208.80
Unfunded	1,733,439.93	518,425.99	2,485,200.00	4,528.80	16,493.05
Due to Current Fund	5,874.19	143.00	78.55		349,489.25
Capital Improvement Fund	83,468.15	348,468.15	112,668.15	83,468.15	83,468.15
Reserve for:					
Road Improvements	1,427.54	13,007.54	13,007.54	13,007.54	13,007.54
Purchase of Server	703.60	703.60	703.60	703.60	703.60
Repairs to Grenloch Dam	5,844.65	5,844.65	5,844.65	5,844.65	5,844.65
Accrued Interest	22,010.37	22,010.37	22,010.37	22,010.37	22,010.37
Debt Service	15,760.50	15,760.50	15,760.50	15,760.50	15,760.50
Payment of Debt				6,650,000.00	
Reserve for Encumbrances	2,615,880.44	1,106,193.53	358,448.03	2,371,843.75	
Fund Balance	<u>84,830.28</u>	<u>5,595.28</u>	<u>5,595.28</u>	<u>55,595.28</u>	<u>53,469.83</u>
	<u>\$29,570,571.12</u>	<u>\$25,237,354.11</u>	<u>\$26,836,890.40</u>	<u>\$42,249,939.11</u>	<u>\$20,786,882.73</u>

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

TOWNSHIP OF WASHINGTON
Notes to Financial Statements
For the Year Ended December 31, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Washington (hereafter referred to as the "Township") was incorporated on February 17, 1836 and is located in southwest New Jersey approximately twenty miles southeast of the City of Philadelphia. The population according to the 2010 census is 48,559. The Township is 21.5 square miles.

The Township has a Mayor-Council form of government known as the Mayor-Council Plan A under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor is separately elected. Executive and administrative responsibility rests with the Mayor, who is assisted by the Business Administrator. Department Heads are appointed by the Mayor, with the consent of the Council. The five (5) member Township Council exercises legislative responsibilities.

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*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. If the provisions of GASBS No. 14, as amended by GASBS No. 39 and GASBS No. 61, 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:

Washington Township Municipal Utilities Authority
152 Whitman Drive
Turnersville, New Jersey 08012

Margaret E. Heggan Free Public Library
606 Delsea Drive
Sewell, 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" 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 of Audit 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.

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

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

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds which are described as follows:

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

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

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

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

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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

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

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

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

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. 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 assets, 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 includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

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

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

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

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

Fund Balance - Fund balances included in the current fund represent 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 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 Gloucester, the Township of Washington School District, and the Township of Washington Fire District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

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

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Gloucester. 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 Washington Fire District. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

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

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 bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

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

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

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2015, the Township adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the Township was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. As a result of the regulatory basis of accounting previously described in note 1, the implementation of these Statements only required financial statement disclosures. There exists no impact on the financial statements of the Township.

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2015, the Township's bank balances of \$21,021,947.13 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 18,345,295.99
Uninsured and Uncollateralized	<u>2,676,651.14</u>
Total	<u>\$ 21,021,947.13</u>

New Jersey Asset and Rebate Management Program (NJ/ARM) - During the year, the Township participated in the New Jersey Asset & Rebate Management Program. The program was created in 1989 as a joint investment trust under the Interlocal Service Act. NJ/ARM provides local governments in New Jersey with investment management services for capital, reserve, general operating funds and for arbitrage rebate compliance for bond and note issue. The program advisory board is made up of New Jersey local government officials and is managed by PFM Asset Management LLC. The Program is designed to be in compliance with New Jersey statutes and regulations for allowable investments. The fund deposits can be liquidated on a daily basis and have an AAA rating by Standard & Poor's. NJ/ARM funds are not subject to custodial risk as defined above. Township deposits with the fund are considered cash equivalents and at December 31, 2015 the balance was \$383,563.66.

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>2015</u>	<u>2014</u>	<u>2013 (1)</u>	<u>2012</u>	<u>2011</u>
Tax Rate	<u>\$ 3.488</u>	<u>\$ 3.378</u>	<u>\$ 3.303</u>	<u>\$ 5.300</u>	<u>\$ 5.312</u>
Apportionment of Tax Rate:					
Municipal	\$.657	\$.634	\$.626	\$.997	\$.985
Municipal Open Space	.011	.012	.012	.020	
Municipal Library	.034	.035	.035	.063	.067
County	.644	.611	.600	.965	1.011
County Open Space					
Preservation Trust Fund	.044	.043	.044	.076	.081
Local School	1.959	1.912	1.857	2.972	2.976
Special District Rates - Fire	.139	.131	.129	.207	.192

(1) Revaluation

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):

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2015	\$ 4,251,976,804.00
2014	4,234,341,348.00
2013 (1)	4,253,197,354.00
2012	2,562,495,207.00
2011	2,561,083,683.00

(1) Revaluation

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2015	\$ 148,623,553.28	\$ 147,696,379.75	99.38%
2014	143,375,706.55	142,639,474.33	99.49%
2013	140,569,274.01	140,033,464.41	99.62%
2012	136,083,748.88	135,021,265.89	99.22%
2011	136,327,289.37	135,755,756.40	99.58%

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>
2015	\$ 654,645.28	\$ 293,466.89	\$ 948,112.17	0.64%
2014	466,215.93	284,639.65	750,855.58	0.52%
2013	510,239.51	168,881.44	679,120.95	0.48%
2012	493,087.65	70,223.63	563,311.28	0.41%
2011	423,825.90	87,759.19	511,585.09	0.38%

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>
2015	55
2014	58
2013	67
2012	31
2011	83

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>
2015	\$ 865,625.00
2014	865,625.00
2013	865,625.00
2012	865,625.00
2011	865,625.00

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>
2015	\$ 4,815,048.76	\$ 2,300,000.00	47.77%
2014	4,923,353.32	1,524,000.00	30.95%
2013	3,043,765.05	230,000.00	7.56%
2012	894,433.50	500,000.00	55.90%
2011	1,484,401.05	1,200,000.00	80.84%

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, 2015:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 34,575.63	\$ 720,953.09
Federal, State and Other Grant	693,314.66	
Trust - Animal Control		28,701.44
Trust - Open Space	1,482.78	
Trust - Other	26,155.65	
General Capital		5,874.19
	<u>\$ 755,528.72</u>	<u>\$ 755,528.72</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 2016, 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, the Township offers employees the opportunity to 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>

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.

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

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

The following represents the membership tiers for PERS:

Tier Definition

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten 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 ten 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, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

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

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. 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 seven years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015. 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) increased from 8.5% of base salary to 10%. Employers' contributions 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, 2015 was 12.76% of the Township's covered-employee 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, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$489,163.00, and is payable by April 1, 2016. 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, 2014, the Township's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$442,910.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$274,334.11.

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 increased from 8.5% to 10.0% in October 2011. Employers' contributions are based on an actuarially determined amount which includes the normal cost and 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) - *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, 2015 was 25.07% of the Township's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$1,694,357.00, and is payable by April 1, 2016. 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, 2014, the Township's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$1,537,439.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$681,110.10.

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, 2015 was 2.34% of the Township's covered-employee payroll.

Based on the most recent PFRS measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2015 is \$158,498.00, and is payable by April 1, 2016. Based on the PFRS measurement date of June 30, 2014, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2014 was \$112,585.00, which was paid on April 1, 2015.

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, 2015, the Township did not have any employees participate in the Defined Contribution Retirement Program.

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

Public Employees' Retirement System - At December 31, 2015, the Township's proportionate share of the PERS net pension liability was \$12,772,274.00. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2015. 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, 2015 measurement date, the Township's proportion was 0.0568971690%, which was an increase of 0.0031711518% from its proportion measured as of June 30, 2014.

At December 31, 2015, the Township's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$1,022,703.00. 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, 2015, the Township's contributions to PERS were \$442,910.00, and were paid on April 1, 2015.

Police and Firemen's Retirement System - At December 31, 2015, 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	\$ 34,719,877.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>3,044,817.00</u>
	<u>\$ 37,764,694.00</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2015. 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, 2015 measurement date, the Township's proportion was 0.2084462374%, which was an increase of 0.0082768690% from its proportion measured as of June 30, 2014. Likewise, at June 30, 2015, the State of New Jersey's proportion, on-behalf of the Township, was 0.2084462374%, which was an increase of 0.0082768690% from its proportion, on-behalf of the Township, measured as of June 30, 2014.

At December 31, 2015, the Township's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$3,031,629.00. 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, 2015, the Township's contributions to PFRS were \$1,537,439.00, and were paid on April 1, 2015.

At December 31, 2015, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the plan as of the June 30, 2015 measurement date is \$379,797.00. 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, 2015, 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	\$ 304,702.00	\$ -	\$ 304,702.00	\$ -	\$ 299,470.00	\$ 299,470.00
Changes of Assumptions	1,371,640.00	6,410,152.00	7,781,792.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	205,353.00	604,269.00	809,622.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	727,947.00	907,893.00	1,635,840.00	-	1,029,848.00	1,029,848.00
Township Contributions Subsequent to the Measurement Date	244,582.00	847,179.00	1,091,761.00	-	-	-
	<u>\$ 2,648,871.00</u>	<u>\$ 8,165,224.00</u>	<u>\$ 10,814,095.00</u>	<u>\$ 205,353.00</u>	<u>\$ 1,933,587.00</u>	<u>\$ 2,138,940.00</u>

\$244,852.00 and \$847,179.00 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, 2016. These amounts were based on an estimated April 1, 2017 contractually required contribution, prorated from the pension plans measurement date of June 30, 2015 to the Township's year end of December 31, 2015.

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 Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
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
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

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:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2016	\$ 427,556.00	\$ 998,299.00	\$ 1,425,855.00
2017	427,556.00	998,299.00	1,425,855.00
2018	427,555.00	998,301.00	1,425,856.00
2019	577,420.00	1,640,672.00	2,218,092.00
2020	338,849.00	748,887.00	1,087,736.00
	<u>\$ 2,198,936.00</u>	<u>\$ 5,384,458.00</u>	<u>\$ 7,583,394.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation	3.04%	3.04%
Salary Increases:		
2012-2021	2.15% - 4.40% Based on Age	2.60% - 9.48% Based on Age
Thereafter	3.15% - 5.40% Based on Age	3.60% - 10.48% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2008 - June 30, 2011	July 1, 2010 - June 30, 2013

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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

For PFRS, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation %</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

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

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2015 was 4.90% for PERS and 5.79% 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 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 for PFRS, the non-employer contributing entity, will be made based on the average of the last five years of 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 2033 for PERS and through 2045 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033 for PERS and through 2045 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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, 2015, the plans measurement date, calculated using a discount rate of 4.90%, 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:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Township's Proportionate Share of the Net Pension Liability	\$ 15,874,374.00	\$ 12,772,274.00	\$ 10,171,496.00

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, 2015, the plans measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 5.79%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Township's Proportionate Share of the Net Pension Liability	\$ 45,771,821.00	\$ 34,719,877.00	\$ 25,708,004.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	4,014,035.00	3,044,817.00	2,254,506.00
	\$ 49,785,856.00	\$ 37,764,694.00	\$ 27,962,510.00

Note 7: PENSION PLANS (CONT'D)**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

Supplementary Pension Information

In accordance with GASB 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 Three Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0568971690%	0.0537260172%	0.0495811159%
Township's Proportionate Share of the Net Pension Liability	\$ 12,772,274.00	\$ 10,058,980.00	\$ 9,475,944.00
Township's Covered-Employee Payroll	\$ 3,829,156.00	\$ 3,733,472.00	\$ 3,328,700.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	333.55%	269.43%	284.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 489,163.00	\$ 442,910.00	\$ 373,584.00
Township's Contribution in Relation to the Contractually Required Contribution	(489,163.00)	(442,910.00)	(373,584.00)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Township's Covered-Employee Payroll	\$ 3,833,703.00	\$ 3,840,817.00	\$ 3,723,473.00
Township's Contributions as a Percentage of it's Covered-Employee Payroll	12.76%	11.53%	10.03%

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 Three Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.2084462374%	0.2001693684%	0.2116314551%
Township's Proportionate Share of the Net Pension Liability	\$ 34,719,877.00	\$ 25,179,450.00	\$ 28,134,492.00
State's Proportionate Share of the Net Pension Liability associated with the Township	<u>3,044,817.00</u>	<u>2,711,404.00</u>	<u>2,622,476.00</u>
Total	<u>\$ 37,764,694.00</u>	<u>\$ 27,890,854.00</u>	<u>\$ 30,756,968.00</u>
Township's Covered-Employee Payroll	\$ 6,569,064.00	\$ 6,322,316.00	\$ 6,423,448.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	528.54%	398.26%	438.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

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

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 1,694,357.00	\$ 1,537,439.00	\$ 1,544,016.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(1,694,357.00)</u>	<u>(1,537,439.00)</u>	<u>(1,544,016.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered-Employee Payroll	\$ 6,759,230.00	\$ 6,515,802.00	\$ 6,420,441.00
Township's Contributions as a Percentage of it's Covered-Employee Payroll	25.07%	23.60%	24.05%

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 - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – New assumptions related to future increases on Social Security Wage Base and the 401(a)(17) compensation limit have been added as follows:

401(a)(17) Pay Limit – 3.00 per annum
Social Security Wage Base – 4.00 per annum

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 6.32% as of June 30, 2014, to 5.79% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – Demographic assumptions with respect to no-vested withdrawal, disability, service retirement, active death, salary increases rates and inactive mortality were revised in accordance with the results of the July 1, 2010 – June 30, 2013 experience study and approved by the Board of Trustees of the PERS Pension Plan at its February 9, 2015 Board Meeting.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The Township contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2012, the Township authorized participation in the SHBP's post-retirement benefit program through resolution number R-30-2012. The Township provides for a 100% funded postemployment health care, and prescription drug benefits to certain retired employees where such benefits are established and amended by various union contracts, separate employee agreements and Township Policies.

Generally, Police Officers become eligible for retirement benefits based on retiring after at age 55 or older with at least twenty (20) years of service or having retired under disability pension from a New Jersey administered pension plan. A non-uniformed employee becomes eligible based on retiring at age 62 or older with at least twenty (20) years of service. Eligible retirees receive health, dental and prescription drug benefits subject to variety of co-pays based on years of service and respective labor contracts and retirement system.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Plan Description (Cont'd) - The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits. The Township's contributions to SHBP for the years ended December 31, 2015, 2014, and 2013, were \$2,403,131.80, \$2,322,762.47, and \$2,225,794.47, respectively, which equaled the required contributions each year. There were approximately 117 retired participants eligible at December 31, 2015.

DENTAL BENEFITS PLAN:

Plan Description - The Township provides a sole-employer post-retirement dental benefit to certain retired employees. Generally, Police Officers become eligible for retirement benefits based on retiring after at age 55 or older with at least twenty (20) years of service or having retired under disability pension from a New Jersey administered pension plan. A non-uniformed employee becomes eligible based on retiring at age 62 or older with at least twenty (20) years of service. Eligible retirees receive dental benefits subject to variety of co-pays based on years of service and respective labor contracts and retirement system. The plan is administered by the Township; therefore, premium payments are made directly to the insurance carriers. The plan does not issue a separate financial report.

Funding Policy - The contribution requirements of the Township are established and may be amended by the various union contracts, separate employee agreements and Township policies. Plan members receiving benefits are not required to make any contributions.

Retirees - The Township presently funds its current retiree postemployment dental benefit costs on a "pay-as-you-go" basis, based on accounting procedures regulated by the State of New Jersey, and therefore does not accrue any expenses related to these benefits. The Township's contributions to the plan for the years ended December 31, 2015, 2014, and 2013 were \$110,000.00, \$120,000.00, and \$110,000.00, respectively, rounded to the nearest \$10,000.00.

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 \$360,000.00 at an unfunded discount rate of 4.5%. As stated above, the Township has funded the cost of existing retirees in the amount of \$110,000.00, and has incurred the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Annual OPEB Cost - For year ended December 31, 2015, the Township's annual OPEB cost (expense) of \$348,300.00 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 2015, 2014, and 2013 are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Required Contribution (ARC)	\$ 360,000.00	\$ 390,000.00	\$ 390,000.00
Interest on the Net OPEB Obligation*	18,300.00	12,600.00	
Adjustment to the ARC	<u>(30,000.00)</u>	<u>(16,600.00)</u>	
Annual OPEB Cost	348,300.00	386,000.00	390,000.00
Pay-as-You Go Cost (Existing Retirees)	<u>(110,000.00)</u>	<u>(124,300.00)</u>	<u>(110,000.00)</u>
Increase (Decrease) in the Net OPEB Obligation	238,300.00	261,700.00	280,000.00
Net OPEB Obligation, January 1	<u>541,700.00</u>	<u>280,000.00</u>	<u>-</u>
Net OPEB Obligation, December 31	<u>\$ 780,000.00</u>	<u>\$ 541,700.00</u>	<u>\$ 280,000.00</u>
Percentage of Annual OPEB Cost Contributed	31.6%	32.2%	28.2%

* Includes an adjustment of (\$1,700.00) to round net OPEB obligation at January 1, 2015 to \$540,000.00 to be consistent with actuary report presentation.

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

	<u>2015</u>	<u>2013</u>
Actuarial Accrued Liability (AAL)	\$ 4,510,000.00	\$ 4,740,000.00
Actuarial Value of Plan Assets	<u>-</u>	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 4,510,000.00</u>	<u>\$ 4,740,000.00</u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%	0.0%
Covered Payroll (Active Plan Members)	Not Applicable	Not Applicable
UAAL as a Percentage of Covered Payroll	Not Applicable	Not Applicable

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 dental benefit 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 liabilities for benefits.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Actuarial Methods and Assumptions - The projections of benefits for financial reporting purposes are based on the substantive plan (the dental 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 January 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (level dollar basis) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality.* RP-2014 mortality table with MP-2014 projection.
- *Annual Discount Rate.* Future costs have been discounted at the rate of 4.5% compounded annually for GASB 45 purposes.
- *Inflation Rate.* 3% per annum.
- *Assumed Retirement Age.* At first eligibility after completing 20 years of service.
- *Marital - Active.* Wife is assumed to be same age as husband. 70% of males and 50% of females are assumed married.
- *Withdrawal.* Sarasson T-5 Table.
- *Medical Trend.* 8% in first year, reducing by .5% per annum through year 7 to 5% thereafter.
- *Participation Rate.* 100% of eligible retirees expected to participate.

Note 9: COMPENSATED ABSENCES

The Township of Washington provides to its employees compensated absences benefits for holidays, sick days, vacation, personal, jury duty, military leave, bereavement for immediate family members and for occupational injuries in accordance with labor contracts and Township policies.

Police Sergeants and Superior Officers are entitled to 28 to 46 leave days per year based on years of service. Such days can be carried forward until retirement or termination. At retirement or termination the officer is entitled to be paid for days leave carried forward and all unused leave for current year and all unused vacation days and at the rate of pay upon termination or retirement. Such days are capped at a maximum of 100 days for existing Sergeants and 80 days for those promoted to Sergeant after January 1, 2010.

Patrol Officers under their union contract can carry forward up to 165 sick days. At retirement or termination the officer is entitled to be paid for a maximum of 165 days leave carried forward and all unused leave, and for current year at the rate of pay upon termination or retirement. The officer also has the option of selling the current year unused sick leave back to the Township.

Full time Clerical union workers are entitled to up to 114 sick hours per year. Unused sick hours can be carried forward. At termination or retirement they would be paid for 100% of their accumulated sick pay up to a maximum of \$15,000. The clerical worker also has the option of selling the current year unused sick leave back to the Township.

Full time Public Works union employees are entitled to be paid for a maximum of 90 days of unused sick leave upon termination or retirement if hired prior to July 1, 2006. If hired after that date they are only paid up to a \$15,000 maximum.

Note 9: COMPENSATED ABSENCES (CONT'D)

Other full-time nonunion employees earn sick hours of 8 to 10 hours each month worked. Unused sick leave may be accumulated and carried forward to the subsequent year or it may be sold back to the Township. Upon termination or retirement the employee is entitled to be paid for all unused sick days. Other compensated absences such as vacation and personal days cannot be carried forward however any unused days for current year and are compensated for at retirement or termination.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2015, accrued benefits for compensated absences are valued at \$1,874,574.42.

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: LEASE OBLIGATIONS

At December 31, 2015, the Township had lease agreements in effect for the following:

Capital:

Police Car Data Terminals and Related Equipment
Consolidated Police Vehicles and Equipment Lease

Operating:

Thirteen (13) Konica Minolta Copy Machines
Pitney Bowes Mailing Machine

The following is an analysis of the Township's capital and operating leases:

Capital Leases

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2015</u>	<u>2014</u>
Vehicles	\$ 195,600.76	
Equipment	34,021.09	\$ 52,271.11

Future minimum lease payments under capital lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 83,242.10
2017	80,109.61
2018	66,270.14

Note 11: LEASE OBLIGATIONS (CONT'D)

Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 16,961.40
2017	15,281.40
2018	6,800.70

Rental payments under operating leases for the year 2015 were \$16,961.40.

Note 12: CAPITAL DEBT

General Obligation Bonds

General Obligation Bonds, Series 2004 - On July 15, 2004, the Township issued \$4,243,000.00 of general obligation bonds, with interest rates ranging from 3.4% to 3.9%. The purpose of the bonds is to various fund capital ordinance 10-2004. The final maturity of the bonds is July 15, 2017.

General Obligation Refunding Bonds, Series 2006 - On January 5, 2006, the Township issued \$8,190,000.00 in general obligation refunding bonds, with interest rates ranging from 3.0% to 5.0%, to advance refund \$8,010,000.00 outstanding 2001 general obligation bonds with an interest rate of 4.7%. The final maturity of the bonds is August 1, 2021.

General Obligation Bonds, Series 2012 - On December 13, 2012, the Township issued \$8,530,000.00 of general obligation bonds, with interest rates ranging from 2.0% to 3.0%. The purpose of the bonds is to various fund capital ordinances 33-2006 and 09-2012. The final maturity of the bonds is November 15, 2031.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,080,000.00	\$ 563,037.52	\$ 2,643,037.52
2017	2,165,000.00	472,987.52	2,637,987.52
2018	1,840,000.00	392,787.52	2,232,787.52
2019	1,830,000.00	328,787.52	2,158,787.52
2020	1,830,000.00	265,187.52	2,095,187.52
2021-2025	3,860,000.00	690,162.56	4,550,162.56
2026-2030	2,625,000.00	269,718.80	2,894,718.80
2031	525,000.00	13,125.00	538,125.00
	<u>\$ 16,755,000.00</u>	<u>\$ 2,995,793.96</u>	<u>\$ 19,750,793.96</u>

Note 12: CAPITAL DEBT (CONT'D)

General Debt - New Jersey Green Acres Loans

On December 2, 1998, the Township entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$672,300.00, at an interest rate of 2.0%. The proceeds were used to fund the Washington Township Lake Park Addition Project. Semiannual debt payments are due March 2nd and September 2nd through 2018.

On July 12, 2002, the Township entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$400,000.00, at an interest rate of 2.0%. The proceeds were used to fund the Washington Township Lake Park Phase II Project. Semiannual debt payments are due April 19th and October 19th through 2022.

On August 9, 2011, the Township entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$150,018.00, at an interest rate of 2.0%. The proceeds were used to fund the Washington Township Lake Park Enhancement Project. Semiannual debt payments are due May 12th and November 12th through 2031.

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>
2016	\$ 68,431.16	\$ 7,576.47	\$ 76,007.63
2017	69,806.64	6,200.99	76,007.63
2018	71,209.75	4,797.89	76,007.64
2019	30,626.29	3,575.63	34,201.92
2020	31,241.86	2,960.01	34,201.87
2021-2025	76,172.92	7,780.06	83,952.98
2026-2030	43,739.67	2,903.41	46,643.08
2031	4,618.12	46.18	4,664.30
	<u>\$ 395,846.41</u>	<u>\$ 35,840.64</u>	<u>\$ 431,687.05</u>

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 24,671,046.41	\$ 22,083,129.57	\$ 22,002,414.10
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes			2,485,706.00
Net Debt	<u>\$ 24,671,046.41</u>	<u>\$ 22,083,129.57</u>	<u>\$ 24,488,120.10</u>

Note 12: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .553%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 17,320,000.00	\$ 17,320,000.00	
General	24,671,046.41		\$ 24,671,046.41
	<u>\$ 41,991,046.41</u>	<u>\$ 17,320,000.00</u>	<u>\$ 24,671,046.41</u>

Net debt \$24,671,046.41 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$4,463,011,497.33, equals .553%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 156,205,402.41
Less: Net Debt	<u>24,671,046.41</u>
Remaining Borrowing Power	<u>\$ 131,534,356.00</u>

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

Note 13: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the current fund:

<u>Description</u>	<u>Balance December 31, 2015</u>	<u>2016 Budget Appropriation</u>
Emergency Authorization	<u>\$ 487,869.84</u>	<u>\$ 487,869.84</u>

The appropriations in the 2016 Budget as adopted are not less than that required by the statutes.

Note 14: RISK MANAGEMENT

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

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.

Note 14: RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance (Cont'd) - The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years::

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	-	\$ 18,300.69	\$ 56,656.03	\$ 51,811.27
2014	\$ 20,000.00	25,550.96	19,353.94	90,166.61
2013	70,000.00	20,531.64	26,562.05	63,969.59

It is estimated that unreimbursed payments on behalf of the Township at December 31, 2015 are \$3,119.15.

Joint Insurance Pool - The Township is a member of the Gloucester, Salem and Cumberland County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

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

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

The Fund provides the Township with the following coverage:

Property - Blanket Building and Grounds
General and Automobile Liability
Workers' Compensation and Employer's Liability
Public Employee and Official Bonds

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2015, which can be obtained from:

Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund
Five Greentree Centre
525 Lincoln Drive West
P.O. Box 490
Marlton, New Jersey 08053

Note 15: OPEN SPACE TRUST

On November 7, 2000, pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township of Washington authorized the establishment of the Township of Washington Open Space Trust Fund effective January 1, 2001, for the purpose of raising revenue for the acquisition of land, easements and/or development rights to preserve underdeveloped areas in the Township. As approved by the referendum, the Township levies a tax not to exceed two cents per one hundred dollars of assessed 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. On April 26, 2011, the Township adopted Ord. 8-2011 to temporarily suspend funding of the Open Space Trust Fund for the Calendar Year 2011. On May 22, 2013, the Township adopted Ord. 15-2013 to amend the funding for the Open Space Trust Fund. Effectively January 1, 2013, and every year thereafter, the Open Space Trust Fund shall be funded through the dedication to the fund an amount of \$0.01165 per one hundred dollars of assessed tax levy or the amount of debt service for the year, whichever is less. 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 Washington Open Space Trust Fund. A budget indicating the anticipated revenues and expenditures of the Trust Fund for each year is adopted as part of the Township operating and capital budget.

Note 16: MORTGAGE LOAN RECEIVABLE

The Township entered into a grant/loan agreement in the principal amount of \$1,920,000.00, dated December 19, 1997, with County House Village Associates, L.P. for the construction of a low income housing project called "County House Village". The loan is recorded as the third mortgage for the partnership as recorded in the Gloucester County Clerk's Office. The note bears interest at a rate of 3% per annum. Principal and accumulated accrued interest is payable upon maturity on December 31, 2029. At December 31, 2015 and 2014, the principal balance is \$1,920,000.00. Accrued interest at December 31, 2015 and 2014 is \$960,000.00 and \$902,400.00, respectively. The principal and interest receivable are offset with reserves which will be realized upon payment being received.

Note 17: CONTINGENCIES

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

Litigation - The Township is a defendant in several legal proceedings, including tax appeals, 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 18: 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 19: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements		
Various Capital Improvements and Related Expenses	06/22/16	\$ 5,890,000.00

General Obligation Refunding Bonds – On July 7, 2016, the Township issued General Obligation Refunding Bonds, Series 2016 in the amount of \$6,305,000.00, with interest rates ranging from 2.0% to 5.0%. The purpose of the bonds is to currently refund \$6,720,000.00 principal amount of the General Obligation Refunding Bonds, Series 2006. The final maturity of the bonds is August 1, 2021.

APPENDIX C
FORMS OF BOND COUNSEL OPINION

April __, 2017

Mayor and Township Council
Township of Washington, in the
County of Gloucester, New Jersey

Re: Township of Washington, in the County of Gloucester, New Jersey
\$13,410,000 General Obligation Bonds, Series 2017

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the \$13,410,000 General Obligation Bonds, Series 2017 (the "Bonds") by the Township of Washington (the "Township") in the County of Gloucester, New Jersey (the "County").

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) Resolution R100-2017 adopted by the Township Council on March 8, 2017 ("Authorizing Resolution") and (iii) Bond Ordinances 36-2013, 03-2015 and 12-2016 (the "Bond Ordinances") and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on April __, 2017 as permitted by the Authorizing Resolution.

The Bonds are dated April __, 2017, and mature on February 1 in each of the years and in the respective principal amounts as set forth on the inside cover of an Official Statement dated April __, 2017 related to the Bonds, and bear interest at the respective interest rates per annum set forth in the Official Statement, payable semi-annually thereafter on February 1 and August 1 in each year until maturity, commencing on February 1, 2018.

The Bonds are issued without coupons. The principal amounts of the Bonds are subject to optional redemption and prepayment prior to their respective maturity and principal payment dates as set forth therein.

Proceeds of the Bonds will be used to (i) permanently finance the costs of various capital improvements and equipment authorized by the Bond Ordinances and (ii) pay the costs of issuance with respect to 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 proceedings of the Township Council in connection with the adoption of the Ordinances and the Authorizing Resolution, and the other certifications, instruments, documents and opinions prepared in connection with the Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined.

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

1. The Bond Ordinances and the Authorizing Resolution have been duly adopted by the Township Council and are in full force and effect.
2. 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").
3. 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 jurisdiction of the Township without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.
4. 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 under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals or corporations pursuant to Section 55 of the Code. For certain corporate holders, interest on the Bonds is included in adjusted current earnings for purposes of calculating the alternative minimum tax imposed on such holders.

In rendering this opinion, we have assumed continuing compliance by the Township with the covenants contained in the Authorizing Resolution and set forth in the Non-Arbitrage Certificate, 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 retroactive to 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.

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.

5. Interest on the Bonds and any gain from the sale thereof is not included in the gross income of individuals 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 by the Township.

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

FORMS OF TOWNSHIP CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Washington, in the County of Gloucester, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$ _____ principal amount of its General Obligation Bonds, Series 2017 (the "Bonds"). The Bonds are being issued pursuant to a resolution duly adopted by the Township on March 8, 2017 (the "Resolution") and the bond ordinances of the Issuer set forth therein. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

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

"Bondholder" shall mean any person who is the registered owner of any Bond, including Beneficial Owners of in the Bonds.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer 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 Securities and Exchange Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt and taxable 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 Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board via the internet facilities of the Electronic Municipal Market Access System (EMMA).

"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.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

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

"State" shall mean the State of New Jersey.

SECTION 3. Provision of Annual Reports.

(a) The Township shall not later than two hundred ten (210) 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, 2016). 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 copies 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: annual financial information with respect to the Township consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Township and certain financial information and operating data consisting of (i) the Township and overlapping

indebtedness including a schedule of outstanding debt issued by the Township, (ii) the Township's most current adopted budget, (iii) property valuation information, and (iv) tax rate, levy and collection data. The audited financial information will be prepared in accordance with modified cash accounting as mandated by State of New Jersey statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law and shall be filed electronically and accompanied by identifying information with the MSRB.

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 2013 Bonds or other material events affecting the tax status of the 2013 Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) 2013 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 2013 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Township;
- (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Township shall, promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events which are material, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5 in which materiality is a factor, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the Township's obligation to provide, notification of the occurrence of any of the Listed Events which are material.

(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 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 Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

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

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or 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 Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default on the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. 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 12. 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 13. 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 14. 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 15. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

SECTION 16. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: March 16, 2017

THE TOWNSHIP OF WASHINGTON, IN THE
COUNTY OF GLOUCESTER, NEW JERSEY

By: _____
James D'Auria,
Chief Financial Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: TOWNSHIP OF WASHINGTON, IN THE
COUNTY OF GLOUCESTER, NEW JERSEY

Name of Bond Issue: GENERAL OBLIGATION BONDS, SERIES 2017

Date of Issuance: April __, 2017

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated _____, 2017. The Issuer anticipates that the Annual Report will be filed by _____.

Dated:

TOWNSHIP OF WASHINGTON, IN THE
COUNTY OF GLOUCESTER, NEW JERSEY

By: _____