

NOTICE OF SALE

\$6,233,000

BOROUGH OF WOODBURY HEIGHTS

County of Gloucester, New Jersey

GENERAL OBLIGATION BONDS, SERIES 2019

Consisting of:

\$2,776,000 General Improvement Bonds

\$3,457,000 Water & Sewer Utility Bonds

(Bank Qualified)(Book-Entry-Only)(Callable)

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

July 17, 2019

at which time they will be publicly announced for the purchase of the following bonds ("Bonds"), due on July 15, as follows:

<u>Maturity Date</u>	<u>General Improvement</u>	<u>Water/ Sewer Utility</u>	<u>Combined</u>
2020	\$246,000	\$192,000	\$438,000
2021	250,000	195,000	445,000
2022	260,000	195,000	455,000
2023	265,000	205,000	470,000
2024	275,000	210,000	485,000
2025	280,000	215,000	495,000
2026	290,000	220,000	510,000
2027	295,000	230,000	525,000
2028	305,000	235,000	540,000
2029	310,000	240,000	550,000
2030	0	250,000	250,000
2031	0	255,000	255,000
2032	0	265,000	265,000
2033	0	270,000	270,000
2034	0	280,000	280,000

The Bonds will be dated July 31, 2019 and bear interest at the rates per annum specified by the successful bidder therefor, payable semiannually on January 15 and July 15, commencing January 15, 2020, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates as set forth in the Preliminary Official Statement, dated July 10, 2019 ("Preliminary Official Statement").

Upon initial issuance, the Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds and be responsible for maintaining a book-entry system for recording the interests of its participants or the transfers of interests among its participants. Individual purchases may be made in the principal amount of \$5,000 or any

integral multiple thereof, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book entries made on the books and records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interest in the Bonds, but each book-entry bondholder will receive a credit balance on the books of its nominee. For additional information, see "THE BONDS--Book-Entry-Only System" in the Preliminary Official Statement described below.

The Preliminary Official Statement has been deemed "final" by the Borough as of its date for purposes of paragraph (b)(1) of Rule 15c2-12, as amended ("Rule 15c2-12") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, except for certain omissions permitted thereunder. Within seven (7) business days of the sale of the Bonds, and in sufficient time to accompany any confirmation that requests payment from a customer, the Borough will deliver a sufficient number of copies of the final official statement ("Official Statement") to the purchaser in order for the same to comply with Paragraph (b)(4) of Rule 15c2-12.

The Preliminary Official Statement is available for viewing in electronic format through the internet facilities of Bowman & Company LLP. Bowman & Company's web address is **www.govdebt.net** ("Site"). In addition, broker dealers registered with the National Association of Securities Dealers ("NASD") and dealer banks with DTC clearing arrangements may either: (i) print out a copy of the Preliminary Official Statement by their own means; or (ii) at any time prior to July 17, 2019, elect to receive a printed copy of the Preliminary Official Statement in the mail by requesting the same on the Bowman & Company web site or by calling the Borough's Bond Counsel, Parker McCay P.A. ("Bond Counsel"), Parker McCay P.A., 9000 Midlantic Drive, Suite 300, P.O. Box 5054, Mount Laurel, New Jersey 08054. Calls should be directed to Alexis B. Batten, Esquire at (856) 985-4067. In order to view, print a copy or request a copy of the Preliminary Official Statement from the Bowman & Company web site, please visit **www.govdebt.net**. Bidders may log-in to access electronic viewing and delivery. Once logged-in to the Site, bidders must follow the applicable instructions and prompts to access the Preliminary Official Statement. All bidders must review the Preliminary Official Statement and certify that they have done so prior to participating in the bidding.

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

The Borough will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended ("Code").

BID SPECIFICATIONS

Each **ELECTRONIC PROPOSAL** for the Bonds must be submitted to PARITY in accordance with this notice, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, including any fee charged, potential bidders may contact BiDCOMP®/PARITY, 1359 Broadway,

Second Floor, New York, New York 10018, (212) 849-5021. The Borough may, but is not obligated to, acknowledge its acceptance in writing of any bid submitted electronically via PARITY. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that:

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

2. PARITY is not an agent of the Borough, and the Borough 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 Borough or information provided by the bidder.

3. The Borough 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 9:00 A.M. (Eastern Time) on the date upon which the Borough will receive proposals.

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

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

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

The Bonds will be sold to the bidder who, after having complied with the terms of this Notice of Sale, offers the lowest net interest cost for the Bonds. The net interest cost shall be computed in each instance by adding to the total principal amount of Bonds bid for, the total

interest cost to maturity in accordance with such bid. **Proposals may not include any premium.** If two (2) or more bidders specify the same lowest net interest cost, then to one of such bidders selected by the undersigned by lot. The purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. The Borough reserves the right to reject all bids and any bid not complying with the terms of this Notice of Sale.

Each bidder is required to make a good faith deposit ("Deposit") in the form of a cash wire, or certified, cashier's or treasurer's check in the amount of **\$124,660**, payable to the order of the "Borough of Woodbury Heights". If a cash wire is used, the wire must be received by the Borough no later than **11:00 A.M. on WEDNESDAY, JULY 17, 2019**. Bidders submitting cash wires must: (i) notify the Borough of its intent to use such cash wire prior to **10:00 A.M. on WEDNESDAY, JULY 17, 2019**; (ii) provide proof of electronic transfer of such cash wire prior to **11:00 A.M. on WEDNESDAY, JULY 17, 2019**; and (iii) also enclose return wiring instructions for use by the Borough. Wiring instructions may be obtained by contacting the Borough's Municipal Advisor, Phoenix Advisors LLC, Bordentown, New Jersey. Calls should be directed to Bryan Morris at (609) 291-0130 or bmorris@muniadvisors.com. If a check is used, the check must be certified or cashier's or treasurer's check drawn upon a bank or trust company and must be delivered to the Borough by no later than **11:00 A.M. on WEDNESDAY, JULY 17, 2019**. Bidders submitting good faith checks should also enclose a return envelope for use by the Borough. Each bidder accepts responsibility for delivering such cash wire or check on time and the Borough is not responsible for any cash wire or check that is not received on time. No interest on the Deposit will accrue to the successful bidder. When the successful bidder has been ascertained, all such Deposits shall be returned to the persons making the same within a reasonable period of time, except the cash wire or check of the successful bidder which shall be applied as partial payment for the Bonds or to secure the Borough from any loss resulting from the failure of the successful bidder to comply with the terms of its bid. Award of the Bonds to the successful bidder or rejection of all bids is expected to be made promptly after opening of the bids. The successful bidder may not withdraw its proposal until after 5:30 P.M. on the day of such bid opening and then only if such award has not been made prior to the withdrawal.

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

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

RATING

The Borough has applied for a rating on the Bonds from S&P Global Ratings, acting through Standard & Poor's Financial Services LLC. The Borough expects to have a rating prior to the sale of the Bonds. Notice of a rating on the Bonds will be communicated via PARITY.

OPTIONAL PURCHASE OF MUNICIPAL BOND INSURANCE

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

POSTPONEMENT

The Borough reserves the right to postpone, from time to time, the date and time established for receipt of Bids. **ANY SUCH POSTPONEMENT WILL BE PUBLISHED ON THOMSON MUNICIPAL NEWSWIRE, BEFORE 11:00 A.M. ON THE DAY BEFORE THE SALE.** If any date fixed for receipt of bids and the sale of the Bonds is postponed, an alternative sale date will be announced via Thomson Municipal Newswire at least forty-eight hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of the Notice of Sale, except for the date of sale and except for the changes announced on Thomson Municipal Newswire at the time the sale date and time are announced.

DELIVERY OF THE BONDS

It is anticipated that delivery of the Bonds will occur on or about Wednesday, July 31, 2019.

CUSIPS

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

Closing Certificates:

Simultaneously with the delivery of the Bonds, the purchaser shall assist the Borough in establishing the issue price and yield of the Bonds and shall execute and deliver to the Borough at closing an "issue price" and "yield" or similar certificate setting forth the reasonably expected initial offering price to the public or the sale price or prices of the Bonds and yield, together with

the supporting pricing wires or equivalent communications ("Issue Price Certificate"). The Issue Price Certificate shall be executed in a form attached hereto as Exhibit "A".

Establishment of Issue Price:

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

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

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

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

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

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

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

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

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

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

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

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

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

VIKKI HOLMSTROM, Chief Financial Officer

Dated: July 10, 2019

Exhibit "A"

\$6,233,000
BOROUGH OF WOODBURY HEIGHTS
County of Gloucester, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2019
Consisting of:
\$2,776,000 General Improvement Bonds
\$3,457,000 Water & Sewer Utility Bonds

CERTIFICATE OF UNDERWRITER
REGARDING YIELD AND ISSUE PRICE

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

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

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

3. On July 17, 2019 ("Sale Date"), the Underwriter submitted and the Borough accepted its competitive proposal to purchase the Bonds.

4. [As of the date of this certificate, the Underwriter has not sold at least 10% of the Bonds at a single price and agrees once it has sold at least 10% of the Bonds at a single price, it will provide a Supplemental Issue Price Certificate to the Borough and Bond Counsel, which date will be not later than thirty (30) days after the last day of the calendar quarter next ending after the date of closing of the Bonds.] [As of the date of this certificate, the first price at which at least 10% of the Bonds was sold to the Public (as defined below) is _____.]

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

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

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

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

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

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

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

[(iv) "Holding Period" means the period starting on the Sale Date and ending on the earlier of: (i) the close of the fifth business day after the Sale Date; or (ii) the date on

which the Underwriter has sold at least 10% of the Bonds to the Public at a price that is no higher than the Initial Offering Price.]

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

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IN WITNESS WHEREOF, I have hereunto set my hand this 31st day of July, 2019.

_____,
as Underwriter

By: _____
[NAME], [Title]

DRAFT

[Schedule A]

DRAFT

[Schedule B]

DRAFT

This Preliminary Official Statement and the information contained herein are subject to completion and amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. This Preliminary Official Statement is deemed final by the Borough within the meaning and for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 10, 2019

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

\$6,233,000
BOROUGH OF WOODBURY HEIGHTS
County of Gloucester, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2019
Consisting of:
\$2,776,000 General Improvement Bonds
\$3,457,000 Water and Sewer Utility Bonds
(Bank Qualified) (Callable)

Dated: Date of Delivery

Due: July 15, as shown on inside front cover

The Borough of Woodbury Heights, County of Gloucester, New Jersey ("Borough") is issuing \$6,233,000 aggregate principal amount of its General Obligation Bonds, Series 2019 ("Bonds"). The Bonds consist of: (i) \$2,776,000 General Improvement Bonds; and (ii) \$3,457,000 Water and Sewer Utility Bonds. The Bonds shall be issued in fully registered book-entry-only form without coupons.

The principal of the Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the Bonds at the offices of the Borough or its hereafter designated paying agent, if any. Interest on the Bonds is payable semi-annually on January 15 and July 15 ("Interest Payment Dates"), commencing January 15, 2020, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions stated 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 and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as hereinafter defined) which will, in turn, remit such payments to the Beneficial Owners (as hereinafter defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Bond.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) Bond Ordinances 15-2012, 3-2014, 8-2015, 6-2016, 7-2016, 3-2017, 7-2017, 5-2018, 8-2018, 6-2019 and 7-2019, each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on June 19, 2019; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on July __, 2019.

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

The full faith and credit of the Borough are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the Borough payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the Borough 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 Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, and certain other conditions described herein. Certain legal matters will be passed upon for the Borough by its Solicitor, Brian D. Lozuke, Esquire, of the law firm Mattleman, Weinroth & Miller, PC, Cherry Hill, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as Municipal Advisor to the Borough 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 July 31, 2019.

\$6,233,000
BOROUGH OF WOODBURY HEIGHTS
County of Gloucester, New Jersey

GENERAL OBLIGATION BONDS, SERIES 2019

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS

<u>Year</u>	<u>General Improvement</u>	<u>Water and Sewer Utility</u>	<u>Combined</u>	<u>Interest Rate</u> %	<u>Yield</u> %	<u>CUSIP¹</u>
2020	\$246,000	\$192,000	\$438,000			
2021	250,000	195,000	445,000			
2022	260,000	195,000	455,000			
2023	265,000	205,000	470,000			
2024	275,000	210,000	485,000			
2025	280,000	215,000	495,000			
2026	290,000	220,000	510,000			
2027	295,000	230,000	525,000			
2028	305,000	235,000	540,000			
2029	310,000	240,000	550,000			
2030	0	250,000	250,000			
2031	0	255,000	255,000			
2032	0	265,000	265,000			
2033	0	270,000	270,000			
2034	0	280,000	280,000			

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

**BOROUGH OF WOODBURY HEIGHTS
COUNTY OF GLOUCESTER, NEW JERSEY**

<u>Name</u>	<u>Title</u>
William C. Packer	Mayor
Cara Witasick	Council President
Robert Morison	Council Member
Jeffrey Pitzo	Council Member
Richard J. Gambale	Council Member
Joseph Getsinger	Council Member
Harold A. Pye, Jr.	Council Member

Borough Clerk/Administrator
Janet Pizzi

Chief Financial Officer
Vikki Holmstrom

Solicitor
Mattleman, Weinroth & Miller, PC
Cherry Hill, New Jersey

Auditor
Bowman & Company, LLP
Woodbury and Voorhees, New Jersey

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

Municipal Advisor
Phoenix Advisors, LLC
Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Borough 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 Borough. The information contained herein has been provided by the Borough 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 Borough. 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 Borough Clerk during normal business hours.

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

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

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

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

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\$6,233,000
BOROUGH OF WOODBURY HEIGHTS
County of Gloucester, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2019
Consisting of:
\$2,776,000 General Improvement Bonds
\$3,457,000 Water and Sewer Utility Bonds
(Bank Qualified) (Callable)

INTRODUCTION

This Official Statement, including the cover page and Appendices hereto, is to provide certain information relating to the issuance by the Borough of Woodbury Heights, County of Gloucester, New Jersey ("Borough") of its \$6,233,000 aggregate principal amount of General Obligation Bonds, Series 2019 ("Bonds"). The Bonds consist of: (i) \$2,776,000 General Improvement Bonds; and (ii) \$3,457,000 Water and Sewer Utility 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 15-2012, 3-2014, 8-2015, 6-2016, 7-2016, 3-2017, 7-2017, 5-2018, 8-2018, 6-2019 and 7-2019 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on June 19, 2019; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on July __, 2019.

PURPOSE OF THE ISSUE

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

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

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General Improvement Bond Ordinances

Ordinance Number	Purpose	Amount Authorized	Notes Outstanding	Bonds to be Issued
15-2012	Reconstruction of Lake Avenue	\$129,150	\$75,650	\$75,000
3-2014	Acquisition of Trash Truck	147,000	127,000	127,000
6-2016	Various Road Improvements	1,095,000	1,095,000	1,095,000
3-2017	Various Road Improvements	950,000	950,000	950,000
8-2018	Acquisition of Fire Truck	483,000	0	483,000
6-2019	Road Improvements to Central Avenue	46,000	0	46,000
TOTAL		\$2,850,150	\$2,247,650	\$2,776,000

Water and Sewer Utility Bond Ordinances

Ordinance Number	Purpose	Amount Authorized	Notes Outstanding	Bonds to be Issued
8-2015	Improvements to Sewer Stations	\$675,000	\$598,000	\$598,000
7-2016	Various Improvements to Wells and Sewer Stations	1,883,000	1,883,000	1,883,000
7-2017	Supplemental Funding for Improvements to Well No. 2	188,000	188,000	188,000
5-2018	Water Main Extension	360,000	360,000	360,000
7-2019	Water and Sewer Improvements along Central Avenue	428,000	0	428,000
TOTAL		\$3,534,000	\$3,029,000	\$3,457,000

DESCRIPTION OF THE BONDS

General

The Bonds will be issued in the aggregate principal amount of \$6,233,000. 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 January 15

and July 15 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing January 15, 2020, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions set forth below.

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 July 15 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 offices of the Borough or its hereafter designated paying agent, if any. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Borough for such purpose at the offices of Borough or its hereafter designated paying agent, if any, as of the close of business on the first (1st) day of the calendar month containing 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 Borough or its hereafter designated paying agent, if any.

Redemption Provisions

The Bonds maturing on and after July 15, 2027 are subject to redemption prior to their stated maturity dates at the option of the Borough, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Borough shall determine and within any such maturity by lot) on any date on or after July 15, 2026, at a redemption price equal to one hundred percent (100%) of the principal amount of the 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 known address, if any, appearing on the registration books of the Borough. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC and 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 Bonds or portion thereof to be redeemed shall cease to accrue and be payable.

Book-Entry-Only System¹

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

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

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

¹ Source: The Depository Trust Company

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 Borough or the hereafter designated paying agent, if any, as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

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

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

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

The Borough 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 Borough believes to be reliable, but neither the Borough nor the Underwriters (as hereinafter defined) take any responsibility for the accuracy thereof.

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

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

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the Borough or its hereafter designated paying agent, if any; (ii) the transfer of the Bonds may be registered on the books maintained by the Borough or its hereafter designated paying agent, if any, for such purposes only upon the surrender thereof to the Borough or its hereafter designated paying agent, if any, together with the duly executed assignment in form satisfactory to the Borough or its hereafter designated paying agent, if any; and (iii) for every exchange or registration of transfer of the Bonds, the Borough or its hereafter designated paying agent, if any, may make a charge

sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. In such event, interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

SECURITY FOR THE BONDS

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

The Borough 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 BOROUGH

General

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

Financial

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

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 Borough 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 Borough 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 Borough, 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 Borough 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 Borough 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 Borough or substantially reduce the ability of the Borough 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 Borough 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 Borough 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 Borough.

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 Borough's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2017 is on file with the Borough 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, 2018 is on file with the Borough 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 Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on the Bonds. The Cap Law provides that a local unit shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

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

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

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough 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:

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

Deferral of Current Expenses

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

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

Budget Transfers

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

Capital Budget

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

Related Constitutional and Statutory Provisions

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

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a

tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

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

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

The Municipal Finance Commission

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

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

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

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

Limitation of Remedies Under Federal Bankruptcy Code

The rights and remedies of the registered owners of the Bonds are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

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

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

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO SUCH DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PARTICULAR DOCUMENT, THE FULL TEXT OF WHICH MAY CONTAIN QUALIFICATIONS OF AND EXCEPTIONS TO STATEMENTS MADE HEREIN.

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. The County of Gloucester ("County") has implemented a County-wide assessment system whereby all assessments are done at the County level, and each municipality in the County is reassessed every three years. The Borough's most recent property revaluation/reassessment occurred in 2011, and became effective for the 2012 tax year.

Upon the filing of certified adopted budgets by the Borough, the School Districts and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the

assessment of property, levying of taxes and the collection thereof are set forth in *N.J.S.A. 54:4-1 et seq.* Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18.00% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6.00% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. Tax liens retained by the Borough are periodically assigned to the Borough Solicitor for "in rem foreclosures" in order to acquire title to these properties.

Tax Appeals

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

TAX MATTERS

Federal

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

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

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

In rendering this opinion, we have assumed continuing compliance by the Borough 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 Borough to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds.

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

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Borough has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

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

New Jersey

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

Changes in Federal and State Tax Law

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

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

LITIGATION

To the knowledge of the Borough's Solicitor, Brian D. Lozuke, Esquire, of the firm Mattleman, Weinroth & Miller, PC, Cherry Hill, New Jersey ("Solicitor"), there is no litigation of any nature now pending, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Borough if adversely decided.

RATING

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

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

PREPARATION OF OFFICIAL STATEMENT

The Borough 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 Borough upon issuance and delivery of the Bonds.

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

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

Bowman & Company LLP, Woodbury and Voorhees, New Jersey, compiled this Official Statement from Information obtained from Borough 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 or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto. Bowman & Company LLP does take responsibility for the financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Accountant's Compilation Report and Independent Auditor's Report.

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by _____, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated July __, 2019. The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in connection with the Bonds. The Bonds are being offered for sale at the yields set forth on the 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 and notes into investment trusts) at yields higher than the public offering yield set forth on the inside front cover page of this Official Statement, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators,

guardians, trustees, and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds and notes of the Borough, including the Bonds, and such bonds and notes are authorized security for any and all public deposits.

MUNICIPAL ADVISOR

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

NO DEFAULT

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

CONTINUING DISCLOSURE

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

Within the five years immediately preceding the date of this Official Statement, the Borough previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) operating data for the fiscal year ended December 31, 2013; and (ii) its adopted budget for fiscal year ended December 31, 2014. Additionally, the Borough previously failed to file late filing notices in connection with its untimely filings of: (i) operating data; and (ii) its adopted budget, all as described above. Such notices of late filings have since been filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA"). The Borough appointed Phoenix Advisors, LLC in June of 2015 to serve as continuing disclosure agent.

LEGAL MATTERS

The legality of the Bonds will be subject to the approving legal opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough ("Bond Counsel"). Such opinion will be printed on or accompany the Bonds and provide, *inter alia*, that the Bonds are valid and binding obligations of the Borough, and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough 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 Borough by its Solicitor.

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

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Vikki Holmstrom, Chief Financial Officer, Borough of Woodbury Heights, at 856-848-2832, or to the Borough's Municipal Advisor, Phoenix Advisors, LLC at 609-291-0130.

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

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

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

**BOROUGH OF WOODBURY HEIGHTS,
NEW JERSEY**

By: _____
VIKKI HOLMSTROM, Chief Financial Officer

Dated: July __, 2019

APPENDIX A

**CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION
REGARDING THE BOROUGH OF WOODBURY HEIGHTS**

GENERAL INFORMATION ON THE BOROUGH

Overview

The Borough was incorporated in April of 1915 and is a highly developed residential community of approximately 1.5 square miles. The Borough is surrounded by the Townships of Deptford and West Deptford, the City of Woodbury and the Borough of Wenonah.

Borough Government

The Borough operates under a Mayor-Council form of government. Six members of Borough Council serve three-year terms, staggered to provide continuity in the government. The Mayor is elected by the voters to a four-year term.

Executive responsibility rests with the Mayor. Administrative functions and assistance to the Mayor are the responsibility of the Borough Clerk/Administrator. The financial affairs of the Borough are administered by the Chief Financial Officer, who prepares and then monitors the annual budget after adoption by the Borough Council. The Chief Financial Officer also keeps the Borough Council informed as to the conduct of Borough affairs, and the welfare and future needs of the Borough.

Transportation

The Borough is traversed by County Roads 553 and 652. An efficient system of highways, railroads and airlines is readily accessible to those residing and working in the Borough. Interstate 295, the North South Freeway (Route 42), State Highway 55, State Highway 45, and the Atlantic City Expressway all reinforce the New Jersey Turnpike System. The Borough's highway system is augmented by its close proximity to the Benjamin Franklin Bridge, the Walt Whitman Bridge, and the Commodore Barry Bridge, which link the State to Pennsylvania and Delaware. These modern highways and bridges provide easy access to all points in the Greater Delaware Valley, northern Delaware, and southern New Jersey. The Philadelphia International Airport is only 20 minutes away by automobile.

The Delaware River Port Authority ("DRPA"), the New Jersey-Pennsylvania bi-state authority that operates the Benjamin Franklin, Walt Whitman, Commodore Barry, and Betsy Ross bridges, also operates the Port Authority Transit Company (PATCO), a high speed rail transit system that transports several thousand New Jersey residents into Philadelphia each day. Borough residents who use the PATCO system are able to travel to their destinations in Camden and Center City Philadelphia within twenty minutes. The DRPA is currently studying the benefits of expanding the PATCO transit system into the County.

In addition to the PATCO rail system, the Borough is also served by New Jersey Transit, which operates buses throughout the County offering transit into Philadelphia and throughout the State.

Water and Sewer

Water and sewer facilities are Borough owned, and managed by a Committee of the Borough Council. Final disposal of sewerage is by contract with the Gloucester County Utilities Authority.

Utilities

Gas service is provided by South Jersey Gas Company and electric service is provided by Public Service Electric and Gas Company.

Police

The safety and security of the residents is protected by a Chief of Police, six full-time, trained and supervised police officers, two part-time Class II Special Officer and two Class III School Resource Officers (retired police officers). The Borough's force provides twenty-four hour patrol car surveillance.

Fire and Ambulance Services

Fire protection is provided through a volunteer fire company. The fire company operates three fire fighting apparatus and three fire rescue vehicles. The Borough's ambulance service is provided through the County of Gloucester.

Public Works

The Public Works Department ("Department") consists of seven employees. The Department is responsible for water and sewer operation and the maintenance and repair of local roads and recreational areas, trash and recyclable collection, brush and leaf collection and sign maintenance.

Library

Residents can enjoy the benefits of the Gloucester County Library System.

Parks and Recreation

There are several recreation areas including a community center, two centrally located parks, seven ball fields and two playgrounds.

Health Care

Inspira Medical Center, located in nearby Woodbury City, has approximately 305 beds and 2,051 employees. Jefferson Health of Washington Township has 230 beds and approximately 2,015 employees.

Financial Institutions

M&T Bank and Ocean First Bank are financial institutions available to the citizens of the Borough.

Growth and Development

The Borough has had significant redevelopment along the Route 45 (State Highway) corridor in the past ten years. Projects along this area included the Penn Medicine Complex, which also houses an LA Fitness, Eastern Dental, Edward Jones Financial Services, Summit Bakery, Nail Salon and Weight Watchers. A Starbucks will also be joining these tenants in the upcoming months as construction permits have been granted for the pad location at the complex. Other commercial development along Route 45 included Giant Fitness (Balducci Inc) and Ocean First Bank.

County Route 553 has also had some redevelopment during the last few years including the Casa Dance Center and TBL Plumbing. There are currently two projects along with road which have approvals for expansions, one project that has preliminary approval for a housing development and two projects that are seeking Planning Board approvals (one for an expansion and one for a change of use).

Borough Employees

	<u>2018</u>	<u>2017</u>	December 31, <u>2016</u>	<u>2015</u>	<u>2014</u>
Total	<u>43</u>	<u>42</u>	<u>44</u>	<u>41</u>	<u>45</u>

Employee Collective Bargaining Units

<u>Collective Bargaining Units</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
AFSCME	16	Dec. 31, 2019
Policemen's Benevolent Association Local 122	7	Dec. 31, 2019

Compensated Absences

Full-time employees are entitled to twelve paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may not be accumulated and carried forward. For additional information regarding pension plans see Appendix B: Audited Financial Statements, Note 10.

Pension Plans

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

Borough Population (1)

2010 Federal Census	3,055
2000 Federal Census	2,988
1990 Federal Census	3,392
1980 Federal Census	3,460
1970 Federal Census	3,621

Labor Force(2)

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Borough					
Labor Force	1,626	1,644	1,654	1,641	1,635
Employment	1,558	1,572	1,570	1,551	1,524
Unemployment	68	72	84	90	111
Unemployment Rate	4.2%	4.4%	5.1%	5.5%	6.8%
County					
Labor Force	147,175	149,158	148,968	148,271	147,452
Employment	140,940	142,127	141,431	139,287	136,672
Unemployment	6,235	7,031	7,537	8,984	10,780
Unemployment Rate	4.2%	4.7%	5.1%	6.1%	7.3%

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

(2) Source: New Jersey Department of Labor

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State					
Labor Force	4,422,900	4,453,500	4,474,700	4,489,000	4,487,000
Employment	4,239,600	4,247,500	4,252,100	4,229,200	4,183,500
Unemployment	183,400	206,000	222,600	259,800	303,500
Unemployment Rate	4.1%	4.6%	5.0%	5.8%	6.8%

TEN LARGEST EMPLOYERS IN THE COUNTY(1)

<u>Employer</u>	<u>Nature of Business</u>	<u>Employees</u>
Amazon	Warehouse	4,500
Rowan University	University	3,500
Inspira Medical Center Woodbury Inc.	Hospital	2,051
Jefferson Health	Hospital	2,015
Shop Rite	Supermarket	1,300
Gloucester County	Government	1,200
US Foods	Food Distribution	1,014
Walmart Blackwood	Retail	800
Penske	Automotive Sales and Service	700
Heritage's Dairy Stores	Convenience Stores	520

Building, Zoning and Development Codes

The Borough 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 Borough's building codes conform to standards of the State Uniform Construction Code. These codes and other Municipal Codes are codified as a basis for improved administration and regulation.

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

Building Permits Issued(2)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2019(3)	75	\$1,292,528.00
2018	203	1,547,117.00
2017	85	604,663.00
2016	67	570,030.00
2015	62	517,890.00
2014	174	454,192.00

(1) Source: County officials

(2) Source: Borough's Construction Office

(3) As of May 31, 2019

EDUCATION(1)

Primary and Secondary

The Board of Education of the Borough of Woodbury Heights (“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, consisting of nine members who are elected at large for three-year terms.

The School District operates one school, grades kindergarten through six. The School District provides a variety of regionally recognized educational programs, ranging from advanced curriculum for the educationally gifted to specialized programs for the functionally impaired student.

The Board prepares annually a current expense and debt service budget. The amounts to be raised by taxation for current expense and debt service are submitted to the voters for approval. If the amounts are disapproved, the Borough Council fixes an amount and certifies the same to the Board and the County Board of Taxation. If the Board determines that the amount certified by the Borough is insufficient to operate a thorough and efficient school system, the Board may appeal to the State Commission of Education to restore the local funds eliminated.

The Borough high school students attend the Gateway Regional High School District along with students from the Boroughs of National Park, Wenonah and Westville.

**BOROUGH OF WOODBURY HEIGHTS
SCHOOL DISTRICT ENROLLMENTS(1)**

<u>Grade</u>	<u>2018</u>	<u>2017</u>	<u>October 15, 2016</u>	<u>2015</u>	<u>2014</u>
K	28	35	31	30	25
1	35	30	25	23	24
2	30	27	21	30	33
3	27	22	30	34	24
4	22	29	33	27	43
5	28	36	29	47	25
6	39	28	48	23	31
Special Education	<u>60</u>	<u>49</u>	<u>48</u>	<u>53</u>	<u>39</u>
Totals	<u>269</u>	<u>256</u>	<u>265</u>	<u>267</u>	<u>244</u>

PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY(1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment Oct. 15, 2018</u>	<u>Functional Capacity</u>
Woodbury Heights Elementary School	1965	1967	K-8	<u>269</u>	<u>329</u>

(1) Source: Board Secretary/Business Administrator

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
ENROLLMENTS(1)(2)**

<u>Grade</u>	October 15,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
7	41	27	47	25	37
8	27	48	30	33	37
9	42	28	31	38	23
10	29	32	36	26	33
11	30	31	27	35	48
12	32	27	35	47	39
Special Education	<u>40</u>	<u>41</u>	<u>48</u>	<u>34</u>	<u>35</u>
Totals	<u>241</u>	<u>234</u>	<u>254</u>	<u>238</u>	<u>252</u>

HIGHER EDUCATION FACILITIES

Rowan College at Gloucester County

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

Total enrollment for the fall 2018 semester was 7,130 students. In addition, the College's Division of Continuing Education provides various educational, career training and personal enrichment courses, as well as outreach programs, to community residents.

The College offers more than 70 academic programs in full spectrum of career fields. The college also maintains a well-rounded cultural, artistic and sports calendar of events.

A number of selective admission programs related to the allied-health field, including nursing, diagnostic medical sonography (DMS) and nuclear medicine technology (NMT) are available at the College.

The College awards both certificate and associate degrees leading to immediate career and transfer opportunities. With an extensive record of matriculation agreements with four-year colleges and universities, graduates are able to transfer seamlessly into baccalaureate and master degree programs. The College added an automatic-dual acceptance initiative with five (5) four-year universities which makes earning a bachelor's degree an uncomplicated progression with added benefits. The College's educational partners offer a variety of programs and incentives to the College graduates ranging from tuition discounts to obtaining a bachelor's degree on the College campus.

There were recently several developments and renovations including a \$1 million renovation to the former Sciences building, a \$11.5 million; 41,000-square-foot building at the Nursing and Allied Health Center, and a \$2 million; 6,500 square-foot expansion to the Law and Justice Education Center.

Located on 250 acres in Deptford, New Jersey, the College's main campus also houses the Continuing Education Center that provides customized training and safety instruction to the business community. The Safety Unit is especially well-known for its long-term relationship with the Delaware Valley Safety Council, which represents large petrochemical and manufacturing businesses in the region.

(1) Source: School District officials
(2) Woodbury Heights students only

Rowan University

Rowan University ("Rowan" or the "University") is a selective, medium-sized public research university located in Glassboro, New Jersey. It is recognized for its nationally-ranked academic and athletic programs, talented professors and high-tech facilities. Rowan prides itself on being able to provide its approximately 19,400 students an outstanding education at an exceptional value.

The University offers 63 bachelor's degrees (with 36 program options), 44 master's degrees (with 28 program options), 27 post-baccalaureate certificates of graduate study, three post-master's certificates, three professional post-master's certificate programs, two doctoral degrees (Ed. D. and Ph.D.) and two professional degrees, a Doctor of Medicine (M.D.) and a Doctor of Osteopathic Medicine (D.O.). Students may pursue degrees at the main Glassboro campus, the Camden campus, Cooper Medical School of Rowan University in Camden, the School of Osteopathic Medicine in Stratford, online, or at several community colleges.

The University's main campus, on approximately 200 acres in the southern New Jersey town of Glassboro, is about 20 minutes southeast of Philadelphia and about one hour west of Atlantic City. It is approximately two hours from New York City and just a two-and-a-half hour drive to Washington, D.C. The locale provides students all of the advantages of a suburban campus plus opportunities for entertainment, cultural events and professional opportunities in major East Coast metropolises and the nation's capital.

Rowan has acquired approximately 600 acres of open space in Glassboro and neighboring Harrison and Mantua Townships, some of which is home to the South Jersey Technology Park at Rowan University. A portion of the land on that parcel informally referred to as the "West Campus" was developed into athletic fields.

On July 6, 1992, Mr. and Mrs. Henry M. Rowan pledged \$100 million to the Glassboro State College Development Fund. Terms of the gift required establishment of an Inductotherm Scholarship Fund in the amount of \$3 million and the creation of a School of Engineering. In 1992, the name of the University was changed from Glassboro State College to Rowan College of New Jersey. On March 21, 1997, the school became Rowan University.

In Fiscal Year 2015, following a subsequent gift announcement from the Henry M. Rowan Family Foundation of \$15 million, the College of Engineering was renamed the Henry M. Rowan College of Engineering in Mr. Rowan's honor.

In 2017, Rowan opened the new \$63.2 million dollar, four-story, 96,500-square-foot Rohrer College of Business facility, which houses 16 classrooms, 7 conference rooms, 10 specialty spaces, 15 administrative offices, and 70 faculty offices. Along with the new College of Business facility, Rowan opened a three story, 90,500 square-foot, \$71 million addition to the College of Engineering building and opened the new \$145 million Holly Pointe Commons housing complex, which houses 1,400 students on campus.

In addition, Rowan is in the process of several new developments including the West Campus Development, which includes a soccer stadium, commercial and retail space, 1,000 construction jobs, 350 permanent jobs, 100-million-dollar investment. The South Jersey Technology Park, which is a new technology related business expansion of 40,000 square feet creating 500 new jobs and a 45 million dollar investment.

Gloucester County Institute of Technology (1)

The Gloucester County Institute of Technology ("Institute") 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 Institute 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.

As of June 30, 2019, there are approximately 1,406 students are enrolled in the Institute'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 Institute 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. Junior Olympics 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, as of June 2019, was approximately 610 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 six (6).

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.

(1) Source: University Basic Financial Statements and Management's Discussion and Analysis Year Ended June 30, 2018

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</u>	<u>Type of Business</u>	<u>2019 Assessed Valuation</u>
Oak Valley Plaza Inc.	Mixed Use Plaza	\$11,658,000
Wawa, Inc.	Convenience Store	2,555,500
HCD Realty, LLC	Diner	2,112,200
Woodbury Heights Development, LLC	Vacant Land	1,755,000
Balducci Inc.	Mixed Use Strip	1,710,000
Genius One LLC	Car Dealership	1,557,600
Heights Plaza, LLC	Mixed Use	1,362,500
McDonald's Real Estate Co.	Restaurant	1,357,000
Jonathan Advisors Ltd. Partnership	Medical Office/Retail Store	1,341,800
American Paper Box LLC	Retail	1,322,400

CURRENT TAX COLLECTIONS (2)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2018(3)	\$11,051,066	\$10,850,056	98.18%	\$159,973	1.45%
2017	10,911,742	10,652,994	97.63	172,854	1.58
2016	10,646,369	10,439,181	98.05	167,376	1.57
2015	10,295,522	10,114,146	98.24	143,993	1.40
2014	9,960,010	9,726,923	97.66	162,517	1.63

DELINQUENT TAXES (2)

<u>Year</u>	<u>Outstanding</u>		<u>Collected</u>		<u>Transferred To Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
	<u>Jan. 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2018(3)	\$173,075	\$1,617	\$174,179	99.71%	---	---	\$513
2017	167,376	---	167,155	99.87	---	---	221
2016	145,590	500	146,090	100.00	---	---	---
2015	164,114	---	151,051	92.04	\$7,136	\$4,330	1,597
2014	170,164	---	168,567	99.06	---	---	1,597

(1) Source: Gloucester County Tax Assessor

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

(3) Information from Annual Compiled Financial Statement

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Canceled</u>	<u>Balance Dec. 31</u>
2018(2)	\$76,209	\$9,798	---	---	\$86,007
2017	66,615	9,594	---	---	76,209
2016	66,504	10,264	\$10,153	---	66,615
2015	57,118	38,925	29,539	---	66,504
2014	98,679	16,356	50,456	\$7,461	57,118

FORECLOSED PROPERTY(1)(3)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Balance Dec. 31</u>
2018(2)	\$95,075	\$95,075
2017	95,075	95,075
2016	95,075	95,075
2015	95,075	95,075
2014	95,075	95,075

CURRENT WATER AND SEWER COLLECTIONS(1)

<u>Year</u>	<u>Beginning Balance</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2018(2)	\$124,726	\$1,487,690	\$1,500,801	93.08%	\$111,022	6.89%
2017	89,014	1,490,323	1,454,036	92.07	124,726	7.90
2016	75,377	1,505,579	1,491,942	94.39	89,014	5.63
2015	69,427	1,502,630	1,496,680	95.21	75,377	4.79
2014	90,151	1,474,262	1,494,723	95.55	69,427	4.44

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (4)

Tax Rate (5)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate (5)</u>				
		<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Regional High School</u>	<u>Municipal</u>
2019	\$250,162,420	---	---	---	---	---
2018	251,390,917	\$4.390	\$.758	\$1.078	\$1.375	\$1.179
2017	253,485,367	4.298	.750	1.070	1.320	1.158
2016	253,727,377	4.187	.752	1.029	1.273	1.133
2015	254,310,267	4.045	.720	0.988	1.234	1.103
2014	256,757,277	3.871	.673	0.944	1.189	1.065

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

(2) Information from Annual Compiled Financial Statement

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

(4) Source: Borough Tax Collector

(5) Per \$100 of assessed valuation

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value Per Capita (2)</u>
2019	\$249,513,800	94.76%	\$263,311,313	\$86,190
2018	250,743,100	95.99	261,217,939	85,505
2017	252,823,900	96.40	262,265,456	85,848
2016	253,066,100	96.28	262,843,893	86,037
2015	253,646,300	96.28	263,446,510	86,235

REAL PROPERTY CLASSIFICATION (3)

<u>Year</u>	<u>Assessed Value Land Use Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>
2019	\$249,513,800	\$5,296,400	\$190,323,800	\$46,682,500	\$6,911,100	\$300,000
2018	250,743,100	5,444,500	191,444,300	46,643,200	6,911,100	300,000
2017	252,823,900	7,022,800	191,393,100	47,196,900	6,911,100	300,000
2016	253,066,100	7,078,400	191,407,600	47,045,400	7,234,700	300,000
2015	253,646,300	7,163,100	191,274,400	47,745,100	7,163,700	300,000

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

(2) Based on Federal Census 2010 of 3,055

(3) Source: County Tax Assessor

**BOROUGH OF WOODBURY HEIGHTS
STATEMENT OF INDEBTEDNESS(1)**

The following table summarizes the direct debt of the Borough in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued, including General, Water and Sewer Utility, and debt of the Local and Regional School Districts. Deductions from gross debt to arrive at net debt include deductible school debt, as well as debt considered to be self-liquidating. The resulting net debt of \$3,705,650 represents 1.406% of the average of equalized valuations for the Borough for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Authorized But Not Issued	Gross Debt	Deductions		Net Debt
	Bonds	Notes			School Debt	Self-Liquidating Debt	
General	\$ 975,000	\$ 2,247,650	\$ 483,000	\$ 3,705,650			\$ 3,705,650
School - Local	232,516			232,516	\$ 232,516		-
School - Regional	1,397,783			1,397,783	1,397,783		-
Water and Sewer Utility	345,000	3,029,000		3,374,000		\$ 3,374,000	-
	<u>\$ 2,950,299</u>	<u>\$ 5,276,650</u>	<u>\$ 483,000</u>	<u>\$ 8,709,949</u>	<u>\$ 1,630,299</u>	<u>\$ 3,374,000</u>	<u>\$ 3,705,650</u>

(1) As of December 31, 2018

Source: Borough Auditor

DEBT RATIOS AND VALUATIONS(1)(2)

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad for 2016, 2017 and 2018	\$263,503,652
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2016, 2017 and 2018	1.406%
2019 Net Valuation Taxable	\$250,162,420
2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$263,959,933
Gross Debt (3):	
As a percentage of 2019 Net Valuation Taxable	3.48%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	3.30%
Net Debt (3):	
As a percentage of 2019 Net Valuation Taxable	1.48%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.40%
Gross Debt Per Capita (4)	\$2,851
Net Debt Per Capita (4)	\$1,213

BOROUGH BORROWING CAPACITY(1)(2)

3.5% of Averaged (2016-18) Equalized Valuation of Real Property including Improvements (\$263,503,652)	\$9,222,628
Net Debt	<u>3,705,650</u>
Remaining Borrowing Capacity	<u><u>\$5,516,978</u></u>

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

2.5% of Averaged (2016-18) Equalized Valuation of Real Property including Improvements (\$263,503,652)	\$6,587,591
Local School Debt	<u>232,516</u>
Remaining Borrowing Capacity	<u><u>\$6,355,075</u></u>

REGIONAL HIGH SCHOOL DISTRICT BORROWING CAPACITY(1)(2)

3% of Averaged (2016-18) Equalized Valuation of Real Property including Improvements (\$893,562,875)	\$26,806,886
Net Debt(5)	<u>4,740,000</u>
Remaining Borrowing Capacity	<u><u>\$22,066,886</u></u>

(1) As of December 31, 2018

(2) Source: Borough Auditor

(3) Excluding overlapping debt

(4) Based on 2010 Federal Census of 3,055

(5) Debt portion allocated to the Borough is \$1,397,783

**BOROUGH OF WOODBURY HEIGHTS
OVERLAPPING DEBT
AS OF DECEMBER 31, 2018**

	DEBT ISSUED				
<u>Debt Outstanding</u>	<u>Deduction</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	Debt Auth. but not Issued	
County of Gloucester(1):					
General	\$ 227,235,000	\$ 13,134,406	(2) \$ 214,100,594	\$ 2,119,596	(4)
Bonds Issued by Other Public Bodies Guaranteed by the County	163,384,550	163,384,550	(3) -		
	\$ 390,619,550	\$ 176,518,956	\$ 214,100,594	\$ 2,119,596	\$ -

- (1) Source: County's Annual Debt Statement.
(2) Includes Reserve for Payment of Debt and County College Bonds.
(3) Deductible in accordance with N.J.S. 40:37A-80.
(4) Such debt is allocated as a proportion of the Issuer's share of the total 2018 Net Valuation on which County taxes are apportioned, which is 0.99%.

**BOROUGH OF WOODBURY HEIGHTS
SCHEDULE OF DEBT SERVICE (1)
(BONDED DEBT)**

Year Ended Dec. 31,	Existing Debt (2)						Grand Total Debt Service
	General Improvement Bonds			Water and Sewer Utility Bonds			
	Principal	Interest	Total	Principal	Interest	Total	
2019	\$ 160,000.00	\$ 37,400.00	\$ 197,400.00	\$ 25,000.00	\$ 14,362.50	\$ 39,362.50	
2020	160,000.00	31,800.00	191,800.00	25,000.00	13,487.50	38,487.50	
2021	160,000.00	25,800.00	185,800.00	25,000.00	12,550.00	37,550.00	
2022	165,000.00	19,800.00	184,800.00	30,000.00	11,612.50	41,612.50	
2023	165,000.00	13,200.00	178,200.00	30,000.00	10,412.50	40,412.50	
2024	165,000.00	6,600.00	171,600.00	30,000.00	9,212.50	39,212.50	
2025				35,000.00	8,012.50	43,012.50	
2026				35,000.00	6,525.00	41,525.00	
2027				35,000.00	4,950.00	39,950.00	
2028				35,000.00	3,375.00	38,375.00	
2029				40,000.00	1,800.00	41,800.00	
	<u>\$975,000.00</u>	<u>\$134,600.00</u>	<u>\$1,109,600.00</u>	<u>\$345,000.00</u>	<u>\$96,300.00</u>	<u>\$441,300.00</u>	
Year Ended Dec. 31,	2019 General Obligation Bonds						Grand Total Debt Service
	General Improvement Bonds			Water and Sewer Utility Bonds			
	Principal	Interest	Total	Principal	Interest	Total	
2019							
2020	\$ 246,000.00			\$ 192,000.00			
2021	250,000.00			195,000.00			
2022	260,000.00			195,000.00			
2023	265,000.00			205,000.00			
2024	275,000.00			210,000.00			
2025	280,000.00			215,000.00			
2026	290,000.00			220,000.00			
2027	295,000.00			230,000.00			
2028	305,000.00			235,000.00			
2029	310,000.00			240,000.00			
2030				250,000.00			
2031				255,000.00			
2032				265,000.00			
2033				270,000.00			
2034				280,000.00			
	<u>\$2,776,000.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$3,457,000.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

(1) Source: Borough Auditor

(2) As of December 31, 2018

**BOROUGH OF WOODBURY HEIGHTS
2019 MUNICIPAL BUDGET**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$390,000.00
Miscellaneous Revenues:	
Local Revenues	102,400.00
State Aid without Offsetting Appropriations	300,090.00
Shared Service Agreements	92,015.00
Public and Private Programs Offset with Appropriations	46,446.37
Receipts from Delinquent Taxes	146,000.00
Amount to be Raised by Taxation for Municipal Purposes	<u>3,027,475.94</u>
 Total Appropriated Revenues	 <u><u>\$4,104,427.31</u></u>
Appropriations:	
Within CAPS:	
Operations	\$2,536,800.00
Deferred Charges and Statutory Expenditures	396,716.00
Excluded from CAPS:	
Shared Service Agreements	258,015.00
Public and Private Programs	128,662.37
Capital Improvements	255,000.00
Debt Service	259,040.00
Reserve for Uncollected Taxes	<u>270,193.94</u>
 Total Appropriations	 <u><u>\$4,104,427.31</u></u>

WATER AND SEWER UTILITY FUND

Anticipated Revenues:	
Fund Balance	\$220,000.00
Rents	1,400,000.00
Mobile Antenna Rental	<u>68,000.00</u>
 Total Anticipated Revenues	 <u><u>\$1,688,000.00</u></u>
Appropriations:	
Operating	\$1,391,825.00
Capital Improvements	125,000.00
Debt Service	150,175.00
Deferred Charges and Statutory Expenditures	<u>21,000.00</u>
 Total Appropriations	 <u><u>\$1,688,000.00</u></u>

**CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2019 - 2021**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants-in- Aid and Other Funds</u>	<u>Bonds and Notes</u>	
				<u>General</u>	<u>Self Liquidating</u>
General Capital Fund:					
Records Management System	\$ 25,000.00	\$ 25,000.00			
Improvements to Various Mun. Buildings	170,000.00	8,500.00		\$ 161,500.00	
Police Department Equipment	25,000.00	25,000.00			
Police Department Vehicle	45,000.00	45,000.00			
Purchase of Public Works Dump Truck	210,000.00	10,500.00		199,500.00	
Fire Department Vehicle	41,000.00	41,000.00			
Back Up Generator for Fire Department	35,000.00	35,000.00			
Reconstruction of Central Avenue	295,000.00	4,000.00	\$ 245,000.00	46,000.00	
Utility Capital Fund:					
Central Avenue Water/Sewer Main Replacement	428,000.00				\$ 428,000.00
Reconstruction of Sewer Mains	797,000.00				797,000.00
Purchase of Water/Sewer Vehicle	45,000.00	45,000.00			
Reconstruction of Water Mains	1,775,000.00				1,775,000.00
	<u>\$ 3,891,000.00</u>	<u>\$ 239,000.00</u>	<u>\$ 245,000.00</u>	<u>\$ 407,000.00</u>	<u>\$ 3,000,000.00</u>

APPENDIX B

FINANCIAL STATEMENTS OF THE BOROUGH OF WOODBURY HEIGHTS

FOR THE YEAR ENDED 2018
COMPILED FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Woodbury Heights
Woodbury Heights, New Jersey 08097

Management is responsible for the accompanying financial statements of the Borough of Woodbury Heights, in the County of Gloucester, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2018 and the related statements 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 Council 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 Borough'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/ Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
March 11, 2019

**BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND**

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2018

Assets:

Regular Fund:

Cash:

Chief Financial Officer	\$ 1,863,876.99
Change Fund	225.00
	<u>1,864,101.99</u>

Other Receivables

Due from State of New Jersey	<u>3,913.25</u>
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Receivables and Other Assets with Full Reserves:

Delinquent Property Taxes Receivable	160,485.97
Tax Title Liens Receivable	86,007.03
Property Acquired for Taxes - Assessed Valuation	95,075.00
Revenue Accounts Receivable	3,858.69
Due Animal Control Fund	1,548.05
Due from Trust Other Fund	724.48
Due General Capital Fund	365.33
	<u>348,064.55</u>
	<u>2,216,079.79</u>

Federal and State Grant Fund:

Due Current Fund	22,809.82
Grants Receivable	73,384.00
	<u>96,193.82</u>
	<u>\$ 2,312,273.61</u>

(Continued)

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2018

Liabilities, Reserves and Fund Balance:

Regular Fund:

Appropriation Reserves	\$ 359,502.94
Encumbrances Payable	13,947.13
Accounts Payable	10,201.19
Prepaid Taxes	51,194.71
Tax Overpayments	21,254.09
Due County for Added and Omitted Taxes	1,786.97
Due Federal and State Grant Fund	22,809.82
Reserve for Master Plan	1,840.74
Reserve for Insurance Proceeds	<u>5,782.52</u>

488,320.11

Reserves for Receivables	348,064.55
Fund Balance	<u>1,379,695.13</u>

2,216,079.79

Federal and State Grant Fund:

Unappropriated Reserves	6,748.93
Appropriated Reserves	<u>89,444.89</u>

96,193.82

\$ 2,312,273.61

See Independent Accountant's Compilation Report and selected notes.

**BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND**

Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Year Ended December 31, 2018

Revenue and Other Income Realized:

Fund Balance Utilized	\$ 470,000.00
Miscellaneous Revenues Anticipated	534,368.50
Receipts from Delinquent Taxes	174,179.83
Receipts from Current Taxes	10,850,055.81
Nonbudget Revenues	107,008.21
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	397,086.54
Interfund Returned	427.29
Statutory Excess - Animal Control Fund	1,544.47
	12,534,670.65

Expenditures:

Budget and Emergency Appropriations:	
Appropriations Within "CAPS":	
Operations:	
Salaries and Wages	1,106,300.00
Other Expenses	1,418,400.00
Deferred Charges and Statutory Expenditures	359,290.00
Appropriations Excluded from "CAPS":	
Operations:	
Salaries and Wages	111,400.00
Other Expenses	238,600.28
Capital Improvements	145,000.00
Municipal Debt Service	365,364.10
County Taxes	1,902,837.68
Due County for Added and Omitted Taxes	1,786.97
Local School District Tax	2,708,263.50
Regional High School District Tax	3,458,119.00
Interfund Created	1,014.77
Prior Year Senior Citizen Deduction Disallowed	1,617.30
	11,817,993.60

Excess in Revenues	716,677.05
Fund Balance January 1	1,133,018.08
Total	1,849,695.13
Decreased by:	
Utilization as Anticipated Revenue	470,000.00
Fund Balance December 31	\$ 1,379,695.13

See Independent Accountant's Compilation Report and selected notes.

**BOROUGH OF WOODBURY HEIGHTS
TRUST FUND**

Statement of Assets, Liabilities and Reserves - Regulatory Basis
As of December 31, 2018

Assets:

Animal Control Fund:

Cash - Chief Financial Officer	\$ 7,647.05
Cash - Collector	<u>19.40</u>

Other Funds:

Cash - Chief Financial Officer	<u>146,053.19</u>
	<u><u>\$ 153,719.64</u></u>

Liabilities and Reserves:

Animal Control Fund:

Due Current Fund	\$ 1,548.05
Due to State of New Jersey	5.40
Reserve for Animal Control Expenditures	<u>6,113.00</u>
	<u>7,666.45</u>

Other Funds:

Due to Current Fund	724.48
Reserve for:	
Escrow Deposits	38,690.12
Unemployment Compensation	36,462.14
Off Duty Police Employment	1,964.76
D.A.R.E.	4,502.85
Payroll	2,019.16
Tax Sale Premiums	15,100.00
Recycling Fees	6,640.29
COAH	7,812.67
Forfeited Funds	751.01
P.O.A.A.	769.00
Public Defender	2,251.00
Trust Donations	18,875.27
West Jersey Avenue Park	9,484.10
Flexible Spending Account	<u>6.34</u>
	<u>146,053.19</u>
	<u><u>\$ 153,719.64</u></u>

See Independent Accountant's Compilation Report and selected notes.

**BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND**

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2018

Assets:

Cash - Chief Financial Officer	\$ 859,159.15
Federal and State Aid Receivable	410,083.74
Deferred Charges to Future Taxation:	
Funded	975,000.00
Unfunded	<u>2,730,650.00</u>
	<u>\$ 4,974,892.89</u>

Liabilities, Reserves and Fund Balance:

Due Current Fund	\$ 365.33
Capital Improvement Fund	198,882.59
Encumbrances Payable	29,958.75
Improvement Authorizations:	
Funded	452,276.54
Unfunded	1,052,912.74
Bond Anticipation Notes	2,247,650.00
General Serial Bonds	975,000.00
Fund Balance	<u>17,846.94</u>
	<u>\$ 4,974,892.89</u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2018

Assets:

Operating Fund:

Cash - Chief Financial Officer	\$ 2,224,512.11
Change Fund	50.00
Due Utility Capital Fund	<u>790.50</u>
	<u>2,225,352.61</u>

Receivables With Full Reserves:

Consumer Rents Receivable - Water	45,732.91
Consumer Rents Receivable - Sewer	<u>65,289.24</u>
	<u>111,022.15</u>

Total Operating Fund	<u>2,336,374.76</u>
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Capital Fund:

Cash - Chief Financial Officer	1,858,708.05
Fixed Capital	3,721,610.04
Fixed Capital Authorized and Uncompleted	<u>3,413,439.81</u>

Total Capital Fund	<u>8,993,757.90</u>
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	<u>\$ 11,330,132.66</u>
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(Continued)

**BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND**

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2018

Liabilities, Reserves and Fund Balance:

Operating Fund:

Appropriation Reserves	\$ 291,228.49
Encumbrances Payable	3,655.08
Accrued Interest on Bonds and Notes	17,554.17
Utility Rent Overpayments	<u>2,800.17</u>

315,237.91

Reserve for Receivables	111,022.15
Fund Balance	<u>1,910,114.70</u>

Total Operating Fund 2,336,374.76

Capital Fund:

Due Utility Operating Fund	790.50
Reserve for Amortization	3,707,941.91
Reserve for Deferred Amortization	53,107.94
Capital Improvement Fund	248,538.89
Encumbrances Payable	177,770.99
Improvement Authorizations:	
Funded	160,901.58
Unfunded	1,237,865.97
Bond Anticipation Notes	3,029,000.00
Water and Sewer Serial Bonds	345,000.00
Reserve for Preliminary Expenses	8,349.25
Fund Balance	<u>24,490.87</u>

Total Capital Fund 8,993,757.90

\$ 11,330,132.66

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2018

Revenue and Other Income Realized:	
Fund Balance Utilized	\$ 221,000.00
Water Rents	530,013.61
Sewer Rents	970,787.05
Mobile Antenna Rental	97,354.91
Miscellaneous Other	33,491.69
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	<u>425,589.57</u>
Total Income	<u>2,278,236.83</u>
Expenditures:	
Operations:	
Salaries and Wages	265,535.00
Other Expenses	1,124,800.00
Capital Improvement Fund	100,000.00
Capital Outlay	25,000.00
Debt Service	152,661.44
Deferred Charges and Statutory Expenditures	<u>21,000.00</u>
Total Expenditures	<u>1,688,996.44</u>
Excess in Revenue	589,240.39
Fund Balance January 1	<u>1,541,874.31</u>
Total	2,131,114.70
Decreased by:	
Utilization as Anticipated Revenue	<u>221,000.00</u>
Fund Balance December 31	<u><u>\$ 1,910,114.70</u></u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF WOODBURY HEIGHTS
Selected Information – Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Woodbury Heights (hereafter referred to as the "Borough") was incorporated as a borough by an act of the New Jersey legislature on April 6, 1915. The Borough, located in Gloucester County, New Jersey, has a total area of approximately 1.2 miles, and is located approximately twenty miles southeast of the City of Philadelphia. The Borough borders Deptford Borough, West Deptford Borough and the City of Woodbury. According to the 2010 census, the population is 3,055.

The Borough is governed under the Mayor-Council form of government, with a Mayor and six-member Council. The Mayor and Council are elected directly by the voters in partisan elections, the Mayor to serve a four year term in office and the Council to serve three-year terms in office on a staggered basis, with two seats coming up for election each year. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Administrator/Clerk. Legislative responsibility is vested with the Council.

Component Units - The Borough had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39, No. 61 and No. 80.

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

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

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

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

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

Water and Sewer Utility Operating and Capital Funds - The water and sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned water and sewer operations.

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.

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

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

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

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

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

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

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

The cash management plan adopted by the Borough 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.

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

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 Borough 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, 2017 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 Borough 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 Borough'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.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

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 and utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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

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 Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough 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 Borough's annual budget, but also the amounts required in support of the budgets of the County of Gloucester, Borough of Woodbury Heights School District, and the Gateway Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting and remitting school taxes for the Borough of Woodbury Heights School District and the Gateway Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school districts for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting and remitting county taxes for the County of 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 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.

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

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

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual 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.

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

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.

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Borough adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of adopting Statement No. 75, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their postemployment benefits plan. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosures. There exists no impact on the financial statements of the Borough.

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

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Woodbury Heights
Woodbury Heights, New Jersey 08097

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 Borough of Woodbury Heights, in the County of Gloucester, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Borough'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 Borough'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 Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in note 1 to the financial statements, the financial statements are prepared by the Borough 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 Borough of Woodbury Heights, in the County of Gloucester, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

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

Respectfully submitted,

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

/s/ Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
June 29, 2018

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS					
Cash	\$1,931,214	\$1,661,952	\$1,548,139	\$1,223,221	\$1,222,513
Other Receivables	4,160	5,000	4,524	4,000	5,000
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	173,075	167,376	145,590	164,114	170,164
Tax Title Liens Receivable	76,209	66,615	66,504	57,118	98,679
Property Acquired for Taxes--Assessed Valuation	95,075	95,075	95,075	95,075	95,075
Revenue Accounts Receivable	3,449			3,893	5,094
Interfunds Receivable	42,539	53,765	33,300	23,557	4,941
Deferred Charges				41,000	90,000
Federal and State Grant Funds Receivable	54,932	30,584	32,014	32,784	48,260
Total Assets	\$2,380,652	\$2,080,366	\$1,925,147	\$1,644,762	\$1,739,727
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$456,175	\$444,690	\$378,585	\$419,339	\$391,914
Accounts Payable	10,201	58,156	2,766	17,274	
Encumbrances Payable	34,894	70,734	53,710	19,365	25,110
Prepaid Taxes	147,471	34,938	27,827	28,898	33,001
Tax Overpayments	75,611	931	2,717	30,394	5,769
Due County for Added and Omitted Taxes	2,269	3,559	1,332	3,315	731
Local School District Taxes Payable	28,346		167		
Special Emergency Note				41,000	82,000
Interfunds Payable	39,765	129,266	111,706	25,049	11,263
Reserve for Tax Maps				1,106	1,106
Reserve for Master Plan	1,841	1,841	1,841	1,841	3,748
Reserve for Insurance Proceeds	5,783	5,783	90,157	28,642	131,372
Reserve for Receivables and Other Assets	350,583	332,309	307,626	320,286	371,925
Reserve for Federal and State Grants	94,696	81,105	64,858	56,255	50,289
Fund Balance	1,133,018	917,055	881,856	651,998	631,500
Total Liabilities, Reserves and Fund Balance	\$2,380,652	\$2,080,366	\$1,925,147	\$1,644,762	\$1,739,727

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

**BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND**

Statements of Operations and Changes in Fund Balance--
Regulatory Basis

	Years Ended December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenue Realized:					
Current Tax Collections	\$10,652,994	\$10,439,181	\$10,114,146	\$9,726,923	\$9,569,120
Delinquent Tax Collections	167,155	156,243	180,590	219,023	378,186
Total Taxes	<u>10,820,148</u>	<u>10,595,424</u>	<u>10,294,736</u>	<u>9,945,946</u>	<u>9,947,307</u>
Miscellaneous Revenues Anticipated	443,963	445,618	455,272	461,313	526,511
Non-Budget and Other Income	527,313	411,267	500,305	434,128	397,921
Fund Balance Utilized	<u>360,000</u>	<u>475,000</u>	<u>400,000</u>	<u>400,000</u>	<u>305,000</u>
Total Income	<u>12,151,424</u>	<u>11,927,310</u>	<u>11,650,312</u>	<u>11,241,387</u>	<u>11,176,738</u>
Expenditures and Encumbrances:					
Operating	2,913,310	2,887,166	2,879,552	2,874,834	2,874,136
Capital Improvements	75,000	155,000	40,000	45,000	25,000
Debt Service	270,300	277,845	244,891	242,156	234,700
Deferred Charges and Statutory Expenditures	344,325	344,649	373,538	383,561	393,649
County Taxes	1,900,866	1,908,556	1,827,677	1,727,794	1,717,674
Local District School Tax	2,710,335	2,610,650	2,514,289	2,424,739	2,366,493
Regional High School Tax	3,348,412	3,229,949	3,138,986	3,053,009	3,030,274
Refund Prior Year Revenue	12,561			51,029	
Creation of Reserves	354	2,796	455		2,646
Cancellation of Grants Receivable				18,767	
Other Miscellaneous Expenditures		500	1,066		750
Total Expenditures and Encumbrances	<u>11,575,462</u>	<u>11,417,110</u>	<u>11,020,454</u>	<u>10,820,889</u>	<u>10,645,321</u>
Excess in Revenues	575,963	510,199	629,858	420,498	531,417
Fund Balance Beginning of Year	<u>917,055</u>	<u>881,856</u>	<u>651,998</u>	<u>631,500</u>	<u>405,083</u>
	1,493,018	1,392,055	1,281,856	1,051,998	936,500
Decreased by:					
Utilized as Revenue	<u>360,000</u>	<u>475,000</u>	<u>400,000</u>	<u>400,000</u>	<u>305,000</u>
Fund Balance Ending of Year	<u>\$1,133,018</u>	<u>\$917,055</u>	<u>\$881,856</u>	<u>\$651,998</u>	<u>\$631,500</u>

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

BOROUGH OF WOODBURY HEIGHTS
TRUST FUND
Statements of Assets, Liabilities and Reserves--
Regulatory Basis

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS					
Cash	\$248,593	\$185,665	\$184,814	\$223,400	\$158,334
Interfunds Receivable				1,577	9,235
Total Assets	\$248,593	\$185,665	\$184,814	\$224,977	\$167,569
LIABILITIES AND RESERVES					
Interfund Loans Payable	\$2,639	\$445	\$456	\$1	\$2,840
Other Liabilities and Special Funds	245,954	185,219	184,358	224,976	164,729
Total Liabilities and Reserves	\$248,593	\$185,665	\$184,814	\$224,977	\$167,569

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

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS					
Cash	\$785,320	\$677,734	\$275,209	\$494,858	\$428,765
Federal and State Aid Receivable	309,847	208,614	15,614	53,848	218,169
Interfunds Receivable		78,745	78,862	60,000	
Deferred Charges to Future Taxation:					
Funded	1,135,000	1,290,000	1,440,000	1,590,000	1,740,000
Unfunded	2,381,750	1,484,250	460,250	494,250	374,250
Total Assets	\$4,611,917	\$3,739,343	\$2,269,935	\$2,692,956	\$2,761,184
LIABILITIES, RESERVES AND FUND BALANCE					
General Serial Bonds	\$1,135,000	\$1,290,000	\$1,440,000	\$1,590,000	\$1,740,000
Bond Anticipation Notes	2,381,750	1,484,250	460,250	494,250	374,250
Improvement Authorizations:					
Funded	315,919	280,702	213,326	330,200	486,980
Unfunded	519,056	504,062	84,476	231,476	106,448
Encumbrances Payable	123,175	38,447	1,500	1,500	44,988
Interfunds Payable	135			84	73
Capital Improvement Fund	136,883	141,883	70,383	45,445	8,445
Total Liabilities, Reserves and Fund Balance	\$4,611,917	\$3,739,343	\$2,269,935	\$2,692,956	\$2,761,184

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

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS					
Operating Fund:					
Cash	\$2,075,959	\$1,771,110	\$1,446,795	\$1,204,444	\$862,451
Interfunds Receivable	361	193	145	65	71
Receivables with Full Reserves:					
Rents Receivable	124,726	89,014	75,377	69,427	90,151
Total Operating Fund	2,201,046	1,860,316	1,522,316	1,273,936	952,672
Capital Fund:					
Cash	2,120,188	1,039,656	820,642	379,998	415,016
Fixed Capital	3,721,610	3,721,610	3,721,610	3,484,997	3,484,997
Fixed Capital Authorized and Uncompleted	3,053,440	2,865,440	1,004,440	566,052	566,052
Total Capital Fund	8,895,238	7,626,706	5,546,692	4,431,048	4,466,066
Total Assets	\$11,096,284	\$9,487,023	\$7,069,008	\$5,704,984	\$5,418,738

(Continued)

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Appropriation Reserves	\$490,258	\$428,783	\$264,672	\$330,459	\$257,526
Encumbrances Payable	27,906	38,863	66,781	73,144	57,788
Accrued Interest on Bonds and Notes	12,685	4,926	6,689	5,921	7,499
Overpayments	3,597	3,901	6,644	2,380	1,766
Reserve for Receivables	124,726	89,014	75,377	69,427	90,151
Fund Balance	1,541,874	1,294,829	1,102,153	792,605	537,942
Total Operating Fund	2,201,046	1,860,316	1,522,316	1,273,936	952,672
Capital Fund:					
Serial Bonds	370,000	430,000	490,000	550,000	610,000
Bond Anticipation Notes	2,558,000	1,177,000	847,000	225,000	278,000
New Jersey Wastewater Treatment Loans			58,492	117,206	177,046
Interfunds Payable	361	193	145	65	71
Encumbrance Payable		372,056	38,355		1,511
Improvement Authorizations:					
Funded	160,902	166,134	210,291	210,291	240,720
Unfunded	1,989,598	1,876,946	561,524	159,315	162,386
Reserve for Amortization	3,605,942	3,468,942	3,308,558	3,136,844	2,964,004
Reserve for Deferred Amortization	53,108	53,108			
Reserve for Preliminary Expenses	8,349	8,349	8,349	8,349	8,349
Capital Improvement Fund	148,539	73,539	23,539	23,539	23,539
Fund Balance	440	440	440	440	440
Total Capital Fund	8,895,238	7,626,706	5,546,692	4,431,048	4,466,066
Total Liabilities, Reserves and Fund Balance	\$11,096,284	\$9,487,023	\$7,069,008	\$5,704,984	\$5,418,738

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

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statements of Operations and Changes in Fund Balance--
Regulatory Basis

	Years Ended December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenue Realized:					
Fund Balance Utilized	\$207,700	\$236,000	\$125,000	\$125,000	\$100,000
Rents	1,454,036	1,491,942	1,496,679	1,494,723	1,488,832
Mobile Antenna Rental	69,181	179,447	111,910	100,299	79,722
Miscellaneous Other	21,262	17,273	18,931	16,471	56,388
Other Credits to Income	406,859	234,882	293,955	226,760	266,986
Total Income	2,159,038	2,159,544	2,046,475	1,963,253	1,991,928
Expenditures:					
Operating	1,409,200	1,394,450	1,364,850	1,337,000	1,305,000
Capital Outlay	25,000	25,000	25,000	22,000	
Capital Improvement Fund	75,000	50,000			
Debt Service	174,093	240,418	199,076	202,691	145,391
Deferred Charges & Statutory Expenditures	21,000	21,000	23,000	21,900	22,100
Total Expenditures	1,704,293	1,730,868	1,611,926	1,583,591	1,472,491
Excess/(Deficit) in Revenues	454,745	428,676	434,549	379,662	519,437
Fund Balance January 1	1,294,829	1,102,153	792,605	537,942	118,506
	1,749,574	1,530,829	1,227,153	917,605	637,942
Decreased by:					
Utilized as Anticipated Revenue	207,700	236,000	125,000	125,000	100,000
Fund Balance December 31	\$1,541,874	\$1,294,829	\$1,102,153	\$792,605	\$537,942

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

BOROUGH OF WOODBURY HEIGHTS
Notes to Financial Statements
For the Year Ended December 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Woodbury Heights (hereafter referred to as the "Borough") was incorporated as a borough by an act of the New Jersey legislature on April 6, 1915. The Borough, located in Gloucester County, New Jersey, has a total area of approximately 1.2 miles, and is located approximately twenty miles southeast of the City of Philadelphia. The Borough borders Deptford Borough, West Deptford Borough and the City of Woodbury. According to the 2010 census, the population is 3,055.

The Borough is governed under the Mayor-Council form of government, with a Mayor and six-member Council. The Mayor and Council are elected directly by the voters in partisan elections, the Mayor to serve a four year term in office and the Council to serve three-year terms in office on a staggered basis, with two seats coming up for election each year. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Administrator/Clerk. Legislative responsibility is vested with the Council.

Component Units - The Borough had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39, No. 61 and No. 80.

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

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

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

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

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

Water and Sewer Utility Operating and Capital Funds - The water and sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned water and sewer operations.

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.

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

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

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

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

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

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

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

The cash management plan adopted by the Borough 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.

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

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 Borough 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, 2017 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 Borough 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 Borough'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.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

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 and utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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

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 Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough 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 Borough's annual budget, but also the amounts required in support of the budgets of the County of Gloucester, Borough of Woodbury Heights School District, and the Gateway Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting and remitting school taxes for the Borough of Woodbury Heights School District and the Gateway Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school districts for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting and remitting county taxes for the County of 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 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.

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

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

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual 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.

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

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.

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

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough 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, 2017, the Borough's bank balances of \$7,720,635.05 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 7,720,635.05
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Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	\$ 4.298	\$ 4.187	\$ 4.045	\$ 3.871	\$ 3.746
Apportionment of Tax Rate:					
Municipal	\$ 1.158	\$ 1.133	\$ 1.103	\$ 1.065	\$ 1.021
County	0.658	0.658	0.629	0.586	0.573
County Library	0.050	0.051	0.048	0.046	0.044
County Open Space Preservation Trust Fund	0.042	0.043	0.043	0.041	0.042
Local School	1.070	1.029	0.988	0.944	0.906
Regional High School	1.320	1.273	1.234	1.189	1.160

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2017	\$ 253,485,367.00
2016	253,727,377.00
2015	254,310,267.00
2014	256,757,277.00
2013	261,089,128.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 10,911,742.33	\$ 10,652,993.75	97.63%
2016	10,646,369.42	10,439,181.32	98.05%
2015	10,295,521.67	10,114,145.95	98.24%
2014	9,960,010.20	9,726,923.08	97.66%
2013	9,786,904.54	9,569,120.26	97.77%

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):

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 76,208.55	\$ 173,075.25	\$ 249,283.80	2.28%
2016	66,615.42	167,375.97	233,991.39	2.20%
2015	66,504.47	145,590.19	212,094.66	2.06%
2014	57,118.20	164,113.89	221,232.09	2.22%
2013	98,678.94	170,163.86	268,842.80	2.75%

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

<u>Year</u>	<u>Number</u>
2017	8
2016	9
2015	12
2014	11
2013	13

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2017	\$ 95,075.00
2016	95,075.00
2015	95,075.00
2014	95,075.00
2013	95,075.00

Note 5: WATER AND SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of water and sewer utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year Receivable</u>	<u>Liens</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
2017	\$ 89,013.80	\$ -	\$ 1,490,323.14	\$ 1,579,336.94	\$ 1,454,036.25
2016	75,376.52	-	1,505,578.90	1,580,955.42	1,491,941.62
2015	69,427.30	-	1,502,629.86	1,572,057.16	1,496,678.80
2014	90,150.71	-	1,474,262.46	1,564,413.17	1,494,722.99
2013	123,232.17	-	1,455,750.61	1,578,982.78	1,488,832.07

Note 6: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 1,133,018.08	\$ 470,000.00	41.48%
2016	917,055.45	360,000.00	39.26%
2015	881,856.38	475,000.00	53.86%
2014	651,998.36	400,000.00	61.35%
2013	631,499.93	400,000.00	63.34%

Water and Sewer Utility Operating Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 1,541,874.31	\$ 221,000.00	14.33%
2016	1,294,829.09	207,700.00	16.04%
2015	1,102,153.38	236,000.00	21.41%
2014	792,604.62	125,000.00	15.77%
2013	537,942.49	125,000.00	23.24%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 2,774.32	\$ 39,764.50
Federal and State Grant	39,764.50	
Trust - Animal Control		1,975.34
Trust - Other		663.89
General Capital		135.09
Water and Sewer Utility Operating	360.66	
Water and Sewer Utility Capital		360.66
	<u>\$ 42,899.48</u>	<u>\$ 42,899.48</u>

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

Note 8: PENSION PLANS

A substantial number of the Borough'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, certain Borough employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

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

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 Borough, 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 Borough. 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 8: 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 and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

Note 8: 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 non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

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

The Borough's contractually required contribution rate for the year ended December 31, 2017 was 12.86% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$80,738.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$83,473.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$45,635.93.

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

Note 8: 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 Borough's contractually required contribution rate for the year ended December 31, 2017 was 30.18% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$159,522.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$141,324.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$53,567.30.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2017 was 2.95% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2017 is \$15,585.00, and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2016 was \$10,654.00, which was paid on April 1, 2017.

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

For the year ended December 31, 2017, there were no participating employees or Borough contributions. There were no forfeitures during the year.

Note 8: 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, 2017, the Borough's proportionate share of the PERS net pension liability was \$2,028,784.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Borough's proportion was .0087153058%, which was a decrease of .0006807255% from its proportion measured as of June 30, 2016.

At December 31, 2017, the Borough's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$41,110.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Borough's contribution to PERS was \$83,473.00, and was paid on April 1, 2017.

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

Borough's Proportionate Share of Net Pension Liability	\$ 2,782,667.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>311,682.00</u>
	<u>\$ 3,094,349.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2017 measurement date, the Borough's proportion was .0180247088%, which was an increase of .0006915843% from its proportion measured as of June 30, 2016. Likewise, at June 30, 2017, the State of New Jersey's proportion, on-behalf of the Borough, was .0180247088%, which was an increase of .0006915843% from its proportion, on-behalf of the Borough, measured as of June 30, 2016.

At December 31, 2017, the Borough's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$323,910.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Borough's contribution to PFRS was \$141,324.00, and was paid on April 1, 2017.

At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the Borough, calculated by the Plan as of the June 30, 2017 measurement date is \$38,126.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Note 8: PENSION PLANS (CONT'D)

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

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 47,771.00	\$ 18,052.00	\$ 65,823.00	\$ -	\$ 16,332.00	\$ 16,332.00
Changes of Assumptions	408,730.00	343,134.00	751,864.00	407,232.00	455,719.00	862,951.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	13,815.00	53,100.00	66,915.00	-	-	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	-	204,750.00	204,750.00	346,455.00	-	346,455.00
Borough Contributions Subsequent to the Measurement Date	40,369.00	79,761.00	120,130.00	-	-	-
	<u>\$ 510,685.00</u>	<u>\$ 698,797.00</u>	<u>\$ 1,209,482.00</u>	<u>\$ 753,687.00</u>	<u>\$ 472,051.00</u>	<u>\$ 1,225,738.00</u>

\$40,369.00 and \$79,761.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. These amounts were based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2017 to the Borough's year end of December 31, 2017.

Note 8: 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 Borough will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

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

Note 8: 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:

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2018	\$ (59,481.00)	\$ 104,063.00	\$ 44,582.00
2019	(35,171.00)	161,907.00	126,736.00
2020	(35,135.00)	33,268.00	(1,867.00)
2021	(98,248.00)	(107,122.00)	(205,370.00)
2022	(55,336.00)	(45,131.00)	(100,467.00)
	<u>\$ (283,371.00)</u>	<u>\$ 146,985.00</u>	<u>\$ (136,386.00)</u>

Actuarial Assumptions

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

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

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

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

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS and 6.14% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2040 for PERS and through 2057 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for PERS and through 2057 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 8: PENSION PLANS (CONT'D)**Sensitivity of Borough's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Public Employees' Retirement System (PERS) - The following presents the Borough's proportionate share of the net pension liability at June 30, 2017, the Plan's measurement date, calculated using a discount rate of 5.00%, as well as what the Borough'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:

	PERS		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 2,516,844.00</u>	<u>\$ 2,028,784.00</u>	<u>\$ 1,622,169.00</u>

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

	PFRS		
	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
Borough's Proportionate Share of the Net Pension Liability	\$ 3,666,393.00	\$ 2,782,667.00	\$ 2,056,586.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>410,666.70</u>	<u>311,682.00</u>	<u>230,354.81</u>
	<u>\$ 4,077,059.70</u>	<u>\$ 3,094,349.00</u>	<u>\$ 2,286,940.81</u>

Pension Plan Fiduciary Net Position

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

Note 8: PENSION PLANS (CONT'D)

Supplementary Pension Information

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

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Proportion of the Net Pension Liability	0.0087153058%	0.0093960313%	0.0100396425%
Borough's Proportionate Share of the Net Pension Liability	\$ 2,028,784.00	\$ 2,782,835.00	\$ 2,253,699.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 526,972.00	\$ 627,516.00	\$ 744,772.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	384.99%	443.47%	302.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0104215797%	0.0119161823%	
Borough's Proportionate Share of the Net Pension Liability	\$ 1,951,205.00	\$ 2,277,419.00	
Borough's Covered Payroll (Plan Measurement Period)	\$ 723,128.00	\$ 824,472.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	269.83%	276.23%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	

Note 8: **PENSION PLANS (CONT'D)**

Supplementary Pension Information (Cont'd)

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

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Contractually Required Contribution	\$ 80,738.00	\$ 83,473.00	\$ 86,314.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(80,738.00)</u>	<u>(83,473.00)</u>	<u>(86,314.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 627,990.00	\$ 576,898.00	\$ 645,860.00
Borough's Contributions as a Percentage of Covered Payroll	12.86%	14.47%	13.36%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 85,914.00	\$ 89,786.00	
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(85,914.00)</u>	<u>(89,786.00)</u>	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 696,036.00	\$ 705,774.00	
Borough's Contributions as a Percentage of Covered Payroll	12.34%	12.72%	

Note 8: **PENSION PLANS (CONT'D)**

Supplementary Pension Information (Cont'd)

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Proportion of the Net Pension Liability	0.0180247088%	0.0173331245%	0.0172570406%
Borough's Proportionate Share of the Net Pension Liability	\$ 2,782,667.00	\$ 3,311,070.00	\$ 2,874,421.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	311,682.00	278,048.00	252,077.00
Total	<u>\$ 3,094,349.00</u>	<u>\$ 3,589,118.00</u>	<u>\$ 3,126,498.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 583,452.00	\$ 554,008.00	\$ 546,500.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	476.93%	597.66%	525.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0167892453%	0.0150207432%	
Borough's Proportionate Share of the Net Pension Liability	\$ 2,111,931.00	\$ 1,996,872.00	
State's Proportionate Share of the Net Pension Liability associated with the Borough	227,420.00	186,133.00	
Total	<u>\$ 2,339,351.00</u>	<u>\$ 2,183,005.00</u>	
Borough's Covered Payroll (Plan Measurement Period)	\$ 530,288.00	\$ 471,400.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	398.26%	423.60%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.41%	58.70%	

Note 8: **PENSION PLANS (CONT'D)**

Supplementary Pension Information (Cont'd)

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

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Contractually Required Contribution	\$ 159,522.00	\$ 141,324.00	\$ 140,274.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(159,522.00)</u>	<u>(141,324.00)</u>	<u>(140,274.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 528,589.00	\$ 584,970.00	\$ 562,453.00
Borough's Contributions as a Percentage of Covered Payroll	30.18%	24.16%	24.94%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 128,953.00	\$ 109,588.00	
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(128,953.00)</u>	<u>(109,588.00)</u>	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 549,318.00	\$ 531,661.00	
Borough's Contributions as a Percentage of Covered Payroll	23.48%	20.61%	

Note 8: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

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

Police and Firemen's Retirement System (PFRS)

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

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

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The Borough 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 2003, the Borough authorized participation in the SHBP's post-retirement benefit program through resolution number 100-2003. The policy of continued insurance coverage is detailed in the Code of the Borough of Woodbury Heights, Section 23-15 entitled Retirement which states that any full-time employee who retires with 25 years of service is eligible for continued benefits.

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/.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

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 Borough on a monthly basis. The Borough funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits. The Borough's contributions to SHBP for the years ended December 31, 2017, 2016, and 2015, were \$54,079.39, \$46,537.80, and \$58,116.36, respectively, which equaled the required contributions each year. There were approximately 4 retired participants eligible at December 31, 2017.

Note 10: COMPENSATED ABSENCES

Employees covered under the AFL/CIO agreement, office employees and public works employees, are granted sick and vacation time based on years of service. The employees can accumulate up to thirty sick days and the current policy provides one compensated day for every two days accumulated. Employees can carry over up to half of the current period's accumulation provided that the employee uses half of vacation granted. All compensation is computed using the rate in effect at termination or retirement.

Employees covered under the PBA agreement, police officers and related staff, are granted twelve (12) sick days per year and vacation is granted based on years of service. Employees can accumulate up to 120 sick days and can carryover up to sixty percent of the current period's vacation accrual provided that the employee utilizes forty percent during the year. All compensation is computed using the rate in effect at termination or retirement.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2017, accrued benefits for compensated absences are valued at \$135,665.14.

Note 11: DEFERRED COMPENSATION SALARY ACCOUNT

The Borough 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 Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

Note 12: CAPITAL DEBT

General Improvement Bonds

General Obligation Bonds, Series 2002 - On July 17, 2002, the Borough issued \$1,655,000.00 of general obligation bonds, consisting of \$1,130,000.00 general improvement bonds and \$525,000.00 water and sewer utility bonds, with a net interest cost of 3.797%. The bonds were issued for the purpose of funding various capital acquisitions and improvements with in the Borough. The final maturity of the water and sewer utility bonds was July 15, 2017.

General Obligation Bonds, Series 2009 - On December 14, 2009, the Borough issued \$2,485,000.00 of general obligation bonds, consisting of \$1,955,000.00 general improvement bonds and \$530,000.00 water and sewer utility bonds, with a net interest cost of 3.692%. The bonds were issued for the purpose of funding various capital acquisitions and improvements with in the Borough. The final maturity of the general improvement bonds is December 1, 2024 and December 1, 2029 for the water and sewer utility bonds.

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

General Debt - Serial Bonds

<u>Year</u>	<u>General</u>		<u>Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 160,000.00	\$ 43,000.00	\$ 25,000.00	\$ 15,237.50	\$ 243,237.50
2019	160,000.00	37,400.00	25,000.00	14,362.50	236,762.50
2020	160,000.00	31,800.00	25,000.00	13,487.50	230,287.50
2021	160,000.00	25,800.00	25,000.00	12,550.00	223,350.00
2022	165,000.00	19,800.00	30,000.00	11,612.50	226,412.50
2023-2027	330,000.00	19,800.00	165,000.00	39,112.50	553,912.50
2028-2029			75,000.00	5,175.00	80,175.00
	<u>\$ 1,135,000.00</u>	<u>\$ 177,600.00</u>	<u>\$ 370,000.00</u>	<u>\$ 111,537.50</u>	<u>\$ 1,794,137.50</u>

Note 12: CAPITAL DEBT (CONT'D)

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 3,516,750.00	\$ 2,774,250.00	\$ 1,900,250.00
Water and Sewer Utility:			
Bonds and Notes	2,928,000.00	1,607,000.00	1,395,491.67
Total Issued	<u>6,444,750.00</u>	<u>4,381,250.00</u>	<u>3,295,741.67</u>
<u>Authorized but not Issued</u>			
Water and Sewer Utility:			
Bonds and Notes	188,000.00	1,458,000.00	22,000.00
Total Issued and Authorized but not Issued	<u>6,632,750.00</u>	<u>5,839,250.00</u>	<u>3,317,741.67</u>
<u>Deductions</u>			
Water and Sewer Utility:			
Self-Liquidating	3,116,000.00	3,065,000.00	1,417,491.67
Net Debt	<u>\$ 3,516,750.00</u>	<u>\$ 2,774,250.00</u>	<u>\$ 1,900,250.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.337%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School District	\$ 1,513,337.89	\$ 1,513,337.89	
Local School District	257,516.00	257,516.00	
Water and Sewer Utility	3,116,000.00	3,116,000.00	
General	3,516,750.00		\$ 3,516,750.00
	<u>\$ 8,403,603.89</u>	<u>\$ 4,886,853.89</u>	<u>\$ 3,516,750.00</u>

Net debt \$3,516,750.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$263,116,292.00 equals 1.337%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 9,209,070.22
Less: Net Debt	<u>3,516,750.00</u>
Remaining Borrowing Power	<u>\$ 5,692,320.22</u>

Note 12: CAPITAL DEBT (CONT'D)

**Calculation of "Self-Liquidating Purpose,"
Water and Sewer Utility Per N.J.S.A. 40:2-45**

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year		\$ 1,752,179.03
Deductions:		
Operating and Maintenance Costs	\$ 1,430,200.00	
Debt Service	174,092.58	
Total Deductions		1,604,292.58
Excess in Revenue		\$ 147,886.45

Note 13: RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough 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 Borough is billed quarterly for amounts due to the State.

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

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 10,000.00	\$ -	\$ 73.71	\$ 7,723.79	\$ 34,031.92
2016	8,000.00	-	73.47	9,502.10	31,682.00
2015	12,000.00	-	69.02	7,504.60	33,110.63

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

- Workers' Compensation including Employer's Liability
- General Liability including Police Professional and Employee Benefit Liability
- Automobile Liability
- Blanket Crime including Public Employee Dishonesty
- Property Including Boiler and Machinery
- Public Officials and Employment Practices Liability
- Volunteer Directors and Officers Liability
- Cyber Liability

Note 13: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation
Excess General Liability
Non-Owned Aircraft Liability
Excess Auto Liability
Fidelity and Performance (Blanket)
Excess Property including Boiler and Machinery
Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

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

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

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2017, which can be obtained from:

Gloucester Salem Cumberland County
Municipal Joint Insurance Fund
P.O. Box 442
Hammonton, New Jersey 08037

Note 14: 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 Borough expects such amount, if any, to be immaterial.

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

Note 15: CONCENTRATIONS

The Borough 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 Borough is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 16: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements		
Acquisition of Fire Truck (Revised)	05/16/18	\$ 483,000.00
Utility Improvements		
Various Water and Sewer Utility Improvements	4/18/2018	360,000.00

APPENDIX C

FORM OF BOND COUNSEL OPINION



July 31, 2019

Mayor and Borough Council
of the Borough of Woodbury Heights
500 Elm Avenue
Woodbury Heights, New Jersey

RE: \$6,233,000 BOROUGH OF WOODBURY HEIGHTS, COUNTY OF GLOUCESTER, NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2019

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds") by the Borough of Woodbury Heights, County of Gloucester, New Jersey ("Borough"). The Bonds consist of: (i) \$2,776,000 principal amount of General Improvement Bonds; and (ii) \$3,457,000 principal amount of Water & Sewer Utility Bonds.

The Bonds are authorized pursuant to and in accordance with: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Borough Council and published in accordance with the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Borough Council on June 19, 2019 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on July 17, 2019 ("Award Certificate").

The Bonds are dated their date of delivery, mature on July 15 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum in the table below, payable semi-annually on January 15 and July 15, commencing January 15, 2020, in each year until maturity or earlier redemption.

<u>Maturity Date</u>	<u>General Improvement</u>	<u>Water/Sewer Utility</u>	<u>Combined</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>General Improvement</u>	<u>Water/Sewer Utility</u>	<u>Combined</u>	<u>Interest Rate</u>
2020	\$246,000	\$192,000	\$438,000	%	2028	\$305,000	\$235,000	\$540,000	%
2021	250,000	195,000	445,000		2029	310,000	240,000	550,000	
2022	260,000	195,000	455,000		2030	0	250,000	250,000	
2023	265,000	205,000	470,000		2031	0	255,000	255,000	
2024	275,000	210,000	485,000		2032	0	265,000	265,000	
2025	280,000	215,000	495,000		2033	0	270,000	270,000	
2026	290,000	220,000	510,000		2034	0	280,000	280,000	
2027	295,000	230,000	525,000						

The Bonds are issued in fully registered book-entry-only form without coupons, and are subject to redemption prior to maturity as stated therein.

COUNSEL WHEN IT MATTERS.SM



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

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

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

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

1. The Bonds are legal, valid and binding obligations of the Borough enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").
2. For the payment of principal and interest on the Bonds, the Borough 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 Borough without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.
3. Interest on the Bonds will not be includible for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

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

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



In rendering this opinion, we have assumed continuing compliance by the Borough 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 Borough to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds.

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

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Borough has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

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

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



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

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

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ___ day of July, 2019 between the Borough of Woodbury Heights, County of Gloucester, New Jersey ("Borough") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Borough of its General Obligation Bonds, Series 2019, in the principal amount of \$6,233,000 ("Bonds"). The Bonds consist of: (i) \$2,776,000 principal amount of General Improvement Bonds; and (ii) \$3,457,000 principal amount of Water & Sewer Utility Bonds.

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

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

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

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

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

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

"Dissemination Agent" shall mean Phoenix Advisors, LLC, Bordentown, New Jersey, or any successor Dissemination Agent designated in writing by the Borough and which has filed with the Borough a written acceptance of such designation.

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Official Statement" shall mean the Official Statement of the Borough, dated July __, 2019, relating to the Bonds.

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

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

SECTION 3. Provision of Annual Report.

(a) The Borough shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Borough'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 Borough (commencing for the fiscal year ending December 31, 2019). Each Annual Report provided to the Dissemination Agent by the Borough 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 Borough, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the Borough 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 Borough 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 Borough advising of such failure. Whether or not such notice is given or received, if the Borough thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with a copy of said notice to the Borough) to the National Repository in substantially the form attached as EXHIBIT "A" hereto.

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) the Borough's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, audited by an independent certified public accountant, provided that the annual audited financial statements of the Borough may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Borough are included in the Annual Report; and (ii) certain financial information and operating data of the Borough consisting of Borough indebtedness, property valuation information, and tax rate, levy and collection data. Each annual audited financial statements will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New

Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

SECTION 5. Reporting of Significant Events.

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation¹ of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

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

(c) If the Dissemination Agent has been instructed by the Borough 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 Borough.

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

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

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borough from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borough chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default and Remedies. In the event of a failure of the Borough to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall), or any beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borough to comply with its obligations under this Disclosure Agreement. A failure of the Borough to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds. The sole remedy under this Disclosure Agreement in the event of any failure of the Borough to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Borough:

Borough of Woodbury Heights
500 Elm Avenue
Woodbury Heights, New Jersey 08097
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08505

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 10 for the giving of notice.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borough, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

SECTION 12. 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 13. Compensation. The Borough shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

SECTION 14. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Borough 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 15. 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 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 17. 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 18. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

BOROUGH OF WOODBURY HEIGHTS, NEW JERSEY

By: _____
VIKKI HOLMSTROM, Chief Financial Officer

**PHOENIX ADVISORS, LLC,
as Dissemination Agent**

By: _____
SHERRY L. TRACEY, Senior Managing Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Borough of Woodbury Heights, County of Gloucester, New Jersey

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

Date of Issuance of the Affected Bond Issue: July 31, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated July 31, 2019, between the Borough and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____.]

Dated: _____

PHOENIX ADVISORS, LLC,
as Dissemination Agent

cc: Borough of Woodbury Heights, New Jersey