

**REVISED  
NOTICE OF SALE**

**\$16,186,940  
TOWNSHIP OF WASHINGTON  
County of Gloucester, New Jersey  
BOND ANTICIPATION NOTES OF 2020, SERIES A**

**Dated: June 23, 2020**

**Due: June 22, 2021 ("Maturity Date")**

**ELECTRONIC PROPOSALS** for the purchase of \$16,186,940 Bond Anticipation Notes of 2020, Series A ("Notes") of the Township of Washington, County of Gloucester, New Jersey ("Township") will be received by the Township on **Tuesday, June 16, 2020 ("Bid Date")**, via either (a) email, at bwhelan@acaciafin.com, or (b) BiDCOMP®/Parity® Electronic Bid Submission System ("PARITY") of i-Deal LLC ("i-Deal") in the manner described below, until 10:45 A.M. (Eastern Time). Emailed Proposals must be submitted on the Revised Official Form of Proposal (form attached) and sent to Colette Bachich, Chief Financial Officer, Township of Washington, 523 Egg Harbor Road, Sewell, New Jersey, c/o Acacia Financial Group, Municipal Advisor to the Township, located at 6000 Midlantic Drive, Suite 410 North, Mount Laurel, New Jersey. No proposals will be accepted after 10:45 A.M. (Eastern Time) on the date specified. The Township will not assume any liability with respect to defective facsimile transmissions. Should you wish to confirm receipt of a proposal by the Township, please call (856) 234-2266. A determination as to the award will be made no later than 5:00 P.M. (Eastern Time) on the Bid Date.

The Notes are being issued by the Township to provide funds which will be used to: (i) temporarily finance the costs of various capital improvements and equipment in and for the Township by the repayment of a portion of certain bond anticipation notes at maturity; (ii) temporarily finance the costs of various capital improvements and equipment in and for the Township 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 Notes.

***Proposals submitted must offer to purchase all of the Notes being offered at a price not less than par and must specify a single rate of interest for the issue. Interest shall be calculated on the basis of twelve (12) thirty (30) day months in a 360-day year. Proposals for less than the full amount, at a price less than par and/or multiple interest rates will be rejected.*** Proposals submitted electronically must be submitted pursuant to the procedures described below and shall be deemed to incorporate by reference all of the terms and conditions of this Notice of Sale. The Township Chief Financial Officer, Colette Bachich, expects to award the Notes to the proposer who, after having complied with the terms of this Notice of Sale, offers the lowest net interest cost to the Township for the Notes. The net interest cost shall be computed as to each proposal by adding the total principal amount of Notes proposed for at a particular rate of interest, the total interest cost to maturity in accordance with such proposal, and by deducting therefrom the amount of premium proposed, if any. The Township Chief Financial Officer reserves the right (i) to reject all proposals and any proposal not complying with the terms of this Notice of Sale or (ii) to award the Notes to a proposer other than the lowest proposer. The proposer, by submitting a proposal, agrees to accept the determination of the Township Chief Financial Officer.

The following are the specifications of the Notes:

<b>Principal Amount:</b>	\$16,186,940
<b>Dated:</b>	June 23, 2020
<b>Maturity Date:</b>	June 22, 2021
<b>Interest Rate:</b>	Specified by successful proposer, subject to approval of Township Chief Financial Officer.
<b>Denominations:</b>	\$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 Notes, as specified by successful proposer within 24 hours of award, subject to approval of the City Chief Financial Officer.
<b>Optional Redemption:</b>	The Notes are <i>not</i> subject to optional redemption prior to the Maturity Date.
<b>Payment:</b>	Immediately available funds received prior to 11:15 a.m. on the Closing Date.
<b>Registration:</b>	To be Determined by Successful Bidder.
<b>Rating:</b>	Moody's "MIG1"
<b>Legal Opinion:</b>	Parker McCay P.A., Mount Laurel, New Jersey.
<b>Closing Date:</b>	June 23, 2020
<b>Closing Location:</b>	Parker McCay P.A., 9000 Midlantic Drive, Suite 300, Mount Laurel, New Jersey, or at such other place as agreed to by the City Chief Financial Officer.

The Notes will be noncallable general obligations of the Township, payable ultimately from ad valorem taxes to be levied upon all the taxable real property within the Township without limitation as to rate or amount.

The Township has prepared an Amended and Restated Preliminary Official Statement, dated June 10, 2020 ("Preliminary Official Statement"), in connection with the sale of the Notes which it has deemed "final" as of its date for purposes of paragraph (b)(1) of Rule 15c2-12, as amended ("Rule 15c2-12"), promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, except for certain omissions permitted thereunder. Within seven (7) business days of the sale of the Notes and in sufficient time to accompany any confirmation that requests payment from a customer, the Township will deliver a reasonable 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](http://www.govdebt.net) ("Site"). In addition, broker dealers registered with the National Association of Securities Dealers ("NASD") and dealer banks with DTC clearing arrangements may either: (i) print out a copy of the Preliminary Official Statement by their own means; or (ii) at any time prior to June 16, 2020, elect to receive a printed copy of the Preliminary Official Statement in the mail by requesting the same on the Bowman & Company web site or by calling the Township's Bond Counsel, Parker McCay P.A. ("Bond Counsel"), 9000 Midlantic Drive, Suite 300, 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](http://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.

## **BID SPECIFICATIONS**

Proposals must be submitted electronically via PARITY or by email in accordance with this Notice of Sale, until 10:45 A.M. (Eastern Time) on the Bid Date set forth above, but no proposal will be accepted after the time for receiving proposals 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 proposers may contact i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone: (212) 849-5021. The Township may, but is not obligated to, acknowledge its acceptance, in writing, of any proposal submitted electronically via PARITY. In the event that a proposal for the Notes is submitted via PARITY, the proposer further agrees that:

1. The Township may regard the electronic transmission of the proposal through PARITY (including information about the principal amount of the Notes, the premium bid for the Notes and any other information included in such transmission) as though the same was executed by a duly authorized signatory of the proposer, accordingly for the proposal which is accepted by the Township, the terms of this Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract, and the successful proposer shall be bound by the terms of such contract.
2. PARITY is not an agent of the Township, and the Township shall have no liability whatsoever based on any proposer's use of PARITY, including, but not limited to, any failure by PARITY to correctly or timely transmit information provided by the Township or information provided by the proposer.
3. The Township may choose to discontinue use of electronic proposals via PARITY by issuing a notification to such effect via TM3 News Services, or by other available means, no later than 3:00 P.M. (Eastern Time) on the last business date prior to the Bid Date set forth above.

4. Once the proposals are communicated electronically via PARITY to the Township as described above, each proposal will constitute an official "Proposal for Notes" and shall be deemed to be an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale. For purposes of submitting electronic proposals, the time as maintained on PARITY shall constitute the official time.
5. Each proposer shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its proposal in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Township nor i-Deal shall have any duty or obligation to provide or assure access to any proposer, and neither the Township nor i-Deal shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The Township is using PARITY as a communication mechanism, and not as the Township's agent, to conduct the electronic bidding for the Notes. By using PARITY, each proposer agrees to hold the Township harmless for any harm or damages caused to such proposer in connection with its use of PARITY for bidding on the Notes.

The Township may, in its sole discretion and prior to the opening of proposals, clarify any term hereof, including, without limitation, its decision to discontinue use of electronic bidding via PARITY, by issuing a notification of the clarification via TM3 News Services, or any other available means, no later than 9:00 A.M. (Eastern Time) on the date upon which the Township will receive proposals.

#### **POSTPONEMENT**

The Township reserves the right to postpone, from time to time, the date and time established for receipt of proposals. **ANY SUCH POSTPONEMENT WILL BE ANNOUNCED BY TM3 NEWS SERVICES, OR ANY OTHER AVAILABLE MEANS, NOT LATER THAN 9:00 A.M. (EASTERN TIME) ON THE BID DATE SET FORTH ABOVE UPON WHICH THE TOWNSHIP WILL RECEIVE PROPOSALS.** Any such alternative bid date and the time at which proposals are due will be announced via the TM3 News Services, or any other available means, at least forty-eight (48) hours before proposals are due. On any such alternative bid date, proposers shall submit Proposals for the Notes in conformity in all respects with all of the provisions of this Notice of Sale, other than the date of submission and sale and any further or contrary provisions set forth in such announcement, which further or contrary provisions must be complied with by all proposers.

#### **DELIVERY OF THE NOTES**

It is anticipated that the delivery of the Notes will occur on or about the Closing Date specified above.

## CUSIP

It is anticipated that CUSIP Identification Numbers will be printed on the Notes. Acacia Financial Group, Inc., municipal advisor to the Township, will timely apply for CUSIP Identification Numbers with respect to the Notes as required by MSRB Rule G-34. The CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder. The successful bidder will be responsible for notifying CUSIP Global Services of any changes in structure and shall add or cancel CUSIP numbers as needed to conform to the final structure. The Township will assume no obligation for the assignment or printing of such numbers on the Notes or for the correctness of such numbers, and neither the failure to print such numbers on any Note nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and make payment for the Notes.

### *Closing Certificates:*

Simultaneously with the delivery of the Notes, the purchaser shall furnish to the Township a certificate, in form acceptable to Bond Counsel, stating that it agrees to sell the Notes to no more than thirty-five (35) persons, each of whom the entity believes: (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the Notes; and (ii) is not purchasing for more than one account or with a view toward distributing the Notes.

Additionally, the purchaser shall assist the Township in establishing the issue price and yield of the Notes and shall execute and deliver to the Township at closing an "issue price" and "yield" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes and yield, together with the supporting pricing wires or equivalent communications ("Issue Price Certificate"). The Issue Price Certificate shall be executed in the form attached here as: (i) Exhibit "A" in the event the purchaser is purchasing the Notes for its own account and (ii) Exhibit "B" in the event the purchaser is purchasing the Notes for resale to the "public" (as hereinafter defined).

### *Establishment of Issue Price:*

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

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

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

(c) In the event that paragraph (b) above is not applicable and the competitive sale requirements are not satisfied, the Township shall so advise the successful bidder. The Township shall treat the first price at which 10% of the Notes (the "10% Test") is sold to the public as the issue price of the Notes. The successful bidder shall advise the Township if the Notes satisfy the 10% Test as of the date and time of the award of the Notes. The Township will permit, but will not require, bidders to comply with the "hold-the-offering-price rule". 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 Notes will be subject to the 10% Test or the "hold-the-offering-price-rule" in order to establish the issue price of the Notes.

(d) If the competitive sale requirements are not satisfied and the successful bidder is not relying on the "hold-the-offering-price rule", then until the 10% Test has been satisfied as to the Notes, the successful bidder agrees to promptly report to the Township the prices at which the unsold Notes 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 Notes. 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 Notes 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 Notes allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Notes, 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 Notes 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 Notes 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 Notes 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 Notes, if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

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

(i) "public" means any person other than an underwriter or a related party;

(ii) "underwriter" means: (A) any person that agrees pursuant to a written contract with the Township (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes 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 Notes 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 Notes to the public);

(iii) a purchaser of any of the Notes 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 Notes are awarded by the Township to the successful bidder.

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 Notes, with a public entity, such as the Township and receives compensation or fees in excess of \$50,000 in the aggregate from public entities, such as the Township, in a calendar year. It is the purchaser's responsibility to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at [www.elec.state.nj.us](http://www.elec.state.nj.us).

Award of the Notes is expected to be made promptly after the opening of the proposals.

**COLETTE BACHICH, Chief Financial Officer**

**REVISED  
OFFICIAL FORM OF PROPOSAL**

June 16, 2020

Ms. Colette Bachich  
Chief Financial Officer  
Township of Washington  
523 Egg Harbor Road  
Sewell, New Jersey 08080

Ms. Bachich:

Subject to the provisions of the Revised Notice of Sale for the purchase of the \$16,186,940, principal amount, Bond Anticipation Notes of 2020, Series A ("Notes"), of the Township of Washington, County of Gloucester, New Jersey, which Notice of Sale is made a part of this Proposal, we offer to purchase the Notes in the principal amount of \$16,186,940 bearing interest at the rate of \_\_\_\_\_% per annum, and will pay therefor \$\_\_\_\_\_ (not less than \$16,186,940), plus accrued interest thereon, if any.

Purchaser: \_\_\_\_\_

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

Telephone: \_\_\_\_\_

Please supply the following for informational purposes only and not as part of the foregoing Proposal:

Gross Interest Payable on Notes:       \$ \_\_\_\_\_

Less: Premium on the Notes (if any):   \$ \_\_\_\_\_

Net Interest Cost:                       \$ \_\_\_\_\_

Net Interest Rate:                       \_\_\_\_\_ %



EXHIBIT "A"

**\$16,186,940**  
**TOWNSHIP OF WASHINGTON**  
**County of Gloucester, New Jersey**  
**BOND ANTICIPATION NOTES OF 2020, SERIES A**

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

The undersigned, an authorized representative of \_\_\_\_\_, as purchaser ("Purchaser") of the above-captioned obligations ("Notes"), hereby certifies as follows:

1. This certificate is delivered to the Township of Washington, in the County of Gloucester, New Jersey ("Township"), and may be relied upon in establishing the reasonable expectations of the Township as to the matters stated herein as may be necessary or appropriate in the preparation by the Township of a certificate relating to arbitrage matters in connection with the issuance of the Notes 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. Based upon prevailing market conditions on June 16, 2020, the date the Purchaser agreed to purchase the Notes ("Sale Date"), the Purchaser had no reason to believe that the fair market value of any of the Notes was in excess of the par amount thereof.

4. The Purchaser is the first purchaser of the Notes and has agreed to purchase the Notes at a price of \$16,186,940 ("Purchase Price"). The Notes shall bear interest (based upon twelve (12) months each containing thirty (30) days in a 360 day-year) at a rate of \_\_\_\_\_%.

5. The Purchaser has not offered, and does not intend to offer, any of the Notes for sale to the general public.

6. The issue price for the Notes is the Purchase Price.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 23rd day of June, 2020.

\_\_\_\_\_,  
**as Purchaser**

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

EXHIBIT "B"

**\$16,186,940**  
**TOWNSHIP OF WASHINGTON**  
**County of Gloucester, New Jersey**  
**BOND ANTICIPATION NOTES OF 2020, SERIES A**

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

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

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

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

3. On June 16, 2020 ("Sale Date"), the Underwriter submitted and the Township accepted its competitive proposal to purchase the Notes.

[4. As of the Sale Date, the reasonably expected aggregate offering price of the Notes to the Public by the Underwriter is \$\_\_\_\_\_ ("Expected Offering Price"). The

Expected Offering Price is the price for the Notes used by the Underwriter in formulating its bid to purchase the Notes.

5. The Underwriter was not given the opportunity to review other bids prior to submitting its bid. The bid submitted by the Underwriter constituted a firm bid to purchase the Notes.]

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

[4. The Underwriter has offered the Notes 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 Notes is attached to this certificate as Schedule B.

5. 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 Notes 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 Notes 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 Notes to maturity is not less than \_\_\_\_\_%.

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

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

(ii) "Underwriter" shall mean: (a) any person that agrees pursuant to a written contract with the Township (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes 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 Notes 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 Notes 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 Notes, 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 Notes to the Public at a price that is no higher than the Initial Offering Price.]

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

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IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of June, 2020.

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

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

DRAFT

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

**NEW ISSUE  
(Book-Entry Only)**

**Rating: Moody's "MIG1"  
(See "RATING" herein)**

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**AMENDED AND RESTATED  
PRELIMINARY OFFICIAL STATEMENT DATED JUNE 10, 2020**

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*In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Township with certain tax covenants described herein, under existing law, interest on the Notes 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, and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals. In addition, interest on the Notes 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 Notes and any gain from the sale thereof are not includable in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed.*

**\$16,186,940**  
**TOWNSHIP OF WASHINGTON**  
**County of Gloucester, New Jersey**  
**BOND ANTICIPATION NOTES OF 2020, SERIES A**  
**Interest Rate: \_\_\_%**  
**Yield: \_\_\_%**

**Dated: Date of Delivery**

**Notes Due: June 22, 2021**

The \$16,186,940 principal amount of Bond Anticipation Notes of 2020, Series A ("Notes"), of the Township of Washington, County of Gloucester, New Jersey ("Township"), shall be issued in fully registered book-entry-only form without coupons in minimum denominations 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 Notes.

The Notes shall be dated and bear interest from June 23, 2020 at the rate set forth above. The Notes shall mature on June 22, 2021 upon presentation and surrender thereof at the offices of the Township. Interest on the Notes is payable at maturity. The Notes are not subject to redemption prior to their stated maturity date.

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

The Township is issuing the Notes pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 07-2017, 15-2018 and 18-2019, each duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law (collectively, the "Bond Ordinances"); and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on June \_\_\_, 2020.

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

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

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

The Notes are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township. Certain legal matters will be passed upon for the Township by its Solicitor, Stuart Platt, Esquire. Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes. Delivery of the Notes is further subject to certain other conditions set forth herein. It is anticipated that the Notes in definitive form will be available for delivery through DTC in New York, New York, on or about June 23, 2020.

**TOWNSHIP OF WASHINGTON**  
**County of Gloucester, New Jersey**

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**Mayor**

**Joann Gattinelli**

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**Township Council**

<b>Joe Perry</b>	<b>Council President</b>
<b>Sean Longfellow</b>	<b>Council Vice-President</b>
<b>Andra Williams</b>	<b>Council Member</b>
<b>Andrea Dougherty</b>	<b>Council Member</b>
<b>Dana Pasqualone</b>	<b>Council Member</b>

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**Business Administrator**

**Jason Gonter**

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**Chief Financial Officer**

**Colette Bachich**

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**Municipal Clerk**

**Christine Ciallella**

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**Township Solicitor**

**Stuart Platt, Esquire**

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**Auditor**

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

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**Bond Counsel**

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

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**Municipal Advisor**

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

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The information which is set forth herein has been provided by the Township of Washington, County of Gloucester, New Jersey ("Township"), The Depository Trust Company ("DTC") and by other sources which are believed to be reliable by the Township, but the information provided by such sources is not guaranteed as to accuracy or completeness by the Township. Certain general and financial information concerning the Township is contained in Appendices "A" and "B" to this Official Statement. Such information has been furnished by the Township.

Where the Constitution or statutes of the State of New Jersey are referred to, reference should be made to such Constitution or statutes for a complete statement of the matters referred to therein. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by references 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 obtained from the Township during normal business hours.

Upon issuance, the Notes 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 or any other federal, state, municipal or other governmental entity, other than the Township will have passed upon the accuracy or adequacy of the Official Statement.

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

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES 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 the Official Statement, including the Appendices, must be considered in its entirety.

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**OFFICIAL STATEMENT**

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**\$16,186,940**  
**TOWNSHIP OF WASHINGTON**  
**County of Gloucester, New Jersey**  
**BOND ANTICIPATION NOTES OF 2020, SERIES A**

**INTRODUCTION**

The purpose of this Official Statement, including the cover page hereof and the appendices attached hereto, is to provide certain information relating to the issuance by the Township of Washington, County of Gloucester, New Jersey ("Township"), of its \$16,186,940 principal amount of Bond Anticipation Notes of 2020, Series A ("Notes").

The information contained herein relating to the Township was furnished by the Township unless otherwise indicated.

**AUTHORIZATION FOR THE NOTES**

The Township is issuing the Notes pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 07-2017, 15-2018 and 18-2019 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Township Council and published in accordance with the requirements of Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on June \_\_, 2020.

**PURPOSE OF THE ISSUE**

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

The capital improvements and equipment to be temporarily financed with the proceeds of the Notes include the following:

<b>Ordinance Number</b>	<b>Purpose</b>	<b>Amount Authorized</b>	<b>Amount Outstanding</b>	<b>Notes</b>
07-2017	Various Capital Improvements	\$5,537,455	\$5,537,455	\$5,344,780
15-2018	Various Capital Improvements	5,142,160	5,142,160	5,142,160
18-2019	Various Capital Improvements	5,700,000	0	5,700,000
<b>TOTAL</b>		<b>\$16,379,615</b>	<b>\$10,679,615</b>	<b>\$16,186,940</b>

## DESCRIPTION OF THE NOTES

### General

The Notes will be issued in fully registered book-entry-only form without coupons in minimum denominations 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 Notes. The principal of the Notes will be payable to the registered owners thereof at maturity upon presentation and surrender of the Notes at the offices of the Township, acting as paying agent. Interest on each Note shall be payable at maturity to the registered owner of record thereof appearing on the registration books kept by the Township.

So long as DTC, or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made directly to Cede & Co., as nominee for DTC. Disbursements of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the Notes is the responsibility of the DTC Participants and not the Township.

The Notes will be issued in the principal amount of \$16,186,940, will be dated the date of issuance, will bear interest from that date at the rate set forth on the cover page hereof and will mature on June 22, 2021. The Notes are **not** subject to redemption prior to their stated maturity dates.

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

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

The DTC will act as securities depository for the Notes. The Notes 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 and Note certificate will be issued for each maturity of the Notes, 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

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

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

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all the Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 or notes 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township or its 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 Notes are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).



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

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

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

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

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

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

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

respect to such exchange or registration of transfer for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes. In such event, interest on the Notes 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 NOTES**

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Notes. The Notes are general obligations of the Township and are issued in anticipation of the issuance of bonds and, if not paid from the proceeds of such bonds or other funds, are payable ultimately from *ad valorem* taxes that shall be levied upon all taxable real property within the Township without limitation as to rate or amount.

The Township may pledge only its own credit and taxing power in respect of the Notes, and has no power to pledge the credit or taxing power of the State or any other political subdivision thereof, nor shall the Notes 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 Notes.

## **GENERAL INFORMATION REGARDING THE TOWNSHIP**

### **General**

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

### **Financial**

Appendix "B" to this Official Statement contains (a) compiled financial statements of the Township for the year ended December 31, 2019 and (b) audited financial statements of the Township for the years ending December 31, 2018, 2017, 2016, 2015 and 2014. The compiled and audited financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

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

### **Local Bond Law**

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

than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

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

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

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

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

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

**Refunding Bonds** – Refunding Bonds may be issued pursuant to the Local Bond Law for the purpose of paying, or 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 such refunding bonds.

## **Local Fiscal Affairs Law**

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

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

An independent examination of the Township's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2018 is on file with the Township Clerk and is available for review during business hours, and is available online at the Township's website: [www.twp.washington.nj.us](http://www.twp.washington.nj.us).

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

## **Local Budget Law**

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

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

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

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

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a local unit to increase its overall appropriations, it does

not limit the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on the Notes. 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.

In response to the outbreak of the Coronavirus (as defined and described under the heading "CERTAIN RISK FACTORS – Recent Healthcare Developments" below), on March 24, 2020, the Local Finance Board released Local Finance Notice 2020-07 specifically permitting emergency appropriations for response to the Coronavirus subsequent to the adoption of a local unit's budget. In particular, such emergency appropriations must be approved by 2/3 vote of the governing body of the local unit and be accompanied by a certification of the Chief Financial Officer stating that the resolution covers expenses incurred during the emergency response to the Coronavirus. Moreover, to the extent that such Coronavirus-related emergency appropriations exceed the cost of providing similar services under non-emergency conditions, the deferred charge to be raised in the following year's budget is an eligible exception to both the levy cap and the appropriations cap.

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

## Miscellaneous Revenues

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

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

## Real Estate Taxes

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

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

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

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

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

In response to the outbreak of the Coronavirus, on May 4, 2020, the Local Finance Board released Local Finance Notice 2020-11 specifically permitting alternative methodologies for calculating the reserve for uncollected taxes. In particular, instead of using the methodology described above for purpose of calculating the reserve for uncollected taxes, one of the following two alternatives may be used: (i) *N.J.S.A. 40A:4-41(c)* allows for use of the average of the prior three (3) years' tax collection rate to mitigate a short-term decrease in the tax collection rate; or (ii) *N.J.S.A. 40A:4-41(d)* allows for a municipality to reduce the prior year's certified tax levy by the amount of any tax levy adjustment resulting from a tax appeal judgement. Use of either alternative calculation requires submission to the Division of Local Government Services in the Department of Community Affairs of a resolution of the governing body and subsequent approval therefrom.

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

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

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

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

## **TAXATION**

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

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. The last complete revaluation of property within the Township was completed by the County Tax Assessor in 2019 and is effective for the 2020 budget.

Upon the filing of certified adopted budgets by the Township, the Local School District, the Fire District and the County of Gloucester ("County"), the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in *N.J.S.A. 54:4-1 et seq.* Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

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

In response to the outbreak of the Coronavirus, the Governor of the State of New Jersey signed Executive Order 130, authorizing municipalities in the State to adopt a resolution instituting a grace period concluding on June 1, 2020 for: (i) the payment of second quarter taxes for municipalities on a calendar year budget cycle; and (ii) the payment of fourth quarter taxes for municipalities on a fiscal year budget cycle. At a special meeting held on May 1, 2020, Township Council adopted Resolution R092-2020, instituting the above-described grace period for the payment of property taxes. See "CERTAIN RISK FACTORS – Recent Healthcare Developments" below for additional information on temporary changes made to property tax laws and regulations in response to the Coronavirus.

## **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.

In response to the outbreak of the Coronavirus, on May 28, 2020, the Governor of the State of New Jersey signed legislation (A4157) extending the deadline to file 2020 property tax assessment appeals to July 1, and extending deadlines for county boards of taxation to decide on such cases to September 30, with certain exceptions. The bill took effect on May 28, 2020 and applies retroactively to April 1, 2020.

## **TAX MATTERS**

### **Federal**

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, assuming continuing compliance by the Township with the tax covenants described below, under existing law, interest on the Notes 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, amended ("Code"), and is not a specific item of tax preference for the purpose 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 Notes 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 Notes, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Township that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Notes and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Township to comply with such covenants could result in the interest on the Notes 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 Notes.

Ownership of the Notes 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 Notes 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 Notes 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 Notes.

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

Owners of the Notes 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 Notes 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 Notes. 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 Notes.

**PROSPECTIVE PURCHASERS OF THE NOTES 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 NOTES AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.**

## **CERTAIN RISK FACTORS**

### **Recent Healthcare Developments**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus"), which was first detected in China and has spread to other countries, including the United States, has been declared a pandemic by the World Health Organization, a national emergency by the President of the United States ("President") and a state of emergency by the Governor of the State ("Governor"). The spread of the Coronavirus has affected global economics and financial markets, which has led to volatility and reduced liquidity. Virtually all sectors of the United States economy, with the exception of essential services, have been reduced or shutdown resulting in significant reductions in the GDP. Additionally, unemployment in the United States has reached historic levels.

In response, and as noted above, the President declared a national emergency on March 13, 2020, which made available federal resources to combat the spread of the virus. Subsequently, the federal government has adopted multiple bills authorizing various forms of aid including, but not limited to, Medicaid expansion, unemployment benefits and paid emergency leave, immediate cash relief for individuals and a broad lending program for businesses and governmental entities. The Federal Reserve has also lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending and liquidity programs to banks, money market mutual funds, businesses and certain governmental entities.

The State has also taken action to assist residents effected by the Coronavirus. In particular, on March 28, 2020, the Governor announced a ninety (90) day forbearance program for mortgage payments for borrowers economically impacted by the Coronavirus. Additionally, the income tax filing deadline and the corporation business tax filing deadline has been extended from April 15 to July 15 and the State fiscal year has been extended to September 30, 2020. Further, pursuant to Executive Order 130, the Governor authorized municipalities in the State to adopt a resolution instituting a grace period concluding on June 1, 2020 for: (i) the payment of second quarter taxes for municipalities on a calendar year budget cycle; and (ii) the payment of fourth quarter taxes for municipalities on a fiscal year budget cycle. If instituted, the impact of these changes could result in short and long-term reductions in available tax and other miscellaneous revenue for the Township. As part of a planned multi-staged approach to restart the State's economy, the Governor has signed a series of executive orders beginning on April 29, 2020 permitting the resumption of certain activities. Additional executive orders relating to the resumption of certain activities may be executed by the Governor in the future as part of the planned multi-staged approach to restart the State's economy.

The Township cannot predict, and does not predict, the duration, severity or ultimate impact of the Coronavirus, or the intervening legislative and gubernatorial measures in response thereto, upon global, State-wide and local economies and operations, including that of the Township.

The Township has provided and intends to continue to provide essential services in and for the Township including, but limited to, emergency services, core health and human services, corrections, judiciary and prosecutorial functions, and public works, together with certain other vital services the Township deems necessary to remain operations and responsive to public needs. In addition, the Township is closely monitoring the spread and effects of the Coronavirus and interacts regularly with other appropriate governmental agencies in this regard, including taking such actions as it deems beneficial to prevent the spread of the Coronavirus.

## **Cyber Security**

The Township relies on a large and complex technology environment to conduct its various operations. As a result, the Township faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. Specifically, the Township has an extensive security system in place, including network firewalls and established administrative rights and restrictions, with varying level of approvals, implemented entity-wide, for access to network drives and applications that are reviewed regularly to ensure proper internal control and protections and provide relevant employees and staff with cyberattack training. The Township has installed specific application software to train and assist employees in identifying suspicious emails. In addition, the Township maintains insurance coverage for cyberattacks and related events.

## **LITIGATION**

To the knowledge of the Township's Solicitor, Stuart Platt, Esquire ("Solicitor"), there is no litigation of any nature now pending, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the

Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

## **RATING**

Moody's Investors Service ("Moody's") has assigned an underlying rating of "MIG1" to the Notes based upon the creditworthiness of the Township.

The rating reflects only the views of Moody's. Any desired explanation of the significance of such rating should be obtained directly from Moody's. The Township furnished to Moody's certain information and materials concerning the Notes and the Township. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in Moody'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 Notes.

## **PREPARATION OF OFFICIAL STATEMENT**

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

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

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

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

Bowman & Company LLP only takes responsibility for the financial statements, appearing in Appendix "B" hereto.

## **UNDERWRITING**

The Notes have been purchased from the Township at a public sale by \_\_\_\_\_, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated June \_\_, 2020. The Underwriter has purchased the Notes in accordance with the Notice of Sale. The

Notes are being offered for sale at the yield set forth on the front cover of this Official Statement. The Underwriter is obligated to purchase all of the Notes if any of the Notes are purchased.

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

### **LEGALITY FOR INVESTMENT**

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

### **NO DEFAULT**

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

### **MUNICIPAL ADVISOR**

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

### **CONTINUING DISCLOSURE**

In accordance with the requirements of Rule 15c2-12 ("Rule"), promulgated under the Securities Exchange Act of 1934, as amended, by the Securities and Exchange Commission ("Commission"), the Township will, prior to the issuance of the Notes, enter into an agreement substantially in the forms set forth in Appendix "D".

The Township failed to timely file certain annual financial information the year ended 2018. The Township is filing this notice in accordance with the Rule and anticipates that subsequent annual financial information will be filed in a timely manner. As of this date, all financial information has been filed.

## LEGAL MATTERS

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

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

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

## ADDITIONAL INFORMATION

Additional information may be obtained from Colette Bachich, Chief Financial Officer of the Township of Washington, at 856.589.0520 or the Municipal Advisor at 856.234.2266.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract or agreement with the owners of the Notes.

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

## TOWNSHIP OF WASHINGTON, NEW JERSEY

By: \_\_\_\_\_  
COLETTE BACHICH, Chief Financial Officer

Dated: June \_\_, 2020



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**APPENDIX A**

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**GENERAL INFORMATION ON THE TOWNSHIP**

## **GENERAL INFORMATION ON THE TOWNSHIP**

### **History**

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

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

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

### **Location**

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

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

### **Organization**

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

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

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

The Township's Business Administrator serves the Township on a full-time basis as its Chief Operating Officer and Director of Finance. As the Township's Chief Operating Officer, he is responsible for the daily operations of the Township, staffing and personnel matters, preparation and implementation of the budget and Township receipts and disbursements.

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

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

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

The Township provides police protection through the employment of eighty full-time officers and thirteen special police officers. The police department has recently installed a new computer network, added vehicle and body cameras, added mounted and mobile radios, and has started the conversion from traditional police cruisers to more specialized sports utility vehicles (SUV's). The Township police department recently received accreditation and Gold Standard in Public Safety. This is an accreditation that less than 1% of all law enforcement agencies in the US receive.

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

## **Library**

The Margaret E. Heggan Free Public Library of the Township is open seven days per week, all year long. The library has a collection of 207,000 items that can be checked out, including books, movies, recorded books, magazines, music, museum passes, and American Girl dolls. There is always a reference librarian on duty to answer questions, and the library is a Cooperating Coalition of the Foundation Center, providing philanthropy materials in print and online for non-profit organizations. The library includes a computer lab and a separate children's area with computers just for children, a puppet theater, and many programs for babies, toddlers, and school-age children. It became a municipal library in 1991. It is located at 606 Delsea Drive and is 20,000 square feet. Residents can also enjoy the benefits of the Gloucester County Library System as part of a consortium.

## **Recreation**

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

## **Transportation**

The Township is located on the North-South Freeway (State Highway 42) at the beginning of the Atlantic City Expressway, approximately twenty minutes from downtown Philadelphia, the Philadelphia International Airport and the main hub of AMTRAK and New Jersey Transit's Northeast Corridor Train Service. Interstate Routes 295, 95, 676 and the New Jersey Turnpike are less than ten minutes away. Local train service is available from nearby Woodbury (the County seat) or the

Lindenwold High Speed Line operated by PATCO. The Township is serviced by New Jersey Transit Bus Service. Newark International Airport is approximately ninety minutes away, center city Manhattan, New York City two hours and the Delaware Memorial Bridge forty minutes.

## **Hospital**

Kennedy Memorial Hospital - Washington Township Division, which was renamed in 2017 to Jefferson Washington Township Hospital because of a merger between Jefferson Health and Kennedy Health, has 230 acute care beds, a 111-bed long-term care facility and a 79-bed sub-acute rehabilitation center. Also offered are multiple ambulatory services, 24-hour emergency services, inpatient and outpatient services and diagnostic programs. In addition, Kennedy houses Gloucester County's only Level 3 Neonatal Intensive Care Unit (NICU), providing life-saving care for the most fragile infants.

Jefferson Health is currently undergoing a \$222 million expansion. The two-phase construction project features an 8-level enclosed parked facility, which houses 835-plus parking spaces and was completed in 2019; and an 180,000 square-foot, 7-floor hospital patient tower with approximately 90 all-private patient rooms that is scheduled to be completed in 2020. The construction will provide \$170 million direct, and an estimated \$200 million indirect investment in community while providing more than 2,200 construction jobs.

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

## **Trash and Recyclables**

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

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

## **Washington Township Municipal Utilities Authority**

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

## **Water Service**

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

Residents pay a minimum quarterly charge of \$27.00 for 10,000 gallons of water. The water rates for usages greater than 10,000 gallons are based on a tiered system. The price per 1,000 gallons is indicated in the following schedules:

**WATER RATES  
(Per Quarter)**

**Residential (5/8" Meter)**

0	-	10,000	=	\$27.00 min.
10,000	-	35,000	=	\$1.85 per 1,000
35,001	-	60,000	=	\$3.15 per 1,000
60,001	-	85,000	=	\$4.15 per 1,000
85,001	-	125,000	=	\$5.55 per 1,000
125,001	-	200,000	=	\$8.55 per 1,000
200,000	-	and up	=	\$10.55 per 1,000

**Commercial (5/8" Meter)**

0	-	10,000	=	\$37.00 min.
10,001	-	50,000	=	\$1.91 per 1,000
50,001	-	75,000	=	\$3.05 per 1,000
75,001	-	100,000	=	\$4.05 per 1,000
100,000	-	and up	=	\$5.05 per 1,000

**Water Service**

**Apartments**

All gallonage allowances are per apartment

0	-	5,000	=	\$32.00 per apt.
5,001	-	15,000	=	\$1.91 per apt., per 1,000
15,001	-	30,000	=	\$3.05 per apt., per 1,000
30,001	-	and up	=	\$10.55 per apt., per 1,000

**Industrial (5/8" Meter)**

0	-	10,000	=	\$37.00 min.
10,001	-	50,000	=	\$1.91 per 1,000
50,001	-	75,000	=	\$2.55 per 1,000
75,001	-	100,000	=	\$4.05 per 1,000
100,000	-	and up	=	\$5.05 per 1,000

**Sewer Service**

The Authority provides sewer service to the Township residents. The fixed rate is \$72.00 per quarter with a variable rate of \$1.80 per 1,000 gallons based on water consumption during the previous winter quarter.

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

**Personnel**

The Township employs 171 persons on a full-time year-round basis and 92 persons on a part-time basis, of whom 80 are police officers.

**Employee Collective Bargaining Units**

The Township maintains collective bargaining relationships with the following organizations:

- (1) The American Federation of State, County and Municipal Employees (AFSCME – Clerical, Local 3303L), with a four-year contract from January 1, 2017 through December 31, 2020.
- (2) The American Federation of State, County and Municipal Employees (AFSCME – Blue Collar / Public Works, Local 3303A), with a four-year contract which expired on December 31, 2019, currently under negotiations.
- (3) The American Federation of State, County and Municipal Employees (AFSCME – Municipal Services Supervisors & Coordinators, Local 3303S), with a four-year contract from January 1, 2017 through December 31, 2020.
- (4) Police Benevolent Association of New Jersey, Local 318, with a four-year contract which expired on December 31, 2019, currently under negotiations.

- (5) Policemen's Benevolent Association of New Jersey, Police Sergeant's Association, Local 318, with a four-year contract which expired at midnight January 1, 2020, currently under negotiations.
- (6) Superior Officers Association, Fraternal Order of Police, Lodge 86, with a four-year contract from January 1, 2017 through midnight December 31, 2021.

**Township Population (1)**

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

**Selected Census 2018 Data for the Township(1)**

Median household income	\$95,191
Per capita income	41,639

**Labor Force(2)**

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Township</b>					
Labor Force	25,317	25,433	25,026	24,771	25,104
Employment	24,008	24,358	24,022	23,878	24,300
Unemployment	1,292	1,083	1,004	893	804
Unemployment Rate	5.1%	4.2%	4.0%	3.6%	3.2%
<b>County</b>					
Labor Force	149,442	151,000	149,033	147,928	149,747
Employment	140,225	143,400	141,994	141,729	144,238
Unemployment	9,208	7,583	7,039	6,199	5,509
Unemployment Rate	6.2%	5.0%	4.7%	4.2%	3.7%
<b>State</b>					
Labor Force	4,543,817	4,559,375	4,454,700	4,432,500	4,493,100
Employment	4,277,317	4,336,358	4,248,700	4,250,800	4,333,300
Unemployment	266,525	222,983	205,900	181,700	159,800
Unemployment Rate	5.9%	4.9%	4.6%	4.1%	3.6%

**Business and Industry**

Commercial Development within Washington Township continues to be attractive. Recently constructed businesses include, but are not limited to, Republic Bank, Auto Zone and Ganttown Equity that houses an upscale Pizzeria/Eatery with indoor and outdoor seating. There are also a few stores that have opened or almost to completion, including At Home and Rizzeri's Spa. There are two locations that will be housing a few new stores. Chipotle, First Watch are new businesses in the Township that will be located in renovated, existing store locations. Jersey Mike's Hoagies and Panda Express will be new to the Township as part of new construction on Route 42.

(1) Source: U.S. Department of Commerce, Bureau of Census  
 (2) Source: New Jersey Department of Labor

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

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

**Building, Zoning and Development Codes**

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

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

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

**Building Permits(1)**

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2020(2)	664	\$15,064,458
2019	2,642	113,936,340
2018	2,724	79,770,000
2017	2,907	79,804,761
2016	3,049	41,140,252
2015	2,974	34,647,371

(1) Source: Township’s Construction office  
 (2) As of May 1, 2020

**TEN LARGEST NON-GOVERNMENTAL EMPLOYERS(1)**

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Thomas Jefferson Hospital	Health Care	700
Walmart	Retail Store	385
Virtua Health Care	Health Care	250
Bottino's Shoprite	Supermarket	240
Health Care Center at Washington Township	Assisted Living	180
Home Depot	Retail Store	169
Kohl's	Retail Store	154
Lowe's	Retail Store	150
Target	Retail Store	140
AcmeMarkets	Supermarket	91

**GENERAL INFORMATION ON THE SCHOOL DISTRICT(2)**

**Education**

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

**TOWNSHIP OF WASHINGTON SCHOOL DISTRICT  
SCHOOL ENROLLMENTS (3)**

<u>Grade</u>	<u>As of October 15,</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
K	391	452	472	448	452
1	454	452	472	469	466
2	442	428	456	472	469
3	424	448	436	465	481
4	486	442	453	466	482
5	475	486	460	471	489
6	549	486	513	473	478
7	523	556	490	513	477
8	506	525	558	483	505
9	458	463	487	506	444
10	485	464	474	487	509
11	519	498	479	474	488
12	510	533	500	486	476
Special Education	<u>1,105</u>	<u>1,240</u>	<u>1,093</u>	<u>988</u>	<u>1,042</u>
Totals	<u>7,327</u>	<u>7,473</u>	<u>7,344</u>	<u>7,202</u>	<u>7,258</u>

- (1) Source: Respective Employers  
 (2) Source: School District officials  
 (3) Source: Application for State School Aid



## 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</u>	
				<u>Oct. 15, 2019(2)</u>	<u>Functional Capacity</u>
Bells Elementary School	1969	1997	1-5	443	675
Birches Elementary School	1969	1997	1-5	424	675
Thomas Jefferson Elementary School	1980	1997	K-5	549	675
Hurffville Elementary School	1959	1997	1-5	507	600
Grenloch Terrace	1940	1991	K	318	600
Wedgewood Elementary School	1969	1997	1-5	500	675
Whitman Elementary School	1965	1997	K-5	540	675
Chestnut Ridge Middle School	1989		6-8	621	900
Orchard Valley Middle School	1989		6-8	523	900
Washington Township High School	1961,1980	1997	9-12	2,219	3,200
Bunker Hill Middle School	1997		6-8	<u>572</u>	<u>800</u>
Totals				<u>7,216</u>	<u>10,375</u>

## HIGHER EDUCATION FACILITIES

### Rowan College of South Jersey

Rowan College of South Jersey formed on July 1, 2019 as the result of a historic jointure of two community colleges – Cumberland County College and Rowan College at Gloucester. It is fully accredited by the Middle States Commission on Higher Education, and is an open door, comprehensive, two-year public institution, dedicated to meeting the needs of area residents and employers for educational advancement and career training. It is the first partnership of its kind in New Jersey, with more than 100 years of combined experience in delivering affordable, quality education to students throughout the region.

Rowan College of South Jersey provides students with more choices, including the option to pursue advanced degrees at Rowan University and other four-year universities, without ever leaving the Rowan College of South Jersey campuses. It serves more than 10,000 full- and part-time students with degree and workforce development programs on campuses in Cumberland and Gloucester Counties. Together these two campuses offer more than 120 unique degrees and certificates, combining 100 years of experience to provide a variety of degree selections, cost-saving initiatives, and scholarship and internship opportunities, at one of the lowest tuition rates in the State.

The merger of these two community colleges, in conjunction with an expanded 10-year premier partnership agreement with Rowan University, leads the way to a future filled with diverse and one-of-a-kind educational opportunities. Students seeking can take classes and save money with high school dual enrollment programs, including “Rowan High School Start” and the High School Option Program (HSOP); two successful collaborations between Rowan College of South Jersey and local high schools. Through exclusive programs like Rowan Choice and “3+1” degree offerings, the education cost savings are substantial and students can easily transition to Rowan University for a bachelor’s degree. Academic and workforce-training programs ensure the availability of skilled employees, answering both professional and community needs.

(1) Source: School District officials

(2) Excludes 111 Out of District students

The exciting connection between education, business and labor also extends into the medical field. The 27 miles along Route 55 between Rowan College of South Jersey's Gloucester and Cumberland campuses integrates education, medical services and commerce to establish South Jersey's first EDs, MEDs & Commerce Corridor. The premier partnership with Rowan University — a research university with two medical schools — and future campus construction intended to house both public and private medical, labor and business entities, will continue to increase the academic advantages for students while benefitting economic development in the South Jersey region.

### **Rowan University (1)**

Rowan University ("University") is a public national research university located in Glassboro, Camden and Stratford, 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 19,500 students an outstanding education at an exceptional value.

The University is comprised of seven academic colleges and five schools, including the William G. Rohrer College of Business; the Henry M. Rowan College of Engineering; the Colleges of Communication and Creative Arts, Education, Humanities and Social Sciences, Performing Arts, and Science and Mathematics; the Cooper Medical School of Rowan University; the Rowan University School of Osteopathic Medicine; the Graduate School of Biomedical Sciences; the School of Health Professions; and the School of Earth and Environment, along with an Honors College. Rowan's Division of Global Learning and Partnerships offers flexible undergraduate and graduate programs on campus and off site – including at two area community colleges – and online. Within these colleges and schools the University offers more than 75 bachelor's degrees, 44 master's degrees, six doctoral degrees (Ed.D. and Ph.D.) and two professional degrees.

Rowan is one of three universities in the nation to offer M.D. and D.O. medical degree programs. The institution is also home to the South Jersey Technology Park, which fosters the translation of applied research into commercial products and processes. U.S. News & World Report, in its "Best Colleges 2020" special edition, ranked Rowan University #79 among public universities and #166 among all National Universities. The Carnegie Classification of Institutions of Higher Education has designated Rowan as an R2 institution (high research activity), making it just one of 139 of more than 4,300 colleges and universities across the country with that distinction.

The State of New Jersey ("State") recognizes the University as a comprehensive research university and as a public institution of higher education. The New Jersey Legislature appropriates funds annually to support the University. However, the University operates autonomously from the State.

### **Gloucester County Institute of Technology**

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.

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(1) Rowan University 2019 Audit

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.

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

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

**CERTAIN TAX INFORMATION  
TEN LARGEST REAL PROPERTY TAXPAYERS (1)**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2020 Assessed Valuation</u>
Turnersville Auto Mall	Auto Sales	\$ 48,310,800
Virtua West Jersey c/o Altus Group	Healthcare	36,428,000
Society Hill Apartment Associates LP	Apartments	32,079,000
Centro Bradley Crosskeys Commons LLC	Retail Stores	27,313,000
BRE RC Cross Keys LLC	Apartments	21,608,500
Wal-Mart	Retail Stores	20,185,500
Washington Center LLC	Retail Stores	16,950,000
Turnersville Interstate LLC	Retail Stores	16,800,000
Birches Reality	Apartments	17,596,000
Target Corp	Retail Stores	14,160,000

**CURRENT TAX COLLECTIONS (2)**

<u>Year</u>	<u>Tax Levy</u>	<u>Current Collection</u>		<u>Outstanding Dec. 31</u>	<u>Percent</u>
		<u>Amount</u>	<u>Percent</u>		
2019 (3)	\$156,085,228	\$ 155,730,645	99.77%	\$ 15,582	.01%
2018	154,344,422	153,838,774	99.67	48,194	.03
2017	152,011,142	151,433,911	99.62	50,070	.03
2016	150,371,686	149,972,434	99.73	59,155	.04
2015	148,623,553	147,696,380	99.38	53,987	.04

**DELINQUENT TAXES (2)**

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transfer to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
			<u>Amount</u>	<u>Percent</u>			
2019 (3)	\$ 350,911	\$12,321	\$ 48,363	13.31%	\$302,758	\$1,092	\$11,020
2018	311,847	12,061	19,204	5.93	---	1,986	302,718
2017	321,449	5,544	65,216	19.94	---	---	261,777
2016	293,467	3,198	31,603	10.65	---	2,768	262,294
2015	284,640	13,703	62,820	21.06	410	4,367	239,480

**TAX TITLE LIENS (2)**

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales &amp; Transfers</u>	<u>Other Collected</u>	<u>Credits</u>	<u>Transfer to Property Acq. for Taxes</u>	<u>Balance Dec. 31</u>
2018	749,666	212,173	76,457	---	---	885,382
2017	664,208	218,801	133,343	---	---	749,666
2016	654,645	158,400	148,837	---	---	664,208
2015	466,216	193,444	2,067	(\$2,948)	---	654,645

(1) Source: Gloucester County Tax Assessor

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

(3) Information from Annual Compiled Financial Statement

**FORECLOSED PROPERTY (1)(2)**

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Transfer</u>	<u>Adjustment to Assessed Valuation</u>	<u>Sales (Gain) or Loss</u>	<u>Balance Dec. 31</u>
2019 (3)	\$865,625	\$181,145	\$253,255	---	\$1,300,025
2018	865,625	---	---	---	865,625
2017	865,625	---	---	---	865,625
2016	865,625	---	---	---	865,625
2015	865,625	---	---	---	865,625

**NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (4)**

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate(5)</u>				
		<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Municipal</u>	<u>Fire District</u>
2019	\$ 4,265,315,844	\$ 3.645	\$ .748	\$ 2.052	\$ .701	\$ .144
2018	4,262,047,553	3.604	.737	2.027	.702	.138
2017	4,258,451,544	3.559	.720	1.998	.702	.139
2016	4,237,529,564	3.538	.706	1.989	.703	.140
2015	4,251,976,804	3.488	.688	1.959	.702	.139

**RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA(6)**

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value Per Capita(7)</u>
2019	\$4,260,882,915	91.65%	\$4,649,081,195	\$95,741
2018	4,257,625,000	92.60	4,597,867,171	94,686
2017	4,253,381,000	93.65	4,541,784,303	93,531
2016	4,232,321,200	94.79	4,464,944,825	91,949
2015	4,246,446,900	95.38	4,452,135,583	91,685

**REAL PROPERTY CLASSIFICATION (4)**

<u>Year</u>	<u>Assessed Value</u>				<u>Farmland &amp; Industrial</u>	<u>Apartment</u>
	<u>Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>		
2019	\$4,260,882,915	\$48,881,700	\$3,406,608,000	\$741,104,515	\$11,836,700	\$52,452,000
2018	4,257,625,000	54,273,100	3,400,109,200	733,249,300	11,547,500	58,445,900
2017	4,253,381,000	40,551,300	3,397,484,400	744,805,500	12,093,900	58,445,900
2016	4,232,321,200	38,031,000	3,384,306,100	727,653,800	14,225,300	68,105,000
2015	4,246,446,900	38,422,900	3,382,794,000	742,553,500	14,367,900	68,308,600

- (1) Source: Annual Reports of Audit, unless otherwise indicated
- (2) 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. These amounts represent the property acquired for taxes and by deed by the Township of Washington.
- (3) Information from Annual Compiled Financial Statement
- (4) Source: Gloucester County Tax Assessor
- (5) Per \$100 of assessed valuation
- (6) Source: State of New Jersey, Department of Treasury, Division of Taxation
- (7) Based on Census 2010 of 48,559

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

The following table summarizes the direct debt of the Township of Washington as of December 31, 2019. The gross debt comprises long and short-term debt issued, including General and debt of the School District. Deductions from gross debt to arrive at net debt include deductible school district debt. The resulting net debt of \$37,650,388 represents .802% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

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	<b>Debt Issued</b>			Authorized but not Issued	Gross Debt	<b>Deductions</b>	Net Debt
	<u>Bonds</u>	<u>Loans</u>	<u>Notes</u>			<u>School Debt</u>	
General	\$21,115,000	\$155,773	\$10,679,615	\$5,700,000	\$37,650,388		\$37,650,388
School District	10,995,000				10,995,000	\$10,995,000	
	\$32,110,000	\$155,773	\$10,679,615	\$5,700,000	\$48,645,388	\$10,995,000	\$37,650,388

(1) As of December 31, 2019

Source: Annual Debt Statement

**DEBT RATIOS AND VALUATIONS(1)(2)**

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad for 2017, 2018 and 2019	\$4,692,657,785
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	0.80%
2019 Net Valuation Taxable	\$4,265,315,844
2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$4,653,514,124
Gross Debt (3):	
As a percentage of 2019 Net Valuation Taxable	1.14%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.05%
Net Debt (3):	
As a percentage of 2019 Net Valuation Taxable	0.88%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.81%
Gross Debt Per Capita (4)	\$1,002
Net Debt Per Capita (4)	\$775

**TOWNSHIP BORROWING CAPACITY(1)(2)**

3.5% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$4,692,657,785)	\$164,243,022
Net Debt	<u>37,650,388</u>
Remaining Borrowing Capacity	<u><u>\$126,592,635</u></u>

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

4% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$4,692,657,785)	\$187,706,311
School Debt	<u>10,995,000</u>
Remaining Borrowing Capacity	<u><u>\$176,711,311</u></u>

- 
- (1) As of December 31, 2019
  - (2) Source: Township Auditor
  - (3) Excluding overlapping debt
  - (4) Based on 2010 Federal Census of 48,559

**TOWNSHIP OF WASHINGTON  
OVERLAPPING DEBT  
AS OF DECEMBER 31, 2019**

	<b>DEBT ISSUED</b>				<b>Debt Auth. but not Issued</b>
	<u>Debt Outstanding</u>	<u>Deduction</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	
County of Gloucester(1):					
General	\$ 238,747,000	\$ 13,868,446	(2) \$ 224,878,554	\$38,724,087	(4)
Bonds Issued by Other Public Bodies					
Guaranteed by the County	192,032,966	192,032,966	(3) -		
	<u>\$ 430,779,966</u>	<u>\$ 205,901,412</u>	<u>\$ 224,878,554</u>	<u>\$38,724,087</u>	<u>\$ -</u>

(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 2019 Net Valuation on which County taxes are apportioned, which is 17.22%.



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

Year	Existing Debt(1)							Grand Total
	Bonds			Loans				
	Principal	Interest	Total	Principal	Interest	Total		
2020	\$ 2,270,000.00	\$ 753,087.52	\$ 3,023,087.52	\$ 31,241.86	\$ 2,960.01	\$ 34,201.87	\$ 3,057,289.39	
2021	2,255,000.00	656,562.52	2,911,562.52	31,869.84	2,332.06	34,201.90	2,945,764.42	
2022	1,070,000.00	558,437.52	1,628,437.52	20,073.78	1,691.48	21,765.26	1,650,202.78	
2023	1,100,000.00	519,862.52	1,619,862.52	7,916.25	1,412.36	9,328.61	1,629,191.13	
2024	1,105,000.00	474,987.52	1,579,987.52	8,075.37	1,253.24	9,328.61	1,589,316.13	
2025	1,125,000.00	429,537.52	1,554,537.52	8,237.68	1,090.92	9,328.60	1,563,866.12	
2026	1,150,000.00	383,212.52	1,533,212.52	8,403.26	925.35	9,328.61	1,542,541.13	
2027	1,170,000.00	335,712.52	1,505,712.52	8,572.17	756.45	9,328.62	1,515,041.14	
2028	1,190,000.00	287,212.52	1,477,212.52	8,744.47	584.14	9,328.61	1,486,541.13	
2029	1,215,000.00	244,487.52	1,459,487.52	8,920.24	408.38	9,328.62	1,468,816.14	
2030	1,240,000.00	211,600.02	1,451,600.02	9,099.53	229.09	9,328.62	1,460,928.64	
2031	1,265,000.00	177,306.26	1,442,306.26	4,618.12	46.18	4,664.30	1,446,970.56	
2032	770,000.00	141,531.26	911,531.26				911,531.26	
2033	795,000.00	118,056.26	913,056.26				913,056.26	
2034	825,000.00	93,756.26	918,756.26				918,756.26	
2035	860,000.00	67,943.76	927,943.76				927,943.76	
2036	855,000.00	41,146.88	896,146.88				896,146.88	
2037	855,000.00	13,893.75	868,893.75				868,893.75	
	<u>\$ 21,115,000.00</u>	<u>\$ 5,508,334.65</u>	<u>\$ 26,623,334.65</u>	<u>\$ 155,772.57</u>	<u>\$ 13,689.66</u>	<u>\$ 169,462.23</u>	<u>\$ 26,792,796.88</u>	

(1) As of December 31, 2019

Source: Township Auditor

**TOWNSHIP OF WASHINGTON  
2020 MUNICIPAL BUDGET (1)**

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**CURRENT FUND**

Anticipated Revenues:	
Fund Balance	\$ 5,400,000.00
Miscellaneous Revenues:	
Local Revenues	2,455,000.00
State Aid without Offsetting Appropriations	3,201,429.00
Dedicated Uniform Construction Code Fees	850,000.00
Public and Private Programs Offset with Appropriations	396,858.40
Other Special Items of Revenue	1,204,266.15
Receipts from Delinquent Taxes	100,000.00
Amount to be Raised by Taxation for Municipal Purposes	<u>29,375,623.04</u>
Total Appropriated Revenues	<u><u>\$ 42,983,176.59</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 33,203,396.00
Deferred Charges and Statutory Expenditures	3,639,875.20
Excluded from CAPS:	
Other Operations	1,684,530.32
Shared Service Agreements	16,419.00
Public and Private Programs	415,012.34
Capital Improvements	238,335.00
Debt Service	3,105,675.00
Reserve for Uncollected Taxes	<u>679,933.73</u>
Total Appropriations	<u><u>\$ 42,983,176.59</u></u>

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(1) As adopted May 27, 2020

**TOWNSHIP OF WASHINGTON  
CAPITAL PROGRAM  
PROJECTS SCHEDULED FOR THE YEARS 2020 - 2025 (1)**

	<u>Estimated Total Cost</u>	<u>Budget Appropriations</u>		<u>Capital</u>	<u>Bonds and Notes</u>
		<u>Current Year</u>	<u>Future Years</u>	<u>Improvement Fund</u>	<u>General</u>
Road Program	\$ 2,800,000.00			\$ 140,000.00	\$ 2,660,000.00
Bells Lake Road Improvement	50,000.00			2,500.00	47,500.00
Various Street Culvert Repairs	475,000.00			23,750.00	451,250.00
GIS System Maintenance	25,000.00			1,250.00	23,750.00
Spring Lake Siltation Improvements	75,000.00			3,750.00	71,250.00
Municipal Various Improvements	18,000.00			900.00	17,100.00
Police Vehicles	637,000.00			31,850.00	605,150.00
Police Various Facility Improvements	25,300.00			1,265.00	24,035.00
WLP Field Improvements	55,000.00			2,750.00	52,250.00
WLP Clocks	35,000.00			1,750.00	33,250.00
Olde Stone Village Sewer Lines	15,000.00			750.00	14,250.00
Solar Sign Footings/Installation	35,000.00			1,750.00	33,250.00
	<u>\$ 4,245,300.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,265.00</u>	<u>\$ 4,033,035.00</u>

(1) As adopted May 27, 2020

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**APPENDIX B**

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**COMPILED AND AUDITED FINANCIAL STATEMENTS OF THE  
TOWNSHIP OF WASHINGTON,  
IN THE COUNTY OF GLOUCESTER, NEW JERSEY**

**FOR THE YEAR ENDED 2019**  
**COMPILED FINANCIAL STATEMENTS**



## **INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

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

Management is responsible for the accompanying financial statements of the Township of Washington, in the County of Gloucester, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2019 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 Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

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

Respectfully submitted,

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

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

Woodbury, New Jersey  
March 2, 2020

**TOWNSHIP OF WASHINGTON**  
**CURRENT FUND**  
Statement of Assets, Liabilities, Reserves, and Fund Balances - Regulatory Basis  
As of December 31, 2019

**ASSETS**

Regular Fund:

Cash:

Treasurer	\$ 15,716,625.71
Change Fund	1,580.00
Due from State of New Jersey (Ch.73, P.L.1976)	<u>65,582.74</u>

15,783,788.45

Receivables and Other Assets with

Full Reserves:

Delinquent Property Taxes Receivable	26,601.92
Tax Title Liens Receivable	1,538,408.44
Miscellaneous Liens Receivable	7,872.83
Property Acquired for Taxes - Assessed Valuation	1,300,025.00
Revenue Accounts Receivable	26,078.81
Loan Receivable - County House Village	1,920,000.00
Accrued Interest Receivable on Loan	1,190,400.00
Due from Animal Control Trust Fund	19,391.41
Due from Open Space Trust Fund	369,025.97
Due from General Capital Fund	<u>142,481.65</u>

6,540,286.03

22,324,074.48

Federal, State and Other Grant Fund:

Federal, State and Other Grants Receivable	824,504.78
Due from the Current Fund	<u>744,323.51</u>

1,568,828.29

\$ 23,892,902.77

(Continued)

**TOWNSHIP OF WASHINGTON**  
**CURRENT FUND**  
Statement of Assets, Liabilities, Reserves, and Fund Balances - Regulatory Basis  
As of December 31, 2019

LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund:

Appropriation Reserves	\$ 3,377,210.95
Reserve for Encumbrances	639,631.65
Accounts Payable	627.00
Payroll Deductions Payable	102,100.28
Prepaid Taxes	1,361,949.12
Tax Overpayments	44,598.01
Due County for Added and Omitted Taxes	126,141.02
Due County PILOT Payment	13,326.97
Due to Library	33,959.58
Due to MUA for Tax Sale Charges	17,858.65
Due to State of New Jersey - DCA Fees	39,661.00
Due to State of New Jersey - Marriage and Burial Fees	1,390.00
Due to Federal, State and Other Grant Fund	744,323.51
Due to Trust Other Fund	37,816.85

6,540,594.59

Reserves for Receivables	6,540,286.03
Fund Balance	<u>9,243,193.86</u>

22,324,074.48

Federal, State and Other Grant Fund:

Reserve for:	
Federal, State and Other Grants Unappropriated	18,983.54
Federal, State and Other Grants Appropriated	1,414,202.31
Encumbrances	<u>135,642.44</u>

1,568,828.29

\$ 23,892,902.77

See Independent Accountant's Compilation Report and selected notes.



**TOWNSHIP OF WASHINGTON**  
**CURRENT FUND**  
Statement of Operations and Changes in Fund Balance - Regulatory Basis  
For the Year Ended December 31, 2019

Revenue and Other Income Realized:

Fund Balance Utilized	\$	4,585,000.00
Miscellaneous Revenues Anticipated		9,404,881.03
Receipts from Delinquent Taxes		130,631.37
Receipts from Current Taxes		155,730,644.98
Nonbudget Revenues		137,827.75
<u>Other Credits to Income:</u>		
Unexpended Balance of Appropriation Reserves		1,905,813.07
Statutory Excess - Animal Control Fund		19,391.41
Cancellation of Accounts Payable		4,195.79
Cancellation of Federal, State and Other Grants Appropriated		80,816.64
Refund of Prior Year Expenditures		225,000.00
		<u>172,224,202.04</u>

Expenditures:

<u>Budget and Emergency Appropriations:</u>		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages		15,477,186.00
Other Expenses		17,099,300.00
Deferred Charges and Statutory Expenditures		3,351,721.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages		38,042.29
Other Expenses		2,358,479.92
Capital Improvements		450,000.00
Municipal Debt Service		3,004,354.02
Fire District Taxes		6,092,905.00
County Taxes		31,862,376.32
Due County for Added Taxes		126,141.02
Local District School Tax		87,487,011.00
Municipal Open Space Tax		429,120.40
Cancellation of Federal, State and Other Grants Receivable		96,926.49
Cancellation of Prior Year Taxes - Creation of Tax Overpayment		85,321.15
Reserves Created		275,152.75
Prior Year Senior Citizen and Disabled Disallowed Taxes		12,321.08
		<u>168,246,358.44</u>

Statutory Excess of Fund Balance		3,977,843.60
Fund Balance January 1		9,850,350.26
		<u>13,828,193.86</u>
<u>Decreased by:</u>		
Utilization as Anticipated Revenue		4,585,000.00
		<u>9,243,193.86</u>
Fund Balance December 31	\$	9,243,193.86

See Independent Accountant's Compilation Report and selected notes.

**TOWNSHIP OF WASHINGTON**  
**TRUST FUNDS**  
Statement of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis  
As of December 31, 2019

ASSETS

Animal Control Fund:	
Cash - Treasurer	\$ <u>59,274.81</u>
Open Space Trust Fund:	
Cash - Treasurer	<u>3,540,366.75</u>
Trust Other Funds:	
Cash - Treasurer	2,812,521.94
Cash - Collector	1,607,805.15
Cash - Change Fund	300.00
Due from Current Fund	<u>37,816.85</u>
	<u>4,458,443.94</u>
	<u>\$ 8,058,085.50</u>

LIABILITIES, RESERVES AND FUND BALANCE

Animal Control Fund:	
Reserve for Animal Control Expenditures	\$ 39,873.20
Due to State of New Jersey	10.20
Due to Current Fund	<u>19,391.41</u>
	<u>59,274.81</u>
Open Space Trust Fund:	
Reserve for Open Space	3,171,340.78
Due to Current Fund	<u>369,025.97</u>
	<u>3,540,366.75</u>

(Continued)

**TOWNSHIP OF WASHINGTON**  
**TRUST FUNDS**  
Statement of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis  
As of December 31, 2019

LIABILITIES, RESERVES AND FUND BALANCE

Trust Other Funds:

Miscellaneous Trust Reserves:

Youth Services	\$	52,730.46
Escrow		498,263.20
Cash Bonds		78,557.33
Unemployment		34,691.19
Parks and Recreation Trust		703,728.84
Off-Duty Police		74,894.88
Affordable Housing		883,512.23
Forfeited Funds		10,872.69
Self Insurance Claims		997.21
Clean Up Day Donations		3,345.56
POAA Fees		921.00
Technology and Communications		128.00
Sidewalk Fund		31,722.38
Speedhumps		593.53
Historical Properties		18,296.42
Police Donations		7,612.33
K-9 Unit Donations		28,599.75
Storm Recovery		350,000.00
Earth Day Donations		833.46
Veterans Wall		9,883.43
4th of July Festival		29,857.50
Public Defender		21,429.31
Super Saturday		9,168.09
Miscellaneous Trust Escrows Reserves:		
Tax Sale Premiums		1,441,700.00
Redemption of Tax Title Liens		166,105.15

4,458,443.94

\$ 8,058,085.50

See Independent Accountant's Compilation Report and selected notes.

**TOWNSHIP OF WASHINGTON**  
**GENERAL CAPITAL FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis  
As of December 31, 2019

ASSETS

Cash	\$	4,319,861.66
Grant Receivable		1,243.93
Deferred Charges to Future Taxation:		
Funded		21,270,772.57
Unfunded		16,379,615.00
		<u>41,971,493.16</u>
	\$	<u>41,971,493.16</u>

LIABILITIES, RESERVES AND FUND BALANCE

General Serial Bonds Payable	\$	21,115,000.00
Loan Payable - Green Trust		155,772.57
Bond Anticipation Notes Payable		10,679,615.00
Improvement Authorizations:		
Funded		2,034,536.41
Unfunded		5,087,211.50
Reserve for Encumbrances		2,150,417.01
Due to Current Fund		142,481.65
Capital Improvement Fund		121,383.15
Reserve for:		
Accrued Interest		22,010.37
Debt Service		15,760.50
Fund Balance		447,305.00
		<u>41,971,493.16</u>
	\$	<u>41,971,493.16</u>

See Independent Accountant's Compilation Report and selected notes.

**TOWNSHIP OF WASHINGTON**  
 Selected Information – Substantially All Disclosures Required  
 By the Regulatory Basis of Accounting Have Been Omitted  
 For the Year Ended December 31, 2019

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

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

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

**Component Units** - The financial statements of the component units of the Township are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Township, the primary government:

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

Margaret E. Heggan Free Public Library  
 606 Delsea Drive  
 Sewell, New Jersey 08080

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

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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Property Tax Revenues** - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Gloucester, the Township of Washington School District, and the Township of Washington Fire District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

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

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

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

**Library Taxes** - The municipality is responsible for levying, collecting and remitting library taxes for the Margaret E. Heggan Free Public Library. The amount of the library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

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

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount.



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

**Expenditures (Cont'd)** - 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 and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

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

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

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

**FOR THE YEARS ENDED 2018, 2017, 2016, 2015 AND  
2014 AUDITED FINANCIAL STATEMENTS**

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Washington, in the County of Gloucester, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

## **Opinions**

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Washington, in the County of Gloucester, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

### *Opinion on Regulatory Basis of Accounting*

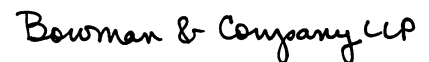
In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Washington, in the County of Gloucester, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

## **Emphasis of Matter**

### *Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Township adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle resulted in a material note disclosure (see note 8). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Carol A. McAllister  
Registered Municipal Accountant

Voorhees, New Jersey  
August 27, 2019

**TOWNSHIP OF WASHINGTON  
CURRENT FUND**

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

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>					
Regular Fund:					
Cash:					
Treasurer	\$14,698,339.04	\$16,769,600.48	\$10,676,492.90	\$ 8,524,316.68	\$ 9,108,934.75
Petty Cash				1,000.00	1,000.00
Change Fund	1,580.00	1,580.00	1,480.00	1,480.00	1,540.00
Due from State of New Jersey (Ch.73, P.L.1976)	63,751.79	66,240.80	64,497.49	110,304.56	62,063.45
	<u>14,763,670.83</u>	<u>16,837,421.28</u>	<u>10,742,470.39</u>	<u>8,637,101.24</u>	<u>9,173,538.20</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	350,911.48	311,846.60	321,449.08	293,466.89	284,639.65
Tax Title Liens Receivable	885,381.89	749,666.02	664,208.39	654,645.28	466,215.93
Miscellaneous Liens Receivable	10,983.63	14,764.03	9,216.17	10,183.59	13,504.16
Property Acquired for Taxes-					
Assessed Valuation	865,625.00	865,625.00	865,625.00	865,625.00	865,625.00
Revenue Accounts Receivable	22,095.71	29,280.63	31,223.16	27,544.83	38,190.57
Loan Receivable - County House Village	1,920,000.00	1,920,000.00	1,920,000.00	1,920,000.00	1,920,000.00
Accrued Interest Receivable on Loan	1,132,800.00	1,075,200.00	1,017,600.00	960,000.00	902,400.00
Due from Animal Control Trust Fund				28,701.44	28,701.44
Due from General Capital Fund	255,746.28	226,245.79	91,901.33	5,874.19	143.00
	<u>5,443,543.99</u>	<u>5,192,628.07</u>	<u>4,921,223.13</u>	<u>4,766,041.22</u>	<u>4,519,419.75</u>
Deferred Charges:					
Emergency Authorization (40A:4-46)		30,000.00		487,869.84	
	<u>20,207,214.82</u>	<u>22,060,049.35</u>	<u>15,663,693.52</u>	<u>13,891,012.30</u>	<u>13,692,957.95</u>
Federal and State Grant Fund:					
Federal and State Grants Receivable	660,018.90	758,364.10	968,316.47	986,695.42	665,751.32
Due from the Current Fund	731,639.35	643,132.11	506,129.22	693,314.66	873,514.25
	<u>1,391,658.25</u>	<u>1,401,496.21</u>	<u>1,474,445.69</u>	<u>1,680,010.08</u>	<u>1,539,265.57</u>
	<u><u>\$21,598,873.07</u></u>	<u><u>\$23,461,545.56</u></u>	<u><u>\$17,138,139.21</u></u>	<u><u>\$15,571,022.38</u></u>	<u><u>\$15,232,223.52</u></u>

(Continued)

**TOWNSHIP OF WASHINGTON**  
**CURRENT FUND**

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

	As of December 31,				
	2018	2017	2016	2015	2014
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
<b>Regular Fund:</b>					
Appropriation Reserves	\$2,039,654.79	\$2,281,188.80	\$1,919,355.24	\$1,569,950.09	\$1,281,349.11
Reserve for Encumbrances	465,001.66	580,080.89	527,351.32	591,268.62	496,242.32
Accounts Payable	4,195.79		56,187.96	46,437.95	44,191.70
Payroll Deductions Payable	83,851.54	208,224.67	17,786.52	15,093.86	12,524.17
Prepaid Taxes	1,351,496.12	4,396,812.60	1,336,095.69	1,231,814.10	1,304,533.03
Tax Overpayments		532.74			102,865.01
Due County for Added and Omitted Taxes	142,987.38	91,079.01	88,817.19	61,843.50	61,025.55
Local School District Tax Payable	10.00				
Due to Library	34,224.03	31,905.43	23,843.16	36,173.89	33,439.05
Due to State of New Jersey - DCA Fees	22,044.00	46,424.00	12,596.00	29,648.00	10,571.00
Due to State of New Jersey - Marriage and Burial Fees	1,225.00	1,115.00	1,205.00	1,030.00	1,105.00
Reserve for Prescriptions				5,709.22	4,221.85
Due to Federal and State Grant Fund	731,639.35	643,132.11	506,129.22	693,314.66	873,514.25
Due to Open Space Trust Fund		23,028.15	1,385.32	1,482.78	
Due to Trust Other Fund	36,990.91	34,043.29	26,228.17	26,155.65	24,602.84
	4,913,320.57	8,337,566.69	4,516,980.79	4,309,922.32	4,250,184.88
Reserves for Receivables	5,443,543.99	5,192,628.07	4,921,223.13	4,766,041.22	4,519,419.75
Fund Balance	9,850,350.26	8,529,854.59	6,225,489.60	4,815,048.76	4,923,353.32
	<u>20,207,214.82</u>	<u>22,060,049.35</u>	<u>15,663,693.52</u>	<u>13,891,012.30</u>	<u>13,692,957.95</u>
<b>Federal and State Grant Fund:</b>					
<b>Reserve for:</b>					
Federal and State Grants Unappropriated	9,436.44	88,964.58		2,802.00	186,363.23
Federal and State Grants Appropriated	1,219,639.34	1,033,256.91	1,365,671.96	1,550,301.24	1,233,776.59
Encumbrances	162,582.47	279,274.72	108,773.73	126,906.84	119,125.75
	<u>1,391,658.25</u>	<u>1,401,496.21</u>	<u>1,474,445.69</u>	<u>1,680,010.08</u>	<u>1,539,265.57</u>
	<u>\$21,598,873.07</u>	<u>\$23,461,545.56</u>	<u>\$17,138,139.21</u>	<u>\$15,571,022.38</u>	<u>\$15,232,223.52</u>

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

**TOWNSHIP OF WASHINGTON  
CURRENT FUND**

Statements of Operations and Changes in Fund Balance - Regulatory Basis

	For the Years Ended December 31,				
	2018	2017	2016	2015	2014
<b>Revenue and Other Income Realized:</b>					
Fund Balance Utilized	\$3,485,000.00	\$2,060,000.00	\$2,300,000.00	\$1,524,000.00	\$230,000.00
Miscellaneous Revenues Anticipated	9,121,145.68	9,138,549.09	7,377,157.48	7,019,581.64	7,571,608.52
Receipts from Delinquent Taxes	95,660.78	198,560.13	180,440.16	64,887.06	177,346.70
Receipts from Current Taxes	153,838,774.36	151,433,910.80	149,972,434.22	147,696,379.75	142,639,474.33
Nonbudget Revenues	205,076.68	308,750.68	625,683.90	158,705.83	321,868.76
<b>Other Credits to Income:</b>					
Unexpended Balance of Appropriation Reserves	2,091,991.35	1,781,760.59	1,455,194.37	841,248.19	1,236,401.57
Encumbrances Payable Cancelled		46,797.14			
Grants Receivable Cancelled	53,515.75				
Statutory Excess - Animal Control Fund					21,420.00
Refund of Prior Year Expenditures	180,000.00				
Cancellation of Reserve for Division of Motor Vehicles					18,685.66
Cancellation of Fed., State and Other Grants Appropriated					247,087.75
Reallocation of Prior Year Expenditures to Federal, State and Other Grants Fund				175,782.00	
	169,071,164.60	164,968,328.43	161,910,910.13	157,480,584.47	152,463,893.29
<b>Expenditures:</b>					
<b>Budget and Emergency Appropriations:</b>					
<b>Appropriations Within "CAPS"</b>					
<b>Operations:</b>					
Salaries and Wages	14,496,200.16	13,953,736.06	13,590,000.00	13,206,000.00	12,684,100.00
Other Expenses	16,457,035.00	16,372,660.00	15,567,425.00	16,083,357.84	15,015,182.00
Deferred Charges and Statutory Expenditures	3,231,706.33	2,957,734.00	2,860,583.00	2,771,998.67	2,569,026.36
<b>Appropriations Excluded from "CAPS"</b>					
<b>Operations:</b>					
Salaries and Wages	20,345.85	19,765.94	18,000.00	9,000.00	65,000.00
Other Expenses	2,157,403.14	2,140,055.29	2,044,495.17	2,628,895.95	1,872,337.24
Capital Improvements	555,000.00	300,000.00	359,000.00	10,449.00	320,000.00
Municipal Debt Service	3,015,547.40	2,522,034.73	2,403,036.99	2,791,609.51	2,684,843.49
Deferred Charges	30,000.00		487,869.84		506.00
Fire District Taxes	5,862,393.00	5,893,235.00	5,897,716.00	5,901,099.00	5,539,173.00
County Taxes	31,378,444.53	30,621,327.24	29,915,089.14	29,206,828.48	27,659,105.85
Due County for Added Taxes	142,987.38	91,079.01	88,817.19	61,843.50	61,025.55
Local District School Tax	86,363,492.00	85,079,713.00	84,257,790.00	83,255,074.00	80,922,881.00
Municipal Open Space Tax	428,322.31	438,543.26	463,085.32	477,620.68	494,441.76
Cancellation of Federal, State and Other Grants Receivable					249,077.09
Cancellation of Prior Year Taxes-Creation of Tax Overpayment	85,229.71	104,191.05	187,037.46	132,501.05	179,319.94
<b>Reserves Created:</b>					
Animal Control Fund					21,420.00
General Capital Fund	29,500.49	134,344.46	57,325.70	5,731.19	64.45
Prior Year Senior Citizen and Disabled Disallowed Taxes	12,061.63	5,544.40	3,198.48	10,750.00	16,801.29
	164,265,668.93	160,633,963.44	158,200,469.29	156,552,758.87	150,354,305.02
Excess in Revenue to Fund Balance	4,805,495.67	4,334,364.99	3,710,440.84	927,825.60	2,109,588.27
<b>Adjustments to Income Before Fund Balance -</b>					
<b>Expenditures Included Above Which Are by Statue Deferred</b>					
Charges to Budget of Succeeding Year		30,000.00		487,869.84	
	4,805,495.67	4,364,364.99	3,710,440.84	1,415,695.44	2,109,588.27
Fund Balance January 1	8,529,854.59	6,225,489.60	4,815,048.76	4,923,353.32	3,043,765.05
	13,335,350.26	10,589,854.59	8,525,489.60	6,339,048.76	5,153,353.32
<b>Decreased by:</b>					
Utilization as Anticipated Revenue	3,485,000.00	2,060,000.00	2,300,000.00	1,524,000.00	230,000.00
Fund Balance December 31	\$9,850,350.26	\$8,529,854.59	\$6,225,489.60	\$4,815,048.76	\$4,923,353.32

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

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

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>					
Animal Control Fund:					
Cash - Treasurer	\$42,296.99	\$30,561.35	\$29,233.60	\$71,414.06	\$64,138.84
Open Space Trust Fund:					
Cash - Treasurer	2,741,480.84	2,793,762.65	2,856,282.54	2,083,866.04	1,569,671.46
Due from Current Fund		23,028.15	1,385.32	1,482.78	
	2,741,480.84	2,816,790.80	2,857,667.86	2,085,348.82	1,569,671.46
Trust Other Funds:					
Cash - Treasurer	2,305,396.62	1,811,709.35	1,980,461.27	2,024,489.57	2,074,938.57
Cash - Collector	1,366,540.95	1,592,599.43	2,103,932.61	2,215,538.87	2,682,167.21
Cash - Change Fund	300.00	300.00	300.00	300.00	
Due from Current Fund	36,990.91	34,043.29	26,228.17	26,155.65	24,602.84
	3,709,228.48	3,438,652.07	4,110,922.05	4,266,484.09	4,781,708.62
	<u>\$6,493,006.31</u>	<u>\$6,286,004.22</u>	<u>\$6,997,823.51</u>	<u>\$6,423,246.97</u>	<u>\$6,415,518.92</u>
<b><u>LIABILITIES AND RESERVES</u></b>					
Animal Control Fund:					
Reserve for Animal Control Expenditures	\$42,094.59	\$29,826.35	\$25,812.00	\$41,482.82	\$35,433.80
Prepaid Dog License Fees	164.60	613.20	2,911.00	1,027.60	
Due to State of New Jersey	37.80	121.80	510.60	202.20	3.60
Due to Current Fund				28,701.44	28,701.44
	42,296.99	30,561.35	29,233.60	71,414.06	64,138.84
Open Space Trust Fund:					
Reserve for Open Space	2,741,480.84	2,816,790.80	2,857,667.86	2,085,348.82	1,569,671.46

(Continued)



**TOWNSHIP OF WASHINGTON  
TRUST FUNDS**

Statements of Assets, Liabilities and Reserves - Regulatory Basis

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>LIABILITIES AND RESERVES</u></b>					
Trust Other Funds:					
Miscellaneous Trust Reserves:					
Youth Services	\$53,680.46	\$56,280.46	\$56,280.46	\$56,230.46	\$56,230.46
Escrow	622,817.31	430,349.65	484,058.07	484,673.05	412,285.97
Cash Bonds	149,235.77	72,252.37			
Unemployment Claims	14,365.63	157.95	37,855.63	51,811.27	90,166.61
Parks and Recreation Trust	726,802.95	827,816.89	907,559.07	1,040,315.18	1,025,849.51
Off-Duty Police	57,517.38	59,595.38	56,869.38	56,869.38	70,711.63
Affordable Housing	568,634.61	239,676.84	231,987.28	172,596.58	242,331.36
Forfeited Funds	13,780.04	32,232.19	69,487.80	54,879.47	75,919.29
Self Insurance Claims	473.20	15.60	6,894.00	266.00	138.00
Clean Up Day Donations	2,870.56	2,739.69	2,848.85	2,724.48	2,361.48
POAA Fees	883.00	847.00	819.00	733.00	683.00
Technology and Communications	128.00	128.00	128.00	128.00	400.00
Sidewalk Fund	38,497.38	41,382.38	41,382.38	26,246.88	26,246.88
Speed humps	593.53	593.53	593.53	593.53	593.53
Historical Properties	18,744.03	25,689.69	37,405.56	41,505.37	29,025.71
Octoberfest					2,863.80
Police Donations	12,755.86	5,869.39	127.33	1,790.57	18,575.74
K-9 Donations	32,156.82	23,930.14	36,978.15	31,475.38	
Earth Day Donations	911.25	1,287.33	1,816.18	1,891.78	2,404.12
Veterans Wall	2,905.15	2,357.80	2,281.80	2,927.80	3,354.42
4th of July Festival	3,927.50	2,364.49	2,997.19	2,997.19	33.39
Public Defender	12,229.31	7,584.31	17,954.32	12,269.32	6,264.32
Super Saturday	8,777.79	12,901.56	10,665.46	8,020.53	5,546.29
Miscellaneous Trust Escrows Reserves:					
Tax Sale Premiums	1,300,400.00	1,535,500.00	1,912,900.00	2,056,600.00	2,520,400.00
Redemption of Tax Title Liens	66,140.95	57,099.43	191,032.61	158,938.87	189,323.11
	<u>3,709,228.48</u>	<u>3,438,652.07</u>	<u>4,110,922.05</u>	<u>4,266,484.09</u>	<u>4,781,708.62</u>
	<u>\$6,493,006.31</u>	<u>\$6,286,004.22</u>	<u>\$6,997,823.51</u>	<u>\$6,423,246.97</u>	<u>\$6,415,518.92</u>

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

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

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>					
Cash	\$10,542,090.96	\$9,299,486.95	\$6,859,913.94	\$4,898,280.78	\$3,152,980.61
Grant Receivable	1,243.93	1,243.93	1,243.93	1,243.93	1,243.93
Deferred Charges to Future Taxation:					
Funded	23,551,398.86	25,792,608.61	14,547,415.25	17,150,846.41	19,597,929.57
Unfunded	10,679,615.00	5,537,455.00	13,410,200.00	7,520,200.00	2,485,200.00
	<u>\$44,774,348.75</u>	<u>\$40,630,794.49</u>	<u>\$34,818,773.12</u>	<u>\$29,570,571.12</u>	<u>\$25,237,354.11</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
General Serial Bonds Payable	\$23,365,000.00	\$25,535,000.00	\$14,220,000.00	\$16,755,000.00	\$19,135,000.00
Loan Payable - Green Trust	186,398.86	257,608.61	327,415.25	395,846.41	462,929.57
Bond Anticipation Notes Payable	10,679,615.00	5,537,455.00	13,410,200.00	7,520,200.00	2,485,200.00
Improvement Authorizations:					
Funded	2,168,353.91	2,908,874.16	41,953.51	330,285.06	1,118,071.93
Unfunded	4,784,275.09	3,736,421.82	4,838,679.93	1,733,439.93	518,425.99
Due to Current Fund	255,746.28	226,245.79	91,901.33	5,874.19	143.00
Capital Improvement Fund	121,383.15	92,023.15	83,468.15	83,468.15	348,468.15
Reserve for:					
Road Improvements				1,427.54	13,007.54
Purchase of Server				703.60	703.60
Repairs to Grenloch Dam				5,844.65	5,844.65
Accrued Interest	22,010.37	22,010.37	22,010.37	22,010.37	22,010.37
Debt Service	15,760.50	15,760.50	15,760.50	15,760.50	15,760.50
Reserve for Encumbrances	2,449,374.23	1,574,112.69	1,632,306.18	2,615,880.44	1,106,193.53
Fund Balance	726,431.36	725,282.40	135,077.90	84,830.28	5,595.28
	<u>\$44,774,348.75</u>	<u>\$40,630,794.49</u>	<u>\$34,818,773.12</u>	<u>\$29,570,571.12</u>	<u>\$25,237,354.11</u>

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

**TOWNSHIP OF WASHINGTON**  
Notes to Financial Statements  
For the Year Ended December 31, 2018

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

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

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

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

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

Margaret E. Heggan Free Public Library  
606 Delsea Drive  
Sewell, New Jersey 08080

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

In accordance with the *Requirements*, the Township accounts for its financial transactions through the use of separate funds 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.

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

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

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

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

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured.

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

**Cash, Cash Equivalents and Investments (Cont'd)** - All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

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

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

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

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

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

**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.

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

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

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

**Property Tax Revenues** - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Gloucester, the Township of Washington School District, and the Township of Washington Fire District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

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

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

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

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

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

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

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

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

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

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

**Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

For the year ended December 31, 2018, the Township adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of adopting Statement No. 75, the Township 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 Township.

**Note 2: CASH AND CASH EQUIVALENTS**

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

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

As of December 31, 2018, the Township's bank balances of \$31,773,836.72 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 31,154,718.59
Uninsured and Uncollateralized	<u>619,118.13</u>
Total	<u>\$ 31,773,836.72</u>

**New Jersey Asset and Rebate Management Program (NJ/ARM)** - During the year, the Township participated in the New Jersey Asset & Rebate Management Program. The program was created in 1989 as a joint investment trust under the Interlocal Service Act. NJ/ARM provides local governments in New Jersey with investment management services for capital, reserve, general operating funds and for arbitrage rebate compliance for bond and note issue. The program advisory board is made up of New Jersey local government officials and is managed by PFM Asset Management LLC. The Program is designed to be in compliance with New Jersey statutes and regulations for allowable investments. The fund deposits can be liquidated on a daily basis and have an AAA rating by Standard & Poor's. NJ/ARM funds are not subject to custodial risk as defined above. Township deposits with the fund are considered cash equivalents and at December 31, 2018 the balance was \$394,600.71.

**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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	<u>\$ 3.604</u>	<u>\$ 3.559</u>	<u>\$ 3.538</u>	<u>\$ 3.488</u>	<u>\$ 3.378</u>
Apportionment of Tax Rate:					
Municipal	\$ .656	\$ .657	\$ .657	\$ .657	\$ .634
Municipal Open Space	.011	.010	.011	.011	.012
Municipal Library	.035	.035	.035	.034	.035
County	.693	.677	.663	.644	.611
County Open Space					
Preservation Trust Fund	.044	.043	.043	.044	.043
Local School	2.027	1.998	1.989	1.959	1.912
Special District Rates - Fire	.138	.139	.140	.139	.131



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

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

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2018	\$ 4,262,047,553.00
2017	4,258,451,544.00
2016	4,237,529,564.00
2015	4,251,976,804.00
2014	4,234,341,348.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 154,344,421.63	\$ 153,838,774.36	99.67%
2017	152,011,142.29	151,433,910.80	99.62%
2016	150,371,686.04	149,972,434.22	99.73%
2015	148,623,553.28	147,696,379.75	99.38%
2014	143,375,706.55	142,639,474.33	99.49%

**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>
2018	\$ 885,381.89	\$ 350,911.48	\$ 1,236,293.37	0.80%
2017	749,666.02	311,846.60	1,061,512.62	0.70%
2016	664,208.39	321,449.08	985,657.47	0.66%
2015	654,645.28	293,466.89	948,112.17	0.64%
2014	466,215.93	284,639.65	750,855.58	0.52%

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>
2018	63
2017	63
2016	71
2015	55
2014	58

**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>
2018	\$ 865,625.00
2017	865,625.00
2016	865,625.00
2015	865,625.00
2014	865,625.00

**Note 5: FUND BALANCES APPROPRIATED**

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 9,850,350.26	\$ 4,585,000.00	46.55%
2017	8,529,854.59	3,485,000.00	40.86%
2016	6,225,489.60	2,060,000.00	33.09%
2015	4,815,048.76	2,300,000.00	47.77%
2014	4,923,353.32	1,524,000.00	30.95%

**Note 6: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2018:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 255,746.28	\$ 768,630.26
Federal, State and Other Grant	731,639.35	
Trust - Other	36,990.91	
General Capital		255,746.28
	<u>\$ 1,024,376.54</u>	<u>\$ 1,024,376.54</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2019, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 7: PENSION PLANS**

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

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<https://www.nj.gov/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' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' 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' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Township. The PFRS' 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 New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

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

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 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 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

The following represents the membership tiers for PFRS:

**Tier Definition**

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

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

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

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and 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. 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 7.34% in State fiscal year 2018. 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 (P.L. 2001, C. 366) was 10% in State fiscal year 2018. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2018 was 13.72% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$648,808.00, and was payable by April 1, 2019. 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, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$583,855.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$359,920.81.

**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 P.L. 2011, C. 78, the active member contribution rate was 10% in State fiscal year 2018. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

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

The Township's contractually required contribution rate for the year ended December 31, 2018 was 27.63% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$1,879,739.00, and was payable by April 1, 2019. 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, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$1,890,277.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$687,391.60.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2018 was 3.08% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2018 is \$209,301.00, and was payable by April 1, 2019. Based on the PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2017 was \$184,682.00, which was paid on April 1, 2018.

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

For the year ended December 31, 2018, there were no Township employees enrolled in the DCRP.

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

**Public Employees' Retirement System** - At December 31, 2018, the Township's proportionate share of the PERS net pension liability was \$12,843,071.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the Township's proportion was 0.0652280115%, which was an increase of 0.0022034414% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$1,200,831.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township's contribution to PERS was \$583,855.00, and was paid on April 1, 2018.

**Police and Firemen's Retirement System** - At December 31, 2018, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 26,017,529.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>3,543,051.00</u>
	<u>\$ 29,560,580.00</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2018 measurement date, the Township's proportion was 0.1922716849%, which was a decrease of 0.0213144819% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the Township, was 0.1922716849%, which was a decrease of 0.0213144819% from its proportion, on-behalf of the Township, measured as of June 30, 2017.

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

**Police and Firemen's Retirement System (Cont'd)** - At December 31, 2018, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$1,514,825.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township's contribution to PFRS was \$1,890,277.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is \$418,603.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2018, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 244,920.00	\$ 264,694.00	\$ 509,614.00	\$ 66,223.00	\$ 107,667.00	\$ 173,890.00
Changes of Assumptions	2,116,325.00	2,233,255.00	4,349,580.00	4,106,531.00	6,667,843.00	10,774,374.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	120,469.00	142,339.00	262,808.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	1,449,894.00	648,041.00	2,097,935.00	-	3,061,617.00	3,061,617.00
Township Contributions Subsequent to the Measurement Date	324,404.00	939,870.00	1,264,274.00	-	-	-
	<u>\$ 4,135,543.00</u>	<u>\$ 4,085,860.00</u>	<u>\$ 8,221,403.00</u>	<u>\$ 4,293,223.00</u>	<u>\$ 9,979,466.00</u>	<u>\$ 14,272,689.00</u>

\$324,404.00 and \$939,870.00 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, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the Township's year end of December 31, 2018.



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

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

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

	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	-
June 30, 2018	-	5.63	5.73	-
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
June 30, 2018	-	5.63	-	5.73
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
June 30, 2018	-	5.00	-	5.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73

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

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

<b>Year Ending Dec 31,</b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2019	\$ 578,011.00	\$ (279,345.00)	\$ 298,666.00
2020	287,172.00	(1,146,576.00)	(859,404.00)
2021	(559,059.00)	(2,618,262.00)	(3,177,321.00)
2022	(580,384.00)	(1,936,707.00)	(2,517,091.00)
2023	(207,824.00)	(852,586.00)	(1,060,410.00)
	<u>\$ (482,084.00)</u>	<u>\$ (6,833,476.00)</u>	<u>\$ (7,315,560.00)</u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

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

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. 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 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvements assumed. Post-retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvements assumed.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2018) 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' and PFRS' target asset allocation as of June 30, 2018 are summarized in the table on the following page.

Note 7: 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>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Asset	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, 2018 was 5.66% for PERS and 6.51% 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 3.87% as of June 30, 2018, 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 50% 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 2046 for PERS and through 2062 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046 for PERS and through 2062 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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

**Public Employees' Retirement System (PERS)** - The following presents the Township's proportionate share of the net pension liability at June 30, 2018, the Plan's measurement date, calculated using a discount rate of 5.66%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (4.66%)</b>	<b>Current Discount Rate (5.66%)</b>	<b>1% Increase (6.66%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 16,148,681.00	\$ 12,843,071.00	\$ 10,069,874.00

**Police and Firemen's Retirement System (PFRS)** - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2018, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.51%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>PFRS</b>		
	<b>1% Decrease (5.51%)</b>	<b>Current Discount Rate (6.51%)</b>	<b>1% Increase (7.51%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 34,821,234.00	\$ 26,017,529.00	\$ 18,756,076.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	4,741,934.09	3,543,051.00	2,554,190.83
	<u>\$ 39,563,168.09</u>	<u>\$ 29,560,580.00</u>	<u>\$ 21,310,266.83</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 <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

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

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0652280115%	0.0630245701%	0.0560946871%
Township's Proportionate Share of the Net Pension Liability	\$ 12,843,071.00	\$ 14,671,112.00	\$ 16,613,637.00
Township's Covered Payroll (Plan Measurement Period)	\$ 4,467,216.00	\$ 4,356,276.00	\$ 3,893,260.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	287.50%	336.78%	426.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0560014559%	0.0547337419%	0.0508243868%
Township's Proportionate Share of the Net Pension Liability	\$ 12,571,205.00	\$ 10,247,654.00	\$ 9,713,550.00
Township's Covered Payroll (Plan Measurement Period)	\$ 3,829,156.00	\$ 3,733,472.00	\$ 3,328,700.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	328.30%	274.48%	291.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note 7: PENSION PLANS (CONT'D)Supplementary Pension Information (Cont'd)*Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Six Years)*

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 648,808.00	\$ 583,855.00	\$ 498,337.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(648,808.00)</u>	<u>(583,855.00)</u>	<u>(498,337.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 4,730,578.00	\$ 4,431,994.00	\$ 4,327,799.00
Township's Contributions as a Percentage of Covered Payroll	13.72%	13.17%	11.51%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 481,462.00	\$ 451,217.00	\$ 382,951.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(481,462.00)</u>	<u>(451,217.00)</u>	<u>(382,951.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 3,833,703.00	\$ 3,840,817.00	\$ 3,723,473.00
Township's Contributions as a Percentage of Covered Payroll	12.56%	11.75%	10.28%

**Note 7: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Township's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Six Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.1922716849%	0.2135861668%	0.2133344047%
Township's Proportionate Share of the Net Pension Liability	\$ 26,017,529.00	\$ 32,973,575.00	\$ 40,752,328.00
State's Proportionate Share of the Net Pension Liability associated with the Township	3,543,051.00	3,693,318.00	3,422,185.00
Total	<u>\$ 29,560,580.00</u>	<u>\$ 36,666,893.00</u>	<u>\$ 44,174,513.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 6,378,708.00	\$ 6,849,844.00	\$ 6,789,260.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	407.88%	481.38%	600.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.2084462374%	0.2001693684%	0.2116314551%
Township's Proportionate Share of the Net Pension Liability	\$ 34,719,877.00	\$ 25,179,450.00	\$ 28,134,492.00
State's Proportionate Share of the Net Pension Liability associated with the Township	3,044,817.00	2,711,404.00	2,622,476.00
Total	<u>\$ 37,764,694.00</u>	<u>\$ 27,890,854.00</u>	<u>\$ 30,756,968.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 6,569,064.00	\$ 6,322,316.00	\$ 6,423,448.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	528.54%	398.26%	438.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%



**Note 7: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS)  
(Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 1,879,739.00	\$ 1,890,277.00	\$ 1,739,402.00
Township's Contribution in Relation to the Contractually Required Contribution	(1,879,739.00)	(1,890,277.00)	(1,739,402.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 6,803,091.00	\$ 6,604,944.00	\$ 6,805,762.00
Township's Contributions as a Percentage of Covered Payroll	27.63%	28.62%	25.56%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 1,694,357.00	\$ 1,537,439.00	\$ 1,544,016.00
Township's Contribution in Relation to the Contractually Required Contribution	(1,694,357.00)	(1,537,439.00)	(1,544,016.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 6,759,230.00	\$ 6,515,802.00	\$ 6,420,441.00
Township's Contributions as a Percentage of Covered Payroll	25.07%	23.60%	24.05%

**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

None

**Changes in Assumptions**

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017 and 5.66% 2018.

The Long-term Expected Rate of Return changed at June 30<sup>th</sup> over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

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

For 2016, 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 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.

***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**

The Discount Rate changed at June 30th over the following years, 6.32% 2014, 5.79% 2015, 5.55% 2016, 6.14% 2017 and 6.51% 2018.

The Long-term Expected Rate of Return changed at June 30<sup>th</sup> over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, 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, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)****A. State Health Benefits Local Government Retired Employees Plan****General Information about the OPEB Plan**

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

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONT'D)****A. State Health Benefits Local Government Retired Employees Plan (Cont'd)****General Information about the OPEB Plan (Cont'd)**

**Plan Description and Benefits Provided (Cont'd)** - The Plan provides medical and prescription drug benefit coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Contributions** - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Township was billed monthly by the Plan and paid \$2,715,570.05 for the year ended December 31, 2018, representing 23.54% of the Township's covered payroll. During the year ended December 31, 2018, retirees were required to contribute \$0.00.

*Special Funding Situation Component* - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

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

**A. State Health Benefits Local Government Retired Employees Plan (Cont'd)**

**General Information about the OPEB Plan (Cont'd)**

**Contributions (Cont'd)** - Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Township, is not known, however, under the Special Funding Situation, the State's OPEB expense, on-behalf of the Township, is \$6,619.00 for the year ended December 31, 2018 representing 0.06% of the Township's covered payroll.

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

**OPEB Liability** - At December 31, 2018 the Township's and State's proportionate share of the net OPEB liability were as follows:

Township's Proportionate Share of Net OPEB Liability	\$	43,571,974.43
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township		218,665.00
		\$ 43,790,639.43

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The Township's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Township's proportion was .278120% which was an increase of .004503% from its proportion measured as of the June 30, 2017 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the Township was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the State's proportion on-behalf of the Township was .003519% which a decrease of .000074% from its proportion measured as of the June 30, 2017 measurement date.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONT'D)****A. State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

**OPEB Expense** - At December 31, 2018, the Township's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is \$1,399,619.38. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township made contributions to the Plan totaling \$2,715,570.05.

At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is \$6,619.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2018, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ -	\$ 8,846,664.79
Changes of Assumptions	-	11,052,602.07
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	23,026.08	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	895,721.45	2,546,675.81
Township Contributions Subsequent to the Measurement Date	<u>1,365,083.69</u>	<u>-</u>
	<b><u>\$ 2,283,831.22</u></b>	<b><u>\$ 22,445,942.68</u></b>

\$1,365,083.69 reported as deferred outflows of resources resulting from the Township's contributions subsequent to the measurement date will be included as a reduction of the Township's net OPEB liability during the year ending December 31, 2019.

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

**A. State Health Benefits Local Government Retired Employees Plan (Cont'd)**

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

<b><u>Year Ending Dec. 31,</u></b>	
2019	\$ (3,214,746.00)
2020	(3,214,746.00)
2021	(3,214,746.00)
2022	(3,217,179.00)
2023	(3,221,111.00)
Thereafter	<u>(5,444,667.14)</u>
	<u>\$ (21,527,195.14)</u>

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONT'D)****A. State Health Benefits Local Government Retired Employees Plan (Cont'd)****Actuarial Assumptions**

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

\* Salary Increases are Based on the Defined Benefit Plan that the Member is Enrolled in and his or her Age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

**Discount Rate** - The discount rate used to measure the OPEB Liability at June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Health Care Trend Assumptions** - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONT'D)****A. State Health Benefits Local Government Retired Employees Plan (Cont'd)****Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays a portion of the Township's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2018, the Plans measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	<b>1% Decrease (2.87%)</b>	<b>Current Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
Township's Proportionate Share of the Net OPEB Liability	\$ 51,121,446.00	\$ 43,571,974.43	\$ 37,541,655.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	256,552.00	218,665.00	188,402.00
	<u>\$ 51,377,998.00</u>	<u>\$ 43,790,639.43</u>	<u>\$ 37,730,057.00</u>

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The Township's and State's proportionate share of the net OPEB Liability as of June 30, 2018, the Plans measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Township's Proportionate Share of the Net OPEB Liability	\$ 36,346,013.00	\$ 43,571,974.43	\$ 52,923,442.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	182,402.00	218,665.00	265,595.00
	<u>\$ 36,528,415.00</u>	<u>\$ 43,790,639.43</u>	<u>\$ 53,189,037.00</u>

**OPEB Plan Fiduciary Net Position**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (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 the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.



**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONT'D)****A. State Health Benefits Local Government Retired Employees Plan (Cont'd)****Supplementary OPEB Information**

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

***Schedule of the Township's Proportionate Share of the net OPEB Liability (Last 2 Years)***

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.278120%	0.273617%
Township's Proportionate Share of the Net OPEB Liability	\$ 43,571,974.43	\$ 55,861,064.33
State's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>218,665.00</u>	<u>312,426.00</u>
Total	<u><u>\$ 43,790,639.43</u></u>	<u><u>\$ 56,173,490.33</u></u>
Township's Covered Payroll (Plan Measurement Period)	\$ 11,385,062.00	\$ 10,914,545.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	382.71%	511.80%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

***Schedule of the Township's Contributions (Last 2 Years)***

	<u>Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Township's Required Contributions	\$ 2,715,570.05	\$ 2,742,029.42
Township's Contributions in Relation to the Required Contribution	<u>(2,715,570.05)</u>	<u>(2,742,029.42)</u>
Township's Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Township's Covered Payroll (Calendar Year)	\$ 11,533,669.00	\$ 11,036,938.00
Township's Contributions as a Percentage of Covered Payroll	23.54%	24.84%

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

**A. State Health Benefits Local Government Retired Employees Plan (Cont'd)**

**Other Notes to Supplementary OPEB Information**

Changes in Benefit Terms

None

Changes in Assumptions

In 2017, the discount rate changed to 3.58% from 2.85%. In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

**B. Township of Washington Postemployment Dental Benefit Plan / Medicare Part B and Health Insurance Premiums Reimbursement Plan**

**Plan Description and Benefits Provided** - The Township provides postretirement dental benefits and reimbursement of Medicare Part B and health insurance premiums to certain retirees. The Township provides a single employer post-employment dental plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: police officers retiring after the age of 55 or older with at least twenty (20) years of service or having retired under disability pension from a New Jersey administered pension plan; and non-uniformed employees retiring after the age of 62 or older with at least twenty (20) year of service. Coverage is provided for the retirees and their spouse. The Plan is administered by the Township; therefore, premium payments are made directly to the insurance carriers. Plan members receiving benefits are not required to make any contributions. The Township also provides a single employer post-employment Medicare Part B and health insurance premium reimbursement plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: all Medicare-eligible retirees and their eligible dependents for the full premium cost of Medicare Part B medical coverage and retired police officers with 20 years of service for health insurance premiums. The Plan is administered by the Township and the premium reimbursements are paid directly to the retirees.

**Employees Covered by Benefit Terms** - As of January 1, 2018, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	127
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	142
	269

**Total OPEB Liability**

The Township's total OPEB liability of \$18,459,216.00 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2018.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONT'D)****B. Township of Washington Postemployment Dental Benefit Plan / Medicare Part B and Health Insurance Premiums Reimbursement Plan (Cont'd)**

**Actuarial Assumptions and Other Inputs** - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% annually
Salary Increases	3.00% annually
Discount Rate	3.64%
Healthcare Cost Trend Rates	8.00% at year 1, decreasing .05% per year until year 7 to 5% and thereafter
Retirees' Share of Benefit-Related Costs	none

The discount rate was based on the S&P Municipal Bond 20 year High Grade Bond Index.

Mortality rates were based on RP-2014 projected with MP-2016.

An experience study was not performed on the actuarial assumptions used in the January 1, 2018 valuation since the Plans had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables either issued by the SOA or developed for the applicable grade of employees. The actuary has used their professional judgement in applying these assumptions to this Plan.

**Changes in Total OPEB Liability**

Balance at December 31, 2017		\$ 17,987,320.00
Changes for the Year:		
Service Cost	\$ 265,067.00	
Interest Cost	649,559.00	
Benefit Payments	(284,604.00)	
Changes in Assumptions	-	
Difference Between Expected and Actual Experience	<u>(158,126.00)</u>	
Net Changes		<u>471,896.00</u>
Balance at December 31, 2018		<u><u>\$ 18,459,216.00</u></u>

Changes of benefit terms reflect no increase in the retirees' share of health insurance premiums.

There were no changes in assumptions causing changes to total OPEB liability.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONT'D)****B. Township of Washington Postemployment Dental Benefit Plan / Medicare Part B and Health Insurance Premiums Reimbursement Plan (Cont'd)**

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

	<b>1.00% Decrease (2.64%)</b>	<b>Current Discount Rate (3.64%)</b>	<b>1.00% Increase (4.64%)</b>
Total OPEB Liability	<u>\$ 21,590,843.00</u>	<u>\$ 18,459,216.00</u>	<u>\$ 15,327,589.00</u>

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

	<b>1.00% Decrease (7.00% Decreasing to 4.00%)</b>	<b>Healthcare Cost Trend Rates (8.00% Decreasing to 5.00%)</b>	<b>1.00% Increase (9.00% Decreasing to 6.00%)</b>
Total OPEB Liability	<u>\$ 15,641,878.00</u>	<u>\$ 18,459,216.00</u>	<u>\$ 21,730,481.00</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended December 31, 2018, the Township recognized OPEB expense of \$892,034.00. As of December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ -	\$ -
Difference Between Expected and Actual Experience	-	135,536.00
Contributions Subsequent to the Measurement Date	-	-
	<u>\$ -</u>	<u>\$ 135,536.00</u>

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. Township of Washington Postemployment Dental Benefit Plan / Medicare Part B and Health Insurance Premiums Reimbursement Plan (Cont'd)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)** - Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending Dec. 31,</b>		
2019	\$	(22,589.33)
2020		(22,589.33)
2021		(22,589.33)
2022		(22,589.33)
2023		(22,589.33)
Thereafter (1 yr)		<u>(22,589.33)</u>
	<b>\$</b>	<b><u>(135,536.00)</u></b>

**Supplementary OPEB Information**

In accordance with GASBS No. 75, the following information is also presented for the Township's OPEB Plan. 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.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. Township of Washington Postemployment Dental Benefit Plan / Medicare Part B and Health Insurance Premiums Reimbursement Plan (Cont'd)****Supplementary OPEB Information (Cont'd)*****Schedule of Changes in the Township's Total OPEB Liability and Related Ratios***

	<u>Year Ended 2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 265,067.00
Interest Cost	649,559.00
Benefit Payments	(284,604.00)
Changes in Assumptions	-
Difference Between Expected and Actual Experience	<u>(158,126.00)</u>
Net Change in Total OPEB Liability	471,896.00
Total OPEB Liability - Beginning of Year	<u>17,987,320.00</u>
Total OPEB Liability - End of Year	<u>\$ 18,459,216.00</u>
Covered-Employee Payroll	\$ 15,128,675.31
Total OPEB Liability as a Percentage of Covered-Employee Payroll	122.01%

## Notes to Schedule:

Changes of Benefit Terms:  
None

Changes of Assumptions:  
None

**Note 9: COMPENSATED ABSENCES**

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

Superior Officers are entitled to 36 to 49 accumulated leave days per year based on years of service. Such days can be carried forward until retirement or termination. Existing Captains and Lieutenants (as of August 15, 2017) are permitted to accumulate up to 100 leave days which may either be used as terminal leave upon retirement, "cashed in" during last five years of retirement, or be "paid out" upon retirement. Lieutenants promoted after August 15, 2017 may accumulate up to a maximum of 80 days.

**Note 9: COMPENSATED ABSENCES (CONT'D)**

Police Sergeants are entitled to 28 to 48 accumulated leave days per year based on years of service. Employees retiring on either age and service or disability pension shall be paid a lump sum payment for each full day of earned and unused accumulated leave which is credited to him/her on the effective date of his/her retirement. The amount to be paid shall be computed at the rate of 100% of the daily rate of pay for each day earned and unused accumulated leave, not to exceed 100 days based on the average annual compensation received during the last twelve months of employment prior to the effective date of his/her retirement divided by 1,872 hours. All employees must request compensation for earned and accumulated leave days to be paid beginning in the 21<sup>st</sup> year of his/her employment, and continuing in years 22, 23, 24, and 25. The yearly payments shall be for one-fifth of the employee's unused and accumulated leave fixed until retirement as of the date of the initial request. Accumulated and unused leave time may also be used as "terminal leave", or any combination thereof.

Patrol Officers are entitled to 10 to 25 vacation days per year based on years of service. An employee who terminates his employment with the Township, or whose employment is terminated by the Township, shall be entitled to vacation time and/or vacation pay on a pro-rata basis. Sick leave accrues for regular full-time employees at the rate of one and one-quarter working days per month in every calendar year of employment and shall accumulate from year to year, up to 100 days. Employees retiring on either regular or disability pension shall be paid for all accumulated holidays, vacations, and accumulated sick leave which is credited to him on the effective date of his retirement. The payment shall be computed at the rate of 100% of the daily rate of pay for each day earned and unused, based upon the average annual compensation received during the last year of his employment prior to the effective date of his retirement.

Full time Public Works union employees are entitled to sick leave with full pay on a basis of 6 hours and 45 minutes for each completed month of service. For employees hired before July 1, 2006, accumulation of sick time is limited to 90 days. For employees hired after July 1, 2006, accumulation of sick time shall be capped at a maximum of \$15,000.00. All employees must request compensation for earned and accumulated leave days to be paid beginning in the 21<sup>st</sup> year of his/her employment and continuing in years 22, 23, 24, and 25. The yearly payments shall be for one-fifth of the employee's unused and accumulated leave fixed until retirement as of the date of the initial request. Full time Public Works union employees are also entitled between 5 to 30 days of vacation per year based on their anniversary date and up to one week of vacation can be carried forward. At termination or retirement they would be paid for 100% of their accumulated vacation pay. Public Works employees also have the option of taking vacation pay in lieu of vacation days at the end of the year.

Municipal Services Supervisors and Coordinators earn between 5 and 25 vacation leave days per year. Employees may carry up to 10 days into the next calendar year. An employee who terminates his employment with the Township, or whose employment is terminated by the Township, shall be entitled to vacation time and/or vacation pay on a pro-rata basis. Said payment shall also include any vacation time accrued and not used from a previous year (carried over). Employees shall receive 3 personal days per year. Unused personal days may not be carried over from one calendar year to the next and employees who terminate their employment shall be reimbursed for any unused personal days on a prorated basis. Employees are entitled to 15 sick days per year and those employed before January 1, 1995 are entitled to sell back up to 20% of accumulated sick time annually. Employees employed after January 1, 1995 and have a minimum of 400 sick hours in their bank are entitled to sell back up to 15 sick days annually. In the event of retirement, resignation, layoff or termination of employment an employee shall receive a lump sum payment at 100% of their hourly rate for all accumulated sick time.

Clerical union employees earn between 38 and 190 vacation leave hours per year prior to January 1, 2019. Starting January 1, 2019, employees earn between 62 and 214 vacation leave hours per year. Employees may carry up to 5 days into the next calendar year. Upon retirement or termination or resignation of employment, employees shall be paid for all vacation leave not used at their then hourly rate of pay. Employees shall receive 24 personal hours per year.

**Note 9: COMPENSATED ABSENCES (CONT'D)**

Clerical Union Employees (Cont'd) - Unused personal hours may not be carried over from one calendar year to the next and employees who terminate their employment shall be reimbursed for any unused personal hours on a prorated basis. Employees are entitled to a total of 114 sick hours per year prior to January 1, 2019. Starting January 1, 2019, employees are entitled to a total of 90 sick hours per year. Pilot Program employees earn a total of 93 sick hours per year. Upon termination or retirement, an employee shall receive a lump sum payment at their then hourly rate of pay for 100% up to \$15,000.00 of accumulated sick time.

Other full-time nonunion employees earn sick hours of 8 to 10 hours each month worked and earn between 32 and 208 vacation hours per year. Personal days are accrued as follows: all full-time nonunion employees will receive 3 personal days per year; four day per week employees and five day, forty hour per week employees will be entitled to 24 hours per year and five day, thirty-two hour per week employees will be entitled to 18 hours per year. Unused sick leave may be accumulated and carried forward to the subsequent year and up to 12 days may be sold back to the Township. Up to one week of vacation can be carried forward to the next year. Upon termination or retirement any employee having worked longer than one year is entitled to be paid for all unused sick, vacation, and personal days.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2018, accrued benefits for compensated absences are valued at \$3,952,551.64.

**Note 10: DEFERRED COMPENSATION SALARY ACCOUNT**

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

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

**Note 11: CAPITAL DEBT****General Improvement Bonds**

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

General Obligation Refunding Bonds, Series 2016 - On July 7, 2016, the Township issued \$6,305,000.00 in general obligation refunding bonds, with interest rates ranging from 2.0% to 5.0%, to advance refund \$6,720,000.00 outstanding 2006 general obligation refunding bonds with an interest rate of 5.0% and to pay certain costs and expenses incidental to the issuance and delivery of the Refunding Bonds. The final maturity of the bonds is August 1, 2021.

General Obligation Bonds, Series 2017 - On April 20, 2017, the Township issued \$13,410,000.00 in general obligation bonds, with interest rates ranging from 2.0% to 5.0%. The purpose of the bonds is to fund various capital ordinances 36-2013, 03-2015, and 12-2016. The final maturity of the bonds is February 1, 2037.



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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,250,000.00	\$ 843,512.52	\$ 3,093,512.52
2020	2,270,000.00	753,087.52	3,023,087.52
2021	2,255,000.00	656,562.52	2,911,562.52
2022	1,070,000.00	558,437.52	1,628,437.52
2023	1,100,000.00	519,862.52	1,619,862.52
2024-2028	5,740,000.00	1,910,662.60	7,650,662.60
2029-2033	5,285,000.00	892,981.32	6,177,981.32
2034-2037	3,395,000.00	216,740.65	3,611,740.65
	<u>\$ 23,365,000.00</u>	<u>\$ 6,351,847.17</u>	<u>\$ 29,716,847.17</u>

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

On December 2, 1998, the Township entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$672,300.00, at an interest rate of 2.0%. The proceeds were used to fund the Washington Township Lake Park Addition Project. Final maturity of this loan was September 2nd, 2018.

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 30,626.29	\$ 3,575.63	\$ 34,201.92
2020	31,241.86	2,960.01	34,201.87
2021	31,869.84	2,332.06	34,201.90
2022	20,073.78	1,691.48	21,765.26
2023	7,916.25	1,412.36	9,328.61
2024-2028	42,032.95	4,610.10	46,643.05
2029-2031	22,637.89	683.65	23,321.54
	<u>\$ 186,398.86</u>	<u>\$ 17,265.29</u>	<u>\$ 203,664.15</u>

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 34,231,013.86	\$ 31,330,063.61	\$ 27,957,615.25

**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 .746%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 11,840,000.00	\$ 11,840,000.00	
General	34,231,013.86		\$ 34,231,013.86
	<u>\$ 46,071,013.86</u>	<u>\$ 11,840,000.00</u>	<u>\$ 34,231,013.86</u>

Net debt \$34,231,013.86 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$4,586,035,668.67, equals .746%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 160,511,248.40
Less: Net Debt	<u>34,231,013.86</u>
Remaining Borrowing Power	<u>\$ 126,280,234.54</u>

**Note 12: RISK MANAGEMENT**

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

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

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

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ -	\$ 18,348.50	\$ 4,140.82	\$ 14,365.63
2017	13,000.00	20,114.45	70,812.13	157.95
2016	-	18,943.70	32,899.34	37,855.63

**Note 12: RISK MANAGEMENT (CONT'D)**

**New Jersey Unemployment Compensation Insurance (Cont'd)** - It is estimated that unreimbursed payments on behalf of the Township at December 31, 2018 are \$102.94.

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

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

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of 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 Fund provides the Township with the following coverage:

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

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

The Fund publishes its own financial report for the year ended December 31, 2018, which can be obtained from:

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

**Note 13: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST**

On November 7, 2000, pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township of Washington authorized the establishment of the Township of Washington Open Space Trust Fund effective January 1, 2001, for the purpose of raising revenue for the acquisition of land, easements and/or development rights to preserve underdeveloped areas in the Township. As approved by the referendum, the Township levies a tax not to exceed two cents per one hundred dollars of assessed valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. On April 26, 2011, the Township adopted Ord. 8-2011 to temporarily suspend funding of the Open Space Trust Fund for the Calendar Year 2011.

**Note 13: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST (CONT'D)**

On May 22, 2013, the Township adopted Ord. 15-2013 to amend the funding for the Open Space Trust Fund. Effective January 1, 2013, and every year thereafter, the Open Space Trust Fund shall be funded through the dedication to the fund an amount of \$0.01165 per one hundred dollars of assessed tax levy or the amount of debt service for the year, whichever is less. On October 25, 2017, the Township adopted Ord. 29-2017 to amend the funding for the Open Space Trust Fund. Effective January 1, 2018 and every year thereafter, the Open Space Trust Fund shall be funded through the dedication to the fund in the amount of \$0.01 per \$100 of the assessed tax levy.

All revenue received is accounted for in a Trust Fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township of Washington Open Space Trust Fund. A budget indicating the anticipated revenues and expenditures of the Trust Fund for each year is adopted as part of the Township operating and capital budget.

**Note 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 Township expects such amount, if any, to be immaterial.

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

**Note 15: CONCENTRATIONS**

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

**Note 16: TAX ABATEMENTS**

The Township is authorized to enter into property tax abatement agreements for commercial and industrial structures under N.J.S.A. 40A:21-1 (Chapter 441, P.L. 1991) known as the "Five Year Exemption and Abatement Law", Chapter 229 of the Township Code of the Township of Washington, Taxation, Article I, and Ordinance No. 37-1998; amended in its entirety by Ordinance 42-2008. Under these laws, the Township may grant property tax abatements for a period of five years from the date of completion of construction for the purpose of encouraging the construction of new commercial and industrial structures.

The first calendar year following completion, 0 percent of taxes are due, and each subsequent calendar year the percentage of taxes due increases by 20 percent. During the 6<sup>th</sup> calendar year, 100 percent of taxes are assessed and due. The property owner agrees that the payment in lieu of taxes shall be made to the Township in quarterly installments on those dates when real estate tax payments are due. Failure to make timely payments shall result in interest being assessed at the highest rate permitted for unpaid taxes and a real property tax lien on the land.

**Note 16: TAX ABATEMENTS (CONT'D)**

For the year ended December 31, 2018, the Township received \$91,790.08 in payment in lieu of taxes; and the total property taxes abated amounted to \$112,693.52 under this program, including the following property tax abatement agreements for property improvements or new construction that each exceeded 10 percent of the total, which is the percentage the Township considers to be material for purposes of individual disclosure:

<u>Business Name</u>	<u>Purpose</u>	<u>Percent Abated</u>	<u>Amount Abated</u>
Washington Development Company	Self Storage Facility	60%	\$ 25,579.08
Tower Commons Associates, LP	Office Complex	20%	15,303.08
461 Route 168 LLC	Office Complex	80%	24,275.86
Turnersville Development Co.	Retail Stores	100%	37,918.04

**Note 17: SUBSEQUENT EVENT**

**Authorization of Debt** – Subsequent to December 31, 2018, the Township authorized additional bonds, notes, and loans as follows:

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
<b>General Improvements</b>		
Various Capital Improvements and Related Expenses	06/05/19	\$ 5,700,000.00

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**APPENDIX C**

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**FORM OF BOND COUNSEL OPINION**



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June \_\_, 2020

Mayor and Township Council  
of the Township of Washington  
523 Egg Harbor Road  
Sewell, New Jersey

**RE: \$16,186,940 TOWNSHIP OF WASHINGTON, COUNTY OF  
GLOUCESTER, NEW JERSEY, BOND ANTICIPATION NOTES OF 2020,  
SERIES A**

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Ladies and Gentlemen:

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

The Notes are issued 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) bond ordinances 7-2017, 15-2018 and 18-2019, each duly and finally adopted by the Township Council (collectively, the "Bond Ordinances"), and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on June \_\_, 2020 ("Award Certificate").

The Notes are issued to temporarily finance the costs of certain improvements described in the Bond Ordinances. The Notes are dated June 23, 2020 and mature on June 22, 2021. The Notes are issued in registered form without coupons and are not subject to redemption prior to their stated maturity date.

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 Award Certificate, the representations and covenants of the Township given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Notes.

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

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

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, certifications, instruments 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 Notes are legal, valid and binding obligations of the Township enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

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

3. Interest on the Notes 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 Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

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

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

Ownership of the Notes 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 Notes 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 Notes 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 Notes.

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

Owners of the Notes 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 Notes 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 Notes.

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

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

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

Very truly yours,

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**APPENDIX D**

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**FORM OF CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this 23rd day of June, 2020 by and between the Township of Washington, County of Gloucester, New Jersey ("Township") and Acacia Financial Group, Inc., Mount Laurel, New Jersey ("Dissemination Agent"). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its Tax Refunding Notes of 2020, Series A, in the aggregate principal amount of \$16,186,940 ("Notes").

**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 Notes (collectively, the "Noteholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 ("Exchange Act"), as it may be amended and supplemented from time to time, including administrative or judicial interpretations thereof, as it applies to the Notes ("Rule").

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

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

**"Continuing Disclosure Information"** shall mean any notice required to be filed with the National Repository pursuant to Section 3 hereof.

**"EMMA"** shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the Notes, 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.

**"MSRB"** shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

**"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 SEC as a repository for purposes of the Rule.

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

**"SEC Release"** shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

### **SECTION 3. Reporting of Significant Events.**

(a) This Section 3 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 Notes, or other material events affecting the tax status of the Notes;
- (7) modifications to the rights of Noteholders, if material;
- (8) Note calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Notes, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation<sup>1</sup> of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

the National Repository within two (2) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Township.

**SECTION 4. Termination of Disclosure Agreement.** This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes or when the Township is no longer an Obligated Person (as defined in the Rule) with respect to the Notes.

**SECTION 5. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Township and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver (supported by an Opinion of Counsel) is: (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Township, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of Noteholders. The Township shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

**SECTION 6. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Township from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Township chooses to include any information in any 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 notice of occurrence of a Listed Event.

**SECTION 7. Default and Remedies.** In the event of a failure of the Township to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Noteholder may (and, at the written request of Noteholders of at least twenty-five percent (25%) of the outstanding Notes and provision of indemnity and security for expenses satisfactory to it, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Township to comply with this Disclosure Agreement shall be an action to compel performance. A failure of the Township to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Notes.

**SECTION 8. Notices.** All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Township:

Township of Washington  
523 Egg Harbor Road  
Sewel, New Jersey 08080  
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Acacia Financial Group, Inc.  
6000 Midlantic Drive, Suite 410  
Mount Laurel, New Jersey 08054  
Attention: Jennifer G. Edwards, Managing Director

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 8 for the giving of notice.

**SECTION 9. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Township, the Dissemination Agent and the Noteholders and nothing herein contained shall confer any right upon any other person.

**SECTION 10. 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 11. Compensation.** The Township shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

**SECTION 12. Successors and Assigns.** All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Township, or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 13. 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 14. 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 15. 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 16. 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.

**TOWNSHIP OF WASHINGTON, NEW JERSEY**

By: \_\_\_\_\_  
**COLETTE BACHICH, Chief Financial Officer**

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

By: \_\_\_\_\_  
**JENNIGER G. EDWARDS, Managing Director**