

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 22, 2020

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Township (as hereinafter defined) with certain tax covenants described herein, under existing law, interest on the Bonds and Notes (each as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and does not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals. In addition, interest on the Bonds and 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 Bonds and Notes and any gain from the sale thereof are not included in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.

\$3,438,000
TOWNSHIP OF WATERFORD
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2020
Consisting of:
\$3,003,000 General Improvement Bonds
\$435,000 Water & Sewer Utility Bonds
(Bank Qualified) (Callable)

\$1,980,000
TOWNSHIP OF WATERFORD
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2020, SERIES A
(Bank Qualified) (Non-Callable)

Dated: Date of Delivery

Bonds Due: November 15, as shown on inside front cover
Notes Due: November 18, 2021

The: (i) \$3,438,000 aggregate principal amount of its General Obligation Bonds, Series 2020 ("Bonds"); and (ii) \$1,980,000 principal amount of Bond Anticipation Notes of 2020, Series A ("Notes"), of the Township of Waterford, County of Camden, 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 thereof, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds and the Notes.

The Bonds consist of: (i) \$3,003,000 General Improvement Bonds; and (ii) \$435,000 Water & Sewer Utility Bonds. The principal of the Bonds shall be paid on their respective maturity dates thereof upon presentation and surrender of the Bonds at the offices of the Township, acting as bond registrar and paying agent for the Bonds. Interest on the Bonds is payable semi-annually on May 15 and November 15 ("Interest Payment Dates"), commencing May 15, 2021, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions stated herein.

The Notes shall be dated and bear interest from November 19, 2020 (date of delivery) at the rate set forth on the inside front cover hereof. The Notes shall mature on November 18, 2021 upon presentation and surrender of the Notes at the offices of the Township. Interest on the Notes is payable at maturity. The Notes are not subject to redemption prior to maturity.

Upon initial issuance, the Bonds and 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 Bonds and the Notes. So long as Cede & Co. is the registered owner of the Bonds and the Notes, payments of principal of and interest on the Bonds and 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 Bonds and the Notes. Purchasers will not receive certificates representing their ownership interest in the Bonds or the Notes purchased. For so long as any purchaser is a Beneficial Owner of a Bond or 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 Bond or Note.

The Township is issuing the Bonds pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2016-02, 2016-12, 2016-14, 2017-18, 2017-19, 2018-06, 2018-20, 2020-07 and 2020-08 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Committee on October 14, 2020; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October ____, 2020.

The Bonds are being issued by the Township to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment, at maturity, of certain bond anticipation notes of the Township maturing on December 1, 2020; (ii) permanently 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 Bonds.

The Township is issuing the Notes pursuant to: (i) the Local Bond Law; (ii) bond ordinances 2020-09 and 2020-10, each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law (collectively, the "Note Ordinances"); and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October ____, 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 for which obligations have been authorized by the Note Ordinances, but not yet issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

The Bonds and Notes are general obligations of the Township and the full faith and credit of the Township are irrevocably pledged for the payment thereof. The Bonds and 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 Bonds and 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, David Patterson Esquire, of the law firm Maressa, Patterson, LLC, Berlin, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Bonds and Notes. Delivery of the Bonds and Notes is further subject to certain other conditions set forth herein. It is anticipated that the Bonds and Notes in definitive form will be available for delivery through DTC in New York, New York, on or about November 19, 2020.

MATURITY SCHEDULES

\$3,438,000

GENERAL OBLIGATION BONDS, SERIES 2020

Consisting of:

\$3,003,000 General Improvement Bonds

\$435,000 Water & Sewer Utility Bonds

<u>Year</u>	<u>General Improvement</u>	<u>Water & Sewer Utility</u>	<u>Combined</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>
2021	\$153,000	\$35,000	\$188,000	%	%	
2022	155,000	35,000	190,000			
2023	285,000	35,000	320,000			
2024	290,000	40,000	330,000			
2025	295,000	40,000	335,000			
2026	300,000	40,000	340,000			
2027	305,000	40,000	345,000			
2028	305,000	40,000	345,000			
2029	305,000	40,000	345,000			
2030	305,000	45,000	350,000			
2031	305,000	45,000	350,000			

\$1,980,000

BOND ANTICIPATION NOTES OF 2020, SERIES A

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>
November 18, 2021	\$1,980,000	%	%	

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

**THE TOWNSHIP OF WATERFORD
COUNTY OF CAMDEN, NEW JERSEY**

Elected Officials

Richard Yeatman	Mayor
Andrew Wade	Deputy Mayor
Howard Wilson	Committee Member
Rita Hanna	Committee Member
Eric Romolini	Committee Member

**Vacant
Township Administrator**

**Dawn Liedtka
Township Clerk**

**James D'Auria
Chief Financial Officer**

**Solicitor
Maressa Patterson, LLC
Berlin, New Jersey**

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

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

**Municipal Advisor
Phoenix Advisors, LLC
Bordentown, New Jersey**

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

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there be any sale of the Bonds or 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.

Upon issuance, the Bonds and 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 nor any other federal, State, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Official Statement.

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

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
AUTHORIZATION FOR THE BONDS AND THE NOTES.....	1
PURPOSE OF THE ISSUE.....	2
DESCRIPTION OF THE BONDS AND THE NOTES.....	3
General	3
Redemption Provisions	4
Book-Entry-Only System.....	5
Discontinuance of Book-Entry-Only System	7
SECURITY FOR THE BONDS AND THE NOTES.....	8
GENERAL INFORMATION REGARDING THE TOWNSHIP	8
General	8
Financial	8
CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT.....	8
Local Bond Law	8
Local Fiscal Affairs Law	10
Local Budget Law	10
Miscellaneous Revenues	12
Real Estate Taxes.....	12
Deferral of Current Expenses.....	13
Budget Transfers	13
Capital Budget	14
Water and Sewer Utility Budget	14
Related Constitutional and Statutory Provisions	14
The Municipal Finance Commission	14
Limitation of Remedies Under Federal Bankruptcy Code	15
TAXATION	16
Procedure for Assessment and Collection of Taxes	16
Tax Appeals	16
TAX MATTERS	17
Federal.....	17
New Jersey	18
Changes in Federal and State Tax Law.....	18
LITIGATION	18
RATINGS	19
PREPARATION OF OFFICIAL STATEMENT	19
CERTAIN RISK FACTORS	19
Recent Healthcare Developments	19
Cyber Security	20
UNDERWRITING	21
LEGALITY FOR INVESTMENT	21
NO DEFAULT	21
MUNICIPAL ADVISOR	21
CONTINUING DISCLOSURE	22
LEGAL MATTERS	22
ADDITIONAL INFORMATION.....	22
APPENDIX A: CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP OF WATERFORD	
APPENDIX B: AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP OF WATERFORD	
APPENDIX C: FORMS OF BOND COUNSEL OPINION	
APPENDIX D: FORMS OF CONTINUING DISCLOSURE AGREEMENT	

OFFICIAL STATEMENT

\$3,438,000
TOWNSHIP OF WATERFORD
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2020

Consisting of:
\$3,003,000 General Improvement Bonds
\$435,000 Water and Sewer Utility Bonds
(Bank Qualified) (Callable)

\$1,980,000
TOWNSHIP OF WATERFORD
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2020, SERIES A
(Bank Qualified) (Non-Callable)

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 Waterford, County of Camden, New Jersey ("Township"), of its: (i) \$3,438,000 aggregate principal amount of General Obligation Bonds, Series 2020 ("Bonds"); and (ii) \$1,980,000 principal amount of Bond Anticipation Notes of 2020, Series A ("Notes"). The Bonds consist of: (i) \$3,003,000 General Improvement Bonds; and (ii) \$435,000 Water and Sewer Utility Bonds.

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

AUTHORIZATION FOR THE BONDS AND THE NOTES

Bonds

The Bonds are authorized to be issued pursuant to: (i) Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2016-02, 2016-12, 2016-14, 2017-18, 2017-19, 2018-06, 2018-20, 2020-07 and 2020-08 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Committee on October 14, 2020; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October ____, 2020.

Notes

The Township is issuing the Notes pursuant to: (i) Local Bond Law; (ii) bond ordinances 2020-09 and 2020-10 (collectively, the "Note Ordinances"), each duly and finally adopted by the Township Committee 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 October ____, 2020.

PURPOSE OF THE ISSUE

Bonds

The Bonds are being issued by the Township to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment, at maturity, of certain bond anticipation notes of the Township maturing on December 1, 2020; (ii) permanently 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 Bonds.

Notes

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 for which obligations have been authorized by the Note Ordinances, but not yet issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

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

**TABLE I - Bonds
General Improvement**

Ordinance Number	Purpose	Amount Authorized	Outstanding Notes	Bonds
2016-02	Acquisition of Real Property	\$142,750	\$142,750	\$142,750
2016-14	Acquisition of equipment for various departments and renovations and improvements to municipal facilities	348,900	348,900	348,250
2017-18	Acquisition of equipment for various departments, improvements to Township recreation and public works facilities, road resurfacing	510,600	510,600	510,600
2018-06	Acquisition of Equipment and Park Improvements	1,025,000	1,025,000	1,025,000
2018-20	Acquisition of Equipment and Road Improvements	376,000	376,000	376,000
2020-07	Acquisition of Various Equipment; Completion of Various Improvements	600,400	0	600,400
TOTAL		\$3,003,650	\$2,403,250	\$3,003,000

Water and Sewer Utility

Ordinance Number	Purpose	Amount Authorized	Outstanding Notes	Bonds
2016-12	Acquisition of various utility equipment, including water meters	\$133,300	\$133,000	\$133,000
2017-19	Acquisition of equipment for and improvement of Township's utility system	190,400	182,000	182,000
2020-08	Acquisition of equipment for and improvement of Township's utility system	120,000	0	120,000
TOTAL		\$443,700	\$315,000	\$435,000

TABLE II – Notes

General Capital

Ordinance Number	Purpose	Amount Authorized	Outstanding Notes	Notes
2020-09	Acquisition of Various Equipment for the Township's Solid Waste Collection Project	\$1,458,250	\$0	\$1,458,000
2020-10	Completion of Various Improvements to the Waterford Township Free Public Library	522,500	0	522,000
TOTAL		\$1,980,750	\$0	\$1,980,000

DESCRIPTION OF THE BONDS AND THE NOTES

General

Bonds

The Bonds will be issued in the aggregate principal amount of \$3,438,000. The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on May 15 and November 15 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing May 15, 2021, in each year until maturity or earlier redemption. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any integral multiple thereof, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS AND THE NOTES--Book-Entry-Only System" below. The Bonds will mature on November 15 in the years and in the principal amounts, all as shown on the inside front cover page of this Official Statement.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the Township, as registrar and paying agent. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the

registered owner of record thereof appearing on the registration books kept by the Township for such purpose at the offices of the Township, as of the close of business on the first (1st) day of the calendar month containing an Interest Payment Date (each a "Record Date").

So long as The Depository Trust Company, Jersey City, New Jersey ("DTC") or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Bonds is the responsibility of the DTC Participants and not the Township or its hereafter designated paying agent, if any.

Notes

The Notes will be issued in fully registered book-entry-only form without coupons in minimum denominations of \$5,000 or any integral multiple thereof, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the 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 \$1,980,000, will be dated the date of issuance, will bear interest from that date at the rate set forth on the inside cover page hereof and will mature on November 18, 2021.

Redemption Provisions

Bonds

The Bonds maturing on and after November 15, 2028 are subject to redemption prior to their stated maturity dates at the option of the Township, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Township shall determine and within any such maturity by lot) on any date on or after November 15, 2027, at a redemption price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be redeemed at his or her last known address, if any, appearing on the registration books of the Township. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC and not be sent to the Beneficial Owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any Participant or any failure of a Participant to notify any Beneficial Owner of the Bonds shall not affect the validity of any proceedings for the redemption of Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be

redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bonds or portion thereof to be redeemed shall cease to accrue and be payable.

Notes

The Notes are **not** subject to redemption prior to their stated maturity dates.

Book-Entry-Only System¹

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds and Notes, payment of principal and interest, and other payments on the Bonds and Notes to DTC Participants or Beneficial Owners (as each such term is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and 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 Bonds and the Notes. The Bonds and 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 Bonds and 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 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

¹ Source: The Depository Trust Company

corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all the Bonds and 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 Bonds and 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 Bonds and Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and 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 Bonds and 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 Bonds and Notes are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds and 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 Bonds and 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 Bond and 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, Bond and 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 BONDS AND THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS/NOTEHOLDERS OR REGISTERED OWNERS OF THE BONDS AND NOTES (OTHER THAN UNDER THE HEADING "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS AND 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 Bonds and Notes, the following provisions would apply: (i) the Bonds and Notes may be exchanged for an equal principal amount of Bonds and 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 Bonds and 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 Bonds or Notes, if any; and (iii) for every exchange or registration of transfer of the Bonds and 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 Bonds and Notes. In such event, interest on the Bonds and 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 BONDS AND THE NOTES

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Bonds and the Notes. The Bonds are general obligations of the Township payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the Township without limitation as to rate or amount. The 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 Bonds and 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 Bonds and 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 Bonds and 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 audited financial statements of the Township for the years ending December 31, 2019, 2018, 2017, 2016 and 2015. The 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 Bonds and 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, 2019 is on file with the Township Clerk and is available for review during business hours.

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

Local Budget Law

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

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

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

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

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a local unit to increase its overall appropriations, it does not limit the obligation of the Township to levy *ad valorem* taxes upon all taxable real property

within the Township to pay debt service on the Bonds and 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 appropriation 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 Bonds and 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 DLGS 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.

Pursuant to P.L. 2020, c. 74, a local unit, including the Township, may adopt an ordinance authorizing emergency appropriations for the preparation, response, recovery and restoration of public services during the COVID-19 related public health emergency which special emergency appropriation may be financed by special emergency notes pursuant to *N.J.S.A. 40A:4-55*.

Furthermore, local units, including the Township, may declare operating deficits as a special emergency that, once certified to and approved by the Director of the Division of Local Government Services may be amortized over a five-year period (with no appropriation for the deferred charge required for the first year) as deferred charge. If the spread of the deferred charge over such period would cause a financial hardship to the local unit, the local unit may seek Local Finance Board approval to extend such deferred charge for a period not to exceed 10 years. A local unit may issue special emergency notes to finance the appropriation associated with such deferred charge.

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.

Water and Sewer Utility Budget

The Township's public Water and Sewer Utility is supported, in addition to the general taxing power upon real property, by the revenues generated by the operations of the utility. A separate budget is established for the utility. The anticipated revenues and appropriations for the utility are set forth in a budget, which is required to be balanced and to fully provide for debt service. The regulations regarding anticipation of revenue and deferral of charges apply equally to the budget of the utility. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Related Constitutional and Statutory Provisions

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

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

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

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

The Municipal Finance Commission

The Municipal Finance Commission ("Commission") was created in 1931 to assist in the financial rehabilitation of municipalities, which had defaulted in their obligations. The powers of the Commission are exercised today by the Local Finance Board. The previously discussed elements

of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the "Municipal Finance Commission Statutes" are available to assist in restoring the stability of the local unit.

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

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

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

Limitation of Remedies Under Federal Bankruptcy Code

The rights and remedies of the registered owners of the Bonds and 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 BONDS AND 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 effective for the year 2013.

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

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

Tax Appeals

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

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. On April 30, 2020, Township Committee adopted Resolution No. 2020-145, 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 MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, assuming continuing compliance by the Township with the tax covenants described below, under existing law, interest on the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and the Notes.

Ownership of the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 designated the Bonds and the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and the Notes.

PROSPECTIVE PURCHASERS OF THE BONDS AND 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 BONDS AND 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.

LITIGATION

To the knowledge of the Township's Solicitor, David Patterson, Esquire, of the law firm Maressa, Patterson, LLC, Berlin, New Jersey ("Solicitor"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds and the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds and the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Bonds and 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 or threatened that,

in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

RATINGS

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P"), has assigned a rating of "AA-" to the Bonds and "SP-1+" to the Notes based upon the creditworthiness of the Township.

The ratings reflect only the views of S&P and an explanation of the significance of such ratings may only be obtained from S&P. The Township furnished to S&P certain information and materials concerning the Bonds and Notes and the Township. There can be no assurance that the ratings for the Bonds and Notes will be maintained for any given period of time or that such ratings may not be raised, lowered or withdrawn entirely if, in S&P's judgment, circumstances so warrant. Any downward change in or withdrawal of such ratings may have an adverse effect on the marketability or market price of the Bonds and 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 Bonds and the Notes by certificates signed by various officers and officials of the Township upon issuance and delivery of the Bonds and 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.

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.

In response, the President declared a national emergency on March 13, 2020, which made available federal resources to combat the spread of the virus. In addition, a multi-billion-dollar relief package was signed into law by the President on March 18, 2020, providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. Further, an approximately \$2 trillion federal stimulus package was signed into law on March 27, 2020 (titled the "Coronavirus Aid, Relief, and Economic Security Act"), which includes extraordinary public health spending to confront Coronavirus; 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 and money market mutual funds.

The State has also taken action to assist both local governments and residents effected by the Coronavirus. In particular, on March 28, 2020, the Governor announced a temporary forbearance program for mortgage payments for borrowers economically impacted by the Coronavirus. Additionally, the State tax filing deadlines have been extended and the State fiscal year has been extended to September 30, 2020. The continuing impact of these changes could result in short and long-term reductions in available tax and other miscellaneous revenues for governing bodies throughout the State, depending on duration and severity. In an effort to provide budgetary relief to local governmental units, the Governor signed legislation (A3971) on August 31, 2020, authorizing municipalities and counties to borrow funds to cover revenue shortfalls and expenditures caused by the Coronavirus. The State's finances have been and may continue to be materially adversely affected by the continuation of the pandemic.

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, 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.

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by _____, as underwriter ("Bond Underwriter"), pursuant to a Certificate of Determination and Award, dated October __, 2020.

The Notes have been purchased from the Township at a public sale by _____, as underwriter ("Notes Underwriter"; together with the Bond Underwriter, the "Underwriters"), pursuant to a Certificate of Determination and Award, dated October __, 2020.

The Underwriters have purchased the Bonds and the Notes in accordance with the respective Notices of Sale. The Bonds and Notes are being offered for sale at the yields set forth on the inside front cover of this Official Statement. The Underwriters are each obligated to purchase all of the Bonds and Notes if any of the Bonds and Notes are purchased.

The Underwriters intend to offer the Bonds and Notes to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds and Notes to the public. The Underwriters may offer and sell the Bonds and Notes to certain dealers (including dealers depositing Bonds and 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 yields may be changed, from time to time, by the Underwriters without prior notice.

LEGALITY FOR INVESTMENT

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

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Township with respect to the issuance of the Bonds and 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 Bonds and the Notes, enter into agreements substantially in the forms set forth in Appendix "D".

The Township has previously entered into continuing disclosure undertakings under the Rule. The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey in November of 2015 to act as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its obligations.

LEGAL MATTERS

The legality of the Bonds and the Notes will be subject to the approving legal opinions of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township ("Bond Counsel"). Such opinions will be printed on or accompany the Bonds and the Notes and provide, *inter alia*, that the Bonds and 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 Bonds and the Notes and interest thereon. The enforceability of rights or remedies with respect to the Bonds and 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 its Solicitor, David Patterson, Esq., of the firm Maressa, Patterson, LLC, Berlin, New Jersey.

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

The various legal opinions to be delivered concurrently with the delivery of the Bonds and 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 James D'Auria, Chief Financial Officer of the Township, at 856.768.2300 or the Municipal Advisor at 609.291.0130.

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

By: _____
JAMES D'AURIA, Chief Financial Officer

Dated: October __, 2020

APPENDIX A

GENERAL INFORMATION ON THE TOWNSHIP

GENERAL INFORMATION ON THE TOWNSHIP

History

The Township was established in New Jersey by charter granted on June 1, 1694, and incorporated in 1883. Located in the eastern section of Camden County, it borders Burlington and Atlantic Counties and is bound on the south by Winslow Township and Chesilhurst Borough and on the west by Berlin Borough and Berlin Township. The overall area of the Township is 36.11 square miles.

The Township is a sprawling mix of commercial, suburban and rural environments. There has been steady growth in the Township since the 1950's. The Township was granted relief from a seven-year sewer hookup moratorium in 1995. Much of the anticipated commercial growth will occur around the intersection of Routes 73 and 30, two major State thoroughfares. The intersection underwent a \$15 million reconstruction. The Township has completed construction of a \$2.6 million access road through 137 acres of under development commercially zoned property adjoining this intersection. This road will lead to a minimum of 600,000 square feet of new commercial development in the next few years. Route 30 serves as a major connection between Philadelphia and Atlantic City, while Route 73 is a main route between Northern Philadelphia County and all major New Jersey Shore points.

The Township is approximately 45 miles from Atlantic City and is close to Philadelphia as well. Moreover, the Township is home to a modern train station that is a key stop on the route to Atlantic City and Philadelphia. The train station's strategic location to both the Atlantic City Line as well as the commercial area described above puts the Township in a very favorable position to be a key stopover for people visiting the shore points.

Pinelands

The legislative mandate to protect the Pinelands is set forth in the National Parks and Recreation Act of 1978 ("Pinelands Act") signed by President Carter. The Pinelands Act established the Pinelands National Reserve, encompassing parts of seven southern New Jersey counties and all or parts of 56 municipalities. This includes the Camden County municipalities of Waterford Township, Winslow Township, Berlin Township, Berlin Borough and Chesilhurst Borough. All of Waterford Township lies within the Pinelands area. Approximately 50% of the Township is in the preservation area and is overseen by the State as the Wharton State Forrest. The remainder of the Township is within the protection area.

The New Jersey Pinelands Commission, established in 1979 by the Pinelands Protection Act, adopted the Pinelands Comprehensive Management Plan in 1981. The Comprehensive Management Plan consists of recommendations and regulations for the protection, preservation, regulation and development of the Pinelands region.

Library

The Township has its own library facility located on Atco Avenue. The library is free to Township residents and incorporates multiple programs for youth groups and adults, six computers for public use and houses over 24,500 books and periodicals. The Southern Branch of the Camden County Library is located on Cooper Folly Road just over the Township border in Winslow Township. In January of 2021, the Free Library of Waterford Township will be relocating to a new 3,600 square foot location that will improve its mission dramatically.

Police, Emergency Medical and Fire Protection

The Township's Police Department ("Department") offers residents 24 hour a day protection from the centrally located Township Municipal Building. The Department consists of a Police Chief, two Lieutenants, five Sergeants, and thirteen Patrol Officers and four School Resource Officers. The

Department has a very active community awareness program, funded by a Municipal Alliance Grant. Programs that have developed are Senior Awareness, National Night Out and Bicycle Helmet Safety.

The Waterford Township Emergency Medical Squad operates two ambulances, has 40 trained volunteers and supplies emergency medical services. The Township's financial support is used to purchase equipment, supplies and maintain training for the volunteers.

The Waterford Township Fire Department consists of more than 50 volunteers and 18 pieces of vehicular firefighting equipment operating out of one fire station. All fire personnel must meet vigorous training requirements before becoming a member of the Fire Department.

All of these services are supplemented through the use of mutual aid agreements with neighboring municipalities and State services.

Public Works Department

The Public Works Department is responsible for the maintenance and beautification of Township recreation areas and other public grounds, repair and upkeep of over 150 miles of Township roads and the continued maintenance of all Township owned vehicles. The Department consists of a Public Works Foreman, two mechanics, one parks and recreation personnel, one clerical and eight general workers. This Public Works Department is likely to grow over the next several years as their existing responsibilities increase due to substantial growth in residential neighborhoods and recreational and commercial areas, in addition the township plans to resume the trash collection using DPW employees in 2021 as the contract with a third-party vendor ends.

Recreation Areas

The Township owns and maintains four recreational areas conveniently located throughout the municipality. Currently, these facilities cover more than 37 acres in total. Available year round to residents, these facilities offer playgrounds, basketball courts, tennis courts, baseball fields, soccer fields, football fields, deck hockey and other various use open spaces. All of these facilities contain underground sprinkler systems and lighting for use during night time hours.

The Township offers a variety of youth recreational programs through the WTAA and Atco Lions Football organizations. Programs include in house and travel soccer, basketball, baseball, softball and deck hockey programs.

The Township also has an active Senior Citizens group that holds daily programs and trips headquartered at a township owned Senior Citizen Recreational Building.

Water and Sewer Department

As of January 1, 2004, the Township operates a water and sewer utility. The Township dissolved the Waterford Township Municipal Utilities Authority ("MUA") pursuant to an Ordinance enacted by the Township and approved by the State of New Jersey effective December 31, 2003. As a result of the dissolution of the MUA, the Township has assumed the functions, assets and liabilities of the MUA, including all of the outstanding debt. See Appendix "B" herein.

Township Employees

	<u>2019</u>	<u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>2016</u>	<u>2015</u>
Full-time	45	48	47	43	38
Part-time	<u>19</u>	<u>14</u>	<u>15</u>	<u>15</u>	<u>13</u>
Total	<u>64</u>	<u>62</u>	<u>62</u>	<u>58</u>	<u>51</u>

Employee Collective Bargaining Units

Eighteen Police Officers are represented by the Policemen's Benevolent Association Local 362. The current contract expires December 31, 2020.

The United Food and Commercial Workers International Union Local 360 represents 16 clerical, public works personnel. The current contract expired December 31, 2019 and is currently still in negotiations.

Managerial employees of the Township are not represented by a collective bargaining unit.

Compensated Absences

Full-time employees with at least one year of service are entitled to varying days of vacation and sick leave. Unused sick leave is paid to the employee from a budget appropriation at year-end or in January of the following year. For additional information on compensated absences, see Appendix B: Audited Financial Statements of the Township, Note 12 to Financial Statements.

Pension Plans

Those Township employees who are eligible for pension coverage are enrolled in one of two pension systems established by Acts of the State Legislature. Currently, Township employees are either enrolled in the Police and Firemen's Retirement System or the Public Employees' Retirement System. Benefit contributions, means of funding and the manner of administration are determined by the State of New Jersey. For additional information on pension plans, see Appendix B: Audited Financial Statements of the Township, Note 8 to Financial Statements.

Population (1)

2010 Federal Census	10,649
2000 Federal Census	10,494
1990 Federal Census	10,940
1980 Federal Census	8,126
1970 Federal Census	4,073

Selected Census 2018 Data for the Township(1)

Median household income	\$65,050
Per capita income	\$29,873

Labor Force(2)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township					
Labor Force	5,603	5,537	5,612	5,595	5,609
Employment	5,372	5,279	5,308	5,268	5,208
Unemployment	231	258	304	327	401
Unemployment Rate	4.1%	4.7%	5.4%	5.8%	7.1%

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

(2) Source: New Jersey Department of Labor

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County					
Labor Force	253,053	250,133	252,989	252,368	252,172
Employment	242,811	238,635	240,117	238,479	235,856
Unemployment	10,242	11,498	12,872	13,889	16,316
Unemployment Rate	4.0%	4.6%	5.1%	5.5%	6.5%
State					
Labor Force	4,493,100	4,432,500	4,454,700	4,473,800	4,487,300
Employment	4,333,300	4,250,800	4,248,700	4,251,200	4,227,600
Unemployment	159,800	181,700	205,900	222,600	259,700
Unemployment Rate	3.6%	4.1%	4.6%	5.0%	5.8%

Housing

The Township is a New Jersey Pinelands Community of 36.11 square miles with most of the population concentrated in the regional growth area. Residential construction reached its peak between 1995 and 1999. Two major housing developments were completed, one with a total of 253 homes and the other with 89. Because, roughly 55% of the land within the Township is owned by the State of New Jersey, preserved as part of the Wharton State Forest, there is little vacant land left for residential development and population growth is expected to slow considerably. With 3,619 residential units and four apartment complexes, Waterford's population is still under 12,000 residents.

Business and Industry

A diversified economic structure within the Township strengthens the growing community. Businesses include three banks, various restaurants, two breweries, a raceway, and a large salvage business. Yet even with these larger prospering businesses, the smaller shops and public service businesses are the backbone of the economic skeleton of the Township.

The Township is home to Atco Raceway, which annually attracts more than 300,000 auto racing enthusiasts from around the country, and has been a mainstay in the community for several decades. The raceway is home to many national drag racing competitions that attract national television audiences. These racing fans provide an extended customer base that other rural communities do not have.

The Township is also the home of Archway Programs, a non-profit special education teaching facility supported by the State of New Jersey and private donations from supporters who understand the special services this facility provides. The Archway School is located on the Mullica River in the northern edge of the Township. Archway recently sold some of its land, returning such land to the tax rolls.

With most of the remaining vacant land zoned for commercial use, Township officials are taking a proactive approach to attract new, and assist expanding businesses. An ordinance was recently enacted implementing an economic development plan and continues to offer a tax incentive program for areas deemed in need of rehabilitation or redevelopment. One site, roughly 9 acres on Jackson Road, is eligible under this program. Another site, with roughly 136 acres, bordered by U.S. Route 30, Route 73 and the Atco Railway station, will soon be eligible. To further promote this area, the Township was successful in obtaining 2.6 million dollars from various grants to build an access road, named the C. William Haines Boulevard. The Township also obtained State highway access permits for a minimum of 600,000 square feet of retail commercial space for this area. This was done to assist potential developers by eliminating one part of the permitting process.

TEN LARGEST EMPLOYERS

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Waterford Board of Education	Public School Facility	210
Archway Programs	Special Education Facility for Children	198
Township of Waterford	Municipality	64
Universal Forest Products	Manufacture Trusses	65
USPS Office/Distribution Center	Mail Delivery	50+
Atco Raceway	Car Racing Facility	28
Rite Aid	Pharmacy	20+
TD Bank	Financial Institution	20+
Racks Pub and Grill	Restaurant	20+
BB&T	Financial Institution	20+

Building, Zoning and Development Codes

The Township has established development regulations governing the size of lots for various types of construction and proposed uses. The Township building codes conform to standards of the New Jersey Uniform Construction Code. These codes and other Municipal Ordinances are codified as a basis for improved administration and regulation.

The Township adopted a Land Use, Development and Zoning Ordinance. This ordinance provides an avenue for businesses to work with the Township's Department of Planning and Zoning Administration, which provides technical assistance to the applicant's professionals in order to facilitate the State and Municipal regulatory approval process.

The Township's Master Plan underwent its required reexamination in 2010 by the Township Planning Board at which time minor amendments were made to the Master Plan and the Zoning Map. The Township adopted the Haines Boulevard Redevelopment Plan in April 2016 with further amendments to it in October 2016 defining the goals and objectives for multi- use development within that 146 acres. The Township continues to meet with possible developers for development of this area. The Township Planning Board is presently undertaking its statutory required Master Plan reexamination to determine where any zoning district changes may be relevant and to update the Zoning Map.

Building Permits Issued(1)

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2020(2)	318	\$3,534,381.00
2019	425	3,378,300.00
2018	589	5,940,654.00
2017	621	7,181,904.00
2016	559	5,529,188.00
2015	588	7,235,950.00

(1) Source: Township's Construction office

(2) As of October 1, 2020

Primary and Secondary Education

The public school system in the Township is operated by the Waterford Township Board of Education ("Board of Education") as a Type II school district. It functions independently through a nine member board, elected by the voters in alternate three year terms.

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

TOWNSHIP OF WATERFORD SCHOOL DISTRICT SCHOOL ENROLLMENTS (1)

<u>Grade</u>	<u>2019</u>	<u>2018</u>	<u>As of October 15,</u> <u>2017</u>	<u>2016</u>	<u>2015</u>
Pre-K	113	71	30	30	31
K	98	81	100	108	105
1	82	96	98	101	98
2	97	94	112	86	77
3	97	99	97	102	97
4	101	87	92	95	97
5	87	86	105	98	91
6	80	93	104	87	84
Spec. Ed. (2)	<u>123</u>	<u>107</u>	<u>106</u>	<u>104</u>	<u>113</u>
Totals	<u>878</u>	<u>814</u>	<u>844</u>	<u>811</u>	<u>793</u>

PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY (1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Date of Renovation</u>	<u>Grades</u>	<u>Enrollment 10/15/19</u>	<u>Capacity</u>
Atco Elementary	1962	1973	K-1	202	236
Thomas Richards	1979	---	2-3	228	294
Waterford	1987	---	4-6	<u>436</u>	<u>465</u>
Totals				<u>878</u>	<u>995</u>

(1) Source: School District officials

(2) Includes students sent to private schools for disabilities

HIGH SCHOOL STUDENTS (1) (2)

Grade	2019	2018	As of October 15,		2015
			2017	2016	
Special Education Vocational (3)	120	119	105	126	137
7	94	92	86	85	123
8	94	80	78	119	108
9	78	82	113	103	106
10	81	109	99	100	87
11	100	97	97	81	108
12	<u>94</u>	<u>92</u>	<u>80</u>	<u>108</u>	<u>105</u>
Total	<u>661</u>	<u>671</u>	<u>658</u>	<u>722</u>	<u>774</u>

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

Rutgers University-Camden ("Rutgers"), is a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. For the 2017-2018 school year, there were approximately 5,776 undergraduate students and 1,395 graduate students.

Camden County College

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

As of the Spring of 2020, full time enrollment was 8,000 and part-time enrollment was 3,908 for a total of 11,908.

Camden County Technical Schools

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

(1) Source: School District officials

(2) Waterford Township students only

(3) Waterford Vocational School students are sent directly to the Vocational School and counted by others.

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

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

CERTAIN TAX INFORMATION

TEN LARGEST TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2020 Assessed Valuation</u>
Pliner Leon, Inc.	Housing-Parkview Care	\$2,625,300
Atco Equities % Rite Aid Corp.	Drug Store	2,090,500
Broadway Sq. Realty LLC	Retail Stores-Murphy Plaza	2,000,000
Atco Raceway, Inc.	Raceway	1,869,300
White Horse Pike LLC	Offices	1,453,500
Meisenzahl Partners LLC	Offices	1,447,800
CAP View Income & Value Fund IV LP	Bank	1,355,500
UFP Eastern DIV % UFP Berlin LLC	Manufacturing	1,304,200
Joseph Maressa	Housing	1,285,800
K & K Associates	Apartments	1,222,200

CURRENT TAX COLLECTIONS (1)

<u>Year</u>	<u>Total Levy</u>	<u>Current Collection</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2019	\$28,360,320	\$27,640,888	97.46%	\$601,899	2.12%
2018	28,310,244	27,549,638	97.31	630,214	2.23
2017	27,824,345	27,185,215	97.70	595,830	2.14
2016	27,442,332	26,680,791	97.22	659,380	2.40
2015	26,842,888	26,112,544	97.28	627,009	2.34

(1) Source: Annual Reports of Audit

DELINQUENT TAXES (1)

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected Amount</u>	<u>Percent</u>	<u>Transfer to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
2019	\$630,214	\$2,000	\$618,962	97.90%	\$13,253	---	---
2018	678,605	3,533	566,412	83.03	24,268	\$91,458	---
2017	727,278	2,500	632,799	86.71	8,114	6,091	\$82,774
2016	664,442	2,000	569,114	85.40	23,034	6,396	67,898
2015	682,709	2,000	632,546	92.38	12,373	2,357	37,433

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales & Transfers</u>	<u>Collected</u>	<u>Other Credits</u>	<u>Balance Dec. 31</u>
2019	\$723,502	\$74,142	\$12,577	\$212,550	\$572,517
2018	634,182	110,877	21,557	---	723,502
2017	567,798	86,432	20,048	---	634,182
2016	649,717	105,142	22,002	165,059	567,798
2015	580,034	75,753	6,070	---	649,717

FORECLOSED PROPERTY (1)(2)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added By Transfer</u>	<u>Adjustment to Assessed Valuation</u>	<u>Properties Sold</u>	<u>Adjustments</u>	<u>Balance Dec. 31</u>
2019	\$471,400	\$212,550	\$464,850	\$74,000	\$55,900	\$1,018,900
2018	471,400	---	---	---	---	471,400
2017	505,600	---	---	6,822	27,378	471,400
2016	142,300	165,059	198,241	---	---	505,600
2015	142,300	---	---	---	---	142,300

WATER AND SEWER UTILITY COLLECTIONS (1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Levy</u>	<u>Collected</u>	<u>Other Credits</u>	<u>Balance Dec. 31</u>
2019	\$34,957	\$1,211,404	\$1,208,049	\$1,867	\$36,445
2018	36,885	1,188,772	1,185,820	4,880	34,957
2017	50,335	1,098,747	1,108,998	3,199	36,885
2016	50,148	1,094,543	1,092,737	1,618	50,335
2015	47,291	1,120,760	1,114,003	3,900	50,148

(1) Source: Annual Reports of Audit

(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.

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)
Tax Rate (2)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total</u>	<u>Municipal</u>	<u>County</u>	<u>Local School</u>
2020	\$706,870,300	\$4.066	\$1.138	\$0.884	\$2.044
2019	707,475,300	4.004	1.137	0.889	1.978
2018	706,154,900	4.000	1.126	0.910	1.964
2017	704,991,500	3.938	1.100	0.892	1.946
2016	704,927,000	3.881	1.051	0.883	1.947

**RATIO OF ASSESSED VALUATION TO TRUE VALUE
AND TRUE VALUE PER CAPITA (3)**

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value Per Capita (4)</u>
2020	\$706,870,100	90.44%	\$781,590,115	\$73,396
2019	707,475,100	91.86	770,166,667	72,323
2018	706,154,700	92.64	762,256,801	71,580
2017	704,991,300	94.25	748,001,379	70,242
2016	704,926,800	93.83	751,280,827	70,549

REAL PROPERTY CLASSIFICATION (5)

<u>Year</u>	<u>Assessed Value Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Farm</u>
2020	\$706,870,100	\$14,162,700	\$627,559,500	\$45,957,900	\$1,295,400	\$3,601,400	\$14,293,200
2019	707,475,100	15,045,300	627,396,300	46,054,600	1,549,700	3,601,400	13,827,800
2018	706,154,700	14,843,100	626,041,400	46,720,900	1,345,900	3,601,400	13,602,000
2017	704,991,300	15,636,000	623,757,700	47,670,900	1,345,900	3,601,400	12,979,400
2016	704,926,800	15,380,400	619,688,900	48,594,700	1,739,900	2,443,800	17,079,100

(1) Source: Camden County Board of Taxation

(2) Per \$100 of assessed valuation

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

(4) Based upon 2010 Federal Census of 10,649

(5) Source: Township Assessor

**TOWNSHIP OF WATERFORD
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2019**

The following table summarizes the direct debt of the Township as of December 31, 2019 in accordance with the requirements of the Local Bond Law. The gross debt comprises long-term debt issued in the form of bonds and loans, short-term debt, including General, Water and Sewer Utility and debt of the School District. Deductions from gross debt to arrive at net debt include school district debt, reserve for payment of debt and debt considered to be self-liquidating. The resulting net debt of \$10,511,546 represents 1.364% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by *N.J.S.A. 40A:2-6*.

	Debt Issued		Debt Auth. But Not Issued	Gross Debt	Deductions			Net Debt
	<u>Bonds and Notes</u>	<u>Loans</u>			<u>School Debt</u>	<u>Self-liquidating Debt</u>	<u>Reserve for Payment of Debt</u>	
General	\$ 6,613,250	\$ 3,535,993	\$ 375,000	\$ 10,524,243			\$ 12,698	\$ 10,511,546
Water and Sewer Utility	1,856,000	2,826,836	8,700	4,691,536		\$ 4,691,536		
School - Local								
	<u>\$ 8,469,250</u>	<u>\$ 6,362,829</u>	<u>\$ 383,700</u>	<u>\$ 15,215,779</u>	<u>\$ -</u>	<u>\$ 4,691,536</u>	<u>\$ 12,698</u>	<u>\$ 10,511,546</u>

Source: Township Auditor

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad for 2017, 2018 and 2019	\$770,663,100
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	1.364%
2020 Net Valuation Taxable	\$706,870,300
2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$781,590,315
Gross Debt (2):	
As a percentage of 2020 Net Valuation Taxable	2.15%
As a percentage of 2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.95%
Net Debt (2):	
As a percentage of 2020 Net Valuation Taxable	1.49%
As a percentage of 2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.34%
Gross Debt Per Capita (3)	\$1,429
Net Debt Per Capita (3)	\$987

TOWNSHIP BORROWING CAPACITY(1)

3.5% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$770,663,100)	\$26,973,209
Net Debt	<u>10,511,546</u>
Remaining Borrowing Capacity	<u><u>\$16,461,663</u></u>

LOCAL BOARD OF EDUCATION BORROWING CAPACITY(1)

3.0% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$770,663,100)	\$23,119,893
Local School Debt	<u>0</u>
Remaining Borrowing Capacity	<u><u>\$23,119,893</u></u>

(1) As of December 31, 2019

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 10,649

COUNTY OF CAMDEN
OVERLAPPING DEBT AS OF DECEMBER 31, 2019

DEBT ISSUED						
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>		<u>Debt Auth. but not Issued</u>
County of Camden(1):						
General:						
Bonds	\$ 40,475,000	\$ 17,734,529 (2)	\$ 22,740,471	\$ 450,261 (4)		\$ 44,848,356
Notes	35,461,125		35,461,125	702,130 (4)		
Loan Agreements	340,001,133		340,001,133	6,732,022 (4)		
Bonds Issued by Other Public Bodies						
Guaranteed by the County	260,305,410	260,305,410 (3)				
	<u>\$ 676,242,668</u>	<u>\$ 278,039,939</u>	<u>\$ 398,202,729</u>	<u>\$ 7,884,414</u>		<u>\$ 44,848,356</u>

(1) Source: County of Camden.

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

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2019 Net Valuation on which County taxes are apportioned, which is 1.98%.

Camden County Municipal Utilities Authority

The Camden County Municipal Utilities Authority ("CCMUA") is a public body corporate and politic of the State and was originally created as the Camden County Sewerage Authority ("Sewerage Authority") by a resolution of the County adopted on December 5, 1967. The Sewerage Authority was reorganized in 1972 as a utilities authority and changed its name to the Camden County Municipal Utilities Authority pursuant to a resolution of the County adopted on April 13, 1972. The CCMUA operates under the supervision of nine commissioners who are appointed by the Board for five-year staggered terms. The County has entered into a deficiency agreement with the CCMUA ("Deficiency Agreement") whereby the County is obligated to pay to the CCMUA any annual charges equal to any deficits in CCMUA revenues necessary to pay or provide for: (i) operation and maintenance expenses of the CCMUA's regional sewer system, (ii) principal and interest payments on bonds and notes of the CCMUA in an aggregate principal amount not to exceed \$685,500,000, and (iii) the maintenance of reserves required under the bond resolution securing the CCMUA's bonds and notes. The obligation of the County pursuant to the provisions of the Deficiency Agreement is a direct and general obligation of the County, and any annual charges are ultimately payable by the County from the levy of *ad valorem* taxes on all the taxable real property within the jurisdiction of the County in amounts sufficient to enable the County to meet its obligations under the Deficiency Agreement. ***To date, no payments have been required to be made by the County pursuant to the Deficiency Agreement.*** The County and the CCMUA may agree to amend the Deficiency Agreement at any time to increase the obligations of the County thereunder.

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

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

The gross debt as of December 31, 2019 for the CCMUA was \$208,337,402. The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

Camden County Improvement Authority

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

The amount of debt which the County has guaranteed or for which it has a repayment obligation as of December 31, 2019 was \$418,801,253.

TOWNSHIP OF WATERFORD
SCHEDULE OF TOWNSHIP DEBT SERVICE
(LONG-TERM DEBT ONLY)

Year	Existing Debt (1)											
	General Bonds			General Loans			Water & Sewer Bonds			Water & Sewer Loans		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 780,000	\$ 112,706	\$ 892,706	\$ 157,798	\$ 130,179	\$ 287,978	\$ 160,000	\$ 43,300	\$ 203,300	\$ 226,559	\$ 85,373	\$ 311,932
2021	790,000	90,256	880,256	158,659	124,719	283,378	175,000	38,825	213,825	176,530	76,993	253,523
2022	815,000	67,556	882,556	164,536	119,142	283,678	200,000	34,200	234,200	70,264	68,436	138,700
2023	365,000	44,028	409,028	165,000	111,948	276,948	200,000	28,638	228,638	38,122	64,461	102,582
2024	365,000	36,044	401,044	170,000	105,273	275,273	206,000	22,850	228,850	39,177	63,405	102,582
2025	365,000	26,919	391,919	180,000	98,223	278,223	100,000	16,375	116,375	40,262	62,320	102,582
2026	365,000	16,425	381,425	190,000	88,973	278,973	100,000	13,500	113,500	41,377	61,205	102,582
2027	365,000	5,475	370,475	200,000	79,223	279,223	100,000	10,500	110,500	42,522	60,060	102,582
2028				210,000	68,973	278,973	100,000	7,500	107,500	43,700	58,882	102,582
2029				215,000	60,498	275,498	100,000	4,500	104,500	44,910	57,672	102,582
2030				225,000	53,757	278,757	100,000	1,500	101,500	46,153	56,429	102,582
2031				230,000	46,648	276,648				47,431	55,151	102,582
2032				235,000	39,235	274,235				48,744	53,838	102,582
2033				245,000	31,374	276,374				50,094	52,488	102,582
2034				255,000	23,028	278,028				51,481	51,101	102,582
2035				265,000	14,088	279,088				52,907	49,675	102,582
2036				270,000	4,725	274,725				54,372	48,210	102,582
2037										55,877	46,705	102,582
2038										57,424	45,158	102,582
2039										59,014	43,568	102,582
2040										60,648	41,934	102,582
2041										62,328	40,254	102,582
2042										64,054	38,528	102,582
2043										65,827	36,755	102,582
2044										67,650	34,932	102,582
2045										69,523	33,059	102,582
2046										71,448	31,134	102,582
2047										73,426	29,156	102,582
2048										75,459	27,123	102,582
2049										77,549	25,033	102,582
2050										79,696	22,886	102,582
2051										81,903	20,679	102,582
2052										84,171	18,411	102,582
2053										86,501	16,081	102,582
2054										88,896	13,686	102,582
2055										91,358	11,224	102,582
2056										93,887	8,695	102,582
2057										96,487	6,095	102,582
2058										99,159	3,423	102,582
2059										49,946	687	50,633
	\$ 4,210,000	\$ 399,409	\$ 4,609,409	\$ 3,535,993	\$ 1,200,002	\$ 4,735,994	\$ 1,541,000	\$ 221,688	\$ 1,762,688	\$ 2,826,836	\$ 1,620,904	\$ 4,447,740

Source: Township Auditor
(1) As of December 31, 2019

TOWNSHIP OF WATERFORD
2020 MUNICIPAL BUDGET (1)

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 1,000,000
Miscellaneous Revenues:	
Local Revenues	416,000
State Aid without Offsetting Appropriations	1,406,535
Dedicated Uniform Construction Code Fees	70,000
Public and Private Revenues Offset with Appropriations	622,481
Other Special Items of Revenue	160,000
Receipts from Delinquent Taxes	550,000
Amount to be Raised by Taxation for Municipal Purposes	7,782,615
Amount to be Raised by Taxation for Library Purposes	<u>260,753</u>
 Total Appropriated Revenues	 <u><u>\$ 12,268,384</u></u>
 Appropriations:	
Within CAPS:	
Operations	\$ 7,960,647
Deferred Charges and Statutory Expenditures	1,084,010
Excluded from CAPS:	
Other Operations	279,003
Shared Service Agreements	165,740
Public and Private Programs offset by Revenues	559,740
Capital Improvements	35,000
Debt Service	1,279,300
Reserve for Uncollected Taxes	<u>904,944</u>
 Total Appropriations	 <u><u>\$ 12,268,384</u></u>

WATER AND SEWER UTILITY FUND

Anticipated Revenues:	
Fund Balance	\$ 250,000
Rents	1,030,000
Connection Fees	5,000
Miscellaneous	<u>20,000</u>
 Total Anticipated Revenues	 <u><u>\$ 1,305,000</u></u>
 Appropriations:	
Operating	\$ 727,035
Capital Improvements	6,000
Debt Service	536,200
Deferred Charges and Statutory Expenditures	<u>35,765</u>
 Total Appropriations	 <u><u>\$ 1,305,000</u></u>

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

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants - In Aid</u>	<u>Bonds and Notes</u>	
				<u>General</u>	<u>Self- Liquidating</u>
GENERAL BUDGET:					
Purchase of Public Works Vehicles and Equipment	\$ 2,867,000	\$ 143,350		\$ 2,723,650	
Improvements to Municipal Facilities	400,000	20,000		380,000	
Road and Drainage Improvements	1,100,000	55,000		1,045,000	
LED Street Lighting Conversion Project	600,000	30,000		570,000	
UTILITY BUDGET:					
Utility Vehicles and Equipment	175,000				\$ 175,000
Utility System Improvements	170,000				170,000
	<u>\$ 5,312,000</u>	<u>\$ 248,350</u>	<u>\$ -</u>	<u>\$ 4,718,650</u>	<u>\$ 345,000</u>

(1) As adopted

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE
TOWNSHIP OF WATERFORD,
IN THE COUNTY OF CAMDEN, NEW JERSEY**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Waterford
Atco, New Jersey 08004

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 Waterford, in the County of Camden, State of New Jersey, as of December 31, 2019, 2018, 2017, 2016 and 2015, 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 Waterford, in the County of Camden, State of New Jersey, as of December 31, 2019, 2018, 2017, 2016 and 2015, 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 Waterford, in the County of Camden, State of New Jersey, as of December 31, 2019, 2018, 2017, 2016 and 2015, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
September 24, 2020

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

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Cash	\$ 5,577,915	\$ 5,033,934	\$ 5,225,642	\$ 4,537,524	\$ 4,104,352
Due from State of New Jersey	6,230	7,171	6,540	5,666	6,005
Receivables with Full Reserves:					
Delinquent Property Taxes Receivable	601,899	630,214	678,605	727,278	664,442
Tax Title Liens Receivable	572,517	723,502	634,182	567,798	649,717
Property Acquired for Taxes--Assessed Valuation	1,018,900	471,400	471,400	505,600	142,300
Property Maintenance Liens Receivable	79,822	81,199	81,199	81,199	81,199
Revenue Accounts Receivable	14,177	14,683	17,662	26,352	30,439
Interfunds Receivable	44	44	44		8,000
Deferred Charges		19,327	162,140	244,280	365,420
Federal and State Grant Funds Receivable	40,400	65,400	33,104	48,104	30,000
Total Assets	<u>\$ 7,911,904</u>	<u>\$ 7,046,874</u>	<u>\$ 7,310,518</u>	<u>\$ 6,743,802</u>	<u>\$ 6,081,873</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$ 822,762	\$ 598,102	\$ 494,938	\$ 421,124	\$ 189,804
Accounts/Contracts Payable	20,729	19,721	33,470	32,299	35,720
Reserve for Encumbrances	86,787	109,852	58,391	102,398	86,164
Prepaid Taxes	251,993	233,115	664,756	214,731	195,717
Tax Overpayments	1,497				
Due County for Added and Omitted Taxes	7,329	14,559	13,996	19,204	3,094
Local District School Taxes	2,794,855	2,731,663	2,661,579	2,661,523	2,618,383
Special Emergency Note Payable			160,000	240,000	320,000
Interfunds Payable				8,896	2,196
Due to State of New Jersey	3,187	2,880	2,505	1,527	2,895
Other Liabilities and Special Funds	7,859	7,859	68,533	63,855	78,130
Reserve for Receivables and Other Assets	2,287,358	1,921,042	1,883,092	1,908,227	1,576,096
Reserve for Federal and State Grants	86,084	75,944	123,396	144,947	114,086
Fund Balance	1,541,464	1,332,138	1,145,863	925,071	859,587
Total Liabilities, Reserves and Fund Balance	<u>\$ 7,911,904</u>	<u>\$ 7,046,874</u>	<u>\$ 7,310,518</u>	<u>\$ 6,743,802</u>	<u>\$ 6,081,873</u>

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

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

	Years Ended December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenue Realized:					
Current Tax Collections	\$ 27,640,888	\$ 27,549,638	\$ 27,185,215	\$ 26,680,791	\$ 26,112,544
Delinquent Tax Collections	631,539	587,969	652,847	591,115	638,617
Total Taxes	28,272,426	28,137,607	27,838,062	27,271,907	26,751,160
Miscellaneous Revenues Anticipated	2,369,614	2,439,134	2,385,821	2,374,106	2,548,735
Non-Budget and Other Income	756,393	620,225	442,889	325,929	189,462
Liquidation of Reserves				8,000	
Fund Balance Utilized	875,000	877,000	710,000	690,000	815,000
Total Income	32,273,433	32,073,966	31,376,772	30,669,941	30,304,357
Expenditures and Encumbrances:					
Operating	8,521,066	8,468,215	8,245,366	7,899,374	8,199,841
Capital Improvements	50,000	50,000	5,000	35,000	50,000
Debt Service	1,238,956	1,192,844	1,209,583	979,262	715,369
Deferred Charges and Statutory Expenditures	1,053,031	1,001,553	935,760	1,006,130	957,176
County Taxes	6,296,479	6,432,609	6,295,302	6,236,996	6,111,615
Local District School Tax	13,989,807	13,863,415	13,723,252	13,723,140	13,956,861
Creation of Reserves			44	8,896	
Other Expenditures	39,768	2,054	31,674	25,659	6,948
Total Expenditures and Encumbrances	31,189,107	31,010,691	30,445,980	29,914,457	29,997,810
Excess in Revenues	1,084,326	1,063,275	930,792	755,484	306,547
Adjustment in Income Before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years	---	---	---	---	---
Statutory Excess to Fund Balance	1,084,326	1,063,275	930,792	755,484	306,547
Fund Balance Beginning of Year	1,332,138	1,145,863	925,071	859,587	1,368,039
	2,416,464	2,209,138	1,855,863	1,615,071	1,674,587
Decreased by:					
Utilized as Revenue	875,000	877,000	710,000	690,000	815,000
Fund Balance Ending of Year	\$ 1,541,464	\$ 1,332,138	\$ 1,145,863	\$ 925,071	\$ 859,587

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

TOWNSHIP OF WATERFORD
TRUST FUND
Statements of Assets, Liabilities and Reserves--
Regulatory Basis

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Cash	\$ 484,910	\$ 616,449	\$ 590,887	\$ 459,520	\$ 643,916
Interfunds Receivable					2,196
Federal and State Grants Receivable	29,678	107,560	148,500	220,820	105,210
Total Assets	<u>\$ 514,589</u>	<u>\$ 724,009</u>	<u>\$ 739,387</u>	<u>\$ 680,340</u>	<u>\$ 751,322</u>
LIABILITIES AND RESERVES					
Interfund Loans Payable	\$ 44	\$ 44	\$ 44		\$ 8,000
Reserve for Special Funds	514,545	723,965	739,344	\$ 680,340	743,322
Total Liabilities and Reserves	<u>\$ 514,589</u>	<u>\$ 724,009</u>	<u>\$ 739,387</u>	<u>\$ 680,340</u>	<u>\$ 751,322</u>

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

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

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Cash	\$ 473,375	\$ 669,203	\$ 626,671	\$ 364,707	\$ 949,379
Deferred Charges to Future Taxation:					
Funded	7,745,993	8,652,948	9,529,077	10,459,394	7,492,918
Unfunded	2,778,250	2,778,250	1,002,250	491,650	
Interfunds Receivable				8,896	
Federal and State Aid Receivable	379,994	417,819	329,319	268,075	181,817
Total Assets	<u>\$ 11,377,612</u>	<u>\$ 12,518,220</u>	<u>\$ 11,487,316</u>	<u>\$ 11,592,723</u>	<u>\$ 8,624,114</u>
LIABILITIES, RESERVES AND FUND BALANCE					
General Serial Bonds	\$ 4,210,000	\$ 4,965,000	\$ 5,700,000	\$ 6,430,000	\$ 7,149,000
Bond Anticipation Notes	2,403,250	1,985,000	675,000		
Loans Payable	3,535,993	3,687,948	3,829,077	4,029,394	343,918
Improvement Authorizations:					
Funded	221,200	501,871	637,120	778,850	791,908
Unfunded	617,269	827,679	498,965	151,506	
Contracts Payable	219,065	462,439	66,174	73,806	217,488
Reserve for Encumbrances	71,675	45,106	24,238	54,596	101,000
Reserve for Payment of Debt	12,698	12,698	12,698	12,698	12,663
Capital Improvement Fund	64,779	14,779	35,279	56,185	2,450
Fund Balance	21,684	15,700	8,764	5,687	5,687
Total Liabilities, Reserves and Fund Balance	<u>\$ 11,377,612</u>	<u>\$ 12,518,220</u>	<u>\$ 11,487,316</u>	<u>\$ 11,592,723</u>	<u>\$ 8,624,114</u>

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

TOWNSHIP OF WATERFORD
WATER AND SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Operating Fund:					
Cash	\$ 605,820	\$ 566,969	\$ 528,398	\$ 549,124	\$ 537,311
Receivables with Full Reserves:					
Consumer Accounts Receivable	36,445	34,957	36,885	50,335	50,148
Other Accounts Receivable	11,689	11,734	9,624	9,624	9,204
Total Receivables with Full Reserves	48,134	46,691	46,509	59,958	59,352
Total Operating Fund	653,954	613,660	574,906	609,082	596,662
Capital Fund:					
Cash	703,077	222,170	276,642	156,685	690,722
Interfunds Payable	1,000				
Fixed Capital	12,948,080	12,948,080	12,948,080	12,888,080	12,286,776
Fixed Capital Authorized and Uncompleted	3,657,522	3,657,522	3,657,522	3,517,522	3,979,000
Total Capital Fund	17,309,679	16,827,772	16,882,244	16,562,286	16,956,497
	<u>\$ 17,963,633</u>	<u>\$ 17,441,432</u>	<u>\$ 17,457,150</u>	<u>\$ 17,171,369</u>	<u>\$ 17,553,160</u>

(Continued)

TOWNSHIP OF WATERFORD
WATER AND SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Reserve for Encumbrances	\$ 7,470	\$ 29,993	\$ 16,295	\$ 26,415	\$ 20,247
Overpayments	2,086	563	1,491	899	961
Appropriation Reserves	208,974	160,128	130,105	91,475	63,120
Accrued Interest on Bonds and Notes	27,708	33,918	28,399	32,018	40,899
Interfunds Payable	1,000				
Other Reserves	10,093	10,318	10,318	19,186	10,225
Reserve for Receivables	48,134	46,691	46,509	59,958	59,352
Fund Balance	348,489	332,049	341,790	379,130	401,859
Total Operating Fund	653,954	613,660	574,906	609,082	596,662
Capital Fund:					
Serial Bonds	1,541,000	1,776,000	2,001,000	2,221,000	2,437,000
N.J. Environmental Infrastructure Loan	365,041	573,909	775,699	970,327	1,159,646
USDA Loans	2,461,795				
Improvement Authorizations:					
Funded	620,248	594,012	617,710	708,176	791,202
Unfunded	64,362	142,494	216,679	1,871,058	2,129,615
Bond Anticipation Notes	315,000	2,015,000	315,000		
Contracts Payable		243,480	1,816,341	79,437	66,250
Capital Improvement Fund	23,700	16,700	700	300	
Reserve for:					
Amortization	11,871,766	11,410,693	10,983,903	10,569,275	10,164,129
Encumbrances	4,085	12,803	112,532	109,632	182,446
Deferred Amortization	42,300	42,300	42,300	32,700	26,000
Payment of Debt	286	286	286	286	113
Fund Balance	95	95	95	95	95
Total Capital Fund	17,309,679	16,827,772	16,882,244	16,562,286	16,956,497
	<u>\$ 17,963,633</u>	<u>\$ 17,441,432</u>	<u>\$ 17,457,150</u>	<u>\$ 17,171,369</u>	<u>\$ 17,553,160</u>

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

TOWNSHIP OF WATERFORD
WATER AND SEWER UTILITY FUND
Statements of Operations and Changes in Fund Balance--
Regulatory Basis

	Years Ended December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenue Realized:					
Fund Balance Utilized	\$ 265,000	\$ 265,000	\$ 236,100	\$ 224,500	\$ 136,275
Rents	1,208,049	1,185,820	1,108,998	1,092,737	1,114,003
Miscellaneous Anticipated Revenues	29,515	52,659	62,805	70,121	68,331
Other Credits to Income	180,740	139,794	97,265	68,201	67,276
Total Income	1,683,304	1,643,274	1,505,167	1,455,560	1,385,884
Expenditures and Encumbrances:					
Operating	784,253	821,987	753,218	710,531	628,705
Capital Improvements	7,000	16,000	10,000	7,000	7,000
Debt Service	571,182	516,864	512,654	507,868	485,991
Deferred Charges and Statutory Expenditures	30,690	33,163	30,536	28,389	39,675
Refund on Prior Year Revenue	8,739				130
Total Expenditures and Encumbrances	1,401,864	1,388,014	1,306,408	1,253,788	1,161,500
Excess (Deficit) in Revenue	281,440	255,259	198,759	201,771	224,384
Adjustment in Income Before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years	-	-	-	-	-
Statutory Excess to Fund Balance	281,440	255,259	198,759	201,771	224,384
Fund Balance January 1	332,049	341,790	379,130	401,859	313,750
	613,489	597,049	577,890	603,630	538,134
Decreased by:					
Utilized by Revenue:					
Water and Sewer Operating Fund	265,000	265,000	236,100	224,500	136,275
Fund Balance December 31	\$ 348,489	\$ 332,049	\$ 341,790	\$ 379,130	\$ 401,859

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

TOWNSHIP OF WATERFORD
Notes to Financial Statements
For the Year Ended December 31, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Waterford (hereafter referred to as the "Township") was incorporated as a Township in 1798 and is located in southwest New Jersey approximately twenty miles southeast of the City of Philadelphia. The population according to the 2010 census is 10,649.

The form of Government is known as a Township pursuant to N.J.S.A. 40A:63-1 et seq. The government consists of five Committee Members who are elected at large to three year staggered terms. At an annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Under statute, the Mayor is the head of the government and acts as the executive branch. The Committee acts as the legislative branch of government and has executive powers not assigned to the Mayor. The implementation of the policies of the governing body and the day-to-day operations are handled by the Administration.

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:

Waterford Township Free Public Library
2204 Atco Avenue
Waterford, New Jersey 08004

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 balances included in the current fund and water/sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Camden, the Township of Waterford School 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 Waterford 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 July 1 to June 30 increased by the amount deferred at December 31, 2018 and decreased by the amount deferred at December 31, 2019.

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

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Waterford Township 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.

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

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

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

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

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

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2019, the Township's bank balances of \$7,920,210.45 were insured by FDIC and GUDPA.

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	\$ 4.004	\$ 4.000	\$ 3.938	\$ 3.881	\$ 3.779
Apportionment of Tax Rate:					
Municipal	\$ 1.101	\$ 1.091	\$ 1.065	\$ 1.016	\$.961
Municipal Library	.036	.035	.035	.035	.036
County	.867	.888	.870	.861	.840
County Open Space	.022	.022	.022	.022	.021
Local School	1.978	1.964	1.946	1.947	1.921

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>
2019	\$ 707,475,300.00
2018	706,154,900.00
2017	704,991,500.00
2016	704,927,000.00
2015	709,957,795.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2019	\$ 28,360,319.58	\$ 27,640,887.84	97.46%
2018	28,310,244.37	27,549,637.55	97.31%
2017	27,824,345.48	27,185,214.61	97.70%
2016	27,442,331.87	26,680,791.20	97.22%
2015	26,842,887.67	26,112,543.63	97.28%

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>
2019	\$ 572,516.77	\$ 601,898.97	\$ 1,174,415.74	4.14%
2018	723,502.32	630,214.33	1,353,716.65	4.78%
2017	634,182.38	678,604.65	1,312,787.03	4.72%
2016	567,798.35	727,277.72	1,295,076.07	4.72%
2015	649,716.88	664,441.69	1,314,158.57	4.90%

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>
2019	37
2018	46
2017	112
2016	110
2015	116

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>
2019	\$ 1,018,900.00
2018	471,400.00
2017	471,400.00
2016	505,600.00
2015	142,300.00

Note 5: WATER/SEWER UTILITY SERVICE CHARGES

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

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2019	\$ 34,957.00	\$ 11,733.65	\$ 1,211,403.88	\$ 1,258,094.53	\$ 1,208,048.96
2018	36,884.95	9,623.91	1,188,772.32	1,235,281.18	1,185,820.32
2017	50,334.51	9,623.91	1,098,747.26	1,158,705.68	1,108,997.74
2016	50,147.59	9,203.91	1,094,542.43	1,153,893.93	1,092,737.47
2015	47,290.84	8,404.74	1,120,759.86	1,176,455.44	1,114,002.74

Note 6: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2019	\$ 1,541,464.09	\$ 1,000,000.00	64.87%
2018	1,332,137.99	875,000.00	65.68%
2017	1,145,863.09	877,000.00	76.54%
2016	925,070.79	710,000.00	76.75%
2015	859,586.50	690,000.00	80.27%

Note 6: FUND BALANCES APPROPRIATED (CONT'D)

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

Water/Sewer Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2019	\$ 348,489.40	\$ 250,000.00	71.74%
2018	332,048.98	265,000.00	79.81%
2017	341,789.53	265,000.00	77.53%
2016	379,130.08	236,100.00	62.27%
2015	401,858.81	224,500.00	55.87%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2019:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 43.64	
Trust Other		\$ 43.64
Sewer Utility - Operating		1,000.00
Sewer Utility - Capital	1,000.00	
	<u>\$ 1,043.64</u>	<u>\$ 1,043.64</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 2020, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

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

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans****Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' 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.

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

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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 P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10.0% in State fiscal year 2019. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The Township's contractually required contribution rate for the year ended December 31, 2019 was 15.54% 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, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$230,020.00, and was payable by April 1, 2020. 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, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$231,203.00, which was paid by April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$122,738.55.

Police and Firemen's Retirement System - The contribution policy for PFRS 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 member contribution rate was 10.0% in State fiscal year 2019. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

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

The Township's contractually required contribution rate for the year ended December 31, 2019 was 28.58% 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, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$523,379.00, and was payable by April 1, 2020. 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, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$508,289.00, which was paid by April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$184,701.60.

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, 2019 was 3.68% of the Township's covered payroll.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2019 is \$67,463.00, and was payable by April 1, 2020. Based on the 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 was \$56,596.00, which was paid by April 1, 2019.

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, 2019, employee contributions totaled \$3,646.76, and the Township's contributions were \$2,703.24. There were no forfeitures during the year.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2019, the Township's proportionate share of the PERS net pension liability was \$4,260,911.00. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2019. 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, 2019 measurement date, the Township's proportion was .0236474467%, which was an increase of .0004034168% from its proportion measured as of June 30, 2018.

At December 31, 2019, the Township's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is \$269,555.00. This (benefit) 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, 2019, the Township's contribution to PERS was \$231,203.00, and was paid by April 1, 2019.

Police and Firemen's Retirement System - At December 31, 2019, 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	\$ 6,340,907.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>1,001,241.00</u>
	<u>\$ 7,342,148.00</u>

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2019. 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, 2019 measurement date, the Township's proportion was .0518140293%, which was a decrease of .0001770091% from its proportion measured as of June 30, 2018. Likewise, at June 30, 2019, the State of New Jersey's proportion, on-behalf of the Township, was .0518140293%, which was a decrease of .0001770091% from its proportion, on-behalf of the Township, measured as of June 30, 2018.

At December 31, 2019, the Township's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is \$514,646.00. This (benefit) 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, 2019, the Township's contribution to PFRS was \$508,289.00, and was paid by April 1, 2019.

At December 31, 2019, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2019 measurement date is \$116,336.00. This on-behalf (benefit) 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, 2019, 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		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 76,478.00	\$ 53,525.00	\$ 130,003.00	\$ 18,823.00	\$ 40,145.00	\$ 58,968.00
Changes of Assumptions	425,468.00	217,274.00	642,742.00	1,478,949.00	2,049,323.00	3,528,272.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	67,260.00	85,917.00	153,177.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	508,048.00	459,283.00	967,331.00	57,057.00	391,937.00	448,994.00
Township Contributions Subsequent to the Measurement Date	115,010.00	261,690.00	376,700.00	-	-	-
	<u>\$ 1,125,004.00</u>	<u>\$ 991,772.00</u>	<u>\$ 2,116,776.00</u>	<u>\$ 1,622,089.00</u>	<u>\$ 2,567,322.00</u>	<u>\$ 4,189,411.00</u>

\$115,010.00 and \$261,690.00 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, 2020. These amounts were based on an estimated April 1, 2021 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2019 to the Township's year end of December 31, 2019.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
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
June 30, 2019	-	5.21	-	5.92
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
June 30, 2019	-	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
June 30, 2019	5.21	5.21	5.92	5.92

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2020	\$ (14,330.00)	\$ (360,231.00)	\$ (374,561.00)
2021	(235,948.00)	(730,917.00)	(966,865.00)
2022	(237,999.00)	(432,242.00)	(670,241.00)
2023	(110,319.00)	(172,955.00)	(283,274.00)
2024	<u>(13,499.00)</u>	<u>(140,895.00)</u>	<u>(154,394.00)</u>
	<u>\$ (612,095.00)</u>	<u>\$ (1,837,240.00)</u>	<u>\$ (2,449,335.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases (1):		
Through 2026	2.00% - 6.00%	
Thereafter	3.00% - 7.00%	
Through All Future Years		3.25% - 15.25%
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2013 - June 30, 2018

(1) Based on Years of Service

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

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PFRS, pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

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

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2019 was 6.28% for PERS and 6.85% 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 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057 for PERS and 2076 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 for PERS and 2076 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 5,382,223.00</u>	<u>\$ 4,260,911.00</u>	<u>\$ 3,316,047.00</u>

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2019, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.85%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Township's Proportionate Share of the Net Pension Liability	\$ 8,570,596.00	\$ 6,340,907.00	\$ 4,495,518.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>1,353,313.00</u>	<u>1,001,241.00</u>	<u>709,851.00</u>
	<u>\$ 9,923,909.00</u>	<u>\$ 7,342,148.00</u>	<u>\$ 5,205,369.00</u>

Note 8: PENSION PLANS (CONT'D)**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 (benefit) 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.state.nj.us/treasury/pensions/financial-reports.shtml>.

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 Seven Plan Years)

	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0236474467%	0.0232440299%	0.0216794553%	0.0196803029%
Township's Proportionate Share of the Net Pension Liability	\$ 4,260,911.00	\$ 4,576,634.00	\$ 5,046,631.00	\$ 5,828,741.00
Township's Covered Payroll (Plan Measurement Period)	\$ 1,680,452.00	\$ 1,610,300.00	\$ 1,402,724.00	\$ 1,327,336.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	253.56%	284.21%	359.77%	439.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	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	0.0195117825%	0.0211891140%	0.0224461293%	
Township's Proportionate Share of the Net Pension Liability	\$ 4,380,004.00	\$ 3,967,182.00	\$ 4,289,901.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 1,323,212.00	\$ 1,368,748.00	\$ 1,548,380.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	331.01%	289.84%	277.06%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Seven Years)***

	<u>Year Ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 230,020.00	\$ 231,203.00	\$ 200,837.00	\$ 174,837.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>\$ (230,020.00)</u>	<u>(231,203.00)</u>	<u>(200,837.00)</u>	<u>(174,837.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,480,467.00	\$ 1,611,276.00	\$ 1,639,265.00	\$ 1,443,710.00
Township's Contributions as a Percentage of Covered Payroll	15.54%	14.35%	12.25%	12.11%
	<u>Year Ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 167,749.00	\$ 174,680.00	\$ 169,127.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(167,749.00)</u>	<u>(174,680.00)</u>	<u>(169,127.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 1,330,866.00	\$ 1,467,675.00	\$ 1,443,356.00	
Township's Contributions as a Percentage of Covered Payroll	12.60%	11.90%	11.72%	

Note 8: 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 Seven Plan Years)***

	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0518140293%	0.0519910384%	0.0482362821%	0.0505093213%
Township's Proportionate Share of the Net Pension Liability	\$ 6,340,907.00	\$ 7,035,245.00	\$ 7,446,749.00	\$ 9,648,572.00
State's Proportionate Share of the Net Pension Liability associated with the Township	1,001,241.00	955,622.00	834,099.00	810,241.00
Total	<u>\$ 7,342,148.00</u>	<u>\$ 7,990,867.00</u>	<u>\$ 8,280,848.00</u>	<u>\$ 10,458,813.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 1,792,536.00	\$ 1,724,828.00	\$ 1,561,396.00	\$ 1,651,524.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	353.74%	407.88%	476.93%	584.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.00%	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	0.0552903406%	0.0495153387%	0.0545345581%	
Township's Proportionate Share of the Net Pension Liability	\$ 9,209,443.00	\$ 6,228,570.00	\$ 7,249,877.00	
State's Proportionate Share of the Net Pension Liability associated with the Township	807,637.00	670,712.00	675,777.00	
Total	<u>\$ 10,017,080.00</u>	<u>\$ 6,899,282.00</u>	<u>\$ 7,925,654.00</u>	
Township's Covered Payroll (Plan Measurement Period)	\$ 1,715,940.00	\$ 1,563,936.00	\$ 1,682,896.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	536.70%	398.26%	430.80%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS)
(Last Seven Years)***

	<u>Year Ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 523,379.00	\$ 508,289.00	\$ 426,900.00	\$ 411,823.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(523,379.00)</u>	<u>(508,289.00)</u>	<u>(426,900.00)</u>	<u>(411,823.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,830,960.40	\$ 1,765,029.00	\$ 1,747,746.00	\$ 1,622,019.00
Township's Contributions as a Percentage of Covered Payroll	28.58%	28.80%	24.43%	25.39%
	<u>Year Ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 449,428.00	\$ 380,312.00	\$ 397,872.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(449,428.00)</u>	<u>(380,312.00)</u>	<u>(397,872.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 1,593,421.00	\$ 1,674,608.00	\$ 1,618,999.00	
Township's Contributions as a Percentage of Covered Payroll	28.21%	22.71%	24.58%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years: 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017, 5.66% 2018, and 6.28% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years: 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

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.

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, 6.51% 2018 and 6.85% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years: 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2013 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-201 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used.

Note 9: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information (Cont'd)*****Police and Firemen's Retirement System (PFRS) (Cont'd)*****Changes in Assumptions (Cont'd)**

For healthy retirees, the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For beneficiaries mortality, the Pub-2010 General Retiree Below-Median Income Weighted mortality table, unadjusted, and with future improvement from the base year of 2010 on a generational basis was used. For disabled mortality, the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

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 10: ON-BEHALF PAYMENTS FOR PENSION COSTS

Certain Waterford Township Free Public Library employees are members of the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. The Library participates in PERS as part of the Township of Waterford. The Township does not require the Library to pay any portion of required employer contributions.

Payments made by the Township of Waterford, on-behalf of the Library, for the Library's share of employer contributions during the year ended December 31, 2019 totaled \$12,017.99. Due to the basis of accounting described in note 1, revenues and expenses for this on-behalf payment have not been recorded in the financial statements of the Library.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**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 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**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 \$319,820.28 for the year ended December 31, 2019, representing 9.94% of the Township's covered payroll. During the year ended December 31, 2019, retirees were required to contribute \$15,475.82 to the Plan.

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.

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.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the OPEB Plan (Cont'd)****Contributions (Cont'd)**

Special Funding Situation Component (Cont'd) - 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 \$61,422.00 for the year ended December 31, 2019 representing 1.91% 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, 2019 the Township's and State's proportionate share of the net OPEB liability were as follows:

Township's Proportionate Share of Net OPEB Liability	\$ 6,239,050.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township	<u>4,633,812.00</u>
	<u>\$ 10,872,862.00</u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

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, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the Township's proportion was 0.046058% which was a decrease of .004581% from its proportion measured as of the June 30, 2018 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, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the State's proportion on-behalf of the Township was 0.083859% which was a decrease of 0.000600% from its proportion measured as of the June 30, 2018 measurement date.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

OPEB (Benefit) Expense - At December 31, 2019, the Township's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is (\$259,170.00). This (benefit) 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, 2019, the Township made contributions to the Plan totaling \$319,820.28.

At December 31, 2019, the State's proportionate share of the OPEB (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2019 measurement date is \$61,422.00. This on-behalf (benefit) 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, 2019, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 1,824,542.00
Changes of Assumptions	-	2,210,981.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	5,140.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	-	1,281,446.00
Township Contributions Subsequent to the Measurement Date	183,253.14	-
	<u>\$ 188,393.14</u>	<u>\$ 5,316,969.00</u>

\$183,253.14 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, 2020.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
June 30, 2017	-	-
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
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	-
June 30, 2019	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
June 30, 2019	8.05	8.05

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:

<u>Year Ending Dec. 31,</u>	
2020	\$ (857,437.00)
2021	(857,437.00)
2022	(857,840.00)
2023	(858,491.00)
2024	(859,086.00)
Thereafter	<u>(1,021,538.00)</u>
	<u><u>\$ (5,311,829.00)</u></u>

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (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, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Initial Fiscal Year Applied:	
Rate Through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Rate for all Years	3.25% to 15.25%

* Salary Increases are Based on Years of Service
Within the Respective Plan

PERS mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2019.

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2019.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, 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, 2019 was 3.50%. 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 medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (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, 2019, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Township's Proportionate Share of the Net OPEB Liability	\$ 7,213,929.00	\$ 6,239,050.00	\$ 5,446,832.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	5,357,865.00	4,633,812.00	4,045,423.00
	<u>\$ 12,571,794.00</u>	<u>\$ 10,872,862.00</u>	<u>\$ 9,492,255.00</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, 2019, the Plan's 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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Township's Proportionate Share of the Net OPEB Liability	\$ 5,264,989.00	\$ 6,239,050.00	\$ 7,481,628.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	3,910,366.00	4,633,812.00	5,556,689.00
	<u>\$ 9,175,355.00</u>	<u>\$ 10,872,862.00</u>	<u>\$ 13,038,317.00</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 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (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 3 Plan Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.046058%	0.050639%	0.050879%
Township's Proportionate Share of the Net OPEB Liability	\$ 6,239,050.00	\$ 7,933,475.00	\$ 10,387,371.00
State's Proportionate Share of the Net OPEB Liability Associated with the Township	4,633,812.00	5,248,151.00	7,185,020.00
Total	<u>\$ 10,872,862.00</u>	<u>\$ 13,181,626.00</u>	<u>\$ 17,572,391.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 3,279,756.00	\$ 3,327,165.00	\$ 3,174,773.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	190.23%	238.45%	327.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

Schedule of the Township's Contributions (Last 3 Years)

	<u>Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Required Contributions	\$ 319,820.28	\$ 536,123.26	\$ 561,021.59
Township's Contributions in Relation to the Required Contribution	<u>(319,820.28)</u>	<u>(536,123.26)</u>	<u>(561,021.59)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 3,217,070.00	\$ 3,307,734.00	\$ 3,290,100.00
Township's Contributions as a Percentage of Covered Payroll	9.94%	16.21%	17.05%

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Other Notes to Supplementary OPEB Information****Changes in Benefit Terms**

In 2019, there were slight changes to the Chapter 48 provisions.

Changes in Assumptions

In 2019, the discount rate changed to 3.50% from 3.87%, and there were changes in the assumed health care cost trend, PPO/HMO future retiree elections, and excise tax assumptions. Further, decrements, salary scale, and mortality assumptions were updated based on the July 1, 2013 - June 30, 2018 PFRS and July 1, 2014 - June 30, 2018 PERS experience studies. For mortality related to PFRS members and retirees, the Pub-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used. For mortality related to PERS members and retirees, the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used.

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.

In 2017, the discount rate changed to 3.58% from 2.85%.

Note 12: COMPENSATED ABSENCES**Police Officers**

Vacation Time - All full-time police officers are entitled to vacation time varying from 120 working hours per year in the first year of employment to 360 working hours per year after completing 20 years of service plus 12 hours for each year over 20 years. Vacation time can be carried forward for a period of one year only.

Sick time - All police officers are entitled to 120 paid sick hours per year. Sick hours not taken may accrue and be carried forward. For officers hired prior to January 1, 2013 this amount may not exceed 720 hours. Officers hired after January 1, 2013 may carry forward up to 420 sick hours. Hours earned and not taken which exceed the maximum are paid currently.

Compensatory time - All police officers are entitled to accumulate compensatory time in lieu of overtime in an amount not to exceed 200 hours.

Other Personnel

Vacation time - Full-time Township employees with at least one year of service are entitled to 11 to 31 vacation days per year depending on length of service. Unused vacation days not used during the year may be accumulated and carried forward for one year. Vacation days not used in the following year are not accumulated. Employees whose employment has terminated with the Township are entitled to be paid for unused vacation time from the current year and one-year prior.

Sick time - Full-time employees are entitled to fifteen paid sick leave days each year.

Compensatory time - Employees have the option of taking compensatory time in lieu of cash payments for overtime. The employee may carry up to 40 hours of compensatory time to the following year. Compensatory time over 40 hours at December 31 are paid to the employee the following January.

Non-permanent or seasonal employees are not entitled to compensatory absences.

Note 12: COMPENSATED ABSENCES (CONT'D)

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2019, accrued benefits for compensated absences are valued at \$964,349.67.

Note 13: 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 14: LEASE OBLIGATIONS

At December 31, 2019, the Township had lease agreements in effect for the following:

Capital:
Three (3) 2018 Ford Interceptor SUV's
Operating:
Seven (7) Ricoh Copiers

Capital Leases - The following is an analysis of the Township's capital leases:

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Vehicles	\$ 40,609.99	\$ 99,088.22

The following schedule represents the remaining principal and interest payments, through maturity, for capital leases:

<u>Year</u>	<u>Amount</u>
2020	\$ 31,800.00
2021	10,600.00

Operating Leases - Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 15,600.00
2021	10,400.00

Rental payments under operating leases for the year 2019 were \$15,600.00.

Note 15: CAPITAL DEBT**General Improvement Bonds**

Water/Sewer Improvement Refunding Bonds, Series 2004 - On May 18, 2004, the Township issued \$1,765,000.00 in water/sewer improvement refunding bonds, with interest rates ranging from 2.000% to 4.750%, to advance refund \$1,790,000.00 outstanding 1993 Municipal Utility Authority Revenue Bonds with varying interest rates ranging from 4.600% to 5.125%. The final maturity of the bonds was paid on May 1, 2019.

General Improvement Bonds, Series 2005 - On September 18, 2005, the Township issued \$2,480,000.00 of general improvement bonds, with interest rates ranging from 3.625% to 3.750%. The purpose of the bonds is to permanently fund various capital ordinances, specifically 1994-13, 1995-08, 2000-06, 2001-08, 2004-19, 2004-20, 2004-22 and 2005-12. The final maturity of the bonds was paid on September 15, 2019.

General and Water/Sewer Improvement Bonds, Series 2010 - On June 10, 2010, the Township issued \$2,430,000.00 of general improvement bonds and \$636,000.00 of water/sewer improvement bonds, with interest rates ranging from 3.000% to 3.750%. The purpose of the bonds is to permanently fund various capital ordinances, specifically 2005-12, 2005-16, 2005-17, 2007-13, 2007-17, 2008-02, 2008-03, 2008-09 and 2009-14. The final maturity of the bonds is July 15, 2024.

General and Water/Sewer Improvement Bonds, Series 2015 - On September 16, 2015, the Township issued \$3,724,000.00 in general improvement bonds and \$1,286,000.00 of water/sewer improvement bonds, with interest rates ranging from 2.000% to 3.000%. The purpose of the bonds is to permanently fund various capital ordinances, specifically 2005-112, 2005-16, 2005-17, 2007-13, 2007-17, 2008-02, 2008-03, 2008-09 and 2009-14. The final maturity of the bonds is September 15, 2030.

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

<u>Year</u>	<u>General</u>		<u>Water/Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 780,000.00	\$ 112,706.26	\$ 160,000.00	\$ 43,300.00	\$ 1,096,006.26
2021	790,000.00	90,256.26	175,000.00	38,825.00	1,094,081.26
2022	815,000.00	67,556.26	200,000.00	34,200.00	1,116,756.26
2023	365,000.00	44,028.13	200,000.00	28,637.50	637,665.63
2024	365,000.00	36,043.75	206,000.00	22,850.00	629,893.75
2025-2029	1,095,000.00	48,818.75	500,000.00	52,375.00	1,696,193.75
2030			100,000.00	1,500.00	101,500.00
	<u>\$ 4,210,000.00</u>	<u>\$ 399,409.41</u>	<u>\$ 1,541,000.00</u>	<u>\$ 221,687.50</u>	<u>\$ 6,372,096.91</u>

Note 15: CAPITAL DEBT (CONT'D)**General Debt - New Jersey Environmental Infrastructure Loans**

On October 22, 2001, the Waterford Township Municipal Utility Authority, which was subsequently dissolved by the Township as of January 1, 2004, entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,342,970.00, at no interest, from the fund loan, and \$1,440,000.00 at interest rates ranging from 4.0% to 5.0% from the trust loan. As a result of this dissolution, the Township assumed all liabilities of the Authority. The proceeds were used to fund the various capital projects in the Authority. Semi-annual debt payments are due February 1st and August 1st through 2021. In addition, on November 7, 2002, the Authority entered into a second loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,370,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund the various capital projects in the Township. Annual debt payments are due August 1st through 2022.

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

<u>Year</u>	<u>Water/Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 191,436.43	\$ 17,913.49	\$ 209,349.92
2021	140,435.06	10,505.46	150,940.52
2022	33,169.59	2,948.63	36,118.22
	<u>\$ 365,041.08</u>	<u>\$ 31,367.58</u>	<u>\$ 396,408.66</u>

General Debt - New Jersey Green Acres Loans

On December 24, 2008, the Township entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$532,509.38, at an interest rate of 2.0%. The proceeds were used to fund the development of the Burnt Mill Road Recreational Complex. Semiannual debt payments are due March 24th and September 24th through 2022.

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

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 42,798.35	\$ 2,406.93	\$ 45,205.28
2021	43,658.59	1,546.69	45,205.28
2022	44,536.13	669.15	45,205.28
	<u>\$ 130,993.07</u>	<u>\$ 4,622.77</u>	<u>\$ 135,615.84</u>

Note 15: CAPITAL DEBT (CONT'D)**General Debt – Camden County Improvement Authority Loans**

On April 27, 2016, the Township entered into a loan agreement with the Camden County Improvement Authority to provide \$3,750,000.00, at interest rates varying from 3.00% to 5.00%. The proceeds were used to fund the construction of a public safety building. Annual debt payments are due March 15th with a final maturity of 2036.

The following schedule represents the remaining debt service, through maturity, for the Camden County Improvement Loans:

<u>General</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 115,000.00	\$ 127,772.50	\$ 242,772.50
2021	115,000.00	123,172.50	238,172.50
2022	120,000.00	118,472.50	238,472.50
2023	165,000.00	111,947.50	276,947.50
2024	170,000.00	105,272.50	275,272.50
2025-2029	995,000.00	395,887.50	1,390,887.50
2030-2034	1,190,000.00	194,041.29	1,384,041.29
2035-2036	535,000.00	18,812.50	553,812.50
	<u>\$ 3,405,000.00</u>	<u>\$ 1,195,378.79</u>	<u>\$ 4,600,378.79</u>

General Debt – USDA Loans

On November 1, 2019, the Township entered into a loan agreement with the United States Department of Agriculture to provide \$2,479,000.00, at an interest rate 2.75%. The proceeds were used to fund various water/sewer utility projects. Debt payments are due May 15th and November 15th with a final the maturity on May 15, 2059.

The following schedule represents the remaining debt service, through maturity, for the USDA Loan:

<u>Water/Sewer Utility</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 35,122.45	\$ 67,459.55	\$ 102,582.00
2021	36,094.96	66,487.04	102,582.00
2022	37,094.39	65,487.61	102,582.00
2023	38,121.50	64,460.50	102,582.00
2024	39,177.05	63,404.95	102,582.00
2025-2029	212,770.24	300,139.76	512,910.00
2030-2034	243,904.35	269,005.65	512,910.00
2035-2039	279,594.22	233,315.78	512,910.00
2040-2044	320,506.52	192,403.48	512,910.00
2045-2049	367,405.41	145,504.59	512,910.00
2050-2054	421,166.88	91,743.12	512,910.00
2055-2059	430,837.30	30,123.90	460,961.20
	<u>\$ 2,461,795.27</u>	<u>\$ 1,589,535.93</u>	<u>\$ 4,051,331.20</u>

Note 15: CAPITAL DEBT (CONT'D)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 10,149,243.07	\$ 10,637,948.12	\$ 10,204,076.50
Water/Sewer Utility:			
Bonds and Notes	<u>4,682,836.35</u>	<u>4,364,908.84</u>	<u>3,091,699.15</u>
Total Issued	<u>14,832,079.42</u>	<u>15,002,856.96</u>	<u>13,295,775.65</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	375,000.00	793,250.00	327,250.00
Water/Sewer Utility:			
Bonds and Notes	<u>8,700.00</u>	<u>787,700.00</u>	<u>2,487,700.00</u>
Total Authorized but not Issued	<u>383,700.00</u>	<u>1,580,950.00</u>	<u>2,814,950.00</u>
Total Issued and Authorized but not Issued	<u>15,215,779.42</u>	<u>16,583,806.96</u>	<u>16,110,725.65</u>
<u>Deductions</u>			
Funds Temporarily Held to Pay Debt	12,697.50	12,697.50	12,697.50
Self-Liquidating	<u>4,691,536.35</u>	<u>5,152,608.84</u>	<u>5,579,399.15</u>
Total Deductions	<u>4,704,233.85</u>	<u>5,165,306.34</u>	<u>5,592,096.65</u>
Net Debt	<u>\$ 10,511,545.57</u>	<u>\$ 11,418,500.62</u>	<u>\$ 10,518,629.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.364%.

Water/Sewer Utility	\$ 4,691,536.35	\$ 4,691,536.35	
General	<u>10,524,243.07</u>	<u>12,697.50</u>	\$ 10,511,545.57
	<u>\$ 15,215,779.42</u>	<u>\$ 4,704,233.85</u>	<u>\$ 10,511,545.57</u>

Net debt \$10,511,545.57 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$770,663,100.33, equals 1.364%.

Note 15: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)****Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 26,973,208.51
Less: Net Debt	<u>10,511,545.57</u>
Remaining Borrowing Power	<u>\$ 16,461,662.94</u>
Equalized Valuation Basis	<u>\$ 770,663,100.33</u>
Statutory Net Debt Percentage	<u>1.364%</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 1,502,563.94
Deductions:	
Operating and Maintenance Costs	\$ 814,943.40
Debt Service	<u>571,181.76</u>
Total Deductions	<u>1,386,125.16</u>
Excess in Revenue	<u>\$ 116,438.78</u>

The foregoing debt information is in agreement with the annual debt statement filed by the chief financial officer.

Note 16: SCHOOL TAXES

Waterford Township Local School tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	<u>Balance December 31,</u>	
	<u>2019</u>	<u>2018</u>
Balance of Tax	\$ 6,994,854.71	\$ 6,931,622.71
Deferred	<u>4,200,000.00</u>	<u>4,200,000.00</u>
	<u>\$ 2,794,854.71</u>	<u>\$ 2,731,622.71</u>

Note 17: RISK MANAGEMENT

Joint Insurance Pool - The Township of Waterford is a member of the Atlantic County Insurance 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

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

Public Employee Dishonesty
Workers' Compensation
Employer's Liability
Public Officials Liability
Employment Practices Liability
Property - Blanket Building and Grounds
Boiler and Machinery
General and Automobile Liability
Crime and Excess Crime

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 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, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report which can be obtained from:

Atlantic County Municipal Joint Insurance Fund
P.O. Box 488
Marlton, New Jersey 08053

Note 18: 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 19: 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 20: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Date Adopted</u>	<u>Authorization</u>
Bonds & Notes:		
General Capital:		
Acquisition of Capital Equipment and Completion of Various Capital Improvements	06/24/20	\$ 600,400.00
Acquisition of Capital Equipment for the Solid Waste Collection Project	07/22/20	1,458,250.00
Completion of Various Capital Improvements to the Waterford Township Free Public Library	09/09/20	<u>522,500.00</u>
		<u>\$ 2,581,150.00</u>
Water/Sewer Capital:		
Acquisition of Utility Equipment and Completion of Various Utility Improvements	06/24/20	<u>\$ 120,000.00</u>

COVID-19 - On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Township is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2020.

APPENDIX C

FORM OF BOND COUNSEL OPINIONS



PARKER McCAY

Parker McCay P.A.
9000 Midlantic Drive, Suite 300
P.O. Box 5054
Mount Laurel, New Jersey 08054-5054

P: 856.596.8900
F: 856.596.9631
www.parkermccay.com

November __, 2020

Mayor and Township Committee
of the Township of Waterford
Municipal Building
2131 Auburn Avenue
Atco, New Jersey

**RE: \$3,438,000 TOWNSHIP OF WATERFORD, COUNTY OF CAMDEN, NEW
JERSEY, GENERAL OBLIGATION BONDS, SERIES 2020**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds") by the Township of Waterford, County of Camden, New Jersey ("Township"). The Bonds consist of: (i) \$3,003,000 General Improvement Bonds; and (ii) \$435,000 Water & Sewer Utility Bonds.

The Bonds are authorized pursuant to and in accordance with: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Township Committee and published in accordance with the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Township Committee on October 14, 2020 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October __, 2020 ("Award Certificate").

The Bonds are dated their date of delivery, mature on November 15 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum in the table below, payable semi-annually on May 15 and November 15, commencing May 15, 2021, in each year until maturity or earlier redemption.

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COUNSEL WHEN IT MATTERS.SM

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



<u>Year</u>	<u>General Improvement Bonds</u>	<u>Water & Sewer Utility Bonds</u>	<u>Total Principal Amount</u>	<u>Interest Rate</u> %
2021	\$153,000	\$35,000	\$188,000	
2022	155,000	35,000	190,000	
2023	285,000	35,000	320,000	
2024	290,000	40,000	330,000	
2025	295,000	40,000	335,000	
2026	300,000	40,000	340,000	
2027	305,000	40,000	345,000	
2028	305,000	40,000	345,000	
2029	305,000	40,000	345,000	
2030	305,000	45,000	350,000	
2031	305,000	45,000	350,000	

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

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

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, inter alia, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinances, the Resolution, the Award Certificate, the representations and covenants of the 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 Bonds.

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

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

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



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

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

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

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

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

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



obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

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

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

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

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

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

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

Very truly yours,



PARKER McCAY

Parker McCay P.A.
9000 Midlantic Drive, Suite 300
P.O. Box 5054
Mount Laurel, New Jersey 08054-5054

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www.parkermccay.com

November __, 2020

Mayor and Township Committee
of the Township of Waterford
2131 Auburn Avenue
Atco, New Jersey

**RE: \$1,980,000 TOWNSHIP OF WATERFORD, COUNTY OF CAMDEN, NEW
JERSEY, BOND ANTICIPATION NOTES OF 2020, SERIES A**

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 Waterford, County of Camden, New Jersey ("Township").

The Notes are issued pursuant to and in accordance with: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2020-9 and 2020-10 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award ("Award Certificate") executed by the Chief Financial Officer of the Township on October 29, 2020.

The Notes are dated November 19, 2020 and mature on November 18, 2021. The Notes are issued in [registered] [bearer] form and are not subject to redemption prior to their stated maturity. The Notes are issued in anticipation of the issuance of bonds to provide funds for various capital improvements in and for the Township authorized by the Bond Ordinances.

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 to date ("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.SM

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, but not limited to, 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 is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and does 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 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 designated the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the 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 that may affect the opinions expressed in the numbered paragraphs above.

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENTS

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ____ day of November, 2020 between the Township of Waterford, County of Camden, New Jersey ("Township") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its General Obligation Bonds, Series 2020, in the principal amount of \$3,438,000 ("Bonds"). The Bonds consist of: (i) \$3,003,000 General Improvement Bonds; and (ii) \$435,000 Water & Sewer Utility Bonds.

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

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

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

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

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Official Statement" shall mean the Official Statement of the Township, dated October __, 2020, relating to the Bonds.

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

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

SECTION 3. Provision of Annual Report.

(a) The Township shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Township's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Township (commencing for the fiscal year ending December 31, 2020). Each Annual Report provided to the Dissemination Agent by the Township shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

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

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

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) certain financial information and operating data of the Township consisting of: (a) Township and overlapping indebtedness, including a schedule of outstanding debt issued by the Township; (b) the Township's most current adopted budget; (c) property valuation information; and (d) tax rate, levy and collection data; and (ii) the Township's annual financial statements, audited by an independent certified public accountant, provided that the annual audited financial statements of the Township may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Township are included in the Annual Report. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and

requirements of the Division of Local Government Services in the New Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

SECTION 5. Reporting of Significant Events.

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

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

(b) The 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),

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

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

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

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

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

SECTION 10. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United

States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

- (i) If to the Township:

Township of Waterford
2131 Auburn Avenue
Atco, New Jersey 08004
Attention: Chief Financial Officer

- (ii) If to the Dissemination Agent:

Phoenix Advisors LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08505

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

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

SECTION 12. Submission of Information to MSRB. Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 13. Compensation. The 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 14. 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 15. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 17. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

TOWNSHIP OF WATERFORD, NEW JERSEY

By: _____
JAMES D'AURIA, Chief Financial Officer

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

By: _____
SHERRY L. TRACEY, Senior Managing Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

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

Name of Bond Issues Affected: General Obligation Bonds, Series 2020

Date of Issuance of the Affected
Bond Issue: November 19, 2020

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated November 19, 2020, between the Township and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____.]

Dated: _____

PHOENIX ADVISORS, LLC,
as Dissemination Agent

cc: Township of Waterford, New Jersey

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ____ day of November, 2020 by and between the Township of Waterford, County of Camden, New Jersey ("Township") and Phoenix Advisors, LLC, Bordentown, New Jersey ("Dissemination Agent"). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its Bond Anticipation Notes of 2020, Series A, in the aggregate principal amount of \$1,980,000 ("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 obligation¹ of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

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

SECTION 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 Waterford
2131 Auburn Avenue
Atco, New Jersey 08004
Attention: Chief Financial Officer

- (ii) If to the Dissemination Agent:

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08505
Attention: Sherry L. Tracey, Senior 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.

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

TOWNSHIP OF WATERFORD, NEW JERSEY

By: _____
JAMES D'AURIA, Chief Financial Officer

PHOENIX ADVISORS, LLC, as Dissemination Agent

By: _____
SHERRY L. TRACEY, Senior Managing Director