

**PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 1, 2020**

**NEW ISSUE**

**RATING: Standard & Poor's: "AA-"**  
(See "RATING" herein)

*In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Borough (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**BOROUGH OF WENONAH,  
IN THE COUNTY OF GLOUCESTER, NEW JERSEY**

**\$8,020,000\***  
**GENERAL OBLIGATION BONDS**  
Consisting of  
**\$2,448,800\* General Improvement Bonds and**  
**\$5,571,200\* Water-Sewer Utility Bonds**  
**(Book-Entry-Only) (Callable) (Bank-Qualified)**

**Dated:** Date of Delivery

**Due:** October 15, as shown on the inside front cover

The \$8,020,000\* General Obligation Bonds, consisting of \$2,448,800\* General Improvement Bonds (the "General Improvement Bonds") and \$5,571,200\* Water-Sewer Utility Bonds (the "Water-Sewer Utility Bonds" and, together with the General Improvement Bonds, the "Bonds"), of the Borough of Wenonah, in the County of Gloucester, New Jersey (the "Borough") will be issued in the form of one certificate for the aggregate principal amount of the Bonds of each series maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as the securities depository. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Interest on the Bonds will be payable semiannually on April 15 and October 15 in each year until maturity or earlier redemption, commencing on April 15, 2021. The principal of and the interest due on the Bonds will be paid to DTC by the Borough as paying agent. Interest on the Bonds will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of each next preceding April 1 and October 1 (the "Record Dates" for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

The Bonds are subject to redemption prior to their stated maturities. See "THE BONDS – Redemption" herein.

The Bonds are valid and legally binding obligations of the Borough and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Borough for the payment of the Bonds and the interest thereon 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 will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Borough in connection with the issuance of the Bonds. Delivery is anticipated to be via DTC in New York, New York on or about October 22, 2020.

**BID PROPOSALS WILL BE ACCEPTED ONLY BY ELECTRONIC SUBMISSION VIA PARITY ELECTRONIC BID SYSTEM ON THURSDAY, OCTOBER 8, 2020 UNTIL 11:00 A.M. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT [WWW.MUNIHub.COM](http://WWW.MUNIHub.COM).**

\* Preliminary, subject to change.

**BOROUGH OF WENONAH,  
IN THE COUNTY OF GLOUCESTER, NEW JERSEY**

**\$8,020,000\***  
**GENERAL OBLIGATION BONDS**  
**Consisting of**  
**\$2,448,800\* General Improvement Bonds and**  
**\$5,571,200\* Water-Sewer Utility Bonds**

**MATURITIES, PRINCIPAL AMOUNTS\*, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<b><u>Year</u></b>	<b><u>General Improvement Bonds Principal Amount*</u></b>	<b><u>Water-Sewer Utility Bonds Principal Amount*</u></b>	<b><u>Combined Principal Amount*</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP**</u></b>
2021	\$148,800	\$181,200	\$330,000	%	%	
2022	150,000	215,000	365,000			
2023	150,000	225,000	375,000			
2024	155,000	230,000	385,000			
2025	155,000	240,000	395,000			
2026	155,000	245,000	400,000			
2027	160,000	250,000	410,000			
2028	165,000	255,000	420,000			
2029	165,000	260,000	425,000			
2030	170,000	265,000	435,000			
2031	175,000	275,000	450,000			
2032	175,000	285,000	460,000			
2033	175,000	300,000	475,000			
2034	175,000	315,000	490,000			
2035	175,000	325,000	500,000			
2036		330,000	330,000			
2037		335,000	335,000			
2038		340,000	340,000			
2039		350,000	350,000			
2040		350,000	350,000			

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\* Preliminary, subject to change.

\*\* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds, and the Borough does not make any representation 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 specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**BOROUGH OF WENONAH,  
IN THE COUNTY OF GLOUCESTER, NEW JERSEY**

**MAYOR**

John R. Dominy, Esq.

**BOROUGH COUNCIL MEMBERS**

Daniel Cox, Council President

Peter Fu

Jessica Doheny

Susan Mayer

Jonathan Barbato

Anthony Fini

**MUNICIPAL TREASURER/CLERK**

Karen Sweeney

**CHIEF FINANCIAL OFFICER**

Robert E. Scharle'

**BOROUGH ATTORNEY**

Matthew P. Lyons, Esquire

Gebhardt & Kiefer, P.C.

Clinton, New Jersey

**AUDITOR**

Bowman & Company LLP

Voorhees, New Jersey

**BOND COUNSEL**

McManimon, Scotland & Baumann, LLC

Roseland, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC

Bordentown, New Jersey

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

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and 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 offices of the Borough during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Borough from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Borough.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose.

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. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy or completeness thereof, and, accordingly, they express no opinion with respect thereto.

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**OFFICIAL STATEMENT**  
**Relating to the**  
**BOROUGH OF WENONAH,**  
**IN THE COUNTY OF GLOUCESTER, NEW JERSEY**

**\$8,020,000\***  
**GENERAL OBLIGATION BONDS**  
**Consisting of**  
**\$2,448,800\* General Improvement Bonds and**  
**\$5,571,200\* Water-Sewer Utility Bonds**

**INTRODUCTION**

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Borough of Wenonah (the “Borough”), in the County of Gloucester (the “County”), New Jersey (the “State”), in connection with the sale and the issuance of \$8,020,000\* General Obligation Bonds, consisting of \$2,448,800\* General Improvement Bonds (the “General Improvement Bonds”) and \$5,571,200\* Water-Sewer Utility Bonds (the “Water-Sewer Utility Bonds” and, together with the General Improvement Bonds, the “Bonds”). This Official Statement has been executed by and on behalf of the Borough by its Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by the Borough from its records, except for information expressly attributed to other sources.

This Official Statement is “deemed final,” as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

**THE BONDS**

**General Description**

The Bonds shall be dated their date of delivery, shall mature on October 15 in the years and in the principal amounts as set forth on the inside front cover page hereof, and will bear interest from their dated date. Interest on the Bonds will be payable semiannually on April 15 and October 15 in each year until maturity or earlier redemption, commencing on April 15, 2021, at the interest rates set forth on the inside front cover page hereof. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the Borough or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding April 1 and October 1 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day calendar months.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of the Bonds of each series and in the principal amount of such maturity. The Bonds may be

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\* Preliminary, subject to change.

purchased in book-entry-only form in the principal amount of \$5,000, or any integral multiple of \$1,000 in excess thereof, through book-entries made on the books and records of The Depository Trust Company, New York, New York (“DTC”), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the Borough directly to Cede & Co. (or any successor or assign), as nominee for DTC.

## **Redemption**

The Bonds maturing prior to October 15, 2028 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after October 15, 2028 are redeemable at the option of the Borough in whole or in part on any date on or after October 15, 2027 upon notice as required herein at par, plus in each case unpaid accrued interest to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough or a duly appointed bond registrar. Any failure of the securities depository to advise any of its Participants or any failure of any Participant to notify any Beneficial Owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Borough. The Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the Borough shall send redemption notices only to Cede & Co.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with unpaid accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

## **BOOK-ENTRY-ONLY SYSTEM**

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of

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

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

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

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

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

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

Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and shall be the responsibility of such Participant and not of DTC or its nominee, the paying agent, if any, or the Borough, subject to any statutory or regulatory requirements as



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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

THE INFORMATION CONTAINED IN THIS SUBSECTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. THE BOROUGH MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

THE BOROUGH WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BOND HOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE ON THE BONDS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE OF DTC AND THE REGISTERED OWNER OF THE BONDS. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

#### **Discontinuation of Book-Entry-Only System**

If the Borough, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the Borough will attempt to locate another qualified securities depository. If the Borough fails to find such a securities depository, or if the Borough determines, in its sole discretion, that it is in the best interest of the Borough or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the Borough undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the Borough shall notify DTC of the termination of the book-entry-only system.

### **AUTHORIZATION AND PURPOSE OF THE BONDS**

The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State Statutes, as amended) (the "Local Bond Law"), the bond ordinances adopted by the Borough Council referred to in the charts below and by a resolution duly adopted by the Borough Council on August 27, 2020 (the "Resolution").

### General Improvement Bonds

Proceeds of the General Improvement Bonds, will be used to: (i) currently refund a \$1,216,200 Bond Anticipation Note of the Borough, dated and issued on June 4, 2020 and maturing on October 28, 2020; (ii) permanently finance various general capital improvements in and by the Borough in the amount of \$1,232,600; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the General Improvement Bonds.

<b>Bond Ordinance Number</b>	<b>Description of Improvement and Date of Adoption of Bond Ordinance</b>	<b>Amount Funded from Bond Proceeds</b>
5-13	Roadway improvements to North Synnott Avenue, East Poplar Street, West Poplar Street and Jackson Avenue, finally adopted 7/25/2013	\$62,100
10-14, as supplemented by 2-15	Construction of a pole barn, finally adopted 11/20/2014, as supplemented 2/26/2015	71,300
5-15	Roadway improvements to Maple Street and South Jackson Avenue, finally adopted 3/26/2015	78,000
5-17	Purchase of real property, finally adopted 7/27/2017	163,200
8-17	Roadway improvements and purchase of fire truck, finally adopted 9/28/2017	489,700
2-18	Purchase of a rear-end loader trash truck, finally adopted 3/22/2018	129,600
7-18	Roadway improvements to West Cherry Street, South West Avenue and Garfield Avenue, finally adopted 9/27/2018	222,300
20-02	Roadway improvements to South Marion Avenue, West Cherry Street and Princeton Avenue, finally adopted 3/26/2020	270,800
20-10	Various roadway improvements, finally adopted 7/23/2020	<u>961,800</u>
	<b>TOTAL:</b>	<b><u>\$2,448,800</u></b>

### Water-Sewer Utility Bonds

Proceeds of the Water-Sewer Utility Bonds, will be used to: (i) currently refund a \$1,161,100 Water-Sewer Utility Bond Anticipation Note of the Borough, dated and issued on June 4, 2020 and maturing on October 28, 2020; (ii) permanently finance various water-sewer utility improvements in and by the Borough in the amount of \$4,410,100; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Water-Sewer Utility Bonds.

<b>Bond Ordinance Number</b>	<b>Description of Improvement and Date of Adoption of Bond Ordinance</b>	<b>Amount Funded from Bond Proceeds</b>
4-11	Reconstruction of Lenape Pump Station, finally adopted 2/24/11	\$40,500
2-14, as amended by 8-18	Replacement of Well No. 2, finally adopted 3/27/14, as amended 9/27/2018	620,500
11-14, as amended by 8-18	Purchase of utility back-up generator for wells, finally adopted 11/20/2014, as amended 9/27/2018	56,000
8-18, as supplemented by 9-19	Reappropriating proceeds of obligations not needed to finance water repairs on Jefferson Avenue and sewer replacements on Princeton Avenue and Monroe Avenue, finally adopted 9/27/2018, as supplemented 12/19/2019	259,100
3-19	Painting of a water tank, finally adopted 3/28/2019	100,000
7-19	Replacement of chlorinator at Well No. 1 and Well No. 3, finally adopted 4/25/2019	85,000
12-19	Various sewer system improvements, finally adopted 8/22/2019	334,700
20-3	Replacement of water mains on South Marion Avenue and the replacement of storm sewers on West Cherry Street, finally adopted 3/26/2020	327,400
20-11	Various water and sewer utility improvements, finally adopted 7/23/2020	<u>3,748,000</u>
	<b>TOTAL:</b>	<b><u>\$5,571,200</u></b>

### **INFECTIOUS DISEASE OUTBREAK – COVID-19**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, had been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In the State, Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Borough expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely

expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the Borough. To secure the payment of the principal of and interest on the Obligations, the Borough has pledged its full faith, credit and all available taxing power, which taxing power presently includes the power to levy *ad valorem* taxes on all taxable real property within the Borough.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Borough cannot predict how the outbreak will substantially impact the financial condition or operations of the Borough, or if there will be any impact on the assessed values of property within the Borough or deferral of tax payments to municipalities. The Borough cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or a substantial increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on the State's websites, including <https://covid19.nj.gov/> or [nj.gov/health](https://nj.gov/health). *The Borough has not incorporated by reference the information on such websites and the Borough does not assume any responsibility for the accuracy of the information on such websites.*

## **SECURITY AND SOURCE OF PAYMENT**

The Bonds are valid and legally binding obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Borough is required by law to levy *ad valorem* taxes upon all the real property taxable within the Borough for the payment of the principal of and the interest on the Bonds without limitation as to rate or amount.

## **MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

### **Local Bond Law (N.J.S.A. 40A:2-1 et seq.)**

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the Borough are general full faith and credit obligations.

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Borough, as annually determined by the State Director of Taxation is shown in Appendix A.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

As shown in Appendix A, the Borough has not exceeded its statutory debt limit.

The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Borough may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit’s bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the bond anticipation notes’ maturity to the end of the tenth fiscal year in which the bond anticipation notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of bond anticipation notes that may be issued is decreased by the minimum amount required for the first year’s principal payment for a bond issue.

#### **Local Budget Law (N.J.S.A. 40A:4-1 et seq.)**

The foundation of the State local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the “Director”) prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The local unit is authorized to issue “emergency notes” and “special emergency notes” pursuant to the Local Budget Law.

“Tax anticipation notes” are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit’s expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year’s budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may 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 Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his or her approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

Under legislation recently enacted to address the COVID-19 emergency, P.L. 2020, c. 60 (A4175) (the "New Jersey Covid-19 Emergency Bond Act"), a municipality may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation, payment of compensated absences and drainage map preparation for flood control purposes, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the fiscal year. Appropriation reserves may also be transferred during the first three (3) months of the fiscal year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations, except that transfers may be made between debt service principal and interest.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it

permits a municipality to increase its overall appropriations by the lesser of 2.5% or the “Index Rate” if the index rate is greater than 2.5%. The “Index Rate” is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; 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. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year’s appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years’ tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the “Cap Law” limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on its bonds or notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing three years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next three years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

### **Tax Assessment and Collection Procedure**

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 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, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

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

Tax bills are mailed annually in June by the Borough. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year’s total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year’s total tax.

By State statute, tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, or such lower interest penalty rates as determined by the Borough from time to time. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes. A table detailing tax title liens is included in Appendix “A”. The Borough has not taken action to reduce the interest penalty rate.

## **Tax Appeals**

State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Borough must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease 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 County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

## **Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)**

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit’s accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services’ “Requirements of Audit”, includes recommendations for improvement of the local unit’s financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, 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 for the Borough is on file with the Clerk and is available for review during business hours.

## **TAX MATTERS**

### **Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes**

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Borough to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Borough will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Borough has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Borough with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.



Assuming the Borough observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC (“Bond Counsel”) is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (“IRS”) or any court. Bond Counsel expresses no opinion about the effect of future changes in (i) the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel’s engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Borough or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Borough as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of the Bonds is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

### **Original Issue Discount**

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the “Discount Bonds”). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

### **Original Issue Premium**

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the “Premium Bonds”). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-

trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

### **Bank Qualification**

The Bonds will be designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

### **Additional Federal Income Tax Consequences of Holding the Bonds**

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

### **Changes in Federal Tax Law Regarding the Bonds**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax)

or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

### **State Taxation**

Bond Counsel is of the opinion that, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

### **FINANCIAL STATEMENTS**

Appendix “B” contains certain audited financial data of the Borough for the years ended December 31, 2019, 2018, 2017, 2016 and 2015. The audited financial data was extracted from the report prepared by Bowman & Company LLP, Voorhees, New Jersey (the “Auditor”) to the extent and for the period set forth in their report appearing in Appendix “B” to this Official Statement. The Auditor 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 for the audited financial data appearing in Appendix “B” hereto) and, accordingly, will express no opinion with respect thereto. See “APPENDIX B – EXCERPTS FROM FINANCIAL STATEMENTS OF THE BOROUGH OF WENONAH, IN THE COUNTY OF GLOUCESTER, NEW JERSEY”.

### **LITIGATION**

To the knowledge of the Borough Attorney, Matthew P. Lyons, Esquire, of Gebhardt & Kiefer, P.C., Clinton, New Jersey (the “Borough Attorney”), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided.

### **SECONDARY MARKET DISCLOSURE**

Solely for the purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Borough shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof:

(a) On or prior to September 30 of each fiscal year, beginning September 30, 2021 for the fiscal year ending December 31, 2020, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Borough consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Borough and certain financial information and operating data consisting of (i) Borough indebtedness and overlapping indebtedness including a schedule of outstanding debt issued by the Borough, (ii) property valuation information, and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with modified cash accounting as mandated by the State statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by State law;

(b) If any of the following material events occur regarding the Bonds, a timely notice not in excess of ten business days after the occurrence of the event sent to EMMA:

- (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 rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and 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 Borough;
- (13) The consummation of a merger, consolidation or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Borough, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Borough, if any such event reflects financial difficulties; and

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borough in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borough, or if such jurisdiction has been assumed by leaving the existing

governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borough.

The term “Financial Obligation” as used in subparagraphs (b)(15) and (b)(16) above 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); *provided, however*, that 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 the Rule.

Notice of failure of the Board to provide required annual financial information on or before the date specified in the Resolution shall be sent in a timely manner to EMMA.

If all or any part of the Rule ceases to be in effect or is not in effect for any reason, then the information required to be provided under the Resolution, insofar as the provisions of the Rule not or no longer in effect required the provision of such information, shall not or no longer be required to be provided.

The Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Borough prior to their offering. Such officer is hereby authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings or the undertakings set forth in this resolution, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

In the event that the Borough fails to comply with the Rule requirements or the written contracts or undertakings specified in this resolution, the Borough shall not be liable for monetary damages, remedy being hereby specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

The Borough does not have any undertakings with respect to continuing disclosure within the past five years as the Borough had no outstanding bonded debt within such time period. The Borough has appointed Phoenix Advisors, LLC, Bordentown, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required with respect to the Bonds and any future obligations.

## **MUNICIPAL BANKRUPTCY**

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 *et seq.*, as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under said chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must

be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix "C". Certain legal matters will be passed on for the Borough by the Borough Attorney.

### **UNDERWRITING**

The Bonds have been purchased from the Borough, pursuant to the terms of the Borough's notice of sale, by \_\_\_\_\_ (the "Underwriter") at a purchase price of \_\_\_\_\_ (the "Purchase Price"). The Purchase Price reflects the par amount of the Bonds in the amount of \_\_\_\_\_, plus a bid premium in the amount of \_\_\_\_\_. The Underwriter is obligated to purchase all of the Bonds if any are purchased.

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

### **RATING**

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

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

## **MUNICIPAL ADVISOR**

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

## **PREPARATION OF OFFICIAL STATEMENT**

The Borough hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm to the Underwriter, by certificates signed by the Chief Financial Officer of the Borough, that to such officer's knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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

Neither Bond Counsel nor the Municipal Advisor has participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Robert E. Scharle', Chief Financial Officer, Borough of Wenonah, 1 South West Avenue, Wenonah, New Jersey 08090, (856) 468-5228, or to the Municipal Advisor, Phoenix Advisors, LLC, at 625 Farnsworth Avenue, Bordentown, New Jersey 08505, (609) 291-0130.

## **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement among the Borough, the Underwriter and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the Borough since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

## **BOROUGH OF WENONAH, IN THE COUNTY OF GLOUCESTER, NEW JERSEY**

By: \_\_\_\_\_  
Robert E. Scharle',  
Chief Financial Officer

**Dated:** October \_\_, 2020

**APPENDIX A**

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE BOROUGH OF  
WENONAH, IN THE COUNTY OF GLOUCESTER, NEW JERSEY**



## **GENERAL INFORMATION ON THE BOROUGH**

### **History**

In December 1870, a railroad station, which was much too elegant to transport produce from the local farmers, was about all that stood in the beginning of the town that we now know as the Borough of Wenonah ("Borough"). There were farms, mainly growing sweet potatoes, but they had been there long before the train station.

On December 19, 1870, a special West Jersey Railroad train left Camden for the "New Mantua" train station. The train carried businessmen who were interested in creating a new suburban town, a planned town that would consist of more than 572 acres, currently used as farmland.

The Mantua Land and Improvement Company was incorporated on February 21, 1871. The company marked out the town plots into fourteen squares of twelve building lots, each measuring 75 X 150 feet deep. The railroad station, which was situated on the West side of the tracts, was the core of the rectangle, which was one-half mile in length and one-third more in width. Mantua Avenue was one hundred feet wide and all other streets were sixty-six feet wide.

On April 3, 1871, it was resolved that the name of the new town would be Wenonah. It is an Indian name meaning first-born daughter. Henry Wadsworth Longfellow's poem, "The Song of Hiawatha", presumes that Wenonah was Hiawatha's mother.

### **Location**

The Borough is located in the northeast part of Gloucester County ("County"), New Jersey, approximately ten (10) miles south of Philadelphia, Pennsylvania, approximately fifty (50) miles west of Atlantic City, thirty (30) miles east of Wilmington, Delaware, and one hundred (100) miles south of New York City. The Borough is a separate governmental entity, 1.01 square miles in size, and borders both Deptford and Mantua Townships.

### **Borough Government**

The Borough is governed under the borough form of New Jersey municipal government. The government consists of a Mayor and a Borough Council comprising of six council members, with all positions elected at large.

The Mayor is elected by the voters to a four-year term of office. The Borough Council is elected to serve three-year terms on a staggered basis, with two seats coming up for election each year.

The daily operations of the Borough are supervised by the Borough Clerk who also serves as the Business Administrator of the Borough. The Borough also employs a part time Chief Financial Officer who oversees the financial operations of the Borough. To assist the Borough Clerk and Chief Financial Officer, the Borough also employs a Tax Collector and several other support personnel.

### **Transportation**

Numerous major thoroughfares provide easy access to the Borough. Interstates 295, State Highway 55 and the New Jersey Turnpike each exit around the Borough. County highways 553 and 632 are the main roadways serving the Borough.

## **Water and Sewer**

Water and sewer facilities are Borough owned, and managed by a Committee of the Borough Council.

## **Police**

Police coverage is provided by the Mantua Township Police Department through an inter-local services agreement between the Borough and Township.

## **Fire Protection and Ambulance Services**

Fire protection is provided by the Wenonah Volunteer Fire Company, which has been serving the Borough and neighboring communities since 1888. The Wenonah Volunteer Fire Company operates from one fire station located in the Borough and is a non-profit, 100% all-volunteer organization that is equipped with modern firefighting apparatus.

There is twenty-four hour ambulance service provided through the Gloucester County EMS Program.

## **Public Works**

The Borough also maintains a full service Public Works Department. The Public Works Department is responsible for water and sewer operation and the maintenance and repair of local roads and recreational areas. Trash and recycling collection is through a shared service agreement with Logan Township.

## **Library**

Wenonah Free Public Library began in 1900 as the Wenonah Library Association. In 1914, it was incorporated as the Wenonah Free Public Library, and was partially supported by the Borough of Wenonah. The library was originally housed in the old Presbyterian Sunday School Annex building. In 1927, the library board of trustees purchased the property on N. Clinton and E. Mantua Avenue and the library building was built.

In 2008, the library joined the LOGIN (Libraries of Gloucester/Salem/Cumberland Information Network) Consortium, a group of libraries that share borrowing and an online library database. The Consortium includes 26 public municipal, county system and academic libraries. Each library maintains independent management, funding and borrowing rules.

## **Parks and Recreation**

There are several recreation areas including two lakes, parks, playgrounds and ball fields. The Wenonah Environmental Commission maintains over 135 acres of Conservation Lands within the Borough, including six miles of trails with approximately 40 bridges designed for walking and hiking.

Wenonah Lake sits on four beautiful acres and provides an ideal spot for swimming, canoeing, kayaking, picnicking, or just plain relaxing. Regulation size volleyball and basketball courts, as well as playground equipment, are on the premises. The Lake is open daily from Memorial Day through Labor Day and seasonal memberships and day passes are available for both residents and non-residents of the Borough.

Wenonah Swim Club, established in 1957, is a private club owned by approximately 350 bondholders. The Swim Club is 'hidden' away in the beautiful, quiet, and peaceful woods of Wenonah.

There are several swim and dive teams that compete regularly throughout the summer. The Swim Club offers a main pool for swimming and diving, baby pool, snack bar, picnic groves with tables and grills, playground and several sports and activity areas.

## **Health Care**

There are no major health care facilities located in the Borough. Two (2) major hospitals, however, are located in the County of Gloucester. Inspira Medical Center is a state-of-the-art medical center located in Mullica Hill, which is approximately ten (10) miles from the Borough. It offers 210 private patient rooms and a full range of services, including cardiology, cancer care, emergency room services, maternity, robotics & smart technology, and surgery and orthopedics. Inspira Health Center located in Woodbury City, New Jersey offers 24/7 satellite emergency room services, inpatient and outpatient behavioral health services, and outpatient services including imaging and lab.

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

## **Financial Institutions**

Wells Fargo Bank is located within the Borough at the northwest corner of Mantua Avenue and Woodbury-Glassboro Road.

## **Growth and Development**

The Borough has several small businesses in the center of town: Hair Salon, Nail Salon, Dance Studio, Deli, Coffee Shop, Yoga Studio and Chiropractor Office.

## **Borough Employees**

	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Permanent Employees	9	8	13	13	13
Part-time Employees	<u>3</u>	<u>3</u>	<u>5</u>	<u>4</u>	<u>5</u>
Total	<u>12</u>	<u>11</u>	<u>18</u>	<u>17</u>	<u>18</u>

## **Employee Collective Bargaining Units**

The Borough has no Collective Bargaining Units.

## **Compensated Absences**

Public Works Department – By contract, employees are not allowed to accrue vacation time. The sick pay policy dictates that each eligible employee shall be entitled to twelve (12) days of sick leave without loss of pay. Unused sick days can be carried forward up to a maximum of 30 days.

Non-contract Employees - Full-time employees are entitled to paid sick and vacation leave days each year based on the number of years of service. Sick and vacation days not used during the year may not be accumulated and carried forward unless authorized by the Borough Council. For additional information regarding compensated absences, see Appendix B: 2019 Audited Financial Statements, Note 11.

## Pension Plans

Those Borough employees who are eligible for pension coverage are enrolled in the PERS pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. For additional information regarding pension plans, see Appendix B: 2019 Audited Financial Statements, Note 8.

## Borough Population (1)

2010 Federal Census	2,278
2000 Federal Census	2,317
1990 Federal Census	2,331
1980 Federal Census	2,303
1970 Federal Census	

## Selected 2018 Data for the Borough (1)

Median household income	\$ 122,159
Median family income	\$ 141,250
Per capita income	\$ 49,221

## Labor Force (2)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Borough</b>					
Labor Force	1,215	1,200	1,212	1,213	1,213
Employment	1,186	1,165	1,172	1,170	1,159
Unemployment	29	35	40	43	54
Unemployment Rate	2.4%	2.9%	3.3%	3.5%	4.5%
<b>County</b>					
Labor Force	149,747	147,928	149,033	151,000	149,442
Employment	144,238	141,729	141,994	143,400	140,225
Unemployment	5,509	6,199	7,039	7,583	9,208
Unemployment Rate	3.7%	4.2%	4.7%	5.0%	6.2%
<b>State</b>					
Labor Force	4,493,100	4,432,500	4,454,700	4,559,375	4,543,817
Employment	4,333,300	4,250,800	4,248,700	4,336,358	4,277,317
Unemployment	159,800	181,700	205,900	222,983	266,525
Unemployment Rate	3.6%	4.1%	4.6%	4.9%	5.9%

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

(2) Source: New Jersey Department of Labor

## TEN LARGEST EMPLOYERS IN THE COUNTY(1)

<u>Employer</u>	<u>Nature of Business</u>	<u>Location</u>	<u>Number of Employees</u>
Amazon	Retailer	Logan/W. Deptford	4,500
Rowan University	University	Glassboro	3,500
Inspira Health	Hospital	Woodbury	2,051
Jefferson Health	Hospital	Turnersville	2,015
Washington Township School District	Public School District	Sewell	1,550
Shop Rite	Supermarket	Various	1,300
County of Gloucester	Government	Woodbury	1,200
U.S. Food Service	Food Service	Bridgeport	1,014
Monroe Township School District	Public School District	Williamstown	805
Walmart	Retail	Turnersville	800

### Building, Zoning and Development Codes

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

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

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

### Building Permits Issued (2)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2020	(3) 86	\$ 571,140
2019	186	1,674,134
2018	131	1,072,920
2017	203	1,501,347
2016	157	1,473,393
2015	187	1,590,935

## EDUCATION (4)

### Primary and Secondary

The Wenonah School District (the "School District") is a Type II school district that is coterminous with the borders of the Borough. The School District provides a full range of educational services appropriate to Pre-K through the sixth (6th) grade.

(1) Source: County officials

(2) Source: Mantua Township's Construction Official (shared services agreement)

(3) As of August 20, 2020

(4) Source: School District Officials

The Board of Education ("Board") is composed of nine (9) members elected by the legally qualified voters in the School District to terms of three (3) years on a staggered basis. The President and Vice President are chosen for one (1) year terms from among the members of the Board.

The Board is the policy making body of the School District and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the School District, the responsibility to develop the annual School District budget and present it to the legally registered voters in the School District. The School District's fiscal year ends each June 30.

The Board appoints a Superintendent and Board Secretary/Business Administrator who are responsible for budgeting, planning and the operational functions of the School District. The administrative structure of the Board give final responsibility for both the educational process and the business operation to the Superintendent.

The Gateway Regional High School District (the "Regional School District") is a Type II school district located in the County. The Regional School District functions independently through the nine (9) member Board, elected by the voters in alternate three-year terms.

The Regional School District educates students in grades seven through twelve from four County municipalities. These include regular, vocational, as well as, special education for gifted and handicapped youngsters. The Regional School District is comprised of the following County municipalities: National Park, Wenonah, Westville and Woodbury Heights.

#### **WENONAH SCHOOL DISTRICT SCHOOL ENROLLMENTS (1)(2)**

<u>Grade</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Half-Day Pre-K	7	8	0	0	0
Full Day Kindergarten	21	22	14	29	21
1	22	15	31	16	23
2	15	30	17	24	34
3	25	18	25	30	21
4	17	25	26	15	26
5	23	26	16	26	33
6	27	19	27	32	29
Spec. Ed.	18	18	21	21	22
<u>Totals</u>	<u>175</u>	<u>181</u>	<u>177</u>	<u>193</u>	<u>209</u>

#### **PRESENT SCHOOL FACILITIES**

<u>Name of School</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>
Wenonah Elementary School	1895	1922, 1955, 1974 2004, 2007	Pre K-6

(1) Source: School District Officials

(2) As of October 15 in each respective year.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT(1)(2)**  
**SCHOOL ENROLLMENTS**  
**October 15,**

<u><b>Grade</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
7	27	18	20	32	28
8	15	21	31	30	40
9	16	24	24	34	30
10	28	24	33	30	27
11	26	31	31	27	27
12	32	30	24	25	28
Totals	<u>144</u>	<u>148</u>	<u>163</u>	<u>178</u>	<u>180</u>

**HIGHER EDUCATION FACILITIES**

**Rowan College of South Jersey**

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

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

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

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(1) Source: Regional School District Officials.  
(2) Wenonah Borough students only.

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

## **Rowan University (1)**

Rowan University ("University") is a public national research university located in Glassboro, Camden and Stratford, New Jersey. It is recognized for its nationally ranked academic and athletic programs, talented professors and high-tech facilities. Rowan prides itself on being able to provide its approximately 19,500 students an outstanding education at an exceptional value.

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

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

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

## **Gloucester County Institute of Technology**

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

As of June 30, 2019, there was approximately 1,406 students enrolled in the Institute's Academy and Career-Technical programs. Recent construction has added, among other things, a cafeteria, gymnasium and classrooms to the academic facilities in order to keep pace with demand.

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(1) Rowan University 2019 Audit



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

### **Gloucester County Special Services School District**

Gloucester County Special Services School District ("GCSSSD") provides a wide range of educational services to the families of the County. GCSSSD serves children with special needs from birth to age 21. The enrollment for the 28-acre Bankbridge complex in Deptford, as of June 2019, was approximately 610 special needs students.

Bankbridge Regional opened its doors in September 2000 and serves secondary level students who have special needs. In September 2002, GCSSSD opened Bankbridge Elementary School. The elementary school is located next to Bankbridge Regional and serves special needs students from pre-kindergarten to grade six (6).

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

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

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

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

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

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

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

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2020 Assessed Valuation</u>
First Union National Bank	Financial Institution	\$ 975,700
Individual Taxpayer 1	Taxpayer	850,000
Individual Taxpayer 2	Taxpayer	834,800
Individual Taxpayer 3	Taxpayer	675,700
Individual Taxpayer 4	Taxpayer	668,700
Individual Taxpayer 5	Taxpayer	663,700
Individual Taxpayer 6	Taxpayer	646,800
Individual Taxpayer 7	Taxpayer	600,200
200 E. Mantua Avenue LLC	Dental Office	590,400
Individual Taxpayer 8	Taxpayer	585,200

**CURRENT TAX COLLECTIONS (2)**

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2019	\$ 9,126,397	\$ 8,998,241	98.60%	\$ 126,023	1.38%
2018	9,052,259	8,928,683	98.63%	92,292	1.02%
2017	9,126,589	8,988,152	98.48%	77,872	0.85%
2016	8,956,615	8,814,022	98.41%	99,021	1.11%
2015	8,774,976	8,670,302	98.81%	92,830	1.06%

**DELINQUENT TAXES (2)**

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
			<u>Amount</u>	<u>Percentage</u>			
2019	\$ 92,292	-	\$ 92,292	100.00%	\$ -	\$ -	-
2018	77,872	-	77,872	100.00%	-	-	-
2017	112,489	-	112,489	100.00%	-	-	-
2016	92,830	\$ 750	80,112	85.61%	-	-	\$ 13,468
2015	98,735	750	99,485	100.00%	-	-	-

(1) Source: County Tax Assessor  
(2) Source: Annual Reports of Audit

### TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance</u> <u>Jan. 1</u>	<u>Added by</u> <u>Sales and</u> <u>Transfers</u>	<u>Collected</u>	<u>Cancellations/</u> <u>Foreclosures</u>	<u>Balance</u> <u>Dec. 31</u>
2019	\$ -	\$ -	\$ -	\$ -	\$ -
2018	-	-	-	-	-
2017	-	-	-	-	-
2016	-	-	-	-	-
2015	-	-	-	-	-

### FORECLOSED PROPERTY(1)(2)

<u>Year</u>	<u>Balance</u> <u>Jan. 1</u>	<u>Added By</u> <u>Transfer</u>	<u>Adjustment</u> <u>to Assessed</u> <u>Valuation</u>	<u>Adjustments</u>	<u>Balance</u> <u>Dec. 31</u>
2019	\$ 162,500	\$ -	\$ -	\$ -	\$ 162,500
2018	162,500	-	-	-	162,500
2017	162,500	-	-	-	162,500
2016	162,500	-	-	-	162,500
2015	162,500	-	-	-	162,500

### CURRENT WATER AND SEWER COLLECTIONS(1)

<u>Year</u>	<u>Beginning</u> <u>Balance</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2019	\$ 6,081	\$ 710,454	\$ 714,701	99.74%	\$ 1,833	0.26%
2018	2,958	701,399	698,276	99.14%	6,081	0.86%
2017	7,461	711,243	715,747	99.59%	2,958	0.41%
2016	6,563	676,907	676,008	98.91%	7,461	1.09%
2015	15,051	656,675	665,163	99.02%	6,563	0.98%

(1) Source: Annual Reports of Audit

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

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

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate (2)</u>					<u>County Open Space</u>	<u>Local School</u>	<u>Regional High School</u>
		<u>Total Rate</u>	<u>Municipal</u>	<u>Municipal Library</u>	<u>County</u>				
2020	\$ 218,200,300	\$4.213	\$0.667	\$0.034	\$0.666	\$0.041	\$1.376	\$1.429	
2019	220,010,800	4.145	0.706	0.033	0.649	0.040	1.336	1.381	
2018	221,623,000	4.074	0.744	0.033	0.628	0.040	1.297	1.332	
2017	223,342,200	4.074	0.766	0.033	0.629	0.040	1.262	1.344	
2016	224,428,800	3.987	0.766	0.033	0.637	0.042	1.233	1.276	

**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	\$ 218,200,300	98.76%	\$ 220,939,955	\$ 96,989
2019	220,010,800	99.33%	221,494,815	97,232
2018	221,623,000	101.78%	217,747,102	95,587
2017	223,342,200	100.28%	222,718,588	97,769
2016	224,428,800	99.24%	226,147,521	99,275

**REAL PROPERTY CLASSIFICATION (5)**

<u>Year</u>	<u>Assessed Value of Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Farmland</u>
2020	\$ 218,200,300	\$ 643,900	\$ 211,490,900	\$ 6,065,500	\$ -	\$ -	\$ -
2019	220,010,800	663,000	213,807,300	5,540,500	-	-	-
2018	221,623,000	761,300	215,293,900	5,567,800	-	-	-
2017	223,342,200	1,322,300	216,085,600	5,934,300	-	-	-
2016	224,428,800	1,382,800	216,886,900	6,159,100	-	-	-

(1) Source: Borough Tax Collector

(2) Per \$100 of assessed valuation

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

(4) Based on Federal Census 2010 of 2,278

(5) Source: County Tax Assessor

**BOROUGH OF WENONAH  
STATEMENT OF INDEBTEDNESS (1)**

The following table summarizes the direct debt of the Borough as of December 31, 2019, in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued, debt authorized but not issued, including General, Water and Sewer Utility, and debt of the Local and Regional School Districts. Deductions from gross debt to arrive at net debt include local and regional school district debt, reserve for payment of BANs and debt considered to be self-liquidating. The resulting net debt of \$1,471,232 represents 0.663% of the average of equalized valuations for the Borough for the last three years, of \$221,775,771, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Authorized but not Issued	Gross Debt	Deductions			Net Debt
	<u>Bonds/Loans</u>	<u>Notes</u>			<u>School District</u>	<u>Reserve for Payment of BANs</u>	<u>Self Liquidating</u>	
General		\$1,487,342	\$ 1	\$ 1,487,343		\$ 16,111		\$ 1,471,232
School - Local	\$ 885,000			885,000	\$ 885,000			
School - Regional	1,076,462			1,076,462	1,076,462			
Water and Sewer Utility		1,069,036	1,395,000	2,464,036			\$ 2,464,036	
	<u>\$1,961,462</u>	<u>\$2,556,378</u>	<u>\$ 1,395,001</u>	<u>\$ 5,912,841</u>	<u>\$ 1,961,462</u>	<u>\$ 16,111</u>	<u>\$ 2,464,036</u>	<u>\$ 1,471,232</u>

(1) As of December 31, 2019

Source: Annual Debt Statement

### DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	\$ 221,775,771
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	0.663%
2020 Net Valuation Taxable	\$ 218,200,300
2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 220,939,955
Gross Debt (2)	
As a Percentage of 2020 Net Valuation Taxable	2.71%
As a Percentage of 2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.68%
Net Debt (2)	
As a Percentage of 2020 Net Valuation Taxable	0.67%
As a Percentage of 2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.67%
Gross Debt per Capita (3)	\$ 2,596
Net Debt per Capita (3)	\$ 646

### BOROUGH BORROWING CAPACITY(1)

3.5% of Average (2017-19) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$221,775,771)	\$ 7,762,152
Net Debt	<u>(1,471,232)</u>
Remaining Borrowing Capacity	<u>\$ 6,290,920</u>

### LOCAL SCHOOL BORROWING CAPACITY(1)

2.5% of Average (2017-19) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$221,775,771)	\$ 5,544,394
Local School Debt	<u>(885,000)</u>
Remaining Borrowing Capacity	<u>\$ 4,659,394</u>

### REGIONAL HIGH SCHOOL DISTRICT(1)

3% of Averaged (2017-19) Equalized Valuation of Real Property Including Improvements (\$894,138,968)	\$ 26,824,169
Regional High School Debt (4)	<u>(4,340,000)</u>
Remaining Borrowing Capacity	<u>\$ 22,484,169</u>

(1) As of December 31, 2019

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 2,278

(4) Debt portion allocated to the Borough \$1,076,462

**BOROUGH OF WENONAH  
OVERLAPPING DEBT  
AS OF DECEMBER 31, 2019**

	DEBT ISSUED						
	Debt Outstanding			Net Debt Outstanding		Net Debt Outstanding Allocated to the Issuer	Debt Auth. but not Issued
County of Gloucester(1):							
General	\$ 238,747,000	\$ 13,868,446	(2)	\$ 224,878,554	\$ 184,186,691	(4)	
Bonds Issued by Other Public Bodies							
Guaranteed by the County	192,032,966	192,032,966	(3)	-			
	\$ 430,779,966	\$ 205,901,412		\$ 224,878,554	\$ 184,186,691		\$ -

(1) Source: County's Annual Debt Statement.

(2) Includes Reserve for Payment of Debt and County College Bonds.

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2019 Net Valuation on which County taxes are apportioned, which is 0.82%.

**BOROUGH OF WENONAH  
SCHEDULE OF DEBT SERVICE (1)  
(BONDED DEBT AND LONG-TERM LOANS)**

Year Ended Dec. 31,	Proposed 2020 General Obligation Bonds						Grand Total Debt Service
	General			Water and Sewer Utility Bonds			
	Principal	Interest	Total	Principal	Interest	Total	
2021	\$ 148,800			\$ 181,200			\$ -
2022	150,000			215,000			-
2023	150,000			225,000			-
2024	155,000			230,000			-
2025	155,000			240,000			-
2026	155,000			245,000			-
2027	160,000			250,000			-
2028	165,000			255,000			-
2029	165,000			260,000			-
2030	170,000			265,000			-
2031	175,000			275,000			-
2032	175,000			285,000			-
2033	175,000			300,000			-
2034	175,000			315,000			-
2035	175,000			325,000			-
2036				330,000			-
2037				335,000			-
2038				340,000			-
2039				350,000			-
2040				350,000			-
	\$ 2,448,800	\$ -	\$ -	\$ 5,571,200	\$ -	\$ -	\$ -

(1) As of December 31, 2019 the Borough had no bonded debt or long-term loans

Source: Borough Auditor



**BOROUGH OF WENONAH**  
2020 MUNICIPAL BUDGET (1)

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**CURRENT FUND**

Anticipated Revenues:	
Fund Balance	\$ 390,000
Miscellaneous Revenues:	
Local Revenues	80,000
State Aid without Offsetting Appropriations	159,952
Dedicated Uniform Construction Code Fees with Appropriations	25,000
Public and Private Programs Offset with Appropriations	14,080
Other Special Items of Revenue	299,678
Receipts from Delinquent Taxes	90,000
Amount to be Raised by Taxation for Municipal Purposes	<u>1,530,287</u>
 Total Anticipated Revenues	 <u><u>\$ 2,588,997</u></u>

Appropriations:	
Within CAPS:	
Operations	\$ 1,009,953
Deferred Charges and Statutory Expenditures	89,348
Excluded from CAPS:	
Other Operations	87,258
Shared Service Agreements	733,200
Public and Private Programs	15,830
Capital Improvements	42,000
Debt Service	334,500
Reserve for Uncollected Taxes	<u>276,909</u>
 Total Appropriations	 <u><u>\$ 2,588,997</u></u>

**WATER AND SEWER UTILITY FUND**

Anticipated Revenues:	
Fund Balance	\$ 30,000
Rents	690,500
Utility Capital Fund Balance	<u>1,165</u>
 Total Anticipated Revenues	 <u><u>\$ 721,665</u></u>
 Appropriations:	
Operating	\$ 632,500
Debt Service	70,000
Statutory Expenditures	<u>19,165</u>
 Total Appropriations	 <u><u>\$ 721,665</u></u>

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(1) As adopted

**BOROUGH OF WENONAH  
CAPITAL PROGRAM  
PROJECTS SCHEDULED FOR THE YEARS 2020 - 2022 (1)**

	<u>Estimated Total Cost</u>	<u>Budget Appropriations Current Year</u>	<u>Capital Improvement Fund</u>	<u>Grants-in-Aid and Other Funds</u>	<u>Bonds and Notes</u>	
					<u>General</u>	<u>Self Liquidating</u>
<b>General Capital:</b>						
Roadway Improvements to:						
S. Marion	\$ 308,700	\$ 308,700	\$ 2,200	\$ 265,000	\$ 41,500	
W. Cherry St.	367,000	367,000	4,900	270,000	92,100	
Princeton Ave.	144,500	144,500	7,300		137,200	
Total--General Capital	820,200	820,200	14,400	535,000	270,800	-
<b>Water and Sewer Fund:</b>						
I-Bank:						
Water Main Replacement - S. Marion	174,400	174,400				\$ 174,400
Storm Sewer Replacement - W. Cherry St.	153,000	153,000				153,000
Total--Water and Sewer Fund	327,400	327,400	-	-	-	327,400
Totals--All Projects	\$1,147,600	\$ 1,147,600	\$ 14,400	\$ 535,000	\$ 270,800	\$ 327,400

(1) As adopted

**APPENDIX B**

**EXCERPTS FROM FINANCIAL STATEMENTS OF THE BOROUGH OF  
WENONAH, IN THE COUNTY OF GLOUCESTER, NEW JERSEY**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Borough Council  
Borough of Wenonah  
Wenonah, New Jersey 08090

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

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Wenonah, in the County of Gloucester, 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 Borough's basic financial statements as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Borough on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Wenonah, in the County of Gloucester, 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 Borough of Wenonah, in the County of Gloucester, 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

*Carol A. McAllister*

Carol A. McAllister  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
August 18, 2020

**BOROUGH OF WENONAH**  
CURRENT FUND

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

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>					
Cash--Chief Financial Officer	\$ 2,471,278.08	\$ 2,531,951.20	\$ 3,255,291.39	\$ 2,525,758.95	\$ 2,409,861.46
Change Funds	100.00	100.00	100.00	100.00	100.00
	<u>2,471,378.08</u>	<u>2,532,051.20</u>	<u>3,255,391.39</u>	<u>2,525,858.95</u>	<u>2,409,961.46</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	126,022.93	92,291.97	77,872.45	112,489.36	92,830.21
Property Acquired for Taxes--Assessed Valuation	162,500.00	162,500.00	162,500.00	162,500.00	162,500.00
Revenue Accounts Receivable				816.47	7,628.47
Interfunds Receivables	832.86	414.07	202.20	67.97	186.95
	<u>289,355.79</u>	<u>255,206.04</u>	<u>240,574.65</u>	<u>275,873.80</u>	<u>263,145.63</u>
	<u>2,760,733.87</u>	<u>2,787,257.24</u>	<u>3,495,966.04</u>	<u>2,801,732.75</u>	<u>2,673,107.09</u>
Federal and State Grant Fund:					
Interfunds Receivables	13,903.41	12,356.90	7,321.24	5,141.96	12,728.55
State Grants Receivable	9,000.10	10,011.10	15,456.03	15,711.10	16,261.10
	<u>22,903.51</u>	<u>22,368.00</u>	<u>22,777.27</u>	<u>20,853.06</u>	<u>28,989.65</u>
	<u>\$ 2,783,637.38</u>	<u>\$ 2,809,625.24</u>	<u>\$ 3,518,743.31</u>	<u>\$ 2,822,585.81</u>	<u>\$ 2,702,096.74</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Appropriation Reserves	\$ 81,729.98	\$ 131,873.98	\$ 207,424.97	\$ 162,870.26	\$ 199,475.41
Reserve for Encumbrances	33,540.91	29,525.38	31,793.58	56,640.65	49,029.51
Prepaid Taxes	60,598.15	49,646.35	627,013.32	65,128.44	65,029.18
Tax Overpayments	21,573.46	11,907.92	4,226.47	3,853.07	7,063.18
Due to State of New Jersey for Veterans' and Senior Citizens' Deductions	1,286.25	1,536.25	2,536.25	3,229.13	3,479.13
Due County for Added and Omitted Taxes	1,154.71	3,826.96	4,536.97	1,471.11	1,660.18
Regional High School Tax Payable	1,280,302.78	1,238,558.26	1,262,287.78	1,194,118.24	1,122,709.76
Local School Tax Payable	0.52	0.52	1.02	0.52	0.52
Due to Library - Per Capita Aid					797.00
Interfunds Payables	13,903.41	12,356.90	7,321.24	5,141.96	12,728.55
	<u>1,494,090.17</u>	<u>1,479,232.52</u>	<u>2,147,141.60</u>	<u>1,492,453.38</u>	<u>1,461,972.42</u>
Reserve for Receivables and Other Assets	289,355.79	255,206.04	240,574.65	275,873.80	263,145.63
Fund Balance	977,287.91	1,052,818.68	1,108,249.79	1,033,405.57	947,989.04
	<u>2,760,733.87</u>	<u>2,787,257.24</u>	<u>3,495,966.04</u>	<u>2,801,732.75</u>	<u>2,673,107.09</u>
Reserve for Federal, State and Local Grants --Unappropriated	4,392.53	4,837.42	9,449.91	3,775.00	6,487.18
Reserve for Encumbrances	1,500.00	491.73	100.00	771.22	6,821.88
Reserve for Federal, State and Local Grants --Appropriated	17,010.98	17,038.85	13,227.36	16,306.84	15,680.59
	<u>22,903.51</u>	<u>22,368.00</u>	<u>22,777.27</u>	<u>20,853.06</u>	<u>28,989.65</u>
	<u>\$ 2,783,637.38</u>	<u>\$ 2,809,625.24</u>	<u>\$ 3,518,743.31</u>	<u>\$ 2,822,585.81</u>	<u>\$ 2,702,096.74</u>

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

**BOROUGH OF WENONAH**  
**CURRENT FUND**  
Statements of Operations and Changes in Fund Balance - Regulatory Basis

	For the Years Ended December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 465,000.00	\$ 510,000.00	\$ 394,000.00	\$ 331,000.00	\$ 275,000.00
Miscellaneous Revenue Anticipated	471,190.75	435,315.21	454,721.17	451,491.70	433,151.29
Receipts from Delinquent Taxes	92,291.97	77,872.45	112,489.36	80,111.87	99,485.36
Receipts from Current Taxes	8,998,241.23	8,928,683.00	8,988,151.83	8,814,022.21	8,670,301.94
Non-Budget Revenues	28,267.56	33,013.71	74,095.68	45,946.96	140,457.56
Other Credits to Income	72,948.77	173,831.51	139,440.07	176,889.29	140,558.98
Total Revenue and Other Income Realized	10,127,940.28	10,158,715.88	10,162,898.11	9,899,462.03	9,758,955.13
<u>Expenditures</u>					
Operations Within "CAPS":					
Salaries and Wages	265,997.00	566,006.00	780,455.00	757,846.00	754,930.00
Other Expenses	694,668.00	784,493.00	864,022.00	859,663.00	815,302.00
Deferred Charges and Statutory Expenditures Within "CAPS"	201,041.00	202,292.61	202,253.00	187,649.00	186,249.00
Operations Excluded from "CAPS":					
Salaries and Wages	534,000.00	320,833.33	30,000.00	30,000.00	30,000.00
Other Expenses	295,206.52	299,712.03	295,194.18	312,548.61	302,188.47
Capital Improvements Excluded from "CAPS"	10,000.00	30,000.00	33,000.00	45,000.00	12,000.00
Municipal Debt Service Excluded from "CAPS"	247,329.99	191,832.86	172,288.83	137,582.57	191,450.00
County Taxes	1,513,916.04	1,477,813.33	1,493,612.68	1,520,141.21	1,521,532.52
Due County for Added and Omitted Taxes	1,154.71	3,826.96	4,536.97	1,471.11	1,660.18
Regional High School Tax	3,037,317.00	2,953,827.00	2,817,271.00	2,765,447.00	2,717,048.00
Local District School Taxes	2,937,422.00	2,873,298.00	3,001,286.00	2,864,947.00	2,722,130.00
Other Expenditures	418.79	211.87	134.23	750.00	853.89
Total Expenditures	9,738,471.05	9,704,146.99	9,694,053.89	9,483,045.50	9,255,344.06
Statutory Excess to Fund Balance	389,469.23	454,568.89	468,844.22	416,416.53	503,611.07
<u>Fund Balance</u>					
Fund Balance January 1	1,052,818.68	1,108,249.79	1,033,405.57	947,989.04	719,377.97
	1,442,287.91	1,562,818.68	1,502,249.79	1,364,405.57	1,222,989.04
Decreased by:					
Utilized as Revenue	465,000.00	510,000.00	394,000.00	331,000.00	275,000.00
Fund Balance December 31	\$ 977,287.91	\$ 1,052,818.68	\$ 1,108,249.79	\$ 1,033,405.57	\$ 947,989.04

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

**BOROUGH OF WENONAH**  
**TRUST OTHER FUND**  
Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>					
Animal Control Fund:					
Cash--Chief Financial Officer	\$ 5,064.20	\$ 5,554.20	\$ 6,542.40	\$ 7,295.88	\$ 5,134.04
Other Funds:					
Cash--Chief Financial Officer	82,341.87	108,654.14	154,730.98	131,278.27	160,755.80
Length of Service Awards Program (LOSAP):					
Investment - Length of Service Awards Program	341,554.46	303,364.32	302,396.22	250,593.10	
	<u>\$ 428,960.53</u>	<u>\$ 417,572.66</u>	<u>\$ 463,669.60</u>	<u>\$ 389,167.25</u>	<u>\$ 165,889.84</u>
<u>LIABILITIES, RESERVES, AND FUND BALANCE</u>					
Animal Control Fund:					
Reserve for Animal Control Fund Expenditures	\$ 5,064.20	\$ 5,554.20	\$ 6,542.40	\$ 7,295.88	\$ 5,134.04
Other Funds:					
Interfunds Payable	832.86	414.07	202.20	67.97	186.95
Payroll Deductions Payable	11,854.81	10,065.99	29,143.05	28,267.75	25,429.17
Due to State - Marriage License Fees	75.00	25.00	100.00	100.00	25.00
Reserve for:					
Developers Escrow	25,911.72	25,882.99	26,057.59	25,582.59	25,432.59
Unemployment Compensation	22,140.73	22,969.71	40,036.26	37,197.52	40,419.44
Parking Offenses Adjudication Act	110.00	106.00	104.00	96.00	90.00
Police Outside Detail			5,442.50	7,790.00	2,120.00
Public Defender Fund					160.00
Municipal Alliance - Program Income	122.05	122.05	122.05	122.05	122.05
Reserve for Wenonah's Thumb's Up	558.81	892.76	1,879.24	3,367.17	5,525.44
Reserve for COAH Trust Fund	20,691.09	20,464.74	14,244.09	14,187.22	30,345.16
Reserve for Tax Sale Premium		23,400.00	37,400.00	14,500.00	30,900.00
Reserve for Tax Title Lien Redemption	44.80	4,310.83			
	<u>82,341.87</u>	<u>108,654.14</u>	<u>154,730.98</u>	<u>131,278.27</u>	<u>160,755.80</u>
Length of Service Awards Program (LOSAP):					
Reserve for Length of Service Awards Program	341,554.46	303,364.32	302,396.22	250,593.10	
	<u>\$ 428,960.53</u>	<u>\$ 417,572.66</u>	<u>\$ 463,669.60</u>	<u>\$ 389,167.25</u>	<u>\$ 165,889.84</u>

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



**BOROUGH OF WENONAH**  
**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>
<u>ASSETS</u>					
Cash -- Treasurer	\$ 273,812.86	\$ 442,828.84	\$ 1,073,991.10	\$ 101,875.16	\$ 148,532.91
Grants Receivable	67,500.00	553,269.94	1,250,000.00	900,000.00	16,792.32
Deferred Charges to Future Taxation:					
Unfunded	1,487,342.61	2,201,000.00	2,465,500.00	998,580.00	878,400.00
	<u>\$ 1,828,655.47</u>	<u>\$ 3,197,098.78</u>	<u>\$ 4,789,491.10</u>	<u>\$ 2,000,455.16</u>	<u>\$ 1,043,725.23</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Bond Anticipation Notes	\$ 1,487,342.00	\$ 1,801,000.00	\$ 1,676,500.00	\$ 590,080.00	\$ 683,450.00
Improvement Authorizations:					
Funded	924.78	273,178.23	352,715.65	842,373.65	30,439.44
Unfunded	21,526.68	507,990.62	678,888.16	467,185.72	314,673.26
Contracts Payable	55,317.80	180,231.52	1,143,424.48	68,610.45	7,863.79
Capital Improvement Fund	38,866.24	28,866.24	19,866.24	27,866.24	2,866.24
Reserve for Payment of Notes	220,341.12		18,096.57	4,339.10	4,432.50
Reserve for Grants Receivable		400,000.00	900,000.00		
Fund Balance	4,336.85	5,832.17			
	<u>\$ 1,828,655.47</u>	<u>\$ 3,197,098.78</u>	<u>\$ 4,789,491.10</u>	<u>\$ 2,000,455.16</u>	<u>\$ 1,043,725.23</u>

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

**BOROUGH OF WENONAH**  
**WATER AND SEWER UTILITY FUND**  
Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>					
Operating Fund:					
Cash--Chief Financial Officer	\$ 203,713.53	\$ 292,701.76	\$ 335,062.10	\$ 348,808.32	\$ 353,121.33
Receivables with Full Reserves:					
Consumer Accounts Receivable	1,833.50	6,080.51	2,957.52	7,461.37	6,562.71
Total Operating Fund	205,547.03	298,782.27	338,019.62	356,269.69	359,684.04
Capital Fund:					
Cash--Chief Financial Officer	24,796.90	165,673.53	200,285.82	443,037.84	1,069,856.84
Fixed Capital	5,126,263.25	5,126,263.25	4,111,499.70	4,111,499.70	4,111,499.70
Fixed Capital - Authorized & Uncompleted	1,752,236.45	172,236.45	1,175,000.00	1,175,000.00	1,175,000.00
	6,903,296.60	5,464,173.23	5,486,785.52	5,729,537.54	6,356,356.54
	<u>\$ 7,108,843.63</u>	<u>\$ 5,762,955.50</u>	<u>\$ 5,824,805.14</u>	<u>\$ 6,085,807.23</u>	<u>\$ 6,716,040.58</u>
<b><u>LIABILITIES, RESERVES, AND FUND BALANCE</u></b>					
Operating Fund:					
Appropriation Reserves	\$ 50,056.89	\$ 32,168.94	\$ 27,251.11	\$ 15,683.36	\$ 76,615.83
Reserve for Encumbrances	17,451.93	18,271.95	27,065.17	33,446.22	20,001.61
Prepaid Rents	1,321.80	386.24	48.48	170.72	134.96
Accrued Interest On Notes	987.37	1,560.00	963.05	7,310.57	5,437.68
	69,817.99	52,387.13	55,327.81	56,610.87	102,190.08
Reserve for Receivables	1,833.50	6,080.51	2,957.52	7,461.37	6,562.71
Fund Balance	133,895.54	240,314.63	279,734.29	292,197.45	250,931.25
Total Operating Fund	205,547.03	298,782.27	338,019.62	356,269.69	359,684.04
Capital Fund:					
Bond Anticipation Notes Payable	1,069,036.00	1,040,000.00	1,206,750.00	1,370,375.00	1,531,500.00
Improvement Authorizations:					
Unfunded	1,231,558.65	156,801.45	182,781.57	286,193.68	1,052,023.59
Contracts Payable	169,568.75			139,339.91	329.00
Capital Improvement Fund	17,504.25	17,504.25	17,504.25	17,504.25	17,504.25
Reserve for Amortization	4,414,463.70	4,246,499.70	4,079,749.70	3,916,124.70	3,754,999.70
Fund Balance	1,165.25	3,367.83			
	6,903,296.60	5,464,173.23	5,486,785.52	5,729,537.54	6,356,356.54
	<u>\$ 7,108,843.63</u>	<u>\$ 5,762,955.50</u>	<u>\$ 5,824,805.14</u>	<u>\$ 6,085,807.23</u>	<u>\$ 6,716,040.58</u>

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

**BOROUGH OF WENONAH**  
**WATER AND SEWER UTILITY FUND**  
**Statements of Operations and Changes In Fund Balance - Regulatory Basis**

	For the Years Ended December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 150,000.00	\$ 95,000.00	\$ 100,517.00	\$ 86,811.00	\$ 87,000.00
Rents	714,701.10	698,276.31	715,747.29	676,007.94	665,163.27
Utility Capital Fund Balance	3,367.83				6,448.58
Miscellaneous	14,310.93	12,464.64	18,056.48	21,845.25	33,186.62
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	5,362.42	18,580.41	15,519.02	76,014.45	5,830.23
Total Revenue and Other Income Realized	887,742.28	824,321.36	849,839.79	860,678.64	797,628.70
<u>Expenditures</u>					
Budget Appropriations:					
Operations	407,702.00	388,500.00	413,517.00	392,611.00	390,000.00
Services Charge by Gloucester County Utilities Authority	219,368.00	174,500.00	148,000.00	149,500.00	167,000.00
Debt Service	198,591.37	187,741.02	183,268.95	174,790.44	167,951.02
Deferred Charges and Statutory Expenditures	18,500.00	18,000.00	17,000.00	15,700.00	15,398.58
Total Expenditures	844,161.37	768,741.02	761,785.95	732,601.44	740,349.60
Statutory Excess to Fund Balance	43,580.91	55,580.34	88,053.84	128,077.20	57,279.10
<u>Fund Balance</u>					
Balance, January 1	240,314.63	279,734.29	292,197.45	250,931.25	280,652.15
	283,895.54	335,314.63	380,251.29	379,008.45	337,931.25
Decreased by:					
Utilized as Revenue	150,000.00	95,000.00	100,517.00	86,811.00	87,000.00
Balance, December 31	\$ 133,895.54	\$ 240,314.63	\$ 279,734.29	\$ 292,197.45	\$ 250,931.25

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

**BOROUGH OF WENONAH**  
Notes to Financial Statements  
For the Year Ended December 31, 2019

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

**Description of Financial Reporting Entity** - The Borough of Wenonah (hereafter referred to as the "Borough") is a New Jersey municipal corporation and one of twenty-four municipalities comprising the County of Gloucester. Originally founded in 1870, the Borough has been an organized community since 1883 however; it was not officially separated from Deptford Borough until 1894. The Borough is primarily a residential community 1.66 square miles in size. The present population according to the 2010 census is 2,278.

The Borough of Wenonah operates under a Mayor-Council form of government headed by the Mayor who is elected to serve a four-year term. Members of Council are elected to staggered three-year terms with two seats up each year. Executive and legislative responsibility rests with the Borough Council. The Business Manager, appointed by Mayor and Council, oversees the daily operations of the Borough.

**Component Units** - The financial statements of the component units of the Borough 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 Borough, the primary government:

Wenonah Free Public Library  
101 E. Mantua Avenue  
Wenonah, New Jersey 08090

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

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

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

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

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

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

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

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

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

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

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

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded. Investments recorded in the trust fund for the Borough's length of service awards program, however, are stated at fair value.

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.

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

**Cash, Cash Equivalents and Investments (Cont'd)** - If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

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

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

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

**General Fixed Assets** - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 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 Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

**Water and Sewer 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.

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

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

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

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

**Fund Balance** - Fund balances included in the current fund and water and 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 Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

**School Taxes** - The Borough is responsible for levying, collecting, and remitting school taxes for the Borough of Wenonah School District and Gateway Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31. For the regional high school district, operations is charged for the Borough's share of the amount required to be raised by taxation 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 Gloucester. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

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

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

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

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

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

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

As of December 31, 2019, the Borough's bank balances of \$3,097,520.38 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**

	<b><u>Year Ended</u></b>				
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Tax Rate	<b><u>\$ 4.145</u></b>	<b><u>\$ 4.074</u></b>	<b><u>\$ 4.074</u></b>	<b><u>\$ 3.987</u></b>	<b><u>\$ 3.902</u></b>
Apportionment of Tax Rate:					
Municipal	\$ .706	\$ .744	\$ .766	\$ .766	\$ .767
Municipal Library	.033	.033	.033	.033	.035
County	.649	.628	.629	.637	.635
County Open Space Preservation Trust Fund	.040	.040	.040	.042	.043
Local School	1.336	1.297	1.262	1.233	1.210
Regional High School	1.381	1.332	1.344	1.276	1.212

**Assessed Valuation**

<b><u>Year</u></b>	<b><u>Amount</u></b>
2019	\$ 220,010,800.00
2018	221,623,000.00
2017	223,342,200.00
2016	224,428,800.00
2015	224,639,200.00

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

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

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2019	\$ 9,126,397.43	\$ 8,998,241.23	98.60%
2018	9,052,259.22	8,928,683.00	98.63%
2017	9,126,589.42	8,988,151.83	98.48%
2016	8,956,614.90	8,814,022.21	98.41%
2015	8,774,976.34	8,670,301.94	98.81%

**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	-	\$ 126,022.93	\$ 126,022.93	1.38%
2018	-	92,291.97	92,291.97	1.02%
2017	-	77,872.45	77,872.45	0.85%
2016	-	112,489.36	112,489.36	1.26%
2015	-	92,830.21	92,830.21	1.06%

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	-
2018	-
2017	-
2016	-
2015	-

**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	\$ 162,500.00
2018	162,500.00
2017	162,500.00
2016	162,500.00
2015	162,500.00

**Note 5: WATER AND SEWER UTILITY SERVICE CHARGES**

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

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2019	\$ 6,080.51	\$ -	\$ 710,454.09	\$ 716,534.60	\$ 714,701.10
2018	2,957.52	-	701,399.30	704,356.82	698,276.31
2017	7,461.37	-	711,243.44	718,704.81	715,747.29
2016	6,562.71	-	676,906.60	683,469.31	676,007.94
2015	15,050.89	-	656,675.09	671,725.98	665,163.27

**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	\$ 977,287.91	\$ 390,000.00	39.91%
2018	1,052,818.68	465,000.00	44.17%
2017	1,108,249.79	510,000.00	46.02%
2016	1,033,405.57	394,000.00	38.13%
2015	947,989.04	331,000.00	34.92%

**Water and 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	\$ 133,895.54	\$ 30,000.00	22.41%
2018	240,314.63	150,000.00	62.42%
2017	279,734.29	95,000.00	33.96%
2016	292,197.45	100,517.00	34.40%
2015	250,931.25	86,811.00	34.60%

**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	\$ 832.86	\$ 13,903.41
Federal and State Grant	13,903.41	
Trust - Other		832.86
	<u>\$ 14,736.27</u>	<u>\$ 14,736.27</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 Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 8: PENSION PLANS**

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

**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 Borough, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

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

**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 Borough. 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

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

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

**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.

The Borough's contractually required contribution rate for the year ended December 31, 2019 was 13.95% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

**Public Employees' Retirement System (Cont'd)** - Based on the most recent PERS measurement date of June 30, 2019, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$51,487.00, 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 Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$45,598.00, which was paid on April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$27,686.68.

**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 Borough's contractually required contribution rate for the year ended December 31, 2019 was 178.80% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2019, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$15,699.00, 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 Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$133,341.00, which was paid on April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$878.00.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2019 was 23.05% of the Borough'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 Borough, to the pension plan for the year ended December 31, 2019 is \$2,024.00, 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 Borough, to the pension plan for the year ended December 31, 2018 was \$14,847.00, which was paid on 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 Borough contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2019, there were no Borough employees enrolled in DCRP.

**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 Borough's proportionate share of the PERS net pension liability was \$953,750.00. 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 Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2019 measurement date, the Borough's proportion was .0052931749%, which was an increase of .0007089728% from its proportion measured as of June 30, 2018.

At December 31, 2019, the Borough's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is \$38,062.00. This (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the Borough's contribution to PERS was \$45,598.00, and was paid on April 1, 2019.

**Police and Firemen's Retirement System** - At December 31, 2019, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows

Borough's Proportionate Share of Net Pension Liability	\$ 190,198.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough's	30,033.00
	<u>\$ 220,231.00</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 Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2019 measurement date, the Borough's proportion was .0015541863%, which was a decrease of 0.0120847810% 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 Borough, was .0015541863%, which was a decrease of .0120847810% from its proportion, on-behalf of the Borough, measured as of June 30, 2018.

At December 31, 2019, the Borough's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is \$(198,916.00). This (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the Borough's contribution to PFRS was \$133,341.00, and was paid on April 1, 2019.

At December 31, 2019, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Borough, calculated by the Plan as of the June 30, 2019 measurement date is \$3,490.00. This on-behalf (benefit) expense is not recognized by the Borough 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 Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 17,119.00	\$ 1,606.00	\$ 18,725.00	\$ 4,213.00	\$ 1,204.00	\$ 5,417.00
Changes of Assumptions	95,235.00	6,517.00	101,752.00	331,044.00	61,470.00	392,514.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	15,055.00	2,577.00	17,632.00
Changes in Proportion and Differences between Borough's Contributions and Proportionate Share of Contributions	161,430.00	193,962.00	355,392.00	32,023.00	1,589,918.00	1,621,941.00
Borough's Contributions Subsequent to the Measurement Date	25,744.00	7,850.00	33,594.00	-	-	-
	<u>\$ 299,528.00</u>	<u>\$ 209,935.00</u>	<u>\$ 509,463.00</u>	<u>\$ 382,335.00</u>	<u>\$ 1,655,169.00</u>	<u>\$ 2,037,504.00</u>

\$25,744.00 and \$7,850.00 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 Borough'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 Borough will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<b>PERS</b>		<b>PFRS</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
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 Borough Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
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:

<b><u>Year Ending Dec 31,</u></b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2020	\$ (13,621.00)	\$ (250,297.00)	\$ (263,918.00)
2021	(46,472.00)	(274,352.00)	(320,824.00)
2022	(44,820.00)	(300,243.00)	(345,063.00)
2023	(6,264.00)	(326,795.00)	(333,059.00)
2024	2,626.00	(301,397.00)	(298,771.00)
	<u>\$ (108,551.00)</u>	<u>\$ (1,453,084.00)</u>	<u>\$ (1,561,635.00)</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:

	<b><u>PERS</u></b>	<b><u>PFRS</u></b>
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 Borough's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Public Employees' Retirement System (PERS)** - The following presents the Borough's proportionate share of the net pension liability at June 30, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (<u>5.28%</u>)</b>	<b>Current Discount Rate (<u>6.28%</u>)</b>	<b>1% Increase (<u>7.28%</u>)</b>
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 1,204,741.00</u>	<u>\$ 953,750.00</u>	<u>\$ 742,254.00</u>

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

**Police and Firemen's Retirement System (PFRS)** - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Borough's annual required contribution. As such, the net pension liability as of June 30, 2019, the Plan's measurement date, for the Borough 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:

	PFRS		
	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Borough's Proportionate Share of the Net Pension Liability	\$ 257,079.00	\$ 190,199.00	\$ 134,845.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough's	40,593.00	30,033.00	21,292.00
	<u>\$ 297,672.00</u>	<u>\$ 220,232.00</u>	<u>\$ 156,137.00</u>

**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (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.

**Note 8: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Seven Plan Years)***

	<b>Measurement Date Ended June 30,</b>			
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Borough's Proportion of the Net Pension Liability	0.0052931749%	0.0045842021%	0.0045695499%	0.0043840192%
Borough's Proportionate Share of the Net Pension Liability	\$ 953,750.00	\$ 902,607.00	\$ 1,063,718.00	\$ 1,298,421.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 376,148.00	\$ 321,936.00	\$ 316,576.00	\$ 301,592.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	253.56%	280.37%	336.01%	430.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%
	<b>Measurement Date Ended June 30,</b>			
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	
Borough's Proportion of the Net Pension Liability	0.0041835140%	0.0051494108%	0.0058095802%	
Borough's Proportionate Share of the Net Pension Liability	\$ 939,115.00	\$ 964,111.00	\$ 1,110,326.00	
Borough's Covered Payroll (Plan Measurement Period)	\$ 288,584.00	\$ 288,656.00	\$ 389,500.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	325.42%	334.00%	285.06%	
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 Borough'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>
Borough's Contractually Required Contribution	\$ 51,487.00	\$ 45,598.00	\$ 42,332.00	\$ 38,947.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>\$ (51,487.00)</u>	<u>(45,598.00)</u>	<u>(42,332.00)</u>	<u>(38,947.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 369,155.00	\$ 376,410.00	\$ 331,998.00	\$ 314,011.00
Borough's Contributions as a Percentage of Covered Payroll	13.95%	12.11%	12.75%	12.40%
	<u>Year Ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 35,967.00	\$ 42,451.00	\$ 43,774.00	
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(35,967.00)</u>	<u>(42,451.00)</u>	<u>(43,774.00)</u>	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 311,277.00	\$ 303,827.00	\$ 284,790.00	
Borough's Contributions as a Percentage of Covered Payroll	11.55%	13.97%	15.37%	



**Note 8: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Seven Plan Years)***

	<b>Measurement Date Ended June 30,</b>			
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Borough's Proportion of the Net Pension Liability	0.0015541863%	0.0136389673%	0.0134563295%	0.0114230790%
Borough's Proportionate Share of the Net Pension Liability	\$ 190,198.00	\$ 1,845,577.00	\$ 2,077,397.00	\$ 2,182,100.00
State's Proportionate Share of the Net Pension Liability associated with the Borough's	30,033.00	250,691.00	232,686.00	183,242.00
Total	<u>\$ 220,231.00</u>	<u>\$ 2,096,268.00</u>	<u>\$ 2,310,083.00</u>	<u>\$ 2,365,342.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 255,636.00	\$ 487,964.00	\$ 469,752.00	\$ 397,260.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	74.40%	378.22%	442.23%	549.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.00%	62.48%	58.60%	52.01%
	<b>Measurement Date Ended June 30,</b>			
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	
Borough's Proportion of the Net Pension Liability	0.0107869729%	0.0106551616%	0.0093737782%	
Borough's Proportionate Share of the Net Pension Liability	\$ 1,796,734.00	\$ 1,340,321.00	\$ 1,246,159.00	
State's Proportionate Share of the Net Pension Liability associated with the Borough's	157,568.00	144,330.00	116,157.00	
Total	<u>\$ 1,954,302.00</u>	<u>\$ 1,484,651.00</u>	<u>\$ 1,362,316.00</u>	
Borough's Covered Payroll (Plan Measurement Period)	\$ 373,820.00	\$ 368,864.00	\$ 326,192.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	480.64%	363.36%	382.03%	
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 Borough'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>
Borough's Contractually Required Contribution	\$ 15,699.00	\$ 133,341.00	\$ 119,091.00	\$ 93,137.00
Borough's Contribution in Relation to the Contractually Required Contribution	(15,699.00)	(133,341.00)	(119,091.00)	(93,137.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 8,780.00	\$ 191,052.00	\$ 470,322.00	\$ 464,642.00
Borough's Contributions as a Percentage of Covered Payroll	178.80%	69.79%	25.32%	20.04%
	<u>Year Ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 87,682.00	\$ 81,839.00	\$ 68,389.00	
Borough's Contribution in Relation to the Contractually Required Contribution	(87,682.00)	(81,839.00)	(68,389.00)	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 397,302.00	\$ 375,866.00	\$ 360,858.00	
Borough's Contributions as a Percentage of Covered Payroll	22.07%	21.77%	18.95%	

**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 30<sup>th</sup> 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 30<sup>th</sup> over the following years: 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

**Note 9: LENGTH OF SERVICE AWARDS PROGRAM**

**Plan Description** - The Borough's length of service awards program (the "Plan"), which is a defined contribution plan reported in the Borough's trust fund, was created by a Borough Ordinance adopted on August 22, 2002 pursuant to Section 457(e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The accumulated assets of the Plan are not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

The voters of the Borough approved the adoption of the Plan at the general election held on November 5, 2002, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2003. The Plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel, and is administered by Lincoln National Life Insurance Company ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The Borough's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

The tax deferred income benefits for emergency service volunteers of the Wenonah Volunteer Fire Company, consisting of the volunteer fire department and the first aid organization, come from contributions made solely by the governing body of the Borough, on behalf of those volunteers who meet the criteria of the Plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

**Plan Amendments** - The Borough may make minor amendments to the provisions of the Plan at any time, provided, however, that no amendment affects the rights of participants or their beneficiaries regarding vested accumulated deferrals at the time of the amendment. The Plan can only be amended by resolution of the governing body of the Borough, and the following procedures must be followed: (a) any amendment to the Plan shall be submitted for review and approval by the Director of Local Government Services, State of New Jersey (the "Director") prior to implementation by the Borough's governing body, provided, however, that any amendment required by the IRS, may be adopted by the Borough's governing body without the advance approval of the Director (although such amendment shall be filed with the Director); (b) the documentation submitted to the Director shall identify the regulatory authority for the amendment and the specific language of the change; and (c) the Borough shall adopt the amendment by resolution of the governing body, and a certified copy of the resolution shall be forwarded to the Director. The Borough may amend the Plan agreement to accommodate changes in the Internal Revenue Code, Federal statutes, state laws or rules or operational experience. In cases of all amendments to the Plan, the Borough shall notify all participants in writing prior to making any amendment to the Plan.

**Contributions** - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100.00 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The Borough elected to contribute \$1,000.00 for the year ended December 31, 2019 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2019, the Borough's total expenditure to the Plan was \$10,000.00.

**Note 9: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)**

**Participant Accounts** - Each participant's account is credited with the Borough's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Borough has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the Plan participants and their beneficiaries. The contributions from the Borough to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the Borough. These funds, however, are not available for funding the operations of the Borough.

**Vesting** - The Borough, in accordance with N.J.S.A. 40A:14-188 and N.J.A.C. 5:30-11.63 may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

**Payment of Benefits** - Upon separation from volunteer service, retirement or disability, termination of the Plan, participants may select various payout options of vested accumulated deferrals, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

**Forfeited Accounts** - For the year ended December 31, 2019, no accounts were forfeited.

**Investments** - The investments of the length of service awards program reported in the trust - other funds on the statements of assets, liabilities, reserves, and fund balance - regulatory basis are recorded at fair value.

**Plan Information** - Additional information about the Borough's length of service awards program can be obtained by contacting the Plan Administrator.

**Note 9: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)****Supplementary Length of Service Award Program Information**

In accordance with GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the following schedule of Borough contributions to the length of service award program is presented. This schedule is 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.

<u>Year Ended December 31,</u>	<u>Borough's Plan Calculated Contribution</u>	<u>Borough's Contribution in Relation to the Plan Calculated Contribution</u>	<u>Borough's Plan Calculated Contribution Deficiency (Excess)</u>
2019	\$ 10,000.00	\$ 10,000.00	-
2018	12,000.00	12,000.00	-
2017	12,000.00	12,000.00	-
2016	11,000.00	11,000.00	-
2015	16,000.00	16,000.00	-
2014	14,000.00	14,000.00	-
2013	15,650.00	15,650.00	-
2012	19,950.00	19,950.00	-
2011	23,100.00	23,100.00	-
2010	24,250.00	24,250.00	-

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

**Plan Description and Benefits Provided** - The Borough provides postemployment health care benefits to its retirees through a single employer defined benefit plan. The State of New Jersey (the "State") provides additional benefits to certain Borough retirees and their dependents under a special funding situation as described below.

The State of New Jersey, on-behalf of the Borough, 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 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the OPEB Plan (Cont'd)**

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating 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.

*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 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the OPEB Plan (Cont'd)**

Therefore, the Borough is 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 Borough does 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 Borough is required disclose:

- a) the State's proportion (percentage) of the collective net OPEB liability that is associated with the Borough,
- b) the State's proportionate share of the collective net OPEB liability that is associated with the Borough, and
- c) the State's proportionate share of the OPEB (benefit) expense that is associated with the Borough.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Borough, is not known, however, under the Special Funding Situation, the State's OPEB (benefit) expense, on-behalf of the Borough, is \$4,914.00 for the year ended December 31, 2019 representing 55.97% of the Borough's covered payroll.

**OPEB Liability and OPEB (Benefit) Expense**

**OPEB Liability** - At December 31, 2019 the State's proportionate Share of the Net OPEB liability associated with the Borough is \$370,720.00. 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 State's proportion of the net OPEB liability, on-behalf of the Borough, 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 Borough was .006709% which was a decrease of .000329% from its proportion measured as of the June 30, 2018 measurement date.

**OPEB (Benefit) Expense** - At December 31, 2019, the State's proportionate share of the OPEB (benefit) expense, associated with the Borough, calculated by the Plan as of the June 30, 2019 measurement date, is \$4,914.00. This on-behalf (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.



**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Actuarial Assumptions**

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Not Applicable Under Special Funding Situation	
PFRS:	
Rate for all Years	3.25% to 15.25%

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

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational mortality 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 experience study prepared for July 1, 2013 to June 30, 2018.

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) at the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pays 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 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Sensitivity of the net OPEB Liability to Changes in the Discount Rate**

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays the Borough'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, 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:

	<b>1% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	<u>\$ 428,647.00</u>	<u>\$ 370,720.00</u>	<u>\$ 323,647.00</u>

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

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:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	<u>\$ 312,842.00</u>	<u>\$ 370,720.00</u>	<u>\$ 444,553.00</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 (benefit) 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 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Supplementary OPEB Information**

In accordance with GASB 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 State's Proportionate Share of the net OPEB Liability Associated with the Borough (Last Three Plan Years)***

	<b>Measurement Date Ended June 30,</b>		
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Borough's Proportion of the Net OPEB Liability	0.000000%	0.000000%	0.000000%
State's Proportion of the Net OPEB Liability Associated with the Borough	100.000000%	100.000000%	100.000000%
	<u>100.000000%</u>	<u>100.000000%</u>	<u>100.000000%</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Borough	<u>370,720.00</u>	<u>437,330.00</u>	<u>2,499,149.00</u>
Total	<u>\$ 370,720.00</u>	<u>\$ 437,330.00</u>	<u>\$ 2,499,149.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 35,118.00	\$ 391,598.00	\$ 480,065.00
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	1055.641%	111.678%	520.586%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Supplementary OPEB Information (Cont'd)*****Schedule of the State's Contributions Associated with the Borough (Last Three Years)***

The amount of actual contributions that the State made on-behalf of the Borough is not known.

**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 experience study. 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.

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 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. BOROUGH OF WENONAH POSTEMPLOYMENT BENEFIT PLAN**

**Plan Description and Benefits Provided** - The Borough provides postretirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The Borough provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: eligible police officers who retired after the age of 50 and have at least twenty-five (25) years of service with the Borough; and other Borough employees who retire with a disability pension, have at least twenty-five (25) consecutive years or more of service with the Borough, or are 62 years of age with fifteen (15) consecutive years or more with the Borough. These provisions are provided in accordance with the police officer's labor contract and the Borough's Ordinance 2000-6. The Plan is administered by the Borough; therefore, premium payments are made directly to the insurance carriers. Reimbursements by the retirees are paid in monthly installments after the Borough provides the retirees with a detailed accounting of the costs.

**Employees Covered by Benefit Terms** - As of December 31, 2019, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	2
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	9
	<hr/>
	11
	<hr/>

**Total OPEB Liability**

The Borough's total OPEB liability of \$5,106,271.00 was measured as of December 31, 2019 and was determined by an actuarial valuation as of December 31, 2019.

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

Inflation	2.50%
Salary Increases	2.50% Annually
Discount Rate	2.74%
Healthcare Cost Trend Rates	Medical: 5.7% in 2019, reducing by 0.1% per annum, leveling at 5% per annum in 2026
Retirees' Share of Benefit-Related Costs	Subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the PERS

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

Mortality rates were based on the RP 2000 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement.

An experience study was not performed on the actuarial assumptions used in the December 31, 2019 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by Society of Actuaries. The actuary has used their professional judgement in applying these assumptions to this Plan.

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. BOROUGH OF WENONAH POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Changes in Total OPEB Liability**

Balance at December 31, 2018		\$ 4,052,243.00
Changes for the Year:		
Service Cost	\$ 83,438.00	
Interest Cost	168,477.00	
Benefit Payments	(52,956.00)	
Changes in Assumptions	855,069.00	
Difference between Expected and Actual Experience	-	
Net Changes		<u>1,054,028.00</u>
Balance at December 31, 2019		<u>\$ 5,106,271.00</u>

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

Changes of assumptions and other inputs reflect a change in the discount rate from 4.10% at December 31, 2018 to 2.74% at December 31, 2019.

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

	<b>December 31, 2019</b>		
	<b>1.00% Decrease (1.74%)</b>	<b>Current Discount Rate (2.74%)</b>	<b>1.00% Increase (3.74%)</b>
Total OPEB Liability	<u>\$ 5,817,193.00</u>	<u>\$ 5,106,271.00</u>	<u>\$ 4,542,540.00</u>

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>December 31, 2019</b>		
	<b>1.00% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1.00% Increase</b>
Total OPEB Liability	<u>\$ 4,498,027.00</u>	<u>\$ 5,106,271.00</u>	<u>\$ 5,876,873.00</u>

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. BOROUGH OF WENONAH POSTEMPLOYMENT BENEFIT PLAN (CONT'D)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended December 31, 2019, the Borough recognized OPEB expense of \$309,310.00. As of December 31, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions	\$ 797,674.00	\$ -
Difference Between Expected and Actual Experience	-	-
	<u>\$ 797,674.00</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b><u>Year Ending Dec 31,</u></b>	
2020	\$ 57,395.00
2021	57,395.00
2022	57,395.00
2023	57,395.00
2024	57,395.00
Thereafter	<u>510,699.00</u>
	<u>\$ 797,674.00</u>

**Supplementary OPEB Information**

In accordance with GASBS No. 75, the following information is also presented for the Borough's OPEB Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. BOROUGH OF WENONAH POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Supplementary OPEB Information (Cont'd)*****Schedule of Changes in the Borough's Total OPEB Liability and Related Ratios (Last Two Plan Years)***

	<u>Plan Measurement Date December 31,</u>	
	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 83,438.00	\$ 83,438.00
Interest Cost	168,477.00	167,434.00
Benefit Payments	(52,956.00)	(54,132.00)
Changes in Assumptions	855,069.00	-
Actuarial Demographic Gains		(171,887.00)
Difference Between Expected and Actual Experience	-	-
Net Change in Total OPEB Liability	1,054,028.00	24,853.00
Total OPEB Liability - Beginning of Fiscal Year	4,052,243.00	4,027,390.00
Total OPEB Liability - End of Fiscal Year	<u>\$ 5,106,271.00</u>	<u>\$ 4,052,243.00</u>
Covered-Employee Payroll	\$ 540,402.04	\$ 771,193.84
Total OPEB Liability as a Percentage of Covered Payroll	944.90%	525.45%

**Other Notes to Supplementary OPEB Information****Changes in Benefit Terms**

None

**Changes in Assumptions**

The discount rate changed from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019.



**Note 11: COMPENSATED ABSENCES**

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

Full-time employees are entitled to nine paid sick leave days each year. Unused sick leave for other employees may be accumulated and carried forward to the subsequent year up to a maximum of thirty days or it may be sold back to the Borough on December 31 of each year at a rate of 25% of the employee's current rate of pay. Other employees are entitled to up to twenty vacation days, based on years of service, with the option, with Borough Council approval, of carrying forward or applying for a buy back. Other employees called up for military duty as a member of the reserve will continue to be paid for thirty days and members of the New Jersey National Guard for up ninety days. Other compensated absences cannot be carried forward and are not compensated for at retirement or termination.

The Borough 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 \$18,746.69.

**Note 12: DEFERRED COMPENSATION SALARY ACCOUNT**

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

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

**Note 13: CAPITAL DEBT**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><u>Issued</u></b>			
General:			
Bonds and Notes	\$ 1,487,342.00	\$ 1,801,000.00	\$ 1,676,500.00
Water and Sewer Utility:			
Bonds and Notes	1,069,036.00	1,040,000.00	1,206,750.00
Total Issued	2,556,378.00	2,841,000.00	2,883,250.00
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds and Notes	0.61	400,000.00	817,500.00
Water and Sewer Utility:			
Bonds and Notes	1,395,000.00	12,000.00	
Total Authorized but not Issued	1,395,000.61	412,000.00	817,500.00
Total Issued and Authorized but not Issued	3,951,378.61	3,253,000.00	3,700,750.00
<b><u>Deductions</u></b>			
General:			
Reserve for Payment of Notes	16,111.06		4,096.57
Water and Sewer Utility:			
Self-Liquidating	2,464,036.00	1,052,000.00	1,206,750.00
Total Deductions	2,480,147.06	1,052,000.00	1,210,846.57
<b>Net Debt</b>	<b>\$ 1,471,231.55</b>	<b>\$ 2,201,000.00</b>	<b>\$ 2,489,903.43</b>

**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 .663%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 1,961,462.25	\$ 1,961,462.25	
Self-Liquidating	2,464,036.00	2,464,036.00	
General	1,487,342.61	16,111.06	\$ 1,471,231.55
	<b>\$ 5,912,840.86</b>	<b>\$ 4,441,609.31</b>	<b>\$ 1,471,231.55</b>

Net debt \$1,471,231.55 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$221,775,771.00, equals .663%.

**Note 13: CAPITAL DEBT (CONT'D)****Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 7,762,151.99
Less: Net Debt	<u>1,471,231.55</u>
Remaining Borrowing Power	<u>\$ 6,290,920.44</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 868,068.93
Deductions:	
Operating and Maintenance Costs	\$ 645,570.00
Debt Service	<u>198,591.37</u>
Total Deductions	<u>844,161.37</u>
Excess in Revenue	<u>\$ 23,907.56</u>

**Note 14: SCHOOL TAXES**

Gateway Regional High 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:

	<b><u>Balance December 31,</u></b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
Balance of Tax	\$ 1,518,660.86	\$ 1,476,916.34
Deferred	<u>238,358.08</u>	<u>238,358.08</u>
	<u>\$ 1,280,302.78</u>	<u>\$ 1,238,558.26</u>

**Note 15: RISK MANAGEMENT**

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

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

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

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ -	\$ -	\$ 244.63	\$ 1,073.61	\$ 22,140.73
2018	-	6,000.00	200.70	23,267.25	22,969.71
2017	5,000.00	-	149.41	2,310.67	40,036.26

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

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

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

Excess Workers' Compensation  
Excess Liability  
Crime including Excess Public Employee and Public Official Coverage

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

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

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

Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund  
6000 Sagemore Drive  
Suite 6203  
P.O. Box 490  
Marlton, New Jersey 08053

**Note 15: RISK MANAGEMENT (CONT'D)**

**Employee Benefits Fund** - The Borough of Wenonah is also a member of the Southern New Jersey Regional Employee Benefits Fund established pursuant to N.J.S.A. 40A:10-36 et. seq. and N.J.A.C. 11:15-3. The Fund provides its members with health benefits coverage.

The Fund is a member of the Municipal Reinsurance Health Insurance Fund (the "MRHIF"). The MRHIF is a risk-sharing public entity risk pool that is a self-administered group of joint insurance funds established for the purpose of providing excess health insurance coverage to participating members.

All members' assessments, including a reserve for contingencies, are payable in monthly installments are based on annual actuarial assumptions determined by the Fund's Actuary and on monthly and quarterly adjustments determined by the Fund's Actuary and Program Manager based on actual loss experience.

The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund provides the Borough with the following coverage:

Medical  
Dental  
Prescription

The Fund provides coverage on a self-insured basis and secures reinsurance in a form and an amount from an insurance company acceptable to the Commissioner of Insurance.

The Fund publishes its own financial report for the year ended December 31, 2019, which can be obtained from:

Southern New Jersey Regional Employee Benefits Fund  
250 Pehle Avenue  
Suite 701  
Saddle Brook, New Jersey 07663

**Note 16: CONTINGENCIES**

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

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

**Note 17: CONCENTRATIONS**

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

**Note 18: SUBSEQUENT EVENTS**

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
Roadway improvements to South Marion Avenue, West Cherry Street and Princeton Avenue	3/26/2020	\$ 270,800.00
Replacement of water mains on South Marion Avenue and the replacement of storm sewers on West Cherry Street	3/26/2020	327,400.00
Various roadway improvements	7/23/2020	961,800.00
Various water and sewer utility improvements	7/23/2020	3,748,000.00

**COVID-19** - In response to the COVID-19 outbreak in the United States, the Borough Municipal Building has been closed to the public since March 18, 2020. Office staff worked remotely or on-site in shifts, while public works employees worked on a reduced-hours schedule. Many events previously planned had been canceled or rescheduled. In addition, at a regular meeting of the Mayor and Committee held on March 26, 2020, the Borough adopted Resolution 2020-50, authorizing extension of the grace period for payment of second quarter property taxes to June 1, 2020, pursuant to Executive Order No. 130 signed by the Governor of the State of New Jersey on April 27, 2020. Furthermore, at a meeting of the Mayor and Committee held on June 25, 2020, the Borough adopted Resolution 2020-59, authoring the Tax Collector to prepare and mail estimated property tax bills for the third installment of 2020 taxes, as permitted by statutes. The Borough expects the COVID-19 matter to impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL**

\_\_\_\_\_, 2020

Borough Council of the  
Borough of Wenonah, in  
the County of Gloucester, New Jersey

Dear Council Members:

We have acted as bond counsel to the Borough of Wenonah, in the County of Gloucester, New Jersey (the "Borough") in connection with the issuance by the Borough of \$8,020,000\* General Obligation Bonds, consisting of \$2,448,800\* General Improvement Bonds and \$5,571,200\* Water-Sewer Utility Bonds, dated the date hereof (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, resolutions of the Borough adopted August 27, 2020 pursuant to N.J.S.A. 40A:2-26(f), each in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding general obligations of the Borough, and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the Borough for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the Borough has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of

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\*Preliminary, subject to change



the Bonds. In the event that the Borough continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Borough in the Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,