

SUPPLEMENT
Dated November 23, 2020
TO
PRELIMINARY OFFICIAL STATEMENT
Dated November 17, 2020

IN CONNECTION WITH

\$5,665,000*
TOWNSHIP OF PENNSAUKEN
County of Camden, New Jersey
TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020
(Book-Entry-Only) (Non-Callable)

Set forth below is certain clarifying information that should be considered in connection with the Preliminary Official Statement, dated November 17, 2020 ("Preliminary Official Statement"), pertaining to the above-captioned bonds ("Refunding Bonds"). It currently is anticipated that the date of delivery of the Refunding Bonds will be on or about December 9, 2020. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Preliminary Official Statement.

The main headings appearing on the cover page and page 1 of the Preliminary Official Statement are hereby amended and restated to read as set forth below. Specifically, the cover page and page 1 of the Preliminary Official Statement are being amended to delete references to the Refunding Bonds as being designated as "Bank Qualified".

"\$5,665,000*
TOWNSHIP OF PENNSAUKEN
County of Camden, New Jersey
TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020
(BOOK-ENTRY ONLY) (NON-CALLABLE)"

Except as amended by this Supplement, the Preliminary Official Statement shall remain in full force and effect as to the matters set forth therein. The information in this Supplement is subject in all respects to more complete information in the Preliminary Official Statement, to the extent that such information is not otherwise amended or supplemented hereby.

This Supplement is submitted in connection with the issuance of the Refunding Bonds and may not be reproduced or used, as a whole or in part, for any other purposes. Any statement made or incorporated in this Supplement involving matters of opinion or estimates, whether or not expressly so stated are set forth as such and not as representations of fact. This Supplement is not to be construed as a contract or agreement between the Township and the purchasers or owners of any of the Refunding Bonds.

TOWNSHIP OF PENNSAUKEN, NEW JERSEY
RONALD S. CRANE, Chief Financial Officer

This Preliminary Official Statement and the information contained herein, is subject to change, completion or amendment in a final Official Statement. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities offered hereby in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 17, 2020

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township (as hereinafter defined), interest on the Bonds (as hereinafter defined) is included in gross income for Federal tax purposes. Interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed. See "TAX MATTERS" herein.

\$5,665,000*
TOWNSHIP OF PENNSAUKEN
County of Camden, New Jersey
TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020
(BANK QUALIFIED) (BOOK-ENTRY ONLY)
(NON-CALLABLE)

Dated: Date of Delivery

Due: August 15, as shown below

The \$5,665,000* aggregate principal amount of Taxable General Obligation Refunding Bonds, Series 2020 ("Refunding Bonds"), of the Township of Pennsauken, County of Camden, New Jersey ("Township"), shall be issued in fully registered book-entry only form without coupons. The principal of the Refunding Bonds shall be paid on their respective maturity dates in the amounts and in the years set forth on this cover page upon presentation and surrender of the Refunding Bonds at the offices of the Township or the Township's hereafter designated paying agent, if any. Interest on the Refunding Bonds is payable semiannually on February 15 and August 15, commencing February 15, 2021, in each year until maturity. The Refunding Bonds are **not** subject to redemption prior to their stated maturity dates.

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

The Refunding Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) a refunding bond ordinance, duly and finally adopted by the Township Committee on October 22, 2020, and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by the Township Committee on October 22, 2020.

The Refunding Bonds are being issued by the Township to provide funds which will be used to: (i) advance refund and redeem all of the Township's outstanding callable General Obligation Bonds, Series 2011, maturing on August 15 in the years 2022 through 2026, both dates inclusive; and (ii) pay the costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

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

**MATURITIES, PRINCIPAL AMOUNTS*,
INTEREST RATES AND YIELDS**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2021	\$100,000			
2022	1,085,000			
2023	1,095,000			
2024	1,120,000			
2025	1,135,000			
2026	1,130,000			

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

The Refunding Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Solicitor, Louis R. Meloni, Esq., of the law firm of Parker McCay P.A. Mount Laurel, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey, has acted as Municipal Advisor to the Township in connection with the issuance of the Refunding Bonds. It is anticipated that the Refunding Bonds in definitive form will be available for delivery through DTC in New York, New York, on or about December 9, 2020.



* Preliminary, subject to change

** A registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Holders of the Refunding Bonds only at the time of issuance of the Refunding Bonds and the Township 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 of the Refunding Bonds is subject to being changed after the issuance of the Refunding 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 Refunding Bonds.

TOWNSHIP OF PENNSAUKEN
County of Camden, New Jersey

Elected Officials

Tim Killion	Mayor
Marco DiBattista	Deputy Mayor
Almar Dyer	Committee Member
Elizabeth McBride	Committee Member
Jessica Jarbough-Rafeh	Committee Member

Township Acting Administrator
Joseph Palumbo

Chief Financial Officer
Ronald S. Crane

Township Acting Clerk
Pamela Scott-Forman

Solicitor
Louis R. Meloni, Esq.
Parker McCay P.A.
Mount Laurel, New Jersey

Auditor
Bowman & Company LLP
Voorhees, New Jersey

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

Municipal Advisor
Acacia Financial Group, Inc.
Mount Laurel, New Jersey

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

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Refunding Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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

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

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

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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OFFICIAL STATEMENT
Relating to

\$5,665,000*
TOWNSHIP OF PENNSAUKEN
County of Camden, New Jersey
TAXABLE GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2020
(BANK QUALIFIED)
(BOOK-ENTRY ONLY) (NON-CALLABLE)

INTRODUCTION

The purpose of this Official Statement, including the cover page hereof and the appendices attached hereto, is to provide certain information relating to the issuance by the Township of Pennsauken, County of Camden, New Jersey ("Township"), of its \$5,665,000* aggregate principal amount of Taxable General Obligation Refunding Bonds, Series 2020 ("Refunding Bonds").

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

AUTHORIZATION FOR THE REFUNDING BONDS

The Refunding Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) a refunding bond ordinance, duly and finally adopted by the Township Committee ("Committee") on October 22, 2020, and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by Township Committee on October 22, 2020 ("Resolution").

PURPOSE OF THE REFUNDING BONDS

The Refunding Bonds are being issued by the Township to provide funds which will be used to: (i) advance refund and redeem all of the Township's outstanding callable General Obligation Bonds, Series 2011, maturing on August 15 in the years 2022 through 2026, both dates inclusive (collectively, the "Refunded Bonds"); and (ii) pay the costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

Pursuant to an Escrow Deposit Agreement ("Escrow Agreement"), dated the date of issuance of the Refunding Bonds, between the Township and TD Bank, National Association, Cherry Hill, New Jersey, as escrow agent ("Escrow Agent"), the Township will irrevocably deposit direct noncallable obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations"), with

* Preliminary, subject to change.

the Escrow Agent, which Government Obligations will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, sufficient moneys will be available to make full and timely payment of the redemption price of and interest on the Refunded Bonds.

The mathematical calculations and adequacy of the deposit provided for the payment of the Refunded Bonds will be verified by Bowman & Company LLP, Voorhees, New Jersey, certified public accountants ("Verification Agent"), at the time of the delivery of the Refunding Bonds. All moneys and Government Obligations deposited for the payment of the Refunded Bonds, including interest thereon, are pledged solely and irrevocably for the benefit of the holders of the Refunded Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Refunding Bonds.

Estimated Sources of Funds:

Principal Amount of Refunding Bonds	\$_____
Total Estimated Sources	\$_____

Estimated Uses of Funds:

Deposit to Escrow Fund	\$_____
Costs of Issuance ¹	_____
Underwriter's Discount	_____
Total Estimated Uses	\$_____

¹ Includes legal fees, municipal advisory fees, accounting fees, paying agent fees (if any) and Escrow Agent fees, printing costs, Rating Agency's fees, Verification Agent fees, contingency and miscellaneous expenses incurred in connection with the issuance of the Refunding Bonds.

THE REFUNDING BONDS

Description

The Refunding Bonds will be issued in the aggregate principal amount of \$5,665,000*, will be dated their date of delivery, as shown on the cover page to this Official Statement, and will bear interest from that date at the rates set forth on the cover page hereof. Interest on the Refunding Bonds will be payable semiannually on February 15 and August 15 ("Interest Payment Dates"), commencing February 15, 2021, in each year until maturity. The Refunding Bonds will mature on

* Preliminary, subject to change.

August 15 in the years and in the principal amounts, all as shown on the cover page of this Official Statement. The Refunding Bonds are not subject to redemption prior to their stated maturity dates.

The Refunding Bonds will be issued in fully registered book-entry-only form without coupons in the principal denominations of \$5,000 or any integral multiple thereof. The principal of the Refunding Bonds will be payable to the registered owners thereof at maturity upon presentation and surrender of the Refunding Bonds at the offices of the Chief Financial Officer of the Township or the hereafter designated paying agent, if any. Interest on each Refunding Bond shall be payable on each Interest Payment Date of such Refunding Bond to the registered owner of record thereof appearing on the registration books kept by the Township for such purpose at the offices of the Chief Financial Officer or the hereafter designated paying agent, if any, as of the close of business on the first (1st) day of the calendar month containing an Interest Payment Date ("Record Date").

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

Book-Entry-Only System¹

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

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

¹ Source: The Depository Trust Company.

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.

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

To facilitate subsequent transfers, all Refunding Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Refunding 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 Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Refunding Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices, if any, shall be sent to DTC. If less than all of the Refunding Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

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

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE REFUNDING BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE REFUNDING BONDS (OTHER

THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE REFUNDING BONDS.

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Refunding Bonds, the following provisions would apply: (i) the Refunding Bonds may be exchanged for an equal aggregate principal amount of Refunding Bonds in other authorized denominations, of the same maturity, upon surrender thereof at the offices of the Township or its hereafter designated paying agent, if any; (ii) the transfer of any Refunding Bonds may be registered on the books maintained by the Township or its hereafter designated paying agent, if any, for such purpose only upon the surrender thereof to the Township or its hereafter designated paying agent, if any, together with the duly executed assignment in form satisfactory to the Township and paying agent; and (iii) for every exchange or registration of transfer of Refunding Bonds, the Township or its hereafter designated paying agent, if any, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Refunding Bonds. Interest on the Refunding Bonds will be payable by check or draft mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS

Taxing Power

The Refunding Bonds are legal, valid and binding general obligations of the Township and the full faith, credit and taxing power of the Township are irrevocably pledged for the payment of the principal of and interest on the Refunding Bonds.

The Refunding Bonds are payable as to principal and interest, if payment is not provided in any other manner, from *ad valorem* taxes to be levied upon all taxable real property located within the Township without limitation as to rate or amount, except to the extent that enforcement of such payment may be limited by bankruptcy, insolvency or other similar laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

The Township may pledge only its own credit and taxing power in respect of the Refunding Bonds, and has no power to pledge the credit or taxing power of the State of New Jersey ("State") or any other political subdivision thereof, nor shall the Refunding Bonds be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of, redemption price for or interest on the Refunding Bonds.

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

Local Bond Law

General - The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy ad valorem taxes upon all taxable property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

Debt Limits - The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The Township, including the issuance of the Refunding Bonds, will not exceed its three and one-half percent (3.5%) debt limit.

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

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

Short-Term Financing – When approved by bond ordinance, the Township may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later

than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the notes are issued.

Refunding Bonds – Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds.

Local Fiscal Affairs Law

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

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

An independent examination of the Township's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the municipality's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2019 is on file with the Township Clerk and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the chief financial officer of the municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities. The Township's 2019 Annual Financial Statement is on file with the Township Clerk and is available for review during business hours.

Local Budget Law

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

The Local Budget Law requires local governmental units to adopt a "cash basis" budget in such form that there will be sufficient cash collected to meet all debt service requirements,

necessary operations of the local governmental units for the fiscal year and any mandatory payments required to be met during the fiscal year.

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

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

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a municipality to increase its overall appropriations, it does not limit the obligation of the Township to levy ad valorem taxes upon all taxable real property within the Township to pay debt service on the Refunding Bonds. The Cap Law provides that a municipality shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010, which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, *N.J.S.A. 40A:4-45-46*) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties,

municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

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

Miscellaneous Revenues

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

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

Real Estate Taxes

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

Current Year Tax Levy and Reserve for Uncollected Taxes - The current year's taxes to be levied are determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets, if any, together with the amount of an appropriation required to be included in the annual municipal budget entitled "Reserve for Uncollected Taxes", less the total of anticipated revenues. The inclusion of the "Reserve for

Uncollected Taxes" appropriation in the current year's budget protects the municipality from taxes currently unpaid. The "Reserve for Uncollected Taxes" is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year, the average of the previous three years in accordance with P.L. 2000, c. 126, or the previous year collection percentage after reducing the previous year levy by tax appeal judgments of the county tax board pursuant to R.S.54:3-21 et seq., or the State tax court pursuant to R.S.54:48-1 et seq. in accordance with Chapter 56 of P.L. 2010.

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

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

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

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

Deferral of Current Expenses

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three years; and tax map preparations,

revision of ordinances, revaluations, master plan preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, and payments of accumulated sick and vacation time which may be amortized over five years.

Budget Transfers

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

Capital Budget

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

Related Constitutional and Statutory Provisions

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

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

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

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

Rights and Remedies of Owners of Bonds

The State Municipal Finance Commission Act, Chapter 27 of Title 52 of the State Statutes, as amended and supplemented ("Act"), provides that when it has been established, by court proceedings, that a municipality has defaulted for over sixty days in the payment of the principal of or interest on any of its outstanding bonds or notes, the Local Finance Board (which, pursuant to the Act, is constituted the Municipal Finance Commission and shall hereinafter be referred to as the "Commission") shall take control of the fiscal affairs of the defaulting municipality.

The Act provides that the Commission shall remain in control of the municipality until all bonds or notes of the municipality that have fallen due and all bonds or notes that will fall due within one year, and the interest thereon, have been paid, funded or refunded, or the payment thereof in cash shall have been adequately provided for by a cash reserve.

The Act empowers the Commission to direct the municipality to provide for the funding or refunding of notes or bonds of the municipality and the interest thereon, which the Commission shall have found to be outstanding and unpaid and to be due or become due. The Act further authorizes the Commission to bring and maintain an appropriate proceeding for the assessment, levy or collection of taxes by the municipality for the payment of principal of or interest on such indebtedness.

Under Article 6 of the Act, while the Commission functions in the municipality, no judgment, levy, or execution against the municipality or its property for the recovery of the amount due on any bonds, notes or other obligations of the municipality in the payment of which it has defaulted, shall be enforced unless otherwise directed by Court Order. However, Article 6 of the Act also provides that upon application of any creditor made upon notice to the municipality and the Commission, a court may vacate, modify or restrict any such statutory stay contained therein.

Limitation of Remedies Under Federal Bankruptcy Code

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

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

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

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

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 97.20%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last complete revaluation of property within the Township was in 2014, effective for the 2015 tax year.

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

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. Tax liens retained by the Township are periodically assigned to the Solicitor for "in rem foreclosures" in order to acquire title to these properties.

Tax Appeals

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

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

INFORMATION REGARDING THE TOWNSHIP OF PENNSAUKEN

General

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

Financial

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

LITIGATION

Upon delivery of the Refunding Bonds, the Township shall furnish an opinion of its solicitor, Louis R. Meloni, Esq., of the law firm Parker McCay P.A. Mount Laurel, New Jersey ("Solicitor"), dated the date of delivery of the Refunding Bonds, to the effect that there is no litigation of any nature, pending, to restrain or enjoin the issuance, sale, execution or delivery of the Refunding Bonds, or in any way contesting or affecting the validity of the Refunding Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Refunding Bonds. In addition, such opinion shall state that there is no litigation of any nature now pending by or against the Township wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the

Township or adversely affect the power to levy, collect and enforce the collection of taxes or other revenues for the payment of the Refunding Bonds, which has not been otherwise disclosed in this Official Statement.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township ("Bond Counsel"), interest on the Bonds is included in gross income for Federal tax purposes.

New Jersey

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

Changes in Federal and State Tax Law

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

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

CONTINUING DISCLOSURE

In accordance with the provisions of Rule 15c2-12, as amended and promulgated by the Securities and Exchange Commission ("SEC"), pursuant to the Securities Exchange Act of 1934, as amended, the Township will, prior to the issuance of the Refunding Bonds, enter into a continuing disclosure agreement, substantially in the form set forth in Appendix "D" hereto.

As described in this paragraph, the Township has failed to timely file certain secondary market disclosure pursuant to the Rule in connection with previous undertakings related to certain of its general obligation bonds. The Township failed to timely file its fiscal year 2015 audit and 2016 budget with respect to the Township's Series 2008 Bonds. The Township was also late in filing a notice of redemption in connection with the refunding of the Series 2008 Bonds. Lastly, the Township failed to timely file a rating upgrade by Moody's in 2017. The Township has since filed such information as well as the required failure to file notices. The Township has engaged Acacia Financial Group, Inc. to serve as dissemination agent.

APPROVAL OF LEGAL PROCEEDINGS

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

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

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

NO DEFAULT

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

MUNICIPAL ADVISOR

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

RATING

Moody's Investors Service, Inc. (the "Rating Agency"), has assigned a rating of "Aa3" to the Bonds based on the credit worthiness of the Township.

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

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the arithmetic computations supporting the conclusion that the principal amounts of, and interest earned on, the Government Obligations to be acquired with a portion of the proceeds of the Refunding Bonds, are sufficient to pay the redemption price of and interest on the Refunded Bonds.

CERTAIN RISK FACTORS

Recent Healthcare Developments

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus"), which was first detected in China and has spread to other countries, including the United States, has been declared a pandemic by the World Health Organization, a national emergency by the President of the United States ("President") and a state of emergency by the Governor of the State ("Governor"). The spread of the Coronavirus has affected global economics and financial markets, which has led to volatility and reduced liquidity.

In response, the President declared a national emergency on March 13, 2020, which made available federal resources to combat the spread of the virus. In addition, a multi-billion-dollar relief package was signed into law by the President on March 18, 2020, providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. Further, an approximately \$2 trillion federal stimulus package was signed into law on March 27, 2020 (titled the "Coronavirus Aid, Relief, and Economic Security Act"), which includes extraordinary public health spending to confront Coronavirus; immediate cash relief for individuals; and a broad lending program for businesses and governmental entities. The Federal Reserve has also lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending and liquidity programs to banks and money market mutual funds.

The State has also taken action to assist both local governments and residents effected by the Coronavirus. In particular, on March 28, 2020, the Governor announced a temporary forbearance program for mortgage payments for borrowers economically impacted by the Coronavirus. Additionally, the State tax filing deadlines have been extended and the State fiscal year has been extended to September 30, 2020. The continuing impact of these changes could result in short and long-term reductions in available tax and other miscellaneous revenues for governing bodies throughout the State, depending on duration and severity. In an effort to provide budgetary relief to local governmental units, the Governor signed legislation (A3971) on

August 31, 2020, authorizing municipalities and counties to borrow funds to cover revenue shortfalls and expenditures caused by the Coronavirus. The State's finances have been and may continue to be materially adversely affected by the continuation of the pandemic.

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

The Township has provided and intends to continue to provide essential services in and for the Township including, but not limited to, emergency services, core health and human services, and public works, together with certain other vital services the Township deems necessary to continue operations and remain responsive to public needs. In addition, the Township is closely monitoring the spread and effects of the Coronavirus and interacts regularly with other appropriate governmental agencies in this regard, including taking such actions as it deems beneficial to prevent the spread of the Coronavirus.

Cyber Security

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

UNDERWRITING

The Refunding Bonds are being purchased from the Township by PNC Capital Markets LLC, Philadelphia, Pennsylvania ("Underwriter"), pursuant to a bond purchase contract dated November __, 2020 ("Purchase Contract"), at a purchase price of \$_____ ("Purchase Price"). The Purchase Price of the Refunding Bonds reflects the par amount of the Refunding Bonds, less an Underwriter's discount of \$_____. The Underwriter is obligated to purchase all of the Refunding Bonds if any of the Refunding Bonds are purchased. The obligation of the Underwriter to accept delivery of and pay for the Refunding Bonds is subject to various conditions contained in the Purchase Contract.

The Underwriter intends to offer the Refunding Bonds to the public initially at the offering yields set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Refunding Bonds to the public. The Underwriter may offer and sell the Refunding Bonds to certain dealers (including dealers depositing Refunding Bonds

into investment trusts) at yields higher than the public offering yields set forth on the cover page of this Official Statement, and such yields may be changed, from time to time, by the Underwriter without prior notice.

PNC Capital Markets LLC ("PNCCM"), an underwriter for the Refunding Bonds, may offer to sell to its affiliate, PNC Investments, LLC ("PNCI"), securities in PNCCM's inventory for resale to PNCI's customers, including securities such as those to be offered by the Township. PNCCM may share with PNCI a portion of the fee or commission paid to PNCCM if any of the Refunding Bonds are sold to customers of PNCI.

LEGALITY FOR INVESTMENT

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

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm same to the purchasers of the Refunding Bonds, by certificates signed by various Township officials.

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

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

The Municipal Advisor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "MUNICIPAL ADVISOR") and, accordingly, will express no opinion with respect thereto.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be directed to Acacia Financial Group, Inc., (856) 234-2266.

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

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

TOWNSHIP OF PENNSAUKEN, NEW JERSEY

By: _____
RONALD S. CRANE, Chief Financial Officer

Dated: November __, 2020

APPENDIX A

CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP OF PENNSAUKEN

GENERAL INFORMATION REGARDING THE TOWNSHIP

History

The Township of Pennsauken, County of Camden, New Jersey ("Township"), was incorporated in 1892 by virtue of an act of the Legislature of the State of New Jersey ("State"). It is approximately twelve (12) square miles in area and lies adjacent to the City of Camden. Located in the Delaware Valley area, the Township has approximately two (2) miles of frontage along the Delaware River, directly across from the City of Philadelphia, on which many industrial plants are located.

The Township is a residential and industrial community. The residences are single-family residences and are mostly owner occupied. There are over one thousand apartment units in the Township. There are also a number of commercial enterprises.

The majority of residents are employed in the Camden County and Philadelphia areas. Major highways and improved roads provide convenient access to such areas. Public transportation is also readily available.

Local Government

The Township government is based on the Township Committee form of government, which exercises legislative power in the Township. The Township Committee members are elected on an at-large basis for staggered three-year terms. Two members are elected in each of two consecutive years while a single member is elected in the third year. The Mayor is appointed annually by a majority of the Township Committee.

The day-to-day administrative duties are the responsibility of the Township Administrator, who is appointed by the Township Committee.

The financial affairs of the Township are administered by its Chief Financial Officer, who reports to the Administrator. With the Township Administrator, the Chief Financial Officer prepares and then monitors the annual municipal budget after adoption by the Township Committee.

Library

The Pennsauken Free Library is located in a building near the Township's Municipal Building on Route 130 and Merchantville Avenue. It houses approximately 96,000 volumes and a varied collection of phonograph records, pamphlets and reproductions, microfilm and over 200 periodicals. The building is designed to accommodate handicapped residents who wish to use it. Meeting rooms are available for use by local organizations. Public access to the internet is made available through nine portals in a newly established computer section.

Police and Fire Protection

The Township's Police Department operates from the Township's Police and Municipal Court complex on Bethel Avenue and Route 130. The Police Department consists of the Police Chief, two Captains, Four Lieutenants, Eleven Sergeants, Five Detectives and Sixty-Three Patrolmen.

The Township has five fire companies, which are staffed by a volunteer force of approximately 95 members. There is a paid Fire Chief, Two Fire Captains, Four Fire Lieutenants and fourteen paid firemen who maintain the stations and fire equipment. The Township also operates a Bureau of Fire Prevention consisting of one Fire Official and four part-time paid Fire Inspectors who make annual inspections to insure compliance with the State's Uniform Fire Protection Code.

Public Works

The Township employs a fully-staffed Public Works Department which cleans, repairs and maintains streets and public areas.

Golf Course Utility

In 1982, the Township acquired Iron Rock Golf Course, now called Pennsauken Country Club, which is operated by a municipal utility called the Golf Course Utility ("Utility").

The Utility is supported by revenues generated by its operations. A separate budget is established with anticipated revenues and appropriations set forth therein. This budget is required to be balanced and to fully provide for payment of debt service. The regulations which apply to the Current Fund of the Township regarding anticipation of revenue and deferral of charges apply equally to the budget of the Utility. Anticipated deficits in Utility operations are required to be raised in the Current Fund. The Utility was self-liquidating for the year ended December 31, 2019, in terms of revenues being sufficient to pay operating, maintenance and debt service expenditures.

Parks and Recreation

The Parks and Recreation Department has a full-time Recreation Program Coordinator and a full-time secretary who works with Public Works in a year-round program for the improvement and maintenance of parks, fields, and playgrounds for adults and children.

The facilities available are 22 playgrounds, 10 basketball courts, 22 ball fields, 3 soccer fields, 2 mini-soccer fields, 1 micro mini soccer field, 1 football field, 1 all purpose field, 3 swimming pools, 1 volley ball court, 6 horseshoe pits, 1 hockey rink, 3 mini hockey rinks, 11 tennis courts, 1 jogging track, 1 exercise unit and 140 acre Tippin's Pond/Heritage Park consisting of a bird sanctuary, boardwalk, natural amphitheater and fishing piers.

The Township and its local school district work together to provide recreational activities for the adults and children of the Township. Programs include year round volleyball and basketball, clinics in football, softball, tennis, hockey, soccer and baseball and programs for special needs children through the Pennsauken Committee for the Handicap/Special Education Division of the local school district and Pennsauken Youth Athletic Activities.

The Parks and Recreation Department also provides programs for Christmas and Halloween, along with an annual car show, craft show, parades and summer theater program.

Pennsauken Sewerage Authority

In 1950, the Township created, by ordinance, in accordance with State statutes, the Pennsauken Sewerage Authority ("Authority"), for the purpose of treating and disposing of the Township's sewage.

The governing body of the Authority is autonomous and consists of five members appointed by the Township Committee. The terms of the members of the Authority are staggered so that the term of at least one member expires each year.

A Service Contract was entered into on May 1, 1987 ("Service Contract"), between the Authority and the Township. Under the Service Contract, the Township agrees to pay any shortfall the Authority may encounter in making payments for either operating expenses and/or debt service. Should this occur, the Authority would be required to repay this amount to the Township, plus interest at 1% per year above the highest rate paid by the Authority on any outstanding bonds.

Presently, the Authority provides and charges for all connected customers within the municipal boundaries of the Township for the collection of sewage. The Authority has also contracted to collect all sewage discharged into the collection system maintained by Merchantville Borough and a certain portion of Cherry Hill Township. Sewage collected by the Authority from whatever source is then passed on to the Camden County Municipal Utilities Authority ("CCMUA") system. The CCMUA is, in turn, responsible for the treatment of all waste materials.

The following is a summary of the financial operations of the Authority for the last three years ended:

	December 31, <u>2019</u>	December 31, <u>2018</u>	December 31, <u>2017</u> (Restated)
Operating Revenues	\$ 4,788,006	\$ 4,511,268	\$ 4,387,684
Operating Expenses	<u>(4,014,252)</u>	<u>(4,238,213)</u>	<u>(4,461,581)</u>
Operating Gain (Loss)	773,754	273,055	(73,897)
Net Non-Operating Income (Expenses)	<u>(150,847)</u>	<u>(126,188)</u>	<u>(231,170)</u>
Change in Net Position	622,907	146,867	(305,067)
Net Position - Beginning	<u>(6,182,666)</u>	<u>(6,329,533)</u>	<u>1,654,697</u>
Net Position - Ending, Prior to Restatement			1,349,630
Restatement	<u></u>	<u></u>	<u>(7,679,163)</u>
Net Position - Ending (Restated)	<u><u>\$ (5,559,760)</u></u>	<u><u>\$ (6,182,666)</u></u>	<u><u>\$ (6,329,533)</u></u>

Merchantville-Pennsauken Water Commission

The Merchantville-Pennsauken Water Commission ("Water Commission") was formed on July 1, 1926. The Water Commission consists of three members appointed by the Township and two members appointed by the Borough of Merchantville. Each member serves a term of five years.

The Commission is jointly owned by the Borough of Merchantville and the Township in the following percentages:

Borough of Merchantville	11.58%
Township of Pennsauken	<u>88.42</u>
	<u>100.00%</u>

The Township from time to time guarantees the payment of the principal of and interest on certain debt obligations of the Commission. Specifically, the unconditional guarantee by the Township is equal to the full extent of its ownership interest in the Commission, that being 88.42% of the amount of any default by the Commission on such obligations subject to the guaranty. As of December 31, 2019, the Township has provided its guaranty for \$3,423,249 outstanding principal amount of the Commission's debt.

The operation of the Water Commission has been self-liquidating since its inception.

Customers of the Commission include residential and commercial accounts within the municipalities of Merchantville and Pennsauken and sections of Cherry Hill and Camden. In addition to the sale of water, the Commission bills commercial and municipal customers fixed fees for fire services and hydrants. As of December 31, 2016, the number of the Commission's accounts was as follows:

Residential, Apartments, and Commercial Water Services	13,427
Senior Citizen Accounts	366
Fire Services	339
Fire Hydrants	<u>242</u>
Total	<u>14,374</u>

Garbage District

The Township has contracted for the collection and disposal of solid waste by an independent contractor. In late 1978, the Township purchased 270 acres of land on which is situated a 175 acre sanitary landfill ("Sanitary Landfill") which had been in operation for a number of years. Approximately 15% of the cost of disposing the Township's solid waste was eliminated by the purchase of the Sanitary Landfill. Of the remaining 95 acres, 60 acres were developed as an industrial park known as the Veterans Industrial Park.

In January of 1979, the Township created, by ordinance, in accordance with State statutes, a Garbage District effective March 1, 1979, for the purpose of providing garbage and trash removal services. This enabled the Township to remove the cost of operating the Garbage District from the State mandated 5% limit on the annual Municipal Budget as established by the State Cap Law. This resulted in a separate tax rate of \$.185 per \$100 of assessed valuation in 2020. This separate rate merely sets aside, with no overall increase, that portion of the taxes which had or would have been included in the tax levied for local purposes.

Solid Waste Management Authority

In accordance with State statutes, the Township established the Pennsauken Solid Waste Management Authority ("PSWMA") in 1983. The express purpose of the PSWMA was to provide solid waste disposal services to the Township and certain other municipalities in the County at the Sanitary Landfill and to construct and put into operation a resource recovery facility.

In December 1988, the PSWMA entered into an Administrative Consent Order ("ACO") with the Department of Environmental Protection ("DEP"), whereby PSWMA agreed to investigate certain allegations of ground water contamination, at the Sanitary Landfill, to develop a remediation plan, and to take any and all remedial action which may be necessary to mitigate any contamination. Remedial investigations revealed elevated levels of pollutants. Engineers are presently preparing a feasibility study and ultimately will prepare a remedial action plan to be approved by the DEP, in compliance with the ACO. Upon approval of the remedial action plan by DEP, the ACO requires implementation of such plan. The cost of compliance with the ACO may be significant.

On October 31, 1991, the DEP, pursuant to the New Jersey Spill Compensation and Control Act, *N.J.S.A. 58:10-23.11a et seq.* issued a Directive and Notice to Insurers ("Directive") to PSWMA and twenty-one other respondents. The Directive identifies the respondents, including PSWMA, as responsible for contaminating certain water supply wells known as the Puchak Well Field owned and operated by the City of Camden. The Directive seeks to require the PSWMA and the other respondents to pay DEP the sum of \$4,018,000 for construction of a water treatment system and to make annual payments of \$611,000 for operation and maintenance of the water treatment system at the site. In the event the total payment is not made in response to the Directive, the Directive states

that each of the respondents, if ultimately held responsible, can face treble damages and penalties of up to \$50,000 per day. On May 7, 1992, a Supplemental Directive and Notice to Insurers was issued to the aforementioned Puchak respondents increasing the potential liability from \$4,018,000 to \$8,655,000 plus the annual payments of \$611,000. By letter of August 26, 1992, Cigna denied PSWMA coverage. On November 13, 1992, PSWMA filed a claim for said potential liability against the New Jersey Spill Fund. No determination has been made as to which, if any, of the respondents named in the Directive will make the demanded payment.

In 1991, pursuant to agreements among the Township, PSWMA, and the Pollution Control Financing Authority of Camden County ("PCFA"), the PCFA took over the operation of the Sanitary Landfill and acquired the assets and certain liabilities of PSWMA and agreed to make certain payments to the Township. Included within the liabilities assumed by the PCFA are the costs of compliance with the ACO and the Directive, as amended.

In December, 1991, PCFA, PSWMA, and the Township instituted suit against the former owner and users of the Sanitary Landfill to recoup costs imposed by the ACO and against potential responsible parties named by the DEP as responsible for contaminating certain water supply wells known as the Puchak Well Field to recover costs imposed by the DEP under the Directive. The suit, captioned *Pennsauken Solid Waste Management Authority et. al. v. Ward Sand and Materials et al.*, Docket Number L-013345-91, is presently pending in the Superior Court of New Jersey, Law Division, Camden County. Certain of the named defendants and third party defendants in that suit have counterclaimed for contribution against PSWMA and the Township, on the basis of their operation and/or ownership of the Sanitary Landfill, or as a user or generator.

The PCFA has assumed any and all past and future obligations arising from the ownership and operation of the Sanitary Landfill by PSWMA and the Township, but has not assumed any potential liability of the Township as a waste generator. The PSWMA and the Township's insurance carrier has undertaken the defense of the PSWMA and the Township under a reservation of rights for the claim that the PSWMA and the Township contributed to the contamination. A court could ultimately rule that the claim made against the PSWMA and the Township are outside the scope of its coverage or exceed its coverage amounts. The cost of the ultimate cleanup could be substantial and may have a material and adverse effect on the PSWMA and the Township. The responsibility, if any, of the PSWMA and Township has not been determined at this time.

Compensated Absences

Non-uniformed Township employees are entitled to fifteen paid sick leave days each year. Police and fire employees are entitled to seventeen paid sick leave days each year. Unused sick leave may be accumulated and carried forward. Vacation days not used during the year may be accumulated and carried forward; however, for non-uniformed employees, only a maximum of one (1) year of unused vacation days may be carried forward. All full-time employees are entitled to three personal holidays, plus fourteen or thirteen holidays depending upon whether they are uniformed or non-uniformed employees respectively. All police and fire employees may carry forward an unlimited number of unused vacation days and holidays and are compensated as follows upon termination:

Superior Officer's Association Members: 60 Vacation Days

Fraternal Order of Police Members: 65 Vacation or Sick Days

Fireman's Mutual Benevolent Association Members: Members Hired Prior to January 1, 2014 - \$25,000 Maximum (Vacation only), Members Hired after January 1, 2014 - \$15,000 Maximum (Vacation only)

Permanent part-time employees are entitled to compensated absences. Seasonal part-time employees are entitled to paid sick leave per New Jersey statute.

The Township does not compensate any employees, with the exception of the Fraternal Order of Police employees mentioned above, for unused sick leave upon termination or retirement.

Pension Plans

The Township, on behalf of most of its employees, is enrolled in the New Jersey Public Employees' Retirement System, a pension actuarial system administered by the Division of Pensions within the Treasury Department of the State. The members of the Police and Fire Departments, however, are enrolled in the Police and Firemen's Retirement System.

Township Employees

	<u>2019</u>	<u>2018</u>	December 31, <u>2017</u>	<u>2016</u>	<u>2015</u>
Full-time	194	198	194	192	191
Part-time	<u>179</u>	<u>187</u>	<u>192</u>	<u>195</u>	<u>187</u>
	<u>373</u>	<u>385</u>	<u>386</u>	<u>387</u>	<u>378</u>

Employee Collective Bargaining Units

The American Federation of State, County and Municipal Employees, AFL-CIO, Municipal Public Employees Council No. 71 represents 58 Township employees. There are 70 Township employees represented by the Fraternal Order of Police, Garden State Lodge No. 3 which includes police and superior officers.

The Pennsauken Career Firefighters Association, Firefighters Mutual Benevolent Association Local 64 ("FMBA") represents 13 Township employees with FMBA Local 264 representing and additional 7 employees. The agreement with the Fraternal Order of Police, Garden State Lodge No. 3 patrolmen expires on December 31, 2022. The agreement with the Fraternal Order of Police, Garden State Lodge No. 3, superior officers expires June 30, 2023. The agreements with the American Federation of State, County and Municipal Employees, the Pennsauken Career Firefighters Association, Firefighters Mutual Benevolent Association Locals 64 and 264 all expire on December 31, 2023.

Township Population(1)

2010 Federal Census	35,885
2000 Federal Census	35,737
1990 Federal Census	34,738
1980 Federal Census	33,775
1970 Federal Census	36,394

Selected Census 2017 Data for the Township(1)

Median household income	\$67,495
Median family income	\$76,588
Per capita income	\$27,286

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

Building, Zoning and Development Codes

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

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

In January, 1977, the Township adopted the Municipal Land Use Law. The Municipal Land Use Law gave the Township Planning Board and the Township Zoning Board of Adjustment authority to regulate most land use other than single family residential use. In this way, the Township is able to guide the approximate use or development of land to promote the public health, safety, and general welfare.

Business and Industry

Industrial operations in the Township cover a broad spectrum of activities, including warehousing, light manufacturing from raw materials, assembly operations, transportation and a limited number of heavy industrial uses such as metal and aluminum extruding and oil and gasoline storage facilities.

The Township has created two redevelopment zones. One encompasses waterfront properties with more than 700 acres of underused industrial property. The Township is uniquely situated on an urban waterfront, which mirrors a growing international trend. Communities across the country and around the world are rediscovering and capitalizing on the potential of urban waterfronts. The Township is in the process of negotiating redevelopment agreements with Buckeye Partners, LP and Liberty Terminal, LLC for large industrial use projects encompassing significant portions of land in this unique environment. In addition, substantial studies, planning and testing have already been conducted to facilitate the redevelopment effort. Moreover, the New Jersey Department of Environmental Protection and the Township have executed a Brownfield's Development Area Initiative Memorandum of Understanding to promote environmental protection for the waterfront development area and to foster neighborhood revitalization.

The other redevelopment zone is located along the Route 73 corridor, an area beginning close to the Tacony-Palmyra Bridge and continuing into the southern end of the Borough of Cinnaminson, known as the "Crossroads Redevelopment Area". The Camden County Improvement Authority ("CCIA"), the governmental economic development agency of Camden County, found the Crossroads Redevelopment Area to be an attractive location for residential and retail redevelopment activities. Specifically, to facilitate redevelopment of the Crossroads Redevelopment Area, the CCIA applied for, received a grant from the Casino Reinvestment Development Authority, and was designated by the Township as the redevelopment authority for a portion of the Crossroads Redevelopment Area by Ordinance 02-43 duly adopted after public hearing on December 30, 2002. Site clearance, preparation and environmental studies and remediation have been completed and the CCIA has sold the property to DELCO Development, LLC, a qualified nationally recognized multi-family developer.

DELCO has begun the redevelopment of the 35 acre Crossroads Redevelopment Area, a project named Haddon Pointe, that includes the construction of 189 Townhouses, ten (10) residential apartment buildings comprising a total of 240 units, a club house and other related site improvements. The first eight (8) apartment buildings have been completed and are near full occupancy. The remaining two (2) apartment buildings are substantially complete pending the issuance of certificates of occupancy. An eleventh apartment building with an additional twenty-four (24) units is under consideration for the site and pending Planning Board approval. As of September 1, 2020, thirty-six

(36) townhomes have been completed and issued certificates of occupancy. The developer estimates an additional fourteen (14) units will be completed by the end of 2020. The remaining buildout schedule has fifty (50) units scheduled for completion in both 2021 and 2022 with the remaining thirty-nine units scheduled for completion by the fall of 2023.

Industries in the Township are concentrated primarily in twelve industrial parks. These industrial parks have convenient access to rail lines, deep water transportation and highways and are in close proximity to the Philadelphia metropolitan market via three bridges located on the perimeter of the Township.

Commercial and industrial tax assessments represented 32.80% of the total assessed valuation of the Township in 2020.

Building Permits (1)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2020(2)	765	\$25,156,512
2019	2,381	55,257,804
2018	2,423	33,841,448
2017	2,584	65,169,797
2016	2,311	27,530,632
2015	2,107	35,176,064

Labor Force(3)

<u>Year</u>	<u>Labor Force</u>	<u>Employed Persons</u>	<u>Unemployed Persons</u>	<u>Unemployment Rate</u>
Township				
2019	18,516	17,778	738	4.0%
2018	18,308	17,441	867	4.7
2017	18,788	17,849	939	5.0
2016	18,725	17,711	1,014	5.4
2015	18,500	17,400	1,200	6.4
County				
2019	253,053	242,811	10,242	4.0%
2018	249,945	238,357	11,588	4.6
2017	256,929	243,835	13,094	5.1
2016	256,005	241,947	14,058	5.5
2015	255,400	239,300	16,000	6.3
State				
2019	4,493,100	4,333,300	159,800	3.6%
2018	4,422,900	4,239,600	183,400	4.1
2017	4,518,800	4,309,700	209,100	4.6
2016	4,530,800	4,305,500	225,300	5.0
2015	4,543,800	4,288,800	255,000	5.6

(1) Source: Township Construction official

(2) As of June 17, 2020

(3) Source: New Jersey Department of Labor

TEN LARGEST NON-GOVERNMENTAL EMPLOYERS(1)

<u>Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Pepsi/Beverage Dist Ctr.	Beverages	621
Bayada	Home Healthcare Services	510
Aluminum Shapes, Inc.	Aluminum Extrusion/Sales	446
J & J Snacks	Snack Foods	435
Puratos Corporation	Food Production	332
Helvoet Pharma	Pharmaceutical Manufacturing	308
Disc Makers	Audio Disc & Tapes	300
Simmons Pet Foods, Inc.	Pet Foods Production	245
Holman/RMP	Automotive	230
Barry Callebaut	Chocolate Products	223

EDUCATION(2)

General

The Pennsauken Township School District ("School District") is a Type II school district. It functions independently through a nine-member board ("Board") elected by the voters in alternate three-year terms.

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

School operations are based on a July 1 to June 30 fiscal year and are accounted for in the General Fund of the School District.

The Township's public school system has a total of 10 schools and educates students from grades Pre-K through 12. Special education students are mainstreamed into the public school system. The senior high school also has cooperative programs with the Camden County Vocational School and adult evening programs.

(1) Source: Township officials

(2) Source: School District officials

School District Enrollments(1)

<u>Grade</u>	<u>As of October 15.</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Pre-K	158	149	109	122	144
K	309	278	292	324	333
1	280	293	326	317	345
2	281	306	298	304	339
3	290	287	296	316	334
4	272	283	293	320	327
5	278	280	298	308	309
6	292	300	297	315	306
7	303	315	316	312	323
8	316	325	305	332	298
9	320	280	256	241	252
10	289	262	243	236	308
11	272	286	277	309	296
12	252	240	280	267	273
Sp. Education	<u>795</u>	<u>777</u>	<u>751</u>	<u>803</u>	<u>840</u>
Total (2)	<u>4,707</u>	<u>4,661</u>	<u>4,637</u>	<u>4,826</u>	<u>5,027</u>

Present School Facilities, Enrollment and Capacity(1)

<u>Facilities</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment 10/15/19</u>	<u>Functional Capacity</u>
Baldwin	1955		Spec. Ed/Pre-K	107	275
Burling	1963	2007	Spec. Ed/7-12	49	150
Delair	1924	(new building 2002)	K-4	357	430
George B. Fine	1964	2002	Pre-K-4 & Spec. Ed	274	378
Benjamin Franklin	1954	1964/1990	Spec. Ed/K-4	394	551
Longfellow	1926		K-4	n/a	227
Roosevelt	1926		K-4 & Spec. Ed	n/a	217
B.T. Washington	1927		Special Education Alternative Center	n/a	43
Howard M. Phifer Middle	1965	1989/1991	7-8 & Spec. Ed	1,114	1,274
Senior High	1959	1991/2001	9-12 & Spec. Ed	1,355	1,986
G.H. Carson	1954	1991	K-4 & Spec. Ed	376	314
Pennsauken Intermediate	2002		4 & 5	<u>681</u>	<u>986</u>
Total				<u>4,707</u>	<u>7,317</u>

(1) Source: School District officials

(2) Excludes out-of-district students

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

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

Camden County College

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

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

Camden County Technical Schools

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

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

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

CERTAIN TAX INFORMATION

TEN LARGEST TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2020 Assessed Valuation</u>
Bloom Organization of South Jersey	Real Estate	\$44,460,400
Buckeye Pennsauken Terminal LLC	Oil Products-Wholesale	23,392,700
Lockbourne Manor LLC	Apartments	13,583,000
Delair Aluminum LLC	Manufactures Aluminum Products	11,477,200
Simmons Pet Food On, Inc.	Pet Foods Production	10,643,600
Sauken Associates LP	Retail/Office Space	10,009,400
Cooper RPA LLC	Apartments	8,670,300
Beverage Distribution Center Inc.	Soft Drinks Manufacturer	8,163,400
Pennsauken Senior Living, LLC	Senior Housing	8,085,300
City of Camden	Department of Utilities	7,926,700

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	\$88,835,725	\$86,485,499	97.35%	\$2,226,999	2.51%
2018	89,080,988	86,773,548	97.41	2,072,350	2.33
2017	89,210,383	86,837,597	97.34	2,200,453	2.47
2016	87,601,004	85,279,951	97.35	2,071,343	2.36
2015	86,368,350	83,848,803	97.08	2,234,911	2.59

DELINQUENT TAXES (2)

<u>Year</u>	<u>Outstanding</u>		<u>Collected</u>		<u>Transferred To Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
	<u>Jan. 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2019	\$2,088,145	\$31,256	\$2,065,929	97.48%	\$549	\$6,322	\$46,601
2018	2,234,429	28,750	2,198,418	97.14	27,543	21,423	15,795
2017	2,122,541	36,993	2,119,655	98.15	---	5,904	33,975
2016	2,308,964	30,731	2,218,825	94.83	68,981	691	51,198
2015	2,253,848	28,791	2,124,719	93.08	75,732	8,135	74,053

(1) Source: Township Assessor

(2) Source: Annual Reports of Audit

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Canceled</u>	<u>Adjustments</u>	<u>Dec. 31</u>
2019	\$790,543	\$94,249	\$37,223	---	\$90,868	\$756,701
2018	699,159	157,022	65,638	---	---	790,543
2017	805,607	114,614	211,579	---	9,483	699,159
2016	567,713	250,231	12,337	---	---	805,607
2015	424,527	186,124	42,938	---	---	567,713

FORECLOSED PROPERTY(1)(2)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added By Transfer</u>	<u>Adjustment due to Revaluation</u>	<u>Gain/Loss on Sale</u>	<u>Adjustment</u>	<u>Balance Dec. 31</u>
2019	\$7,282,300	\$90,868	\$202,832	\$146,000	\$216,800	\$7,213,200
2018	2,550,800	---	4,745,100	13,600	---	7,282,300
2017	2,550,800	---	---	---	---	2,550,800
2016	2,550,800	---	---	---	---	2,550,800
2015	2,550,800	---	---	---	---	2,550,800

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (3)

Tax Rate (4)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Garbage District</u>	<u>Municipal</u>
2020	\$2,352,369,818	\$3.735	\$.832	\$1.757	\$.185	\$.961
2019	2,351,677,129	3.773	.856	1.771	.182	.964
2018	2,345,603,985	3.789	.866	1.777	.179	.967
2017	2,350,051,566	3.793	.902	1.744	.176	.971
2016	2,346,443,560	3.725	.880	1.697	.173	.975

(1) Source: Annual Reports of Audit

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

(3) Source: Township Tax Collector

(4) Per \$100 of assessed valuation

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita(2)</u>
2020	\$2,347,430,700	97.20%	\$2,415,052,160	\$67,300
2019	2,347,473,100	96.52	2,432,110,547	67,775
2018	2,341,534,200	98.53	2,376,468,284	66,225
2017	2,346,080,900	94.36	2,486,308,711	69,285
2016	2,342,541,900	96.05	2,438,877,564	67,964

REAL PROPERTY CLASSIFICATION (3)

<u>Year</u>	<u>Assessed Value Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>
2020	\$2,347,430,700	\$33,055,300	\$1,542,826,600	\$510,395,300	\$221,472,800	\$39,680,700
2019	2,347,473,100	30,339,000	1,541,784,200	524,666,200	211,082,600	39,601,100
2018	2,341,534,200	29,169,300	1,540,368,000	537,847,900	194,547,900	39,601,100
2017	2,346,080,900	27,286,700	1,539,397,100	554,549,700	185,246,300	39,601,100
2016	2,342,541,900	24,260,500	1,540,472,200	559,006,900	179,253,200	39,549,100

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

(2) Based on Federal Census 2010 of 35,885

(3) Source: Township Tax Assessor

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

The following table summarizes the direct debt of the Township of Pennsauken as of December 31, 2019 in accordance with the requirements of the Local Bond Law of the State of New Jersey (*N.J.S.A. 40A:2-2- et.seq.*). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Golf Course Utility, Water Utility and debt of the Township of Pennsauken School District. Deductions from gross debt to arrive at net debt include deductible school debt, as well as, debt considered to be self-liquidating. The resulting net debt of \$29,154,336 represents 1.211% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by *N.J.S.A. 40A:2-6*.

	Debt Issued		Authorized But Not Issued	Gross Debt	Deductions		Net Debt
	<u>Bonds/Loans</u>	<u>Notes</u>			<u>School Debt</u>	<u>Self-Liquidating Debt</u>	
General	\$21,299,136	\$7,850,000	\$5,200	\$29,154,336			\$29,154,336
School--Local	35,669,000			35,669,000	\$35,669,000		
Golf Course Utility	1,090,864			1,090,864		\$1,090,864	
Merchantville-Pennsauken							
Water Utility	3,423,249			3,423,249		3,423,249	
	<u>\$61,482,249</u>	<u>\$7,850,000</u>	<u>\$5,200</u>	<u>\$69,337,449</u>	<u>\$35,669,000</u>	<u>\$4,514,113</u>	<u>\$29,154,336</u>

(1) Source: Annual Debt Statement

DEBT RATIOS AND VALUATIONS(1)(2)

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad Property for 2017, 2018 and 2019	\$2,407,378,707
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	1.21%
2020 Net Valuation Taxable	\$2,352,369,818
2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$2,419,991,278
Gross Debt (3):	
As a percentage of 2020 Net Valuation Taxable	2.95%
As a percentage of 2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.87%
Net Debt (3):	
As a percentage of 2020 Net Valuation Taxable	1.24%
As a percentage of 2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.20%
Gross Debt Per Capita (4)	\$1,932
Net Debt Per Capita (4)	\$812

TOWNSHIP BORROWING CAPACITY(1)(2)

3.5% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$2,407,378,707)	\$84,258,255
Net Debt	<u>29,154,336</u>
Remaining Borrowing Capacity	<u><u>\$55,103,919</u></u>

SCHOOL DISTRICT BORROWING CAPACITY(1)(2)

4% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$2,407,378,707)	\$96,295,148
School District Debt	<u>35,669,000</u>
Remaining Borrowing Capacity	<u><u>\$60,626,148</u></u>

(1) As of December 31, 2019

(2) Source: Township Auditor

(3) Excluding overlapping debt

(4) Based on 2010 Federal Census of 35,885

TOWNSHIP OF PENNSAUKEN
OVERLAPPING DEBT AS OF DECEMBER 31, 2019

DEBT ISSUED					
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>
County of Camden(1):					
General:					
Bonds	\$ 40,475,000	\$ 17,734,529 (2)	\$ 22,740,471	\$ 1,441,746 (4)	\$ 44,848,356
Notes	35,461,125		35,461,125	2,248,235 (4)	
Loan Agreements	340,001,133		340,001,133	21,556,072 (4)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	260,305,410	260,305,410 (3)	-		
Pennsauken Sewerage Authority	446,351		446,351	446,351	
	<u>\$ 676,689,019</u>	<u>\$ 278,039,939</u>	<u>\$ 398,649,080</u>	<u>\$ 25,692,404</u>	<u>\$ 44,848,356</u>

(1) Source: County of Camden.

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

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2019 Net Valuation on which County taxes are apportioned, which is 6.34%.

Camden County Municipal Utilities Authority

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

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

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

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

Camden County Improvement Authority

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

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

**TOWNSHIP OF PENNSAUKEN
SCHEDULE OF DEBT SERVICE
BONDED DEBT ONLY(1)(2)**

<u>Year</u>	<u>General</u>			<u>Golf Course Utility</u>			<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2020	\$2,741,707	\$515,489	\$3,257,196	\$143,293	\$21,493	\$164,786	\$3,421,982
2021	2,805,284	451,597	3,256,881	144,716	18,648	163,364	3,420,244
2022	2,888,861	386,140	3,275,001	146,139	15,774	161,913	3,436,913
2023	2,947,082	318,577	3,265,659	152,918	12,868	165,786	3,431,445
2024	2,115,659	248,254	2,363,913	79,341	9,833	89,174	2,453,087
2025	2,178,880	192,209	2,371,089	81,120	8,229	89,349	2,460,438
2026	2,222,101	131,599	2,353,700	82,899	6,589	89,488	2,443,188
2027	1,105,322	64,125	1,169,447	84,678	4,913	89,591	1,259,038
2028	1,133,187	40,323	1,173,510	86,813	3,089	89,902	1,263,412
2029	1,161,053	13,787	1,174,840	88,947	1,056	90,003	1,264,843
Total	\$21,299,136	\$2,362,100	\$23,661,236	\$1,090,864	\$102,490	\$1,193,354	\$24,854,590

(1) Source: Township Auditor

(2) As of December 31, 2019

**TOWNSHIP OF PENNSAUKEN
2020 MUNICIPAL BUDGET***

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$2,810,000.00
Miscellaneous Revenues:	
Local Revenues	3,039,897.87
State Aid Without Offsetting Appropriations	5,499,150.00
Dedicated Uniform Construction Code Fees Offset with Appropriations	960,000.00
Special Items of Revenues Anticipated with Prior Written Consent of Director of Local Government Services - Public and Private Revenue	55,000.00
Special Items of Revenues Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items	3,555,952.13
Receipts from Delinquent Taxes	2,265,000.00
Amount to be Raised from Taxation for Municipal Purposes	<u>22,595,000.00</u>
Total Revenues	<u><u>\$40,780,000.00</u></u>

Appropriations:	
Within "CAPS":	
Operations	\$28,708,825.00
Deferred Charges and Statutory Expenditures	4,119,115.12
Excluded from "CAPS":	
Other Operations	903,297.88
Public and Private Programs	55,000.00
Capital Improvements	170,000.00
Municipal Debt Service	3,523,762.00
Reserve for Uncollected Taxes	<u>3,300,000.00</u>
Total Appropriations	<u><u>\$40,780,000.00</u></u>

GOLF COURSE UTILITY FUND

Anticipated Revenues:	
Fund Balance	\$140,000.00
Playing Fees	920,000.00
Equipment Rental Fees	425,000.00
Miscellaneous	<u>210,000.00</u>
Total Revenues	<u><u>\$1,695,000.00</u></u>
Appropriations:	
Operating	\$1,501,770.00
Debt Service	163,845.00
Statutory Expenditures	<u>29,385.00</u>
Total Appropriations	<u><u>\$1,695,000.00</u></u>

* As adopted

TOWNSHIP OF PENNSAUKEN
SIX YEAR CAPITAL PROGRAM*
Projects Scheduled for the Years 2020 - 2025

<u>Project Title</u>	<u>Amounts</u>		<u>Capital</u>	<u>Grants-In Aid and Other Funds</u>	<u>Bonds and Notes General</u>
	<u>Estimated Total Cost</u>	<u>Reserved in Prior Years</u>	<u>Improvement Fund</u>		
John Tipton Boulevard Repaving Project	\$95,000		\$4,750		\$90,250
NJ DOT Trust Fund Road Program.-Camden Ave.	463,010		3,330	\$396,410	63,270
2020 Road Reconstruction Program	590,000	\$362,500	11,375		216,125
Storm Drainage Improvements	60,000	5,500	2,725		51,775
Concrete Repair Program	50,000		2,500		47,500
Purchase of Fire Fighting Equipment	635,400	4,500	31,545		599,355
Purchase of Equipment for the Police Dept.	732,700		36,635		696,065
Improvements/Equipment for the EMS Dept.	213,000	4,200	10,440		198,360
Public Works Equipment & Improvements	515,470	366,870	7,430		141,170
Improvements to Parks & Recreation Facilities	140,000	14,200	6,290		119,510
Improvements to PYAA Facilities/Fields	59,700	1,000	2,935		55,765
Improvements/Equipment for the Country Club	243,260	19,960	11,165		212,135
Improvements/Equipment for Public Buildings	257,600		12,880		244,720
Construction of Library/Municipal Bldg. Complex	300,000		15,000		285,000
Delaware Gardens River View Renewal Project	1,091,845	791,845	15,000		285,000
	<u>\$5,446,985</u>	<u>\$1,570,575</u>	<u>\$174,000</u>	<u>\$396,410</u>	<u>\$3,306,000</u>

* As adopted

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
OF THE TOWNSHIP OF PENNSAUKEN**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Pennsauken
Pennsauken, New Jersey 08110

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Pennsauken, in the County of Camden, State of New Jersey, as of December 31, 2019, 2018, 2017, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Pennsauken, in the County of Camden, State of New Jersey, as of December 31, 2019, 2018, 2017, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Pennsauken, in the County of Camden, State of New Jersey, as of December 31, 2019, 2018, 2017, 2016 and 2015, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
October 26, 2020

TOWNSHIP OF PENNSAUKEN
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS

	A s o f D e c e m b e r 3 1				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Regular Fund:					
Cash	\$14,308,581	\$13,668,551	\$12,541,366	\$9,581,362	\$7,951,986
Due from State of New Jersey					1,336
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	2,273,600	2,088,145	2,234,429	2,122,541	2,308,964
Tax Title Liens Receivable	756,701	790,543	699,159	805,607	567,713
Municipal Assessments Receivable	96,653	112,814	21,789	21,789	21,789
Property Acquired for Taxes--Assessed Valuation	7,213,200	7,282,300	2,550,800	2,550,800	2,550,800
Payments in Lieu of Taxes Receivable	1,683	5,266	4,587	2,471	5,043
Revenue Accounts Receivable	248,860	229,235	226,691	228,429	228,446
Protested Checks Receivable	10,033	7,708	5,591	10,795	6,638
Due from Pennsauken Garbage District		6,056			
Due from Township of Pennsauken Library					941
Due from US Dept. of Treasury			107,473		
Due from Bank		7,247	7,914	5,530	906
Interfunds Receivable			28,878	17,573	38,781
Deferred Charges		180,000	520,000	860,000	1,200,000
Total Regular Fund	24,909,312	24,377,865	18,948,677	16,206,897	14,883,342
Federal and State Grant Fund:					
Federal and State Grants Receivable	269,807	75,598	88,896	64,484	115,980
Interfunds Receivable	1,881	19,436	15,669		
Total Federal and State Grant Fund	271,689	95,034	104,565	64,484	115,980
Total Assets	\$25,181,000	\$24,472,899	\$19,053,242	\$16,271,380	\$14,999,322

TOWNSHIP OF PENNSAUKEN
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS

	As of December 31				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Regular Fund:					
Appropriation Reserves	\$112,212	\$307,522	\$547,430	\$553,159	\$78,528
Reserve for Encumbrances	424,145	206,070	145,981	432,900	234,795
Prepaid Taxes	945,153	974,943	1,625,747	868,456	781,719
Tax Overpayments	2,721	1,614	1,848	8,641	
Prepaid Fees and Permits		8,468	8,468	8,468	39,500
Prepaid Merhantville-Pennsauken Water Commission Antenna Fee					48,137
Local School Taxes Payable	3,463,765	3,464,998	3,478,154	3,353,739	3,296,930
Due to County for Added and Omitted Taxes	24,558	47,327	17,511	46,442	146,483
Due Pennsauken Garbage District	105,016		74,952	11,317	12,391
Due to B.I.G. Council		25			
Due to/from Township of Pennsauken Library	2,586	3,640	19,197		
Due to State of New Jersey	20,932	29,004	37,221	27,854	17,230
Prepaid Payments in Lieu of Taxes	8,916	4,808	10,207	14,897	12,204
Due to Various Municipal Utility Authorities		461			
Interfunds Payable	1,793,586	1,506,557	794,532	418,445	212,212
Reserve for Revaluation Program	14,068	21,787	21,787	29,245	48,757
Reserve for Election Expenses			2,100	2,100	1,900
Special Emergency Notes Payable			520,000	860,000	1,200,000
Reserve for Receivables and Other Assets	10,600,730	10,529,314	5,887,311	5,765,535	5,730,020
Fund Balance	7,390,924	7,271,327	5,756,232	3,805,699	3,022,535
Total Regular Fund	24,909,312	24,377,865	18,948,677	16,206,897	14,883,342
Federal and State Grant Fund:					
Unappropriated Reserves	10,000	36,135	24,962	29,542	31,555
Appropriated Reserves	250,909	57,699	77,917	6,405	42,632
Reserve for Encumbrances	10,780	1,200	1,686	10,964	4,784
Interfunds Payable				17,573	37,009
Total Federal and State Grant Fund	271,689	95,034	104,565	64,484	115,980
Total Liabilities, Reserves and Fund Balance	\$25,181,000	\$24,472,899	\$19,053,242	\$16,271,380	\$14,999,322

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

**TOWNSHIP OF PENNSAUKEN
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE--REGULATORY BASIS**

	For the Years Ended December 31				
	2019	2018	2017	2016	2015
Revenue and Other Income Realized:					
Fund Balance Utilized	\$1,197,500	\$1,022,500	\$200,000	\$600,000	\$255,080
Receipts from Current Taxes	86,485,499	86,773,548	86,837,597	85,279,951	83,848,803
Receipts from Delinquent Taxes	2,103,152	2,264,056	2,331,234	2,230,682	2,167,658
Miscellaneous Revenues Anticipated	14,507,091	14,218,509	13,809,148	13,246,942	13,539,193
Non-Budget Revenues and Other Income	409,297	566,840	468,833	416,788	358,967
Liquidation of Reserves for:					
Due from Bank	20	667			
Due from US Dept. of Treasury		107,473			
Due from Federal and State Grant Fund			17,573	19,436	
Due from Trust Other Fund		28,878		1,772	
Due from Pennsauken Free Public Library				941	
Due from Pennsauken Garbage District	6,056				
Total Income	104,708,615	104,982,470	103,664,385	101,796,511	100,169,701
Expenditures and Encumbrances:					
Operating	29,098,169	27,811,802	27,345,762	28,664,236	28,245,939
Capital Improvements	140,000	552,500	147,000	115,000	110,000
Debt Service	3,413,372	3,326,631	3,266,738	2,828,515	3,054,312
Deferred Charges	4,617,107	4,519,990	4,268,903	4,199,345	4,211,213
Prior Year Veterans' and Senior Citizens' Deductions Disallowed	31,256	28,750	27,510	30,250	28,791
County Taxes	20,149,326	20,336,965	21,183,011	20,651,011	20,434,170
Local District School Tax	41,651,523	41,658,909	40,991,363	39,833,823	38,545,834
Garbage District Taxes	4,280,000	4,200,000	4,130,000	4,060,000	3,995,000
Adjustment to Due State of New Jersey		94			
Cancellation of Federal and State Grant Receivable		2		295	
Refund of Prior Year Revenue	8,440	1,059	8,390	22,093	16,818
Creation of Reserves for:					
Due from Federal and State Grant Fund					36,377
Due from Trust Other Fund			28,878		1,772
Due from Bank			7,914	4,624	906
Due from Library					941
Due from US Dept. of Treasury			107,473		
Due from Pennsauken Garbage District		6,056			
Protested Checks Receivable	2,325	2,117	908	4,157	5,090
Total Expenditures and Encumbrances	103,391,518	102,444,875	101,513,851	100,413,348	98,687,163
Excess in Revenue	1,317,097	2,537,595	2,150,533	1,383,164	1,482,537
Fund Balance, January 1	7,271,327	5,756,232	3,805,699	3,022,535	1,795,078
	8,588,424	8,293,827	5,956,232	4,405,699	3,277,615
Less: Utilized as Revenue	1,197,500	1,022,500	200,000	600,000	255,080
Fund Balance, December 31	\$7,390,924	\$7,271,327	\$5,756,232	\$3,805,699	\$3,022,535

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

**TOWNSHIP OF PENNSAUKEN
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES AND RESERVES--REGULATORY BASIS**

	As of December 31				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Animal Control Fund:					
Cash	\$3,875	\$3,840	\$1,621	\$1,670	\$9,080
Deferred Charge	11,101	11,070	13,283	8,275	
Interfund Receivable	24	91	98	78	890
Miscellaneous Accounts Receivable					170,825
Total Animal Control Fund	15,000	15,001	15,001	10,023	180,795
Trust--Other Funds:					
Cash	\$2,465,779	2,801,455	1,962,080	2,463,855	2,551,468
Interfunds Receivable	207,797	156,522		11,622	
Mortgages Receivable	8,983	8,983	8,983	8,983	8,983
Housing Rehabilitation Program Inventory	72,000	72,000	72,000	219,786	166,305
Community Development Block Grant Receivable	127,091	102,835	322,044	231,544	374,485
Total Trust--Other Funds	2,881,650	3,141,795	2,365,107	2,935,790	3,101,241
Total Assets	\$2,896,650	\$3,156,797	\$2,380,108	\$2,945,813	\$3,282,036
LIABILITIES AND RESERVES					
Animal Control Fund:					
Interfunds Payable	\$15,000	\$15,000	\$15,000	\$10,000	\$150,000
Due to State of New Jersey		1	1	23	11
Reserve for Animal Control Trust Fund Expenditures					30,784
Total Animal Control Fund	15,000	15,001	15,001	10,023	180,795
Trust--Other Funds:					
Due to Bank	134	134	83	83	83
Interfunds Payable	5,000		28,878	6,000	212,772
Reserve for Economic Development	240	97	4,008	3,979	2,223
Reserve Community Development Block Grant	94,810	88,835	169,515	196,495	128,296
Reserve for Section 8 Program	65,760	54,951	39,843	108,127	46,028
Reserve for Payroll Deductions	182,982	259,082	270,338	564,694	200,437
Miscellaneous Trust Reserves	2,532,725	2,738,697	1,852,442	2,056,411	2,511,403
Total Trust--Other Funds	2,881,650	3,141,795	2,365,107	2,935,790	3,101,241
Total Liabilities and Reserves	\$2,896,650	\$3,156,797	\$2,380,108	\$2,945,813	\$3,282,036

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

TOWNSHIP OF PENNSAUKEN
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS

	As of December 31				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Cash	\$74,374	\$77,418	\$191,428	\$186,692	\$120,092
Deferred Charges to Future Taxation:					
Funded	21,299,136	23,977,267	26,581,465	28,816,000	17,665,000
Unfunded	7,855,200	5,266,450	2,843,950	3,450	10,666,375
Due from Garden State Preservation					
Trust Fund Receivable				322,000	322,000
Due from State of New Jersey	598,260	748,334	62,970	58,387	228,261
Community Development Block					
Grant Receivable	159,000				
Interfunds Receivable	1,597,050	1,341,888	790,162	292,921	471,557
	<u>\$31,583,020</u>	<u>\$31,411,356</u>	<u>\$30,469,976</u>	<u>\$29,679,449</u>	<u>\$29,473,284</u>
LIABILITIES, RESERVES AND FUND BALANCE					
General Serial Bonds	\$21,299,136	\$23,977,267	\$26,581,465	\$28,816,000	\$17,665,000
Bond Anticipation Notes	7,850,000	5,260,000	2,515,000		10,663,500
Improvement Authorizations:					
Funded	571,876	1,001,737	333,982	665,013	123,422
Unfunded	1,086,777	678,417	713,763	950	709,522
Capital Improvement Fund	8,672	4,922	2,422	4,922	347
Contracts Payable	734,947	406,917	292,587	192,512	267,489
Due to Bank				52	52
Fund Balance	31,612	82,097	30,757		43,953
	<u>\$31,583,020</u>	<u>\$31,411,356</u>	<u>\$30,469,976</u>	<u>\$29,679,449</u>	<u>\$29,473,284</u>

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

**TOWNSHIP OF PENNSAUKEN
GOLF COURSE UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS**

	As of December 31				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Operating Fund:					
Cash	\$399,792	\$161,490	\$163,374	\$141,462	\$130,790
Interfunds Receivable	4,458	1,246	1,229	6,330	3,265
Total Operating Fund	404,251	162,736	164,602	147,792	134,055
Capital Fund:					
Cash	1,712	1,699	1,691	14,676	10,648
Interfunds Receivable	2,882	2,895	2,903	127,375	97,877
Fixed Capital	6,907,740	6,907,740	6,907,740	6,899,854	5,940,288
Fixed Capital Authorized and Uncompleted	531,500	531,500	531,500	531,500	1,332,500
Total Capital Fund	7,443,834	7,443,834	7,443,834	7,573,405	7,381,312
Total Assets	\$7,848,085	\$7,606,570	\$7,608,437	\$7,721,197	\$7,515,367
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Appropriation Reserves	\$1,562	\$12,387	\$24,121	\$28,284	\$17,360
Reserve for Encumbrances	81,018	23,890	14,113	33,585	13,162
Accrued Interest on Bonds and Notes	7,245	8,181	6,319	11,579	11,394
Interfunds Payable	507	520	528		377
Fund Balance	313,919	117,758	119,521	74,345	91,762
Total Operating Fund	404,251	162,736	164,602	147,792	134,055
Capital Fund:					
General Serial Bonds	1,090,864	1,232,733	1,368,535	1,479,000	505,000
Bond Anticipation Notes					872,500
Interfunds Payable				3,881	
Improvement Authorizations:					
Funded		1,527	1,527	89,873	485
Unfunded					100,042
Contracts Payable				45,229	4,930
Capital Improvement Fund	3,029	3,029	3,029	3,029	3,029
Reserve for Preliminary Expenses	39	39	39	39	39
Reserve for Amortization	6,348,376	6,206,507	6,070,705	5,952,354	5,895,288
Reserve for Encumbrances	1,527				
Total Capital Fund	7,443,834	7,443,834	7,443,834	7,573,405	7,381,312
Total Liabilities, Reserves and Fund Balance	\$7,848,085	\$7,606,570	\$7,608,437	\$7,721,197	\$7,515,367

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

**TOWNSHIP OF PENNSAUKEN
GOLF COURSE 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>
Revenue and Other Income Realized:					
Fund Balance Utilized	\$62,720	\$20,000	\$35,000	\$45,000	\$60,000
Playing Fees	1,089,042	893,822	963,732	941,023	943,494
Equipment Rental Fees	481,816	447,710	489,604	474,084	468,873
Miscellaneous	246,147	230,750	236,226	233,014	231,931
Other Credits to Income	14,153	10,947	22,946	473	2,105
Total Income	1,893,878	1,603,230	1,747,508	1,693,595	1,706,403
Expenditures:					
Operating	1,414,470	1,365,120	1,453,225	1,517,680	1,512,990
Capital Improvements				25,000	22,500
Debt Service	165,242	165,898	162,122	69,086	71,241
Deferred Charges and Statutory Expenditures	55,285	53,975	51,985	50,835	50,285
Refund of Prior Year Revenue				3,411	1,490
Total Expenditures	1,634,997	1,584,993	1,667,332	1,666,012	1,658,506
Excess in Revenues	258,881	18,237	80,176	27,583	47,897
Fund Balance January 1	117,758	119,521	74,345	91,762	103,865
	376,639	137,758	154,521	119,345	151,762
Less:					
Utilized as Revenue	62,720	20,000	35,000	45,000	60,000
Fund Balance December 31	\$313,919	\$117,758	\$119,521	\$74,345	\$91,762

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Pennsauken (hereafter referred to as the "Township") was incorporated as a township by an act of the New Jersey legislature on February 18, 1892 from portions of the now-defunct Stockton Township. The Township, located in Camden County, New Jersey, has a total area of approximately twelve square miles with approximately two miles of frontage along the Delaware River directly across from the City of Philadelphia, Pennsylvania. In New Jersey, the Township borders Camden, Cherry Hill, Collingswood and Merchantville in Camden County and Cinnaminson Township, Maple Shade Township and Palmyra Borough in Burlington County. According to the 2010 census, the population is 35,885.

The Township is governed under the Township Committee form of government, with a five-member Committee. The Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis, with one or two seats coming up for election each year. At an annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Legislative and executive power is vested in the Committee.

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

Pennsauken Sewerage Authority
1250 John Tipton Blvd.
Pennsauken, New Jersey 08110

Pennsauken Free Public Library
5605 N. Crescent Blvd.
Pennsauken, New Jersey 08110

Pennsauken Garbage District
5605 N. Crescent Blvd.
Pennsauken, New Jersey 08110

Merchantville - Pennsauken Water Commission
20 W. Maple Ave.
Merchantville, NJ 08109

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

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

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

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

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

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

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

Golf Course Utility Operating and Capital Funds - The golf course utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned golf course operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fund Balance - Fund balances included in the current fund and golf course utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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

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

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Pennsauken 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.

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

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

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

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

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

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. 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 Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2019, the Township's bank balances of \$10,097,297.39 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 7,846,295.46
Uninsured and Uncollateralized	<u>2,251,001.93</u>
Total	<u>\$ 10,097,297.39</u>

New Jersey Cash Management Fund - During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2019, the Township's deposits with the New Jersey Cash Management Fund were \$7,175,259.25.

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:

	<u>Year Ended</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$ 3.773</u>	<u>\$ 3.789</u>	<u>\$ 3.793</u>	<u>\$ 3.725</u>	<u>\$ 3.658</u>
Apportionment of Tax Rate:					
Municipal	\$.930	\$.934	\$.936	\$.941	\$.943
Municipal Library	.034	.033	.035	.034	.036
County	.856	.866	.902	.880	.865
Local School	1.771	1.777	1.744	1.697	1.644
Special District Tax:					
Garbage District	.182	.179	.176	.173	.170

Note 3: PROPERTY TAXES (CONT'D)

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

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2019	\$ 2,351,677,129.00
2018	2,345,603,985.00
2017	2,350,051,566.00
2016	2,346,443,560.00
2015	2,345,766,571.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2019	\$ 88,835,724.61	\$ 86,485,499.02	97.35%
2018	89,080,988.24	86,773,547.51	97.41%
2017	89,210,383.37	86,837,597.26	97.34%
2016	87,601,004.42	85,279,951.27	97.35%
2015	86,368,349.63	83,848,802.70	97.08%

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	\$ 756,700.72	\$ 2,273,600.43	\$ 3,030,301.15	3.41%
2018	790,542.82	2,088,145.37	2,878,688.19	3.23%
2017	699,159.21	2,234,429.00	2,933,588.21	3.29%
2016	805,606.71	2,122,541.21	2,928,147.92	3.34%
2015	567,712.60	2,308,964.44	2,876,677.04	3.33%

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	54
2018	61
2017	54
2016	63
2015	55

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	\$ 7,213,200.00
2018	7,282,300.00
2017	2,550,800.00
2016	2,550,800.00
2015	2,550,800.00

Note 5: MUNICIPAL ASSESSMENTS RECEIVABLE

When owners do not maintain their properties in accordance with Township ordinances, assessments are imposed for the maintenance of the property. The balance due for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 96,652.99
2018	112,814.05
2017	21,789.00
2016	21,789.00
2015	21,789.00

Note 6: MORTGAGES RECEIVABLE

At December 31, 2019, the Township has loans receivable recorded in the Trust Other Funds from various families that were granted funds for the purposes of property improvements under the Township's housing rehabilitation program. The term of the loans call for an interest rate of one percent and principal to be repaid monthly over two-hundred and forty months or at the time the property is sold or title transferred, which is decided by the family at the inception of the loan. Some of the loans are to be repaid on a monthly basis and others are to be repaid at the time of the sale or title transfer. The balance of these loans at December 31, 2019 was \$8,983.25.

Note 7: 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	\$ 7,390,924.48	\$ 2,810,000.00	38.02%
2018	7,271,327.09	1,197,500.00	16.47%
2017	5,756,232.25	1,022,500.00	17.76%
2016	3,805,698.78	200,000.00	5.26%
2015	3,022,535.19	600,000.00	19.85%

Note 7: FUND BALANCES APPROPRIATED (CONT'D)**Golf Course 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	\$ 313,918.51	\$ 140,000.00	44.60%
2018	117,757.57	62,720.00	53.26%
2017	119,521.02	20,000.00	16.73%
2016	74,345.01	35,000.00	47.08%
2015	91,761.92	45,000.00	49.04%

Note 8: 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		\$ 1,793,585.63
Federal and State Grant	\$ 1,881.47	
Trust - Animal Control	24.13	15,000.00
Trust - Other	207,796.76	5,000.00
General Capital	1,597,049.86	
Golf Course Utility - Operating	4,458.41	507.26
Golf Course Utility - Capital	2,882.26	
	<u>\$ 1,814,092.89</u>	<u>\$ 1,814,092.89</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2020, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 9: PENSION PLANS

A substantial number of the Township's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, Township 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 Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Township. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of 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 Township's contractually required contribution rate for the year ended December 31, 2019 was 12.90% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$1,010,292.00, and was payable by April 1, 2020. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$1,023,475.00, which was paid on April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$598,822.14.

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.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

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

The Township's contractually required contribution rate for the year ended December 31, 2019 was 30.11% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$2,655,084.00, and was payable by April 1, 2020. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$2,532,964.00, which was paid on April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$891,947.62.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2019 was 3.88% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2019 is \$342,237.00, and was payable by April 1, 2020. Based on the PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2018 was \$282,035.00, 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 Township contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2019, there were no Township employees participating in this plan.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Public Employees' Retirement System - At December 31, 2019, the Township's proportionate share of the PERS net pension liability was \$18,714,740.00. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2019 measurement date, the Township's proportion was 0.1038641260%, which was an increase of 0.0009689064% from its proportion measured as of June 30, 2018.

At December 31, 2019, the Township's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is \$904,209.00. This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the Township's contribution to PERS was \$1,023,475.00, and was paid on April 1, 2019.

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

Township's Proportionate Share of Net Pension Liability	\$ 32,167,207.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>5,079,263.00</u>
	<u>\$ 37,246,470.00</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2019 measurement date, the Township's proportion was 0.2628508215%, which was an increase of 0.0037631204% from its proportion measured as of June 30, 2018. Likewise, at June 30, 2019, the State of New Jersey's proportion, on-behalf of the Township, was 0.2628508215%, which was an increase of 0.0037631204% from its proportion, on-behalf of the Township, measured as of June 30, 2018.

At December 31, 2019, the Township's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is \$759,869.00. This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the Township's contribution to PFRS was \$2,532,564.00, 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 Township, calculated by the Plan as of the June 30, 2019 measurement date is \$590,169.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Note 9: 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 - At December 31, 2019, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 335,905.00	\$ 271,533.00	\$ 607,438.00	\$ 82,673.00	\$ 39,824.00	\$ 122,497.00
Changes of Assumptions	1,868,736.00	1,102,224.00	2,970,960.00	6,495,827.00	2,032,936.00	8,528,763.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	295,419.00	85,230.00	380,649.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	462,250.00	770,425.00	1,232,675.00	163,825.00	178,529.00	342,354.00
Township Contributions Subsequent to the Measurement Date	505,146.00	1,327,542.00	1,832,688.00	-	-	-
	<u>\$ 3,172,037.00</u>	<u>\$ 3,471,724.00</u>	<u>\$ 6,643,761.00</u>	<u>\$ 7,037,744.00</u>	<u>\$ 2,336,519.00</u>	<u>\$ 9,374,263.00</u>

\$505,146.00 and \$1,327,542.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2020. These amounts were based on an estimated April 1, 2021 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2019 to the Township's year end of December 31, 2019.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	5.00	-	5.00	-
June 30, 2016	5.00	-	5.00	-
June 30, 2017	-	5.00	-	5.00
June 30, 2018	-	5.00	-	5.00
June 30, 2019	-	5.00	-	5.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92

Note 9: 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:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2020	\$ (521,528.00)	\$ (1,835,885.00)	\$ (2,357,413.00)
2021	(1,655,053.00)	(3,483,749.00)	(5,138,802.00)
2022	(1,463,827.00)	(2,467,007.00)	(3,930,834.00)
2023	(663,821.00)	(997,899.00)	(1,661,720.00)
2024	(66,624.00)	8,592,203.00	8,525,579.00
	<u>\$ (4,370,853.00)</u>	<u>\$ (192,337.00)</u>	<u>\$ (4,563,190.00)</u>

Actuarial Assumptions

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

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

(1) Based on Years of Service

Note 9: 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 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2019 was 6.28% for PERS and 6.85% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057 for PERS and 2076 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 for PERS and 2076 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

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

	PERS		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 23,639,757.00</u>	<u>\$ 18,714,740.00</u>	<u>\$ 14,564,715.00</u>

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

	PFRS		
	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Township's Proportionate Share of the Net Pension Liability	\$ 43,478,342.00	\$ 32,167,207.00	\$ 22,805,613.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>6,865,313.00</u>	<u>5,079,263.00</u>	<u>3,601,050.00</u>
	<u>\$ 50,343,655.00</u>	<u>\$ 37,246,470.00</u>	<u>\$ 26,406,663.00</u>

Note 9: PENSION PLANS (CONT'D)**Pension Plan Fiduciary Net Position**

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

Supplementary Pension Information

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

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

	Measurement Date Ended June 30,			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.1038641260%	0.1028952196%	0.1017434065%	0.1010490132%
Township's Proportionate Share of the Net Pension Liability	\$ 18,714,740.00	\$ 20,259,556.00	\$ 23,684,239.00	\$ 29,917,819.00
Township's Covered Payroll (Plan Measurement Period)	\$ 7,376,924.00	\$ 7,202,384.00	\$ 6,959,932.00	\$ 6,942,460.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	253.69%	281.29%	340.29%	430.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%
	Measurement Date Ended June 30,			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.1019301596%	0.1066554322%	0.1029114824%	
Township's Proportionate Share of the Net Pension Liability	\$ 22,881,278.00	\$ 19,968,814.00	\$ 19,668,429.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 7,029,892.00	\$ 7,357,840.00	\$ 7,039,184.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	325.49%	271.40%	279.41%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%	

Note 9: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Seven Years)***

	Year Ended December 31,			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 1,010,292.00	\$ 1,023,475.00	\$ 942,544.00	\$ 897,705.00
Township's Contribution in Relation to the Contractually Required Contribution	\$ (1,010,292.00)	(1,023,475.00)	(942,544.00)	(897,705.00)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Township's Covered Payroll (Calendar Year)	\$ 7,829,086.00	\$ 7,491,595.00	\$ 7,305,606.00	\$ 6,953,551.00
Township's Contributions as a Percentage of Covered Payroll	12.90%	13.66%	12.90%	12.91%
	Year Ended December 31,			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 876,326.00	\$ 879,252.00	\$ 775,417.00	
Township's Contribution in Relation to the Contractually Required Contribution	(876,326.00)	(879,252.00)	(775,417.00)	
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	
Township's Covered Payroll (Calendar Year)	\$ 6,936,061.00	\$ 7,110,665.00	\$ 7,258,296.00	
Township's Contributions as a Percentage of Covered Payroll	12.63%	12.37%	10.68%	

Note 9: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Seven Plan Years)***

	Measurement Date Ended June 30,			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.2628508215%	0.2590877011%	0.2692835362%	0.2768757032%
Township's Proportionate Share of the Net Pension Liability	\$ 32,167,207.00	\$ 35,058,837.00	\$ 41,572,172.00	\$ 52,890,342.00
State's Proportionate Share of the Net Pension Liability associated with the Township	5,079,263.00	4,762,163.00	4,656,433.00	4,441,477.00
Total	<u>\$ 37,246,470.00</u>	<u>\$ 39,821,000.00</u>	<u>\$ 46,228,605.00</u>	<u>\$ 57,331,819.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 8,874,876.00	\$ 8,595,364.00	\$ 8,640,576.00	\$ 8,866,668.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	362.45%	407.88%	481.13%	596.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.00%	62.48%	58.60%	52.01%
	Measurement Date Ended June 30,			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.2699374696%	0.2896178346%	0.2968137408%	
Township's Proportionate Share of the Net Pension Liability	\$ 44,962,173.00	\$ 36,431,237.00	\$ 39,458,708.00	
State's Proportionate Share of the Net Pension Liability associated with the Township	3,943,032.00	3,932,032.00	3,678,031.00	
Total	<u>\$ 48,905,205.00</u>	<u>\$ 40,363,269.00</u>	<u>\$ 43,136,739.00</u>	
Township's Covered Payroll (Plan Measurement Period)	\$ 8,641,260.00	\$ 9,086,620.00	\$ 9,315,008.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	520.32%	400.93%	423.60%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%	

Note 9: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS) (Last Seven Years)***

	<u>Year Ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 2,655,084.00	\$ 2,532,964.00	\$ 2,383,209.00	\$ 2,257,480.00
Township's Contribution in Relation to the Contractually Required Contribution	(2,655,084.00)	(2,532,964.00)	(2,383,209.00)	(2,257,480.00)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Township's Covered Payroll (Calendar Year)	\$ 8,818,197.00	\$ 8,943,603.00	\$ 8,642,661.00	\$ 8,472,342.00
Township's Contributions as a Percentage of Covered Payroll	30.11%	28.32%	27.57%	26.65%
	<u>Year Ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 2,194,189.00	\$ 2,224,465.00	\$ 2,165,487.00	
Township's Contribution in Relation to the Contractually Required Contribution	(2,194,189.00)	(2,224,465.00)	(2,165,487.00)	
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	
Township's Covered Payroll (Calendar Year)	\$ 8,672,192.00	\$ 8,708,801.00	\$ 8,944,369.00	
Township's Contributions as a Percentage of Covered Payroll	25.30%	25.54%	24.21%	

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

None

Changes in Assumptions

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

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

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used.

Note 9: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information (Cont'd)*****Public Employees' Retirement System (PERS) (Cont'd)*****Changes in Assumptions (Cont'd)**

For healthy retirees and beneficiaries, the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

Police and Firemen's Retirement System (PFRS)**Changes in Benefit Terms**

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

Changes in Assumptions

The Discount Rate changed at June 30th over the following years: 6.32% 2014, 5.79% 2015, 5.55% 2016, 6.14% 2017, 6.51% 2018 and 6.85% 2019.

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

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2013 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-201 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees, the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For beneficiaries mortality, the Pub-2010 General Retiree Below-Median Income Weighted mortality table, unadjusted, and with future improvement from the base year of 2010 on a generational basis was used. For disabled mortality, the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, the mortality improvement scale incorporated the plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

Note 9: PENSION PLANS (CONT'D)

Early Retirement Incentive Program – Legislation enacted in 1991 and 1993 made early retirement available through Early Retirement Incentive Programs. These programs, which were subject to the approval of the Township's governing body, were available to employees who met certain minimum requirements. The Township participates in three Early Retirement Incentive Programs, ERIP 1, 2 and 4. Under each of these programs, there is an accrued liability. Under Program 1, the accrued liability as of December 31, 2019 was \$13,298.00 payable in annual installments of \$6,649.00 with the last installment due on April 1, 2021. For Program 2, the accrued liability as of December 31, 2019 was \$108,528.00 payable in annual installments of \$7,752.00 with the last installment due on April 1, 2033. For Program 4, the accrued liability as of December 31, 2019 was \$176,214.00 payable in annual installments of \$88,107.00 with the last installment due on April 1, 2021.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the OPEB Plan**

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

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.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the OPEB Plan (Cont'd)**

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

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

The Township was billed monthly by the Plan and paid \$27,332.04, for the year ended December 31, 2019, representing .16% of the Township's covered payroll. During the year ended December 31, 2019, retirees were not required to contribute to the Plan.

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

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

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

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Township, is not known, however, under the Special Funding Situation, the State's OPEB (benefit) expense, on-behalf of the Township, is \$223,577.00 for the year ended December 31, 2019 representing 1.34% of the Township's covered payroll.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

OPEB Liability - At December 31, 2019 the Township's and State's proportionate share of the net OPEB liability were as follows:

Township's Proportionate Share of Net OPEB Liability	\$	484,543.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township		<u>16,867,035.00</u>
	\$	<u>17,351,578.00</u>

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

The Township's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the Township's proportion was 0.003577% which was a decrease of (0.001251%) from its proportion measured as of the June 30, 2018 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the Township was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the State's proportion on-behalf of the Township was 0.305246% which was a decrease of (0.014996%) from its proportion measured as of the June 30, 2018 measurement date.

OPEB (Benefit) Expense - At December 31, 2019, the Township's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is (\$51,774.00). This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the Township made contributions to the Plan totaling \$27,332.04.

At December 31, 2019, the State's proportionate share of the OPEB (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2019 measurement date is \$223,577.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2019, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		\$ 141,699.00
Changes of Assumptions		171,711.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	\$ 399.00	
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	10,607.00	318,147.00
Township Contributions Subsequent to the Measurement Date	15,943.69	
	<u>\$ 26,949.69</u>	<u>\$ 631,557.00</u>

\$15,943.69 reported as deferred outflows of resources resulting from the Township's contributions subsequent to the measurement date will be included as a reduction of the Township's net OPEB liability during the year ending December 31, 2020.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
June 30, 2017	-	-
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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 the OPEB liability will be recognized in future periods as follows:

<u>Year Ending Dec. 31,</u>	
2020	\$ (98,238.00)
2021	(98,238.00)
2022	(98,270.00)
2023	(98,320.00)
2024	(98,367.00)
Thereafter	<u>(129,118.00)</u>
	<u><u>\$ (620,551.00)</u></u>

Actuarial Assumptions

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

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

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

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

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational 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 and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays a portion of the Township's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2019, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Township's Proportionate Share of the Net OPEB Liability	\$ 560,255.00	\$ 484,543.00	\$ 423,017.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	19,502,583.00	16,867,035.00	14,725,304.00
	<u>\$ 20,062,838.00</u>	<u>\$ 17,351,578.00</u>	<u>\$ 15,148,321.00</u>

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The Township's and State's proportionate share of the net OPEB Liability as of June 30, 2019, the Plan's measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Township's Proportionate Share of the Net OPEB Liability	\$ 408,895.00	\$ 484,543.00	\$ 581,045.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	14,233,699.00	16,867,035.00	20,226,298.00
	<u>\$ 14,642,594.00</u>	<u>\$ 17,351,578.00</u>	<u>\$ 20,807,343.00</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>.

Supplementary OPEB Information

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

Schedule of the Township's Proportionate Share of the net OPEB Liability (Last Three Plan Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.003577%	0.004828%	0.004766%
Township's Proportionate Share of the Net OPEB Liability	\$ 484,543.00	\$ 756,384.00	\$ 973,016.00
State's Proportionate Share of the Net OPEB Liability Associated with the Township	16,867,035.00	19,899,340.00	29,427,653.00
Total	<u>\$ 17,351,578.00</u>	<u>\$ 20,655,724.00</u>	<u>\$ 30,400,669.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 16,796,818.00	\$ 16,210,115.00	\$ 15,556,948.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	2.88%	4.67%	6.25%
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)***Schedule of the Township's Contributions (Last Three Years)***

	Year Ended December 31,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Required Contributions	\$ 27,332.04	\$ 51,339.96	\$ 54,275.40
Township's Contributions in Relation to the Required Contribution	<u>(27,332.04)</u>	<u>(51,339.96)</u>	<u>(54,275.40)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 16,647,283.00	\$ 16,435,198.00	\$ 15,948,267.00
Township's Contributions as a Percentage of Covered Payroll	0.16%	0.31%	0.34%

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

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

Changes in Assumptions

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

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

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**TOWNSHIP OF PENNSAUKEN POSTEMPLOYMENT BENEFIT PLAN**

Plan Description and Benefits Provided - The Township provides postretirement health care benefits through a health plan for retirees and their families, which includes a medical, dental, prescription drug and vision plan. The Township's 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 retirees who retire from active employment with the Township and who have at least thirty (30) years of service with the Township and are members of the New Jersey Public Retirement System (PERS) and police and firemen who retire with at least twenty-five (25) years of service with the Township and have at least twenty-five (25) years of service in the New Jersey Police and Firemen's Retirement System (PFRS). Medical coverage is provided for the retirees and their families; however once Medicare age is attained by the retired employee or their spouse, Medicare is primary and the Township provides supplementary medical insurance benefits. Prescription drugs and dental benefits are provided for retirees and their families. Vision benefits are provided for retired employees. Life Insurance is not provided. The Plan is administered by the Township; therefore, premium payments are made directly to the insurance carriers. Pursuant to Chapter 78 of P.L. 2011, effective June 28, 2011, retirees are required to contribute for medical and prescription drug benefits. Contributions are not required for employees with at least 20 years in the PERS or PFRS as of the effective date and meet the eligibility requirements of the employer pursuant to N.J.S.A. 40A:10-23, (i.e., age 62 with 15 years or 25 years of service). As of December 31, 2019, no retirees are required to make contributions.

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	129
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	
Active Employees	188
	<hr/>
	317
	<hr/>

Total OPEB Liability

The Township's total OPEB liability of \$74,749,569.00 was measured as of December 31, 2019 and was determined by an actuarial valuation as of this same date.

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

Mortality - Mortality rates are based on the RP-2000 Combined Mortality Table for Males and Females as appropriate.

Discount Rate - Future costs have been discounted at the rate of 2.49% compounded annually. The rate is based upon the S&P Municipal Bond 20 Year High Grade Rate Index which consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years as of December 2019. For December 2018, future costs were discounted at the rate of 3.64% compounded annually. Eligible bonds are rated at least AA by Standard and Poor's Ratings Service, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating was used. Prior to 2017, an interest rate of 5% was assumed.

Turnover - Terminations of employment other than for death or retirement will occur in the future in accordance with the U.S. Office of Personnel Management regarding the experience of the employee group covered by the Federal Retirement System.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**TOWNSHIP OF PENNSAUKEN POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Actuarial Assumptions and Other Inputs (Cont'd) –**

Disability – The actuary has assumed no terminations of employment due to disability. Retirees resulting from a disability were factored into the determination of age at retirement.

Age at Retirement – Active participants, on average, will receive their benefits when eligible but no earlier than age 55.

Spousal Coverage – Married employees will remain married.

Health Care Cost Inflation – Health care gross costs will increase at an annual rate of 7.0% for Pre-Medicare medical benefits and 5% for Post-Medicare medical benefits.

Administration Expenses – Annual cost to administer the retiree claims, approximately 2%, is included in the annual health care costs.

Final Average Salary – Final average salary for retirees age 55 and over is \$83,660.00.

The actuary has used their professional judgement in applying these assumptions to this Plan.

Changes in Total OPEB Liability

Balance at December 31, 2018		\$ 64,926,096.00
Changes for the Year:		
Service Cost	\$ 1,010,740.00	
Interest Cost	2,324,482.00	
Benefit Payments	(2,133,411.00)	
Changes in Assumptions	8,621,662.00	
Difference between Expected and Actual Experience	<u>-</u>	
Net Changes		<u>9,823,473.00</u>
Balance at December 31, 2019		<u><u>\$ 74,749,569.00</u></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 3.64% at December 31, 2018 to 2.49% at December 31, 2019. The discount rate was based on the S&P Municipal Bond 20 year High Grade Bond index rate.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**TOWNSHIP OF PENNSAUKEN POSTEMPLOYMENT BENEFIT PLAN (CONT'D)**

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

	December 31, 2019		
	1.00% Decrease (1.49%)	Current Discount Rate (2.49%)	1.00% Increase (3.49%)
Total OPEB Liability	<u>\$ 87,075,773.00</u>	<u>\$ 74,749,569.00</u>	<u>\$ 64,872,647.00</u>

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

	December 31, 2019		
	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	<u>\$ 64,435,252.00</u>	<u>\$ 74,749,569.00</u>	<u>\$ 87,606,495.00</u>

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

	<u>Plan Measurement Date December 31,</u>	
	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 1,010,740.00	\$ 2,032,032.00
Interest Cost	2,324,482.00	2,860,414.00
Benefit Payments	(2,133,411.00)	(2,133,411.00)
Changes in Assumptions	8,621,662.00	(4,836,402.00)
Difference Between Expected and Actual Experience	-	(12,646,054.00)
Net Change in Total OPEB Liability	9,823,473.00	(14,723,421.00)
Total OPEB Liability - Beginning of Fiscal Year	64,926,096.00	79,649,517.00
Total OPEB Liability - End of Fiscal Year	<u>\$ 74,749,569.00</u>	<u>\$ 64,926,096.00</u>
Covered-Employee Payroll	\$ 20,166,668.40	\$ 19,738,519.60
Total OPEB Liability as a Percentage of Covered Payroll	370.66%	328.93%

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

None

Changes in Assumptions

The discount rate changed from 3.64% as of December 31, 2018 to 2.49% as of December 31, 2019.

Note 11: COMPENSATED ABSENCES

Non-uniformed Township employees are entitled to fifteen paid sick leave days each year and uniformed employees are entitled to seventeen paid sick leave days each year. Police and fire employees are entitled to seventeen paid sick leave days each year. Unused sick leave may be accumulated and carried forward. Vacation days not used during the year may be accumulated and carried forward; however, only a maximum of one's year unused vacation days may be carried forward. All full-time employees are entitled to three personal holidays, plus fourteen or thirteen holidays depending upon whether they are uniformed or non-uniformed employees respectively. All police and fire employees may carry forward an unlimited number of unused vacation days and holidays but are compensated for a maximum of one hundred upon termination.

Permanent part-time employees are entitled to compensated absences; however, regular part-time employees are not compensated for absences.

Only members of the Fraternal Order of Police, Garden State Lodge No. 3 are entitled to payment of unused sick leave upon termination or retirement. This payout is limited to sixty-five (65) days, in combination with unused vacation and holiday time, and is subject to the provisions of N.J.S.A. 11A:6-19.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2019, accrued benefits for compensated absences are valued at \$1,634,865.65.

Note 12: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 13: LEASE OBLIGATIONS

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

Capital:
Seventy-eight (78) Golf Cars

Operating:
One (1) 2015 Ford Escape

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

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Golf Carts	\$ 152,101.99	\$ 211,073.70

Note 13: LEASE OBLIGATIONS (CONT'D)

Capital Leases (Cont'd) - The following schedule represents the remaining principal and interest payments, through maturity, for capital leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 61,252.08	\$ 4,512.12	\$ 65,764.20
2021	63,620.62	2,143.58	65,764.20
2022	27,229.29	172.46	27,401.75
	<u>\$ 152,101.99</u>	<u>\$ 6,828.16</u>	<u>\$ 158,930.15</u>

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

<u>Year</u>	<u>Amount</u>
2020	\$ 1,175.00

Rental payments under operating leases for the year 2019 were \$4,500.00.

Note 14: CAPITAL DEBT**General Obligation and Refunding Bonds**

General Obligation Bonds, Series 2011 - On August 31, 2011, the Township issued \$12,850,000.00 in general obligation bonds, with interest rates ranging from 2.5% to 4.0%. The purpose of the bonds is to fund various capital ordinances in the Township. The final maturity of the bonds is August 15, 2026.

General Obligation Bonds, Series 2016 - On June 22, 2016, the Township issued \$13,236,000.00 in general obligation bonds, with interest rates ranging from 1.0% to 2.375%. The purpose of the bonds is to fund various capital ordinances in the Township. The final maturity of the bonds is March 1, 2029.

Refunding Bonds, Series 2017 - On June 15, 2017, the Township issued \$4,455,000.00 in refunding bonds, with an interest rate of 1.95%. The purpose of the bonds is to refund a portion of the Township's 2008 General Obligation Bonds. The final maturity of the bonds is September 1, 2023.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,741,707.00	\$ 515,489.26	\$ 3,257,196.26
2021	2,805,284.00	451,596.76	3,256,880.76
2022	2,888,861.00	386,139.76	3,275,000.76
2023	2,947,082.00	318,577.26	3,265,659.26
2024	2,115,659.00	248,254.00	2,363,913.00
2025-2029	7,800,543.00	442,043.00	8,242,586.00
	<u>\$ 21,299,136.00</u>	<u>\$ 2,362,100.04</u>	<u>\$ 23,661,236.04</u>

Note 14: CAPITAL DEBT (CONT'D)**Golf Course Utility Debt – General Obligation and Refunding Bonds**

General Obligation Bonds, Series 2016 - On June 22, 2016, the Township issued \$1,014,000.00 in general obligation bonds, with interest rates ranging from 1.0% to 2.375%. The purpose of the bonds is to fund various capital ordinances in the Township's golf course utility. The final maturity of the bonds is March 1, 2029.

Refunding Bonds, Series 2017 - On June 15, 2017, the Township issued \$365,000.00 in refunding bonds, with an interest rate of 1.95%. The purpose of the bonds is to refund a portion of the Township's 2008 General Obligation Bonds. The final maturity of the bonds is September 1, 2023.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 143,293.00	\$ 21,492.50	\$ 164,785.50
2021	144,716.00	18,647.50	163,363.50
2022	146,139.00	15,773.50	161,912.50
2023	152,918.00	12,867.50	165,785.50
2024	79,341.00	9,833.00	89,174.00
2025-2029	424,457.00	23,876.00	448,333.00
	<u>\$ 1,090,864.00</u>	<u>\$ 102,490.00</u>	<u>\$ 1,193,354.00</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 29,149,136.00	\$ 29,237,267.00	\$ 29,096,465.00
Water Utility:			
Bonds and Notes (Note A)	3,423,249.26	3,989,740.29	4,622,938.02
Golf Course Utility:			
Bonds and Notes	<u>1,090,864.00</u>	<u>1,232,733.00</u>	<u>1,368,535.00</u>
Total Issued	<u>33,663,249.26</u>	<u>34,459,740.29</u>	<u>35,087,938.02</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	<u>5,200.00</u>	<u>6,450.00</u>	<u>328,950.00</u>
Total Authorized but not Issued	<u>5,200.00</u>	<u>6,450.00</u>	<u>328,950.00</u>
Total Issued and Authorized but not Issued	<u>33,668,449.26</u>	<u>34,466,190.29</u>	<u>35,416,888.02</u>

Note 14: CAPITAL DEBT (CONT'D)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Deductions</u>			
Water Utility:			
Self-Liquidating (Note A)	\$ 3,423,249.26	\$ 3,989,740.29	\$ 4,622,938.02
Golf Course Utility:			
Self-Liquidating	<u>1,090,864.00</u>	<u>1,232,733.00</u>	<u>1,368,535.00</u>
Total Deductions	<u>4,514,113.26</u>	<u>5,222,473.29</u>	<u>5,991,473.02</u>
Net Debt	<u>\$ 29,154,336.00</u>	<u>\$ 29,243,717.00</u>	<u>\$ 29,425,415.00</u>

Note A - Represents the Township of Pennsauken's share of the debt of the Merchantville-Pennsauken Water Commission. The Commission is jointly owned by the Township of Pennsauken and the Borough of Merchantville.

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.211%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 35,669,000.00	\$ 35,669,000.00	
Self-Liquidating	4,514,113.26	4,514,113.26	
General	<u>29,154,336.00</u>		\$ 29,154,336.00
	<u>\$ 69,337,449.26</u>	<u>\$ 40,183,113.26</u>	<u>\$ 29,154,336.00</u>

Net debt \$29,154,336.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$2,407,378,707.00, equals 1.211%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 84,258,254.75
Less: Net Debt	<u>29,154,336.00</u>
Remaining Borrowing Power	<u>\$ 55,103,918.75</u>

Note 14: CAPITAL DEBT (CONT'D)**Calculation of "Self-Liquidating Purpose,"
Golf Course Utility Per N.J.S.A. 40:2-45**

Cash Receipts from Fees, Rents, Fund Balance		
Anticipated, Interest and Other Investment		
Income, and Other Charges for the Year	\$	1,879,724.49
Deductions:		
Operating and Maintenance Costs	\$	1,469,755.00
Debt Service		<u>165,241.81</u>
Total Deductions		<u>1,634,996.81</u>
Excess in Revenue	\$	<u>244,727.68</u>

**Calculation of "Self-Liquidating Purpose,"
Merchantville-Pennsauken Water Commission 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	\$	10,510,493.36
Deductions:		
Operating and Maintenance Costs	\$	6,616,451.80
Debt Service		<u>653,659.00</u>
Total Deductions		<u>7,270,110.80</u>
Excess in Revenue	\$	<u>3,240,382.56</u>

Note 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

<u>Description</u>	<u>Balance December 31, 2019</u>	<u>2020 Budget Appropriation</u>
Animal Control Fund:		
Deficit in Reserve for Animal Control Expenditures	\$ 11,101.26	\$ 11,101.26

The appropriation in the 2020 Budget as adopted is not less than that required by the statutes.

Note 16: RISK MANAGEMENT

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

Property and Liability Insurance - The Township maintains commercial insurance coverage for property, liability, vehicle, surety bonds, etc

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

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

<u>Year</u>	<u>Township Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 7,761.86	\$ 52.66	\$ 12,587.07	\$ 311.86
2018	11,219.80	16.85	7,003.12	5,084.41
2017	5,312.35	1.08	11,954.33	850.88

It is estimated that unreimbursed payments on behalf of the Township at December 31, 2019 are \$4,473.45.

Self-Insurance Plan - The Township has adopted a plan of self-insurance for workers' compensation insurance, and as a result, has established a trust fund to fund potential claims up to \$500,000.00 per any one accident. Scibal Associates acts as administrator of the plan. The Township purchases commercial coverage for claims in excess of \$500,000.00. There have been no settlements that exceed the Township's coverage for years ended December 31, 2019, 2018, and 2017.

Payments from the reserve for 2019, 2018 and 2017 were \$553,170.66, \$394,836.54 and \$344,584.78, respectively. At December 31, 2019, there is no balance in the reserve. The 2020 adopted budget includes an appropriation in the amount of \$339,430.00 to fund the reserve for future claims. The management of the Township believes that the 2020 budget appropriation to fund the reserve is adequate to meet the needs of the Township and any additional funding required for claims in excess of the trust fund's reserve will be paid and charged to future budgets.

Note 17: CONTINGENCIES

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

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

Note 18: INTERGOVERNMENTAL SERVICE AGREEMENTS

Pennsauken Sewerage Authority - The Township has entered into a service agreement with the Pennsauken Sewerage Authority, a component unit of the Township, whereby the Township has agreed to pay any shortfall the Authority may encounter in making payments for either operating expenses or debt service requirements. Should the Township make any payments in accordance with this agreement, the Authority would be required to repay any amounts advanced by the Township plus interest at a rate of 1% per year above the highest rate paid by the Authority on any outstanding bonds.

Merchantville - Pennsauken Water Commission - The Township has entered into a service agreement with the Merchantville - Pennsauken Water Commission, which is a component unit of the Township of Pennsauken and the Borough of Merchantville. Both municipalities act as guarantors of all Commission bonds and loans in accordance with the following percentages:

Township of Pennsauken	88.42%
Borough of Merchantville	11.58%

No payments were required to be made by the Township relative to any intergovernmental service agreements during the year 2019.

Note 19: CONCENTRATIONS

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

Note 20: TAX ABATEMENTS

The Township is authorized to enter into property tax abatement agreements for commercial and industrial structures under N.J.S.A. 40A:21-1 known as the "Five Year Exemption and Abatement Law" and long-term exemption agreements under N.J.S.A. 40A:20. Under these laws, the Township may grant property tax abatements for a period of five years from the date of completion of construction for the purpose of encouraging the construction of new commercial and industrial structures or other terms for long-term exemptions for the purpose of economic development or affordable housing.

For the year ended December 31, 2019, the Township abated property taxes totaling \$1,934,976.93 under these programs, including the following long-term tax exemption agreements that each exceeded ten percent (10%) of the total amount abated:

- An abatement of \$373,848.41 to the owner of property granted a deed of conservation easement restricting the use of the property to the New Jersey Natural Lands Trust.
- An abatement of \$189,948.26 to the operator of a recreational facility to foster economic development.
- An abatement of \$338,098.77 to the owner of a HUD approved apartment complex for affordable housing.
- An abatement of \$323,505.38 to the owner of a senior housing facility to provide for affordable housing for senior citizens.
- An abatement of \$211,647.73 to the owner of a HUD approved apartment complex for affordable housing for senior citizens.

Note 21: REDEVELOPMENT ZONES

The Township has created two redevelopment zones. One encompasses waterfront properties with more than 700 acres of underused industrial property. The Township is uniquely situated on an urban waterfront, which mirrors a growing international trend. Communities across the country and around the world are rediscovering and capitalizing on the potential of urban waterfronts. The Township is in the process of negotiating redevelopment agreements with Buckeye Partners, LP and Liberty Terminal, LLC for large industrial use projects encompassing significant portions of land in this unique environment. In addition, substantial studies, planning and testing have already been conducted to facilitate the redevelopment effort. Moreover, the New Jersey Department of Environmental Protection and the Township have executed a Brownfield's Development Area Initiative Memorandum of Understanding to promote environmental protection for the waterfront development area and to foster neighborhood revitalization.

The other redevelopment zone is located along the Route 73 corridor, an area beginning close to the Tacony-Palmyra Bridge and continuing into the southern end of the Borough of Cinnaminson, known as the "Crossroads Redevelopment Area". The Camden County Improvement Authority ("CCIA"), the governmental economic development agency of Camden County, found the Crossroads Redevelopment Area to be an attractive location for residential and retail redevelopment activities. Specifically, to facilitate redevelopment of the Crossroads Redevelopment Area, the CCIA applied for, received a grant from the Casino Reinvestment Development Authority, and was designated by the Township as the redevelopment authority for a portion of the Crossroads Redevelopment Area by Ordinance 02-43 duly adopted after public hearing on December 30, 2002. Site clearance, preparation and environmental studies and remediation have been completed and the CCIA has sold the property to DELCO Development, LLC, a qualified nationally recognized multi-family developer.

DELCO has begun the redevelopment of the 35 acre Crossroads Redevelopment Area, a project named Haddon Pointe, that includes the construction of 189 Townhouses, ten (10) residential apartment buildings comprising a total of 240 units, a club house and other related site improvements. The first eight (8) apartment buildings have been completed and are near full occupancy. The remaining two (2) apartment buildings are substantially complete pending the issuance of certificates of occupancy. An eleventh apartment building with an additional twenty-four (24) units is under consideration for the site and pending Planning Board approval. As of September 1, 2020, thirty-six (36) townhomes have been completed and issued certificates of occupancy. The developer estimates an additional fourteen (14) units will be completed by the end of 2020. The remaining buildout schedule has fifty (50) units scheduled for completion in both 2021 and 2022 with the remaining thirty-nine units scheduled for completion by the fall of 2023.

Note 22: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Capital Fund:		
Various Capital Improvements and the Acquisition of Various Capital Equipment	2/20/2020	\$ 2,736,000.00
Competition of Certain Capital Improvements	6/4/2020	570,000.00
Refunding of the Township's Outstanding Callable General Obligation Bonds, Series 2011	10/22/2020	625,000.00

Note 22: SUBSEQUENT EVENTS (CONT'D)

COVID-19 - In response to the COVID-19 pandemic in the United States, the Township Municipal Building was closed to the public effective close of business March 13, 2020. A small crew of managerial employees continued to work in the building to maintain a presence while remaining non-essential staff worked remotely. All public safety functions were maintained uninterrupted while public works employees worked on a reduced-hours rotating schedule. Many events previously planned had to be canceled or rescheduled. In addition, the Mayor and Township Committee began to conduct the regular business and public meetings of the Township remotely via the ZOOM platform. On June 15, 2020, the municipal building was reopened to the public on a limited basis with COVID-19 safety protocols in effect. The Township operation will proceed in this manner until such a time where a resolution to the COVID-19 is in place.

At the regular business meeting of the Township Committee held on May 7, 2020, the Township adopted Resolution 2020:147, authoring extension of 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 the regular business meeting of the Township Committee held on May 21, 2020, the Township, adopted Resolution 2020:151, authoring the Tax Collector to prepare and mail estimated property tax bills for the third installment of 2020 taxes, as permitted by statutes.

After careful consideration, and based upon information on the COVID-19 pandemic available at that time, the Township Committee adopted the 2020 municipal budget at the regular business meeting held on July 9, 2020. The adopted budget was reflective of a recalibration of the revenues and expenses likely to be impacted by the COVID-19 pandemic. The Township 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 BOND COUNSEL OPINION



December __, 2020

Mayor and Township Committee
of the Township of Pennsauken
5605 North Crescent Boulevard
Pennsauken, New Jersey

**RE: \$_____ TOWNSHIP OF PENNSAUKEN, COUNTY OF CAMDEN,
NEW JERSEY, TAXABLE GENERAL OBLIGATION REFUNDING
BONDS, SERIES 2020**

Ladies and Gentlemen:

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

The Refunding Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) a refunding bond ordinance ("Refunding Bond Ordinance"), duly and finally adopted by the Township Committee on October 22, 2020, and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by the Township Committee on October 22, 2020 ("Resolution").

The Refunding Bonds are being issued to provide funds which will be used to: (i) current refund and redeem all of the Township's outstanding callable General Obligation Bonds, Series 2011, maturing on August 15, in the years 2022 through 2026, both dates inclusive; and (ii) pay the costs and expenses related to the issuance, sale and delivery of the Refunding Bonds.

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

	Total	
<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$	%
2022		
2023		
2024		
2025		
2026		

COUNSEL WHEN IT MATTERS.SM



The Refunding Bonds are issued in fully registered book-entry-only form without coupons, and are not subject to redemption prior to their stated maturity dates.

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

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

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

1. The Refunding Bonds are legal, valid and binding obligations of the Township enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").
2. For the payment of principal of and interest on the Refunding Bonds, the Township has the power and is obligated, to the extent payment is not otherwise provided, to levy *ad valorem* taxes upon all taxable real property within the Township without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.
3. Interest on the Refunding Bonds is included in gross income for Federal tax purposes.
4. Interest on the Refunding Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

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

In providing the opinion expressed in paragraph 3 above, we have relied upon the certification of PNC Capital Markets LLC, Philadelphia, Pennsylvania, regarding the computation of the yield on the Refunding Bonds and a certification of Bowman & Company LLC, as to the sufficiency of the escrow proceeds.

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



PARKER McCAY

Mayor and Township Committee
of the Township of Pennsauken
December __, 2020
Page 3

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ____ day of December, 2020 between the Township of Pennsauken, County of Camden, New Jersey ("Township") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its Taxable General Obligation Refunding Bonds, Series 2020, in the principal amount of \$_____ ("Refunding Bonds").

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

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

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

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

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

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

"Dissemination Agent" shall mean Acacia Financial Group, Inc., Mount Laurel, New Jersey, or any successor Dissemination Agent designated in writing by the Township and which has filed with the Township a written acceptance of such designation.

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

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

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

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

SECTION 3. Provision of Annual Report.

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

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

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

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

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

SECTION 5. Reporting of Significant Events.

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

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

(b) The Township shall within eight (8) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection

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

(c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13), (14) or (15) of subsection (a) of this Section 5, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the Township to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within two (2) Business Days of the receipt of such instruction, but not later than ten (10) days after the occurrence of any of the Listed Events, with a copy of such notice provided by the Dissemination Agent to the Township.

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

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Township may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if the Township has received an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

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

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

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

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

- (i) If to the Township:

Township of Pennsauken
5605 North Crescent Boulevard
Pennsauken, New Jersey 08110
Attention: Chief Financial Officer

- (ii) If to the Dissemination Agent:

Acacia Financial Group, Inc.
6000 Midlantic Drive
Suite 410 North
Mount Laurel, New Jersey 08054

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 11 for the giving of notice.

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

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

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

SECTION 14. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Township or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

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

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

SECTION 17. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

TOWNSHIP OF PENNSAUKEN, NEW JERSEY

By: _____
RONALD S. CRANE, Chief Financial Officer

ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent

By: _____
JENNIFER G. EDWARDS, Managing Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

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

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

Date of Issuance of the Affected
Bond Issue: December __, 2020

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

Dated: _____

ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent

cc: Township of Pennsauken, New Jersey