

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

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**PRELIMINARY OFFICIAL STATEMENT DATED MAY 26, 2021**

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

**\$20,210,000\***  
**TOWNSHIP OF WASHINGTON**  
**County of Gloucester, New Jersey**  
**GENERAL OBLIGATION BONDS, SERIES 2021**  
**(Callable)**

**Dated: Date of Delivery**

**Due: May 15, as shown on inside front cover**

The Township of Washington, County of Gloucester, New Jersey ("Township") is issuing \$20,210,000\* aggregate principal amount of its General Obligation Bonds, Series 2021 ("Bonds"). The Bonds shall be issued in fully registered book-entry-only form without coupons.

The principal of the Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the Bonds at the offices of the Township, or its hereinafter designated paying agent, if any. Interest on the Bonds is payable semi-annually on May 15 and November 15 ("Interest Payment Dates"), commencing May 15, 2022, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates as set forth herein.

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

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) Bond Ordinances 7-2017, 15-2018, 18-2019 and 5-2020, each duly and finally adopted by Township Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution duly adopted by the Township Council on May 12, 2021; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on June \_\_, 2021.

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

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

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

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Solicitor, Stuart Platt, Esquire, Washington Township, 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 Bonds. It is anticipated that the Bonds in definitive form will be available for delivery, in immediately available funds, through DTC in New York, New York on or about June \_\_, 2021

\* Preliminary, subject to change in accordance with the Notice of Sale

**\$20,210,000\***  
**TOWNSHIP OF WASHINGTON**  
**County of Gloucester, New Jersey**  
**GENERAL OBLIGATION BONDS, SERIES 2021**  
**(Callable)**

**MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>
2022	\$1,230,000	%	%	
2023	1,365,000			
2024	1,375,000			
2025	1,390,000			
2026	1,405,000			
2027	1,420,000			
2028	1,435,000			
2029	1,445,000			
2030	1,465,000			
2031	1,485,000			
2032	1,510,000			
2033	1,535,000			
2034	1,560,000			
2035	1,590,000			

\*Preliminary, subject to change in accordance with the Notice of Sale

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

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

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**Mayor**

**Joann Gattinelli**

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**Township Council**

<b>Sean Longfellow</b>	<b>Council President</b>
<b>Andrea Dougherty</b>	<b>Council Vice-President</b>
<b>Andra Williams</b>	<b>Council Member</b>
<b>Richard Bennett</b>	<b>Council Member</b>
<b>Anthony DellaPia</b>	<b>Council Member</b>

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**Business Administrator**

**Jason Gonter**

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**Chief Financial Officer**

**Colette Bachich**

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**Municipal Clerk**

**Christine Ciallella**

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**Township Solicitor**

**Stuart Platt, Esquire  
Washington Township, New Jersey**

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**Auditor**

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

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**Bond Counsel**

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

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**Municipal Advisor**

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

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

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

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

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

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

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

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

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**\$20,210,000\***  
**TOWNSHIP OF WASHINGTON**  
**County of Gloucester, New Jersey**  
**GENERAL OBLIGATION BONDS, SERIES 2021**  
**(Callable)**

**INTRODUCTION**

The purpose of this Official Statement, including the cover page and the Appendices attached hereto, is to provide certain information relating to the issuance by the Township of Washington, County of Gloucester, New Jersey ("Township") of its \$20,210,000\* aggregate principal amount of General Obligation Bonds, Series 2021 ("Bonds").

**AUTHORIZATION FOR THE BONDS**

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 7-2017, 15-2018, 18-2019 and 5-2020, each duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution duly adopted by the Township Council on May 12, 2021; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on June \_\_, 2021.

**PURPOSE OF THE ISSUE**

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

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\* Preliminary, subject to change in accordance with the Notice of Sale

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

<b><u>Ordinance Number</u></b>	<b><u>Purpose/Improvements</u></b>	<b><u>Amount Authorized</u></b>	<b><u>Notes Outstanding</u></b>	<b><u>Bonds to be Issued</u></b>
7-2017	Completion of Capital Improvements and Acquisition of Capital Equipment	\$5,537,455	\$5,344,780	\$5,344,780
15-2018	Completion of Capital Improvements and Acquisition of Capital Equipment	5,142,160	5,142,160	5,142,160
18-2019	Completion of Capital Improvements and Acquisition of Capital Equipment	5,700,000	5,700,000	5,690,025
5-2020	Completion of Capital Improvements and Acquisition of Capital Equipment	4,033,035	0	4,033,035
<b>Total</b>		<b>\$20,412,650</b>	<b>\$16,186,940</b>	<b>\$20,210,000</b>

## DESCRIPTION OF THE BONDS

### General

The Bonds will be issued in the aggregate principal amount of \$20,210,000\*. The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on May 15 and November 15 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing May 15, 2022, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates as set forth herein. The Bonds will mature on May 15 in the years and in the principal amounts all as shown on the inside front cover page of this Official Statement.

Individual purchases of the Bonds may be made in the principal amount of \$5,000, or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS--Book-Entry-Only System" below.

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

\*Preliminary, subject to change in accordance with the Notice of Sale

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

## **Redemption Provisions**

The Bonds maturing on and after May 15, 2031 are subject to redemption prior to their stated maturity dates at the option of the Township, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Township shall determine and within any such maturity by lot) on any date on or after May 15, 2030, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be redeemed at his or her last address, if any, appearing on the registration books of the Township, or its hereafter designated paying agent, if any. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC or any successor, and will not be sent to the beneficial owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any participant or any failure of a participant to notify any beneficial owner of the Bonds shall not affect the validity of any proceedings for the redemption of Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bond or portion thereof to be redeemed shall cease to accrue and be payable.

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

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

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



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

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

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

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

Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds 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, 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, 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 neither the Township nor the Underwriter (as hereinafter defined) take any responsibility for the accuracy thereof.

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

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

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

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

### **SECURITY FOR THE BONDS**

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

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

## GENERAL INFORMATION REGARDING THE TOWNSHIP

### General

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

### Financial

Appendix "B" to this Official Statement contains (a) compiled financial statements of the Township for the year ended December 31, 2020, and (b) audited financial statements of the Township for the years ending December 31, 2019, 2018, 2017, 2016 and 2015. The compiled and audited financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete 2020 Annual Financial Statement (unaudited) and Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

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

### Local Bond Law

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

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

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

**Exceptions to Debt Limits – Extensions of Credit** - The Township may exceed its debt limit with the approval of the 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 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 local unit is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six months after the close of its fiscal year by either a Registered Municipal Accountant or, by agreement with the Director ("Director") of the Division of Local Government Services ("Division") in the Department of Community Affairs, by qualified employees of the Division.

An independent examination of the Township's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper

within 30 days of its submission. The entire annual audit report for the year ended December 31, 2019 is on file with the Township Clerk and is available for review during business hours, and is available online at the Township's website: [www.twp.washington.nj.us](http://www.twp.washington.nj.us).

The Local Fiscal Affairs Law also requires that the Chief Financial Officer of the local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units. The Township's 2020 Annual Financial Statement and the audits for December 31, 2019, 2018, 2017, 2016 and 2015 are on file with the Township Clerk and are available for review during business hours.

### **Local Budget Law**

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

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

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

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

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

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010 (S-29R1), which, among other things, imposes a two percent (2.00%) cap on the tax levy that

municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

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

In response to the outbreak of the Coronavirus (as defined and described under the heading "CERTAIN RISK FACTORS – Recent Healthcare Developments" below), the New Jersey Legislature enacted P.L. 2020, c. 74 (A3971), under which a local unit may adopt an emergency appropriation to fund certain deficits and expenditures resulting from Coronavirus with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten (10) years. 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 deficits and 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. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to Coronavirus.

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

## Miscellaneous Revenues

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

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

## Real Estate Taxes

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

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

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

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



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

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

See “CERTAIN RISK FACTORS – Recent Healthcare Developments” below for additional information on temporary changes made to property tax laws and regulations in response to the Coronavirus.

### **Deferral of Current Expenses**

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

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

### **Budget Transfers**

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

### **Capital Budget**

In accordance with the Local Budget Law, each local unit shall prepare and adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes

to undertake a capital project. Every local unit which adopts a capital budget must also adopt a three (3) year capital program unless the local unit's population exceeds 10,000 where a six (6) year capital program is required.

### **Related Constitutional and Statutory Provisions**

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

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

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

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

### **The Municipal Finance Commission**

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

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

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

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

### **Limitation of Remedies Under Federal Bankruptcy Code**

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

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

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

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

## TAXATION

### Procedure for Assessment and Collection of Taxes

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

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

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

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

### Tax Appeals

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

tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

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

## **TAX MATTERS**

### **Federal**

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

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

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

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

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in

Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

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

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

### **New Jersey**

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

### **Changes in Federal and State Tax Law**

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

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

**SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.**

**LITIGATION**

To the knowledge of the Township's Solicitor, Stuart Platt, Esquire ("Solicitor"), there is no litigation of any nature now pending, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

**RATING**

Moody's Investors Service ("Moody's") has assigned an underlying rating of "Aa2" to the Bonds based upon the creditworthiness 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 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 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 limited to, emergency services, core health and human services, and public works, together with certain other vital services the Township deems necessary to remain operations and responsive to public needs. In addition, the Township is closely monitoring the spread and effects of the Coronavirus and interacts regularly with other appropriate governmental agencies in this regard, including taking such actions as it deems beneficial to prevent the spread of the Coronavirus.

## **Cyber Security**

The Township relies on a large and complex technology environment to conduct its various operations. As a result, the Township faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. Specifically, the Township has an extensive security system in place, including network firewalls and established administrative rights and restrictions, with varying level of approvals, implemented entity-wide, for access to network drives and applications that are reviewed regularly to ensure proper internal control and protections and provide relevant employees and staff with cyberattack training. The Township participates in a yearly comprehensive cyber awareness training program including phishing simulated emails administered by the Joint Insurance Fund and developed by MediaPro, KnowBe4 and Pivot Point Security. The municipality also participates in an annual cyber audit conducted by Secure Data Consulting Services as part of the Joint Insurance Fund's Cyber Risk Management Program. In addition, the Township maintains insurance coverage for cyberattacks and related events.



## **PREPARATION OF OFFICIAL STATEMENT**

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

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

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.

Bowman & Company LLP, Voorhees, New Jersey, compiled this Official Statement from information obtained from Township management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto. Bowman & Company LLP does take responsibility for the financial statements, appearing in Appendix "B" hereto.

## **UNDERWRITING**

The Bonds have been purchased from the Township at a public sale by \_\_\_\_\_, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated June \_\_, 2021. The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in connection with the Bonds. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

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

## **LEGALITY FOR INVESTMENT**

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other

persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds and notes of the Township, including the Bonds, and such bonds and notes are authorized security for any and all public deposits.

### **MUNICIPAL ADVISOR**

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

### **NO DEFAULT**

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

### **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.

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

### **LEGAL MATTERS**

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

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

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

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement may be obtained from Colette Bachich, Chief Financial Officer of the Township of Washington, at 856.589.0520 or the Municipal Advisor at 856.234.2266.

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

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

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

### **TOWNSHIP OF WASHINGTON, NEW JERSEY**

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

**Dated:** June \_\_, 2021

**APPENDIX A**

**CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION  
REGARDING THE TOWNSHIP OF WASHINGTON**

## **GENERAL INFORMATION ON THE TOWNSHIP**

### **History**

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

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

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

### **Location**

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

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

### **Organization**

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

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

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

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

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

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

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

The Township provides police protection through the employment of 79 full-time officers and ten special police officers. The police department has recently installed a new computer network, added vehicle and body cameras, added mounted and mobile radios, and has started the conversion from traditional police cruisers to more specialized sports utility vehicles (SUV's). The Township police department recently received accreditation and Gold Standard in Public Safety. This is an accreditation that less than 1% of all law enforcement agencies in the US receive.

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

### **Library**

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

### **Recreation**

A number of services are provided by the Township and paid for from general revenues. The Parks and Recreation Department oversees Township parks, playgrounds and recreational activities. Washington Lake Park is home to several spring and summer events including movies, concerts, and a Super Saturday Town Fair. It is also host to an annual summer wine festival that attracts people from all over the area. The park contains three playgrounds – two of which are handicap accessible and a new state of the art playground that includes a rock wall and parent/child swing set. Additionally, the Township has completed Phase I of the rejuvenation of Cedar Lake, incorporating it into Washington Lake Park complex as a whole. This has included a new fishing dock (to be annually stocked with fish), rejuvenation of the lake itself, additional walking and hiking trails, added parking areas, as well as a new dog park facility within the Cedar Lake area. Recreational activities in the Township include eleven organized sports and over thirty summer programs. In addition, the recreational department offers summer discount theme park ticketing.

## **Transportation**

The Township is located on the North-South Freeway (State Highway 42) at the beginning of the Atlantic City Expressway, approximately twenty minutes from downtown Philadelphia, the Philadelphia International Airport, and the main hub of AMTRAK and New Jersey Transit's Northeast Corridor Train Service. Interstate Routes 295, 95, 676, and the New Jersey Turnpike are less than ten minutes away. Local train service is available from nearby Woodbury (the County seat) or the Lindenwold High Speed Line operated by PATCO. The Township is serviced by New Jersey Transit Bus Service. Newark International Airport is approximately ninety minutes away, center city Manhattan, New York City two hours, and the Delaware Memorial Bridge forty minutes.

## **Hospital**

Washington Township has become known as the up-and-coming medical hub for South Jersey. Cooper Medicine, Penn Medicine, Rothman Institute, Virtua Health Systems, and Jefferson Health Hospital all have several medical locations within the Township. Jefferson Health, Washington Township, currently offers 230 acute care beds, a 111-bed long-term care facility, and a 79-bed sub-acute rehabilitation center. Also offered are multiple ambulatory services, 24-hour emergency services, inpatient and outpatient services, and diagnostic programs. In addition, Jefferson Health houses Gloucester County's only Level 3 Neonatal Intensive Care Unit (NICU), providing life-saving care for the most fragile infants.

By mid-summer of 2021, Jefferson Health will have completed a \$222 million expansion. The two-phase construction project features an 8-level enclosed parking facility, which houses 835-plus parking spaces; and an 180,000 square-foot, 7-floor hospital patient tower with approximately 90 all-private patient rooms. The construction will provide \$170 million direct, and an estimated \$200 million indirect investment in community while providing more than 2,200 construction jobs.

## **Trash and Recyclables**

Trash, including recyclables, is collected on behalf of the Township by a private contractor, Gold Medal Environment, Inc. ("Gold Medal"). The Township has a five-year contract with Gold Medal expiring July 31, 2021. Already having received NJ State approval, the Township is currently underway in the open bidding process for a new contract set to take effect at the expiration of the prior contract, with a projected completion of August 2021. Residential trash is directed to Wheelabrator Gloucester County, Westville, New Jersey or Gloucester County Improvement Authority, Woodbury, New Jersey for disposal. Recyclable materials are processed by Omni Recycling, with whom the Township has just completed a new five year contract which runs from March 1, 2021 through February of 2026. At the present time, the cost per ton for disposal is \$73.85.

## **Washington Township Municipal Utilities Authority**

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

## **Water Service**

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

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

**WATER RATES  
(Per Quarter)**

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

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

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

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

**Water Service**

**Apartments**

All gallonage allowances are per apartment

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

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

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

**Sewer Service**

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

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

**Personnel**

The Township employs 181 persons on a full-time year-round basis and 84 (265 Total) persons on a part-time basis, of whom 79 of the full-time personnel are police officers.

**Employee Collective Bargaining Units**

The Township maintains collective bargaining relationships with the following organizations:

- (1) The American Federation of State, County and Municipal Employees (AFSCME – Clerical, Local 3303L), with a four-year contract from January 1, 2021 through December 31, 2024.
- (2) The American Federation of State, County and Municipal Employees (AFSCME – Blue Collar / Public Works, Local 3303A), with a six-year contract from January 1, 2020 through December 31, 2025.
- (3) The American Federation of State, County and Municipal Employees (AFSCME – Municipal Services Supervisors & Coordinators, Local 3303S), with a four-year contract which expired on December 31, 2020, currently under negotiations.



- (4) Police Benevolent Association of New Jersey, Local 318, with a four-year contract from January 1, 2020 through December 31, 2023.
- (5) Policemen's Benevolent Association of New Jersey, Police Sergeant's Association, Local 318, with a four-year contract from January 1, 2020 through December 31, 2023.
- (6) Superior Officers Association, Fraternal Order of Police, Lodge 86, with a four-year contract from January 1, 2017 through midnight December 31, 2021.

**Township Population (1)**

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

**Selected Census 2019 Data for the Township(1)**

Median household income	\$97,247
Per capita income	43,178

**Labor Force(2)**

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Township</b>					
Labor Force	25,099	25,095	24,850	25,409	25,452
Employment	24,036	24,113	23,980	24,629	23,188
Unemployment	1,063	982	870	780	2,264
Unemployment Rate	4.2%	3.9%	3.5%	3.1%	8.9%
<b>County</b>					
Labor Force	149,104	149,423	148,379	150,912	151,080
Employment	141,597	142,533	142,339	145,571	137,052
Unemployment	7,507	6,890	6,040	5,341	14,028
Unemployment Rate	5.0%	4.6%	4.1%	3.5%	9.3%
<b>State</b>					
Labor Force	4,492,800	4,476,100	4,455,500	4,522,200	4,495,200
Employment	4,271,200	4,274,100	4,278,300	4,367,300	4,055,300
Unemployment	221,600	202,000	177,200	154,900	439,900
Unemployment Rate	4.9%	4.5%	4.0%	3.4%	9.8%

**Business and Industry**

Commercial Development within Washington Township continues to prosper, while the residential population slowly rises. Recently, Washington Township has been listed on Redfin as one of the hottest neighborhoods for the 2021 year. Recently constructed businesses include, but are not limited to: At Home, Rizzeri's Spa, Chipotle, Michael's, Bath and Body Works, and First Watch. New construction on Route 42 has brought in businesses such as: Jersey Mike's Hoagies and Panda Express. Not only has there been new construction happening on Route 42, but the following existing store locations are currently being remodeled: Creative Galleries, Fat Jack's, and MOD Car Wash. Other store locations within Washington Township that are also being renovated, include: Axia Women's Health and Vision Solar. The relocation of Vision Solar's Headquarters to a 40,000 sq. ft. Washington Township building, will create 1,000 jobs by the year 2022.

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

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

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

**Building, Zoning and Development Codes**

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

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

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

**Building Permits(1)**

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2021 (2)	1,000	\$20,690,402
2020	2,399	51,025,969
2019	2,642	113,936,340
2018	2,724	79,770,000
2017	2,907	79,804,761
2016	3,049	41,140,252

(1) Source: Township’s Construction office

(2) As of May 11, 2021

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

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

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

**Education**

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

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

<u>Grade</u>	<u>As of October 15,</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
K	452	472	448	452	471
1	452	472	469	466	466
2	428	456	472	469	469
3	448	436	465	481	480
4	442	453	466	482	481
5	486	460	471	489	489
6	486	513	473	478	480
7	556	490	513	477	478
8	525	558	483	505	506
9	463	487	506	444	444
10	464	474	487	509	511
11	498	479	474	488	489
12	533	500	486	476	483
Special Education	<u>1,240</u>	<u>1,093</u>	<u>988</u>	<u>1,042</u>	<u>969</u>
Totals	<u>7,473</u>	<u>7,344</u>	<u>7,202</u>	<u>7,258</u>	<u>7,216</u>

(1) Source: Respective Employers

(2) Source: School District officials

(3) Source: Application for State School Aid

## Present School Facilities, Enrollment and Capacity(1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Renovations / Additions</u>	<u>Grades</u>	<u>Enrollment</u>	
				<u>Oct. 15, 2020(2)</u>	<u>Functional Capacity</u>
Bells Elementary School	1969	1997	1-5	443	675
Birches Elementary School	1969	1997	1-5	424	675
Thomas Jefferson Elementary School	1980	1997	K-5	549	675
Hurffville Elementary School	1959	1997	1-5	507	600
Grenloch Terrace	1940	1991	K	318	600
Wedgewood Elementary School	1969	1997	1-5	500	675
Whitman Elementary School	1965	1997	K-5	540	675
Chestnut Ridge Middle School	1989		6-8	621	900
Orchard Valley Middle School	1989		6-8	523	900
Washington Township High School	1961,1980	1997	9-12	2,219	3,200
Bunker Hill Middle School	1997		6-8	<u>572</u>	<u>800</u>
Totals				<u>7,216</u>	<u>10,375</u>

## HIGHER EDUCATION FACILITIES

### Rowan College of South Jersey

Rowan College of South Jersey, formerly known as Rowan College at Gloucester County and Gloucester County College, is a public community college with two campuses, one in Sewell and one in Vineland. The College was established in 1966 as Gloucester County College. In 2014 the College changed its name to Rowan College of Gloucester County when Rowan University and Gloucester County College entered into a partnership. The College then expanded in 2019, combining Rowan College at Gloucester County and Cumberland County College to become Rowan College of South Jersey. The College now offers conditional dual enrollment with Rowan University depending on GPA. While GCC took the Rowan name, the Community College maintains its independence with its own Board of Trustees and administration.

Total enrollment for the fall 2020 semester was 84,733 students. In addition, the College's Division of Continuing Education provides various educational, career training and personal enrichment courses, as well as outreach programs, to community residents.

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

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

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

(1) Source: School District officials

(2) Excludes 111 Out of District students

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

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

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

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

The University is comprised of seven academic colleges and five schools, including the William G. Rohrer College of Business; the Henry M. Rowan College of Engineering; the Colleges of Communication and Creative Arts, Education, Humanities and Social Sciences, Performing Arts, and Science and Mathematics; the Cooper Medical School of Rowan University; the Rowan University School of Osteopathic Medicine; the Graduate School of Biomedical Sciences; the School of Health Professions; and the School of Earth and Environment, along with an Honors College. Rowan's Division of Global Learning and Partnerships offers flexible undergraduate and graduate programs on campus and off site – including at two area community colleges – and online. The University's approved degree programs include 85 bachelor's degrees, 45 master's degrees, six doctoral degrees (Ed.D. and Ph.D.) and two professional degrees, a Doctor of Medicine (M.D.) and a Doctor of Osteopathic Medicine (D.O.). Students may pursue degrees at the main Glassboro campus, the Camden City campus, Cooper Medical School of Rowan University in Camden, the Rowan University School of Osteopathic Medicine in Stratford, online, or at multiple community college locations.

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

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

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(1) Rowan University 2019 Audit

## **Gloucester County Institute of Technology**

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

As of June 30, 2020, there are approximately 1,349 students are enrolled in the Institute's Academy and Career-Technical programs. Recent construction has added, among other things, a cafeteria, gymnasium and classrooms to the academic facilities in order to keep pace with demand.

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

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

Gloucester County Special Services School District ("GCSSSD") provides a wide range of educational services to the families of the County. GCSSSD serves children with special needs from birth to age 21. The enrollment for the 28-acre Bankbridge complex in Deptford, as of June 2020, was approximately 631 special needs students.

Bankbridge Regional opened its doors in September 2000 and serves secondary level students who have special needs. In September 2002, GCSSSD opened Bankbridge Elementary School. The elementary school is located next to Bankbridge Regional and serves special needs students from pre-kindergarten to grade five (5).

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

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

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

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

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

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

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

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2020 Assessed Valuation</u>
Turnersville Auto Mall	Auto Sales	\$ 48,310,800
Virtua West Jersey c/o Altus Group	Healthcare	36,428,000
Society Hill Apartment Associates LP	Apartments	32,079,000
Centro Bradley Cross-keys Commons LLC	Retail Stores	25,000,000
BRE RC Cross Keys LLC	Retail Stores	21,608,500
Wal-Mart	Retail Stores	20,185,500
Washington Center LLC	Retail Stores	16,950,000
Turnersville Interstate LLC	Retail Stores	16,800,000
Birches Reality	Apartments	17,596,000
Target Corp	Retail Stores	14,160,000

**CURRENT TAX COLLECTIONS (2)**

<u>Year</u>	<u>Tax Levy</u>	<u>Current Collection</u>		<u>Outstanding Dec. 31</u>	<u>Percent</u>
		<u>Amount</u>	<u>Percent</u>		
2020 (3)	\$159,787,536	\$ 159,489,538	99.81%	\$ 10,379	.01%
2019	156,085,228	155,730,645	99.77	15,582	.01
2018	154,344,422	153,838,774	99.67	48,194	.03
2017	152,011,142	151,433,911	99.62	50,070	.03
2016	150,371,686	149,972,434	99.73	59,155	.04

**DELINQUENT TAXES (2)**

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transfer to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
			<u>Amount</u>	<u>Percent</u>			
2020 (3)	\$ 26,602	\$17,486	\$ 40,580	91.01%	\$29	\$3,451	\$28
2019	350,911	12,321	48,363	13.31	302,758	1,092	11,020
2018	311,847	12,061	19,204	5.93	---	1,986	302,718
2017	321,449	5,544	65,216	19.94	---	---	261,777
2016	293,467	3,198	31,603	10.65	---	2,768	262,294

(1) Source: Gloucester County Tax Assessor

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

(3) Information from Annual Compiled Financial Statement

**TAX TITLE LIENS (1)**

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales &amp; Transfers</u>	<u>Other Collected</u>	<u>Credits</u>	<u>Transfer to Property Acq. for Taxes</u>	<u>Balance Dec. 31</u>
2020 (3)	\$1,538,408	\$ 233,796	\$ 137,044	---	---	\$1,635,160
2019	885,382	916,440	82,269	---	\$181,145	1,538,408
2018	749,666	212,173	76,457	---	---	885,382
2017	664,208	218,801	133,343	---	---	749,666
2016	654,645	158,400	148,837	---	---	664,208

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

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Transfer</u>	<u>Adjustment to Assessed Valuation</u>	<u>Sales (Gain) or Loss</u>	<u>Balance Dec. 31</u>
2020 (3)	\$1,300,025	---	---	---	\$1,300,025
2019	865,625	\$181,145	\$253,255	---	1,300,025
2018	865,625	---	---	---	865,625
2017	865,625	---	---	---	865,625
2016	865,625	---	---	---	865,625

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

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate(5)</u>				
		<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Municipal</u>	<u>Fire District</u>
2021	\$ 4,729,600,469	---	---	---	---	---
2020(6)	4,711,528,046	\$ 3.381	\$ .719	\$ 1.890	\$ .633	\$ .139
2019	4,265,315,844	3.645	.748	2.052	.701	.144
2018	4,262,047,553	3.604	.737	2.027	.702	.138
2017	4,258,451,544	3.559	.720	1.998	.702	.139
2016	4,237,529,564	3.538	.706	1.989	.703	.140

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

(2) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services. These amounts represent the property acquired for taxes and by deed by the Township of Washington.

(3) Information from Annual Compiled Financial Statement

(4) Source: Gloucester County Tax Assessor

(5) Per \$100 of assessed valuation

(6) Revaluation



**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(3)</u>
2021 (2)	\$4,720,001,615	95.83%	\$4,925,390,394	\$101,431
2020 (5)	4,706,640,565	96.92	4,856,211,891	100,006
2019	4,260,882,915	91.65	4,649,081,195	95,741
2018	4,257,625,000	92.60	4,597,867,171	94,686
2017	4,253,381,000	93.65	4,541,784,303	93,531

**REAL PROPERTY CLASSIFICATION (4)**

<u>Year</u>	<u>Assessed Value</u>				<u>Farmland &amp;</u>	
	<u>Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>
2021	\$4,720,001,615	\$55,280,300	\$3,780,486,000	\$818,726,015	\$14,671,300	\$50,838,000
2020(5)	4,706,640,565	59,627,400	3,761,563,900	819,961,965	14,649,300	50,838,000
2019	4,260,882,915	48,881,700	3,406,608,000	741,104,515	11,836,700	52,452,000
2018	4,257,625,000	54,273,100	3,400,109,200	733,249,300	11,547,500	58,445,900
2017	4,253,381,000	40,551,300	3,397,484,400	744,805,500	12,093,900	58,445,900

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

(2) Preliminary

(3) Based on Census 2010 of 48,559

(4) Source: Gloucester County Tax Assessor

(5) Revaluation

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

The following table summarizes the direct debt of the Township of Washington as of December 31, 2020. The gross debt comprises long and short-term debt issued, including General and debt of the School District. Deductions from gross debt to arrive at net debt include deductible school district debt. The resulting net debt of \$39,189,506 represents .817% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

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	<b>Debt Issued</b>			Authorized but not <u>Issued</u>	Gross <u>Debt</u>	<b>Deductions</b>	Net <u>Debt</u>
	<u>Bonds</u>	<u>Loans</u>	<u>Notes</u>			<u>School Debt</u>	
General	\$18,845,000	\$124,531	\$16,186,940	\$4,033,035	\$39,189,506		\$39,189,506
School District	10,130,000				10,130,000	\$10,130,000	
	\$28,975,000	\$124,531	\$16,186,940	\$4,033,035	\$49,319,506	\$10,130,000	\$39,189,506

(1) As of December 31, 2020

Source: Annual Debt Statement

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

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad for 2018, 2019 and 2020	\$4,798,712,427
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2018, 2019 and 2020	0.82%
2021 Preliminary Net Valuation Taxable	\$4,725,112,369
2021 Preliminary Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$4,930,501,148
Gross Debt (3):	
As a percentage of 2021 Preliminary Net Valuation Taxable	1.04%
As a percentage of 2021 Preliminary Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.00%
Net Debt (3):	
As a percentage of 2021 Preliminary Net Valuation Taxable	0.83%
As a percentage of 2021 Preliminary Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.79%
Gross Debt Per Capita (4)	\$1,016
Net Debt Per Capita (4)	\$807

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

3.5% of Averaged (2018-20) Equalized Valuation of Real Property including Improvements (\$4,798,712,427)	\$167,954,935
Net Debt	<u>39,189,506</u>
Remaining Borrowing Capacity	<u><u>\$128,765,429</u></u>

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

4% of Averaged (2018-20) Equalized Valuation of Real Property including Improvements (\$4,798,712,427)	\$191,948,497
School Debt	<u>10,130,000</u>
Remaining Borrowing Capacity	<u><u>\$181,818,497</u></u>

- (1) As of December 31, 2020
- (2) Source: Township Auditor
- (3) Excluding overlapping debt
- (4) Based on 2010 Federal Census of 48,559

**TOWNSHIP OF WASHINGTON  
OVERLAPPING DEBT  
AS OF DECEMBER 31, 2020**

	<b>DEBT ISSUED</b>				<b>Debt Auth. but not Issued</b>
	<u>Debt Outstanding</u>	<u>Deduction</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	
County of Gloucester(1):					
General	\$ 258,227,000	\$ 19,156,621	(3) \$ 239,070,379	\$42,100,294	(5) \$ 7,000,800
Bonds Issued by Other Public Bodies					
Guaranteed by the County	182,249,993	182,249,993	(4) -		
Washington Township MUA(2)	5,105,000		5,105,000	5,105,000	
Washington Township Fire District(2)	10,310,000		10,310,000	10,310,000	
	<u>\$ 455,891,993</u>	<u>\$ 201,406,614</u>	<u>\$ 254,485,379</u>	<u>\$57,515,294</u>	<u>\$ 7,000,800</u>

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

(2) Entity's Audit Report

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

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

(5) Such debt is allocated as a proportion of the Issuer's share of the total 2020 Net Valuation on which County taxes are apportioned, which is 17.61%.

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

Year	Existing Debt(1)							Grand Total
	Bonds			Loans				
	Principal	Interest	Total	Principal	Interest	Total		
2021	\$ 2,255,000.00	\$ 656,562.52	\$ 2,911,562.52	\$ 31,869.84	\$ 2,332.06	\$ 34,201.90	\$ 2,945,764.42	
2022	1,070,000.00	558,437.52	1,628,437.52	20,073.78	1,691.48	21,765.26	1,650,202.78	
2023	1,100,000.00	519,862.52	1,619,862.52	7,916.25	1,412.36	9,328.61	1,629,191.13	
2024	1,105,000.00	474,987.52	1,579,987.52	8,075.37	1,253.24	9,328.61	1,589,316.13	
2025	1,125,000.00	429,537.52	1,554,537.52	8,237.68	1,090.92	9,328.60	1,563,866.12	
2026	1,150,000.00	383,212.52	1,533,212.52	8,403.26	925.35	9,328.61	1,542,541.13	
2027	1,170,000.00	335,712.52	1,505,712.52	8,572.17	756.45	9,328.62	1,515,041.14	
2028	1,190,000.00	287,212.52	1,477,212.52	8,744.47	584.14	9,328.61	1,486,541.13	
2029	1,215,000.00	244,487.52	1,459,487.52	8,920.24	408.38	9,328.62	1,468,816.14	
2030	1,240,000.00	211,600.02	1,451,600.02	9,099.53	229.09	9,328.62	1,460,928.64	
2031	1,265,000.00	177,306.26	1,442,306.26	4,618.12	46.18	4,664.30	1,446,970.56	
2032	770,000.00	141,531.26	911,531.26				911,531.26	
2033	795,000.00	118,056.26	913,056.26				913,056.26	
2034	825,000.00	93,756.26	918,756.26				918,756.26	
2035	860,000.00	67,943.76	927,943.76				927,943.76	
2036	855,000.00	41,146.88	896,146.88				896,146.88	
2037	855,000.00	13,893.75	868,893.75				868,893.75	
	<u>\$ 18,845,000.00</u>	<u>\$ 4,755,247.13</u>	<u>\$ 23,600,247.13</u>	<u>\$ 124,530.71</u>	<u>\$ 10,729.65</u>	<u>\$ 135,260.36</u>	<u>\$ 23,735,507.49</u>	

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

<b>Proposed GO Bonds, Series 2021</b>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,230,000.00		
2023	1,365,000.00		
2024	1,375,000.00		
2025	1,390,000.00		
2026	1,405,000.00		
2027	1,420,000.00		
2028	1,435,000.00		
2029	1,445,000.00		
2030	1,465,000.00		
2031	1,485,000.00		
2032	1,510,000.00		
2033	1,535,000.00		
2034	1,560,000.00		
2035	1,590,000.00		
	\$ 20,210,000.00	\$ -	\$ -

(1) As of December 31, 2020

Source: Township Auditor

**TOWNSHIP OF WASHINGTON  
2021 MUNICIPAL BUDGET (1)**

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**CURRENT FUND**

Anticipated Revenues:	
Fund Balance	\$ 6,000,000.00
Miscellaneous Revenues:	
Local Revenues	2,283,000.00
State Aid without Offsetting Appropriations	3,201,429.00
Dedicated Uniform Construction Code Fees	900,000.00
Public and Private Programs Offset with Appropriations	456,776.76
Other Special Items of Revenue	1,470,551.36
Receipts from Delinquent Taxes	165,000.00
Amount to be Raised by Taxation for Municipal Purposes	30,175,696.89
Total Appropriated Revenues	\$ 44,652,454.01
Appropriations:	
Within CAPS:	
Operations	\$ 34,652,536.00
Deferred Charges and Statutory Expenditures	3,986,158.76
Excluded from CAPS:	
Other Operations	1,710,773.51
Shared Service Agreements	16,419.00
Public and Private Programs	458,276.76
Capital Improvements	310,000.00
Debt Service	2,882,861.90
Reserve for Uncollected Taxes	635,428.08
Total Appropriations	\$ 44,652,454.01

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(1) As introduced April 28, 2021

**TOWNSHIP OF WASHINGTON  
CAPITAL PROGRAM  
PROJECTS SCHEDULED FOR THE YEARS 2021 - 2026 (1)**

	<u>Estimated Total Cost</u>	<u>Budget Appropriations</u>		<u>Capital</u>	<u>Bonds and Notes</u>
		<u>Current Year</u>	<u>Future Years</u>	<u>Improvement Fund</u>	<u>General</u>
Road Program	\$ 2,800,000.00			\$ 140,000.00	\$ 2,660,000.00
Bells Lake Road Improvements-Phase 2	50,000.00			2,500.00	47,500.00
Various Road Improvements	125,000.00			6,250.00	118,750.00
Various Stormwater Infrastructure Improvements	200,000.00			10,000.00	190,000.00
Spring Lake Siltation Improvements	75,000.00			3,750.00	71,250.00
GIS System Maintenance	50,000.00			2,500.00	47,500.00
Public Works Vehicles	355,000.00			17,750.00	337,250.00
Public Works Equipment	100,000.00			5,000.00	95,000.00
Public Works Facility Improvements	54,000.00			2,700.00	51,300.00
WLP Field Improvements	96,300.00			4,815.00	91,485.00
Various Park Improvements	75,500.00			3,775.00	71,725.00
Police Vehicles	799,000.00			39,950.00	759,050.00
Police Facility Improvements	63,550.00			3,177.50	60,372.50
Traffic and Safety Equipment	115,000.00			5,750.00	109,250.00
Police Body Camera Equipment and Software	150,000.00			7,500.00	142,500.00
Municipal Building Improvements	16,000.00			800.00	15,200.00
	<u>\$ 5,124,350.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,217.50</u>	<u>\$ 4,868,132.50</u>

(1) As adopted April 28, 2021



**APPENDIX B**

**FINANCIAL STATEMENTS OF THE TOWNSHIP OF WASHINGTON**

**FOR THE YEAR ENDED 2020**  
**COMPILED FINANCIAL STATEMENTS**



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

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

Management is responsible for the accompanying financial statements of the Township of Washington, in the County of Gloucester, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2020 and the related statements of operations and changes in fund balances-- regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

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

Respectfully submitted,

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

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

Voorhees, New Jersey  
March 2, 2021

**TOWNSHIP OF WASHINGTON**  
**CURRENT FUND**  
Statement of Assets, Liabilities, Reserves, and Fund Balances - Regulatory Basis  
As of December 31, 2020

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ASSETS

Regular Fund:

Cash:

Treasurer	\$ 15,500,649.02
Change Fund	1,580.00
Due from State of New Jersey (Ch.73, P.L.1976)	<u>65,376.79</u>
	<u>15,567,605.81</u>

Receivables and Other Assets with

Full Reserves:

Delinquent Property Taxes Receivable	10,406.79
Tax Title Liens Receivable	1,635,160.04
Miscellaneous Liens Receivable	8,206.19
Property Acquired for Taxes - Assessed Valuation	1,300,025.00
Revenue Accounts Receivable	7,741.92
Loan Receivable - County House Village	1,920,000.00
Accrued Interest Receivable on Loan	1,248,000.00
Due from Animal Control Trust Fund	19,391.41
Due from Open Space Trust Fund	<u>251.82</u>
	<u>6,149,183.17</u>
	<u>21,716,788.98</u>

Federal, State and Other Grant Fund:

Federal, State and Other Grants Receivable	912,590.08
Due from the Current Fund	<u>165,382.63</u>
	<u>1,077,972.71</u>
	<u>\$ 22,794,761.69</u>

(Continued)

**TOWNSHIP OF WASHINGTON**

**CURRENT FUND**

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

As of December 31, 2020

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LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund:

Appropriation Reserves	\$ 4,387,160.07
Reserve for Encumbrances	651,531.33
Payroll Deductions Payable	14,182.62
Prepaid Taxes	1,455,029.06
Tax Overpayments	42,142.47
Due County for Added and Omitted Taxes	104,357.70
Washington Square PILOT Due Other Entities	292,714.55
Due to Library	34,042.97
Due to State of New Jersey - DCA Fees	15,729.00
Due to State of New Jersey - Marriage and Burial Fees	1,320.00
Due to Federal, State and Other Grant Fund	165,382.63
Due to Trust Other Fund	36,981.85
Due to General Capital Fund	132,730.53

7,333,304.78

Reserves for Receivables	6,149,183.17
Fund Balance	8,234,301.03

21,716,788.98

Federal, State and Other Grant Fund:

Due to Trust Other Fund	6,050.00
Reserve for:	
Federal, State and Other Grants Appropriated	1,025,387.67
Encumbrances	46,535.04

1,077,972.71

\$ 22,794,761.69

See Independent Accountant's Compilation Report and selected notes.

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

Statements of Operations and Changes in Fund Balance - Regulatory Basis  
For the Year Ended December 31, 2020

Revenue and Other Income Realized:

Fund Balance Utilized	\$	5,400,000.00
Miscellaneous Revenues Anticipated		8,245,063.26
Receipts from Delinquent Taxes		177,624.66
Receipts from Current Taxes		159,489,538.24
Nonbudget Revenues		127,572.87
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves		3,154,207.97
Cancellation of Federal, State and Other Grants Appropriated		4,910.66
Reserves Liquidated:		
Open Space Trust Fund		368,774.15
General Capital Fund		142,481.65
		<u>177,110,173.46</u>

Expenditures:

Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages		15,885,186.00
Other Expenses		17,318,210.00
Deferred Charges and Statutory Expenditures		3,639,875.20
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages		117,231.40
Other Expenses		2,301,905.14
Capital Improvements		238,335.00
Municipal Debt Service		3,105,148.25
Fire District Taxes		6,540,339.00
County Taxes		33,841,450.66
Due County for Added Taxes		104,357.70
Local District School Tax		89,056,719.00
Municipal Open Space Tax		473,238.28
Cancellation of Federal, State and Other Grants Receivable		15,532.43
Cancellation of Prior Year Taxes - Creation of Tax Overpayment		27,484.97
Prior Year Senior Citizen and Disabled Disallowed Taxes		9,055.26
		<u>172,674,068.29</u>

Excess in Revenue to Fund Balance (Carried Forward)		4,436,105.17
Fund Balance January 1		<u>9,198,195.86</u>
		13,634,301.03
Decreased by:		
Utilization as Anticipated Revenue		<u>5,400,000.00</u>
Fund Balance December 31	\$	<u>8,234,301.03</u>

See Independent Accountant's Compilation Report and selected notes.

**TOWNSHIP OF WASHINGTON**  
**TRUST FUNDS**  
Statement of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis  
As of December 31, 2020

ASSETS

Animal Control Fund:	
Cash - Treasurer	\$ <u>60,269.33</u>
	<u>60,269.33</u>
Open Space Trust Fund:	
Cash - Treasurer	<u>2,288,392.74</u>
Trust Other Funds:	
Cash - Treasurer	2,892,728.24
Cash - Collector	3,116,461.09
Cash - Change Fund	300.00
Due from Current Fund	36,981.85
Due from Federal, State and Other Grant Fund	<u>6,050.00</u>
	<u>6,052,521.18</u>
	<u>\$ 8,401,183.25</u>

LIABILITIES, RESERVES AND FUND BALANCE

Animal Control Fund:	
Reserve for Animal Control Expenditures	\$ 40,873.72
Due to State of New Jersey	4.20
Due to Current Fund	<u>19,391.41</u>
	<u>60,269.33</u>
Open Space Trust Fund:	
Reserve for Open Space	2,288,140.92
Due to Current Fund	<u>251.82</u>
	<u>2,288,392.74</u>

(Continued)

**TOWNSHIP OF WASHINGTON**  
**TRUST FUNDS**

Statement of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis  
As of December 31, 2020

LIABILITIES, RESERVES AND FUND BALANCE

Trust Other Funds:

Miscellaneous Trust Reserves:

Youth Services	\$	50,130.46
Escrow		518,022.86
Cash Bonds		221,504.09
Unemployment		51,282.47
Parks and Recreation Trust		600,897.50
Off-Duty Police		72,476.13
Affordable Housing		884,159.70
Forfeited Funds		64,893.28
Clean Up Day Donations		3,345.56
POAA Fees		983.00
Technology and Communications		128.00
Sidewalk Fund		31,722.38
Speedhumps		593.53
Historical Properties		16,604.12
Police Donations		3,473.70
K-9 Unit Donations		21,408.58
Storm Recovery		248,237.40
Earth Day Donations		833.46
Veterans Wall		8,940.43
4th of July Festival		26,981.04
Public Defender		24,469.31
Super Saturday		9,973.09
Accumulated Absences		75,000.00
Miscellaneous Trust Escrows Reserves:		
Tax Sale Premiums		2,858,400.00
Redemption of Tax Title Liens		258,061.09

6,052,521.18

\$ 8,401,183.25

See Independent Accountant's Compilation Report and selected notes.



**TOWNSHIP OF WASHINGTON**  
**GENERAL CAPITAL FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis  
As of December 31, 2020

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ASSETS

Cash	\$	3,984,778.38
Grant Receivable		1,243.93
Due from Current Fund		132,730.53
Deferred Charges to Future Taxation:		
Funded		18,969,530.71
Unfunded		20,219,975.00
		\$ 43,308,258.55

LIABILITIES, RESERVES AND FUND BALANCE

General Serial Bonds Payable	\$	18,845,000.00
Loan Payable - Green Trust		124,530.71
Bond Anticipation Notes Payable		16,186,940.00
Improvement Authorizations:		
Funded		716,943.67
Unfunded		5,072,195.07
Reserve for Encumbrances		1,803,412.85
Capital Improvement Fund		122,453.15
Reserve for:		
Accrued Interest		22,010.37
Debt Service		15,760.50
Fund Balance		399,012.23
		\$ 43,308,258.55

See Independent Accountant's Compilation Report and selected notes.

**TOWNSHIP OF WASHINGTON**  
Selected Information – Substantially All Disclosures Required  
By the Regulatory Basis of Accounting Have Been Omitted  
For the Year Ended December 31, 2020

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

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

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

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

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

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

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

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

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

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Expenditures (Cont'd)** - Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

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

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

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

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

**FOR THE YEARS ENDED 2019, 2018, 2017, 2016  
AND 2015 AUDITED FINANCIAL STATEMENTS**

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Washington, in the County of Gloucester, State of New Jersey, as of December 31, 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.

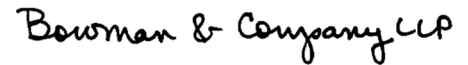
### *Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*

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 Washington, in the County of Gloucester, State of New Jersey, as of December 31, 2019, 2018, 2017, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

### *Opinion on Regulatory Basis of Accounting*

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Carol A. McAllister  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
September 16, 2020

**TOWNSHIP OF WASHINGTON  
CURRENT FUND**

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

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>					
Regular Fund:					
Cash:					
Treasurer	\$15,716,625.71	\$14,698,339.04	\$16,769,600.48	\$10,676,492.90	\$ 8,524,316.68
Petty Cash					1,000.00
Change Fund	1,580.00	1,580.00	1,580.00	1,480.00	1,480.00
Due from State of New Jersey (Ch.73, P.L.1976)	65,582.74	63,751.79	66,240.80	64,497.49	110,304.56
	<u>15,783,788.45</u>	<u>14,763,670.83</u>	<u>16,837,421.28</u>	<u>10,742,470.39</u>	<u>8,637,101.24</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	26,601.92	350,911.48	311,846.60	321,449.08	293,466.89
Tax Title Liens Receivable	1,538,408.44	885,381.89	749,666.02	664,208.39	654,645.28
Miscellaneous Liens Receivable	7,872.83	10,983.63	14,764.03	9,216.17	10,183.59
Property Acquired for Taxes-					
Assessed Valuation	1,300,025.00	865,625.00	865,625.00	865,625.00	865,625.00
Revenue Accounts Receivable	26,078.81	22,095.71	29,280.63	31,223.16	27,544.83
Loan Receivable - County House Village	1,920,000.00	1,920,000.00	1,920,000.00	1,920,000.00	1,920,000.00
Accrued Interest Receivable on Loan	1,190,400.00	1,132,800.00	1,075,200.00	1,017,600.00	960,000.00
Due from Animal Control Trust Fund	19,391.41				28,701.44
Due from Open Space Trust Fund	369,025.97				
Due from General Capital Fund	142,481.65	255,746.28	226,245.79	91,901.33	5,874.19
	<u>6,540,286.03</u>	<u>5,443,543.99</u>	<u>5,192,628.07</u>	<u>4,921,223.13</u>	<u>4,766,041.22</u>
Deferred Charges:					
Emergency Authorization (40A:4-46)			30,000.00		487,869.84
	<u>22,324,074.48</u>	<u>20,207,214.82</u>	<u>22,060,049.35</u>	<u>15,663,693.52</u>	<u>13,891,012.30</u>
Federal and State Grant Fund:					
Federal and State Grants Receivable	824,504.78	660,018.90	758,364.10	968,316.47	986,695.42
Due from the Current Fund	744,323.51	731,639.35	643,132.11	506,129.22	693,314.66
	<u>1,568,828.29</u>	<u>1,391,658.25</u>	<u>1,401,496.21</u>	<u>1,474,445.69</u>	<u>1,680,010.08</u>
	<u>\$ 23,892,902.77</u>	<u>\$ 21,598,873.07</u>	<u>\$ 23,461,545.56</u>	<u>\$ 17,138,139.21</u>	<u>\$ 15,571,022.38</u>

(Continued)

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

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

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
<b>Regular Fund:</b>					
Appropriation Reserves	\$3,422,210.95	\$2,039,654.79	\$2,281,188.80	\$1,919,355.24	\$1,569,950.09
Reserve for Encumbrances	639,631.65	465,001.66	580,080.89	527,351.32	591,268.62
Accounts Payable	627.00	4,195.79		56,187.96	46,437.95
Payroll Deductions Payable	102,100.28	83,851.54	208,224.67	17,786.52	15,093.86
Prepaid Taxes	1,361,949.12	1,351,496.12	4,396,812.60	1,336,095.69	1,231,814.10
Tax Overpayments	44,598.01		532.74		
Due County for Added and Omitted Taxes	126,141.02	142,987.38	91,079.01	88,817.19	61,843.50
Local School District Tax Payable		10.00			
Due to Library	33,959.58	34,224.03	31,905.43	23,843.16	36,173.89
Due to State of New Jersey - DCA Fees	39,659.00	22,044.00	46,424.00	12,596.00	29,648.00
Due to State of New Jersey - Marriage and Burial Fees	1,390.00	1,225.00	1,115.00	1,205.00	1,030.00
Reserve for Prescriptions					5,709.22
Due County PILOT Payment	13,326.97				
Due to MUA for Tax Sale Charges	17,858.65				
Due to Federal and State Grant Fund	744,323.51	731,639.35	643,132.11	506,129.22	693,314.66
Due to Open Space Trust Fund			23,028.15	1,385.32	1,482.78
Due to Trust Other Fund	37,816.85	36,990.91	34,043.29	26,228.17	26,155.65
	<u>6,585,592.59</u>	<u>4,913,320.57</u>	<u>8,337,566.69</u>	<u>4,516,980.79</u>	<u>4,309,922.32</u>
Reserves for Receivables	6,540,286.03	5,443,543.99	5,192,628.07	4,921,223.13	4,766,041.22
Fund Balance	<u>9,198,195.86</u>	<u>9,850,350.26</u>	<u>8,529,854.59</u>	<u>6,225,489.60</u>	<u>4,815,048.76</u>
	<u>22,324,074.48</u>	<u>20,207,214.82</u>	<u>22,060,049.35</u>	<u>15,663,693.52</u>	<u>13,891,012.30</u>
<b>Federal and State Grant Fund:</b>					
<b>Reserve for:</b>					
Federal and State Grants Unappropriated	18,983.54	9,436.44	88,964.58		2,802.00
Federal and State Grants Appropriated	1,169,202.31	1,219,639.34	1,033,256.91	1,365,671.96	1,550,301.24
Encumbrances	380,642.44	162,582.47	279,274.72	108,773.73	126,906.84
	<u>1,568,828.29</u>	<u>1,391,658.25</u>	<u>1,401,496.21</u>	<u>1,474,445.69</u>	<u>1,680,010.08</u>
	<u>\$23,892,902.77</u>	<u>\$21,598,873.07</u>	<u>\$23,461,545.56</u>	<u>\$17,138,139.21</u>	<u>\$15,571,022.38</u>

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

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

	For the Years Ended December 31,				
	2019	2018	2017	2016	2015
<b>Revenue and Other Income Realized:</b>					
Fund Balance Utilized	\$4,585,000.00	\$3,485,000.00	\$2,060,000.00	\$2,300,000.00	\$1,524,000.00
Miscellaneous Revenues Anticipated	9,404,883.03	9,121,145.68	9,138,549.09	7,377,157.48	7,019,581.64
Receipts from Delinquent Taxes	130,631.37	95,660.78	198,560.13	180,440.16	64,887.06
Receipts from Current Taxes	155,730,644.98	153,838,774.36	151,433,910.80	149,972,434.22	147,696,379.75
Nonbudget Revenues	137,827.75	205,076.68	308,750.68	625,683.90	158,705.83
<b>Other Credits to Income:</b>					
Unexpended Balance of Appropriation Reserves	1,905,813.07	2,091,991.35	1,781,760.59	1,455,194.37	841,248.19
Grant Reimbursement Received for Previously Canceled Grants Receivable		53,515.75			
Statutory Excess - Animal Control Fund	19,391.41				
Refund of Prior Year Expenditures	180,000.00	180,000.00			
Cancellation of Accounts Payable	4,195.79		46,797.14		
Cancellation of Federal, State and Other Grants Appropriated	80,816.64				
Reallocation of Prior Year Expenditures to Federal, State and Other Grants Fund					175,782.00
	<u>172,179,204.04</u>	<u>169,071,164.60</u>	<u>164,968,328.43</u>	<u>161,910,910.13</u>	<u>157,480,584.47</u>
<b>Expenditures:</b>					
<b>Budget and Emergency Appropriations:</b>					
<b>Appropriations Within "CAPS"</b>					
<b>Operations:</b>					
Salaries and Wages	15,477,186.00	14,496,200.16	13,953,736.06	13,590,000.00	13,206,000.00
Other Expenses	17,099,300.00	16,457,035.00	16,372,660.00	15,567,425.00	16,083,357.84
Deferred Charges and Statutory Expenditures	3,351,721.00	3,231,706.33	2,957,734.00	2,860,583.00	2,771,998.67
<b>Appropriations Excluded from "CAPS"</b>					
<b>Operations:</b>					
Salaries and Wages	38,042.29	20,345.85	19,765.94	18,000.00	9,000.00
Other Expenses	2,358,479.92	2,157,403.14	2,140,055.29	2,044,495.17	2,628,895.95
Capital Improvements	450,000.00	555,000.00	300,000.00	359,000.00	10,449.00
Municipal Debt Service	3,004,354.02	3,015,547.40	2,522,034.73	2,403,036.99	2,791,609.51
Deferred Charges		30,000.00		487,869.84	
Fire District Taxes	6,092,905.00	5,862,393.00	5,893,235.00	5,897,716.00	5,901,099.00
County Taxes	31,862,376.32	31,378,444.53	30,621,327.24	29,915,089.14	29,206,828.48
Due County for Added Taxes	126,141.02	142,987.38	91,079.01	88,817.19	61,843.50
Local District School Tax	87,487,011.00	86,363,492.00	85,079,713.00	84,257,790.00	83,255,074.00
Municipal Open Space Tax	429,120.40	428,322.31	438,543.26	463,085.32	477,620.68
Cancellation of Federal, State and Other Grants Receivable	96,926.49				
Cancellation of Prior Year Taxes-Creation of Tax Overpayment	85,321.15	85,229.71	104,191.05	187,037.46	132,501.05
Reserves Created for Interfund Receivables	275,152.75	29,500.49	134,344.46	57,325.70	5,731.19
Prior Year Senior Citizen and Disabled Disallowed Taxes	12,321.08	12,061.63	5,544.40	3,198.48	10,750.00
	<u>168,246,358.44</u>	<u>164,265,668.93</u>	<u>160,633,963.44</u>	<u>158,200,469.29</u>	<u>156,552,758.87</u>
Excess in Revenue to Fund Balance	3,932,845.60	4,805,495.67	4,334,364.99	3,710,440.84	927,825.60
<b>Adjustments to Income Before Fund Balance -</b>					
<b>Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year</b>					
			30,000.00		487,869.84
	<u>3,932,845.60</u>	<u>4,805,495.67</u>	<u>4,364,364.99</u>	<u>3,710,440.84</u>	<u>1,415,695.44</u>
Fund Balance January 1	9,850,350.26	8,529,854.59	6,225,489.60	4,815,048.76	4,923,353.32
	<u>13,783,195.86</u>	<u>13,335,350.26</u>	<u>10,589,854.59</u>	<u>8,525,489.60</u>	<u>6,339,048.76</u>
<b>Decreased by:</b>					
Utilization as Anticipated Revenue	4,585,000.00	3,485,000.00	2,060,000.00	2,300,000.00	1,524,000.00
Fund Balance December 31	<u>\$9,198,195.86</u>	<u>\$9,850,350.26</u>	<u>\$8,529,854.59</u>	<u>\$6,225,489.60</u>	<u>\$4,815,048.76</u>

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

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

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>					
Animal Control Fund:					
Cash - Treasurer	\$59,274.81	\$42,296.99	\$30,561.35	\$29,233.60	\$71,414.06
Open Space Trust Fund:					
Cash - Treasurer	3,540,366.75	2,741,480.84	2,793,762.65	2,856,282.54	2,083,866.04
Due from Current Fund			23,028.15	1,385.32	1,482.78
	<u>3,540,366.75</u>	<u>2,741,480.84</u>	<u>2,816,790.80</u>	<u>2,857,667.86</u>	<u>2,085,348.82</u>
Trust Other Funds:					
Cash - Treasurer	2,812,521.94	2,305,396.62	1,811,709.35	1,980,461.27	2,024,489.57
Cash - Collector	1,607,805.15	1,366,540.95	1,592,599.43	2,103,932.61	2,215,538.87
Cash - Change Fund	300.00	300.00	300.00	300.00	300.00
Due from Current Fund	37,816.85	36,990.91	34,043.29	26,228.17	26,155.65
	<u>4,458,443.94</u>	<u>3,709,228.48</u>	<u>3,438,652.07</u>	<u>4,110,922.05</u>	<u>4,266,484.09</u>
	<u>\$8,058,085.50</u>	<u>\$6,493,006.31</u>	<u>\$6,286,004.22</u>	<u>\$6,997,823.51</u>	<u>\$6,423,246.97</u>
<b><u>LIABILITIES AND RESERVES</u></b>					
Animal Control Fund:					
Reserve for Animal Control Expenditures	\$39,873.20	\$42,094.59	\$29,826.35	\$25,812.00	\$41,482.82
Prepaid Dog License Fees		164.60	613.20	2,911.00	1,027.60
Due to State of New Jersey	10.20	37.80	121.80	510.60	202.20
Due to Current Fund	19,391.41				28,701.44
	<u>59,274.81</u>	<u>42,296.99</u>	<u>30,561.35</u>	<u>29,233.60</u>	<u>71,414.06</u>
Open Space Trust Fund:					
Reserve for Open Space	3,171,340.78	2,741,480.84	2,816,790.80	2,857,667.86	2,085,348.82
Due to Current Fund	369,025.97				
	<u>3,540,366.75</u>	<u>2,741,480.84</u>	<u>2,816,790.80</u>	<u>2,857,667.86</u>	<u>2,085,348.82</u>

(Continued)

**TOWNSHIP OF WASHINGTON  
TRUST FUNDS**

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>
<b><u>LIABILITIES AND RESERVES</u></b>					
Trust Other Funds:					
Miscellaneous Trust Reserves:					
Youth Services	\$52,730.46	\$53,680.46	\$56,280.46	\$56,280.46	\$56,230.46
Escrow	498,263.20	622,817.31	430,349.65	484,058.07	484,673.05
Cash Bonds	78,557.33	149,235.77	72,252.37		
Unemployment Claims	34,691.19	14,365.63	157.95	37,855.63	51,811.27
Parks and Recreation Trust	703,728.84	726,802.95	827,816.89	907,559.07	1,040,315.18
Off-Duty Police	74,894.88	57,517.38	59,595.38	56,869.38	56,869.38
Affordable Housing	883,512.23	568,634.61	239,676.84	231,987.28	172,596.58
Forfeited Funds	10,872.69	13,780.04	32,232.19	69,487.80	54,879.47
Self Insurance Claims	997.21	473.20	15.60	6,894.00	266.00
Clean Up Day Donations	3,345.56	2,870.56	2,739.69	2,848.85	2,724.48
POAA Fees	921.00	883.00	847.00	819.00	733.00
Technology and Communications	128.00	128.00	128.00	128.00	128.00
Sidewalk Fund	31,722.38	38,497.38	41,382.38	41,382.38	26,246.88
Speed humps	593.53	593.53	593.53	593.53	593.53
Historical Properties	18,296.42	18,744.03	25,689.69	37,405.56	41,505.37
Storm Recovery	350,000.00				
Police Donations	7,612.33	12,755.86	5,869.39	127.33	1,790.57
K-9 Donations	28,599.75	32,156.82	23,930.14	36,978.15	31,475.38
Earth Day Donations	833.46	911.25	1,287.33	1,816.18	1,891.78
Veterans Wall	9,883.43	2,905.15	2,357.80	2,281.80	2,927.80
4th of July Festival	29,857.50	3,927.50	2,364.49	2,997.19	2,997.19
Public Defender	21,429.31	12,229.31	7,584.31	17,954.32	12,269.32
Super Saturday	9,168.09	8,777.79	12,901.56	10,665.46	8,020.53
Miscellaneous Trust Escrows Reserves:					
Tax Sale Premiums	1,441,700.00	1,300,400.00	1,535,500.00	1,912,900.00	2,056,600.00
Redemption of Tax Title Liens	166,105.15	66,140.95	57,099.43	191,032.61	158,938.87
	<u>4,458,443.94</u>	<u>3,709,228.48</u>	<u>3,438,652.07</u>	<u>4,110,922.05</u>	<u>4,266,484.09</u>
	<u>\$8,058,085.50</u>	<u>\$6,493,006.31</u>	<u>\$6,286,004.22</u>	<u>\$6,997,823.51</u>	<u>\$6,423,246.97</u>

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

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

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>					
Cash	\$4,319,861.66	\$10,542,090.96	\$9,299,486.95	\$6,859,913.94	\$4,898,280.78
Grant Receivable	1,243.93	1,243.93	1,243.93	1,243.93	1,243.93
Deferred Charges to Future Taxation:					
Funded	21,270,772.57	23,551,398.86	25,792,608.61	14,547,415.25	17,150,846.41
Unfunded	16,379,615.00	10,679,615.00	5,537,455.00	13,410,200.00	7,520,200.00
	<u>\$41,971,493.16</u>	<u>\$44,774,348.75</u>	<u>\$40,630,794.49</u>	<u>\$34,818,773.12</u>	<u>\$29,570,571.12</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
General Serial Bonds Payable	\$21,115,000.00	\$23,365,000.00	\$25,535,000.00	\$14,220,000.00	\$16,755,000.00
Loan Payable - Green Trust	155,772.57	186,398.86	257,608.61	327,415.25	395,846.41
Bond Anticipation Notes Payable	10,679,615.00	10,679,615.00	5,537,455.00	13,410,200.00	7,520,200.00
Improvement Authorizations:					
Funded	2,034,536.41	2,168,353.91	2,908,874.16	41,953.51	330,285.06
Unfunded	5,032,113.70	4,784,275.09	3,736,421.82	4,838,679.93	1,733,439.93
Due to Current Fund	142,481.65	255,746.28	226,245.79	91,901.33	5,874.19
Capital Improvement Fund	121,383.15	121,383.15	92,023.15	83,468.15	83,468.15
Reserve for:					
Road Improvements					1,427.54
Purchase of Server					703.60
Repairs to Grenloch Dam					5,844.65
Accrued Interest	22,010.37	22,010.37	22,010.37	22,010.37	22,010.37
Debt Service	15,760.50	15,760.50	15,760.50	15,760.50	15,760.50
Reserve for Encumbrances	2,205,514.81	2,449,374.23	1,574,112.69	1,632,306.18	2,615,880.44
Fund Balance	447,305.00	726,431.36	725,282.40	135,077.90	84,830.28
	<u>\$41,971,493.16</u>	<u>\$44,774,348.75</u>	<u>\$40,630,794.49</u>	<u>\$34,818,773.12</u>	<u>\$29,570,571.12</u>

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Expenditures (Cont'd)** - Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

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

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

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

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

**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 \$28,183,673.90 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 27,850,938.68
Uninsured and Uncollateralized	<u>332,735.22</u>
Total	<u><u>\$ 28,183,673.90</u></u>

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

**New Jersey Asset and Rebate Management Program (NJ/ARM)** - During the year, the Township participated in the New Jersey Asset & Rebate Management Program. The program was created in 1989 as a joint investment trust under the Interlocal Service Act. NJ/ARM provides local governments in New Jersey with investment management services for capital, reserve, general operating funds and for arbitrage rebate compliance for bond and note issue. The program advisory board is made up of New Jersey local government officials and is managed by PFM Asset Management LLC. The Program is designed to be in compliance with New Jersey statues and regulations for allowable investments. The fund deposits can be liquidated on a daily basis and have an AAA rating by Standard & Poor's. NJ/ARM funds are not subject to custodial risk as defined above. Township deposits with the fund are considered cash equivalents and at December 31, 2019 the balance was \$403,114.98.

**Note 3: PROPERTY TAXES**

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

**Comparative Schedule of Tax Rates**

	<u>Year Ended</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	\$ 3.645	\$ 3.604	\$ 3.559	\$ 3.538	\$ 3.488
Apportionment of Tax Rate:					
Municipal	\$ .655	\$ .656	\$ .657	\$ .657	\$ .657
Municipal Open Space	.010	.011	.010	.011	.011
Municipal Library	.036	.035	.035	.035	.034
County	.704	.693	.677	.663	.644
County Open Space					
Preservation Trust Fund	.044	.044	.043	.043	.044
Local School	2.052	2.027	1.998	1.989	1.959
Special District Rates - Fire	.144	.138	.139	.140	.139

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2019	\$ 4,265,315,844.00
2018	4,262,047,553.00
2017	4,258,451,544.00
2016	4,237,529,564.00
2015	4,251,976,804.00

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

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

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2019	\$ 156,085,228.16	\$ 155,730,644.98	99.77%
2018	154,344,421.63	153,838,774.36	99.67%
2017	152,011,142.29	151,433,910.80	99.62%
2016	150,371,686.04	149,972,434.22	99.73%
2015	148,623,553.28	147,696,379.75	99.38%

**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	\$ 1,538,408.44	\$ 26,601.92	\$ 1,565,010.36	1.00%
2018	885,381.89	350,911.48	1,236,293.37	0.80%
2017	749,666.02	311,846.60	1,061,512.62	0.70%
2016	664,208.39	321,449.08	985,657.47	0.66%
2015	654,645.28	293,466.89	948,112.17	0.64%

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	57
2018	63
2017	63
2016	71
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	\$ 1,300,025.00
2018	865,625.00
2017	865,625.00
2016	865,625.00
2015	865,625.00

**Note 5: FUND BALANCES APPROPRIATED**

The following schedule details 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:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2019	\$ 9,198,195.86	\$ 5,400,000.00	58.71%
2018	9,850,350.26	4,585,000.00	46.55%
2017	8,529,854.59	3,485,000.00	40.86%
2016	6,225,489.60	2,060,000.00	33.09%
2015	4,815,048.76	2,300,000.00	47.77%

**Note 6: INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 530,899.03	\$ 782,140.36
Federal, State and Other Grant	744,323.51	
Trust - Animal Control		19,391.41
Trust - Open Space		369,025.97
Trust - Other	37,816.85	
General Capital		142,481.65
	<u>\$ 1,313,039.39</u>	<u>\$ 1,313,039.39</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 7: PENSION PLANS**

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

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<https://www.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 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for PERS:

**Tier Definition**

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

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

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

The following represents the membership tiers for PFRS:

**Tier Definition**

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

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

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

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

**Contributions**

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of 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 12.23% 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 \$634,929.00, 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 \$660,618.00, which was paid on April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$401,197.92.

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

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

The Township's contractually required contribution rate for the year ended December 31, 2019 was 27.66% 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 \$1,995,593.00, 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 \$1,879,739.00, which was paid on April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$728,388.40.

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 3.57% 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 \$257,229.00, 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 \$209,301.00, 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 enrolled in the DCRP.

**Note 7: 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 \$11,761,485.00. 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 .0652745580%, which was a decrease of .0011407762% 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 \$1,009,301.00. 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 \$660,618.00, 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	\$ 24,177,259.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>3,817,635.00</u>
	<u>\$ 27,994,894.00</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 .1975618321%, which was an increase of .0052901472% 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 .1975618321%, which was an increase of .0052901472% 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 \$1,946,099.00. 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 \$1,879,739.00, and was paid on April 1, 2019.

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

**Police and Firemen's Retirement System (Cont'd)** - 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 \$443,578.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 211,103.00	\$ 204,087.00	\$ 415,190.00	\$ 51,957.00	\$ 153,071.00	\$ 205,028.00
Changes of Assumptions	1,174,427.00	828,445.00	2,002,872.00	4,082,374.00	7,813,869.00	11,896,243.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	185,659.00	327,594.00	513,253.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	978,514.00	1,013,977.00	1,992,491.00	208,812.00	2,228,464.00	2,437,276.00
Township Contributions Subsequent to the Measurement Date	317,465.00	997,797.00	1,315,262.00	-	-	-
	<u>\$ 2,681,509.00</u>	<u>\$ 3,044,306.00</u>	<u>\$ 5,725,815.00</u>	<u>\$ 4,528,802.00</u>	<u>\$ 10,522,998.00</u>	<u>\$ 15,051,800.00</u>

\$317,465.00 and \$997,797.00 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 7: **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 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

<b>Year Ending Dec 31,</b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2020	\$ 28,842.00	\$ (1,518,360.00)	\$ (1,489,518.00)
2021	(819,476.00)	(3,027,351.00)	(3,846,827.00)
2022	(843,249.00)	(2,325,007.00)	(3,168,256.00)
2023	(473,028.00)	(1,215,300.00)	(1,688,328.00)
2024	(57,847.00)	(390,471.00)	(448,318.00)
	<u>\$ (2,164,758.00)</u>	<u>\$ (8,476,489.00)</u>	<u>\$ (10,641,247.00)</u>

**Actuarial Assumptions**

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

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

(1) Based on Years of Service

**Note 7: 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 7: 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 plan's 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:

	<u>PERS</u>		
	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 14,856,667.00</u>	<u>\$ 11,761,485.00</u>	<u>\$ 9,153,356.00</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:

	<u>PFRS</u>		
	1% Decrease <u>(5.85%)</u>	Current Discount Rate <u>(6.85%)</u>	1% Increase <u>(7.85%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 32,678,844.00	\$ 24,177,259.00	\$ 17,140,973.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>5,160,051.00</u>	<u>3,817,635.00</u>	<u>2,706,592.00</u>
	<u>\$ 37,838,895.00</u>	<u>\$ 27,994,894.00</u>	<u>\$ 19,847,565.00</u>

**Note 7: PENSION PLANS (CONT'D)****Pension Plan Fiduciary Net Position**

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

**Supplementary Pension Information**

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

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0652745580%	0.0664153342%	0.0648899635%	0.0581344292%
Township's Proportionate Share of the Net Pension Liability	\$ 11,761,485.00	\$ 13,076,857.00	\$ 15,105,346.00	\$ 17,217,751.00
Township's Covered Payroll (Plan Measurement Period)	\$ 4,589,552.00	\$ 4,467,216.00	\$ 4,356,276.00	\$ 3,893,260.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	256.27%	292.73%	346.75%	442.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0580378078%	0.0567239966%	0.0526724877%	
Township's Proportionate Share of the Net Pension Liability	\$ 13,028,325.00	\$ 10,620,284.00	\$ 10,066,759.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 3,829,156.00	\$ 3,733,472.00	\$ 3,328,700.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	340.24%	284.46%	302.42%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%	

**Note 7: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last 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	\$ 634,929.00	\$ 660,618.00	\$ 601,136.00	\$ 516,458.00
Township's Contribution in Relation to the Contractually Required Contribution	\$ (634,929.00)	(660,618.00)	(601,136.00)	(516,458.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 5,190,765.00	\$ 4,730,578.00	\$ 4,431,994.00	\$ 4,327,799.00
Township's Contributions as a Percentage of Covered Payroll	12.23%	13.96%	13.56%	11.93%
	<u>Year Ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 498,969.00	\$ 467,624.00	\$ 396,876.00	
Township's Contribution in Relation to the Contractually Required Contribution	(498,969.00)	(467,624.00)	(396,876.00)	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 3,833,703.00	\$ 3,840,817.00	\$ 3,723,473.00	
Township's Contributions as a Percentage of Covered Payroll	13.02%	12.18%	10.66%	

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.1975618321%	0.1922716849%	0.2135861668%	0.2133344047%
Township's Proportionate Share of the Net Pension Liability	\$ 24,177,259.00	\$ 26,017,529.00	\$ 32,973,575.00	\$ 40,752,328.00
State's Proportionate Share of the Net Pension Liability associated with the Township	3,817,635.00	3,543,051.00	3,693,318.00	3,422,185.00
Total	<u>\$ 27,994,894.00</u>	<u>\$ 29,560,580.00</u>	<u>\$ 36,666,893.00</u>	<u>\$ 44,174,513.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 6,722,560.00	\$ 6,378,708.00	\$ 6,849,844.00	\$ 6,789,260.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	359.64%	407.88%	481.38%	600.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.00%	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.2084462374%	0.2001693684%	0.2116314551%	
Township's Proportionate Share of the Net Pension Liability	\$ 34,719,877.00	\$ 25,179,450.00	\$ 28,134,492.00	
State's Proportionate Share of the Net Pension Liability associated with the Township	3,044,817.00	2,711,404.00	2,622,476.00	
Total	<u>\$ 37,764,694.00</u>	<u>\$ 27,890,854.00</u>	<u>\$ 30,756,968.00</u>	
Township's Covered Payroll (Plan Measurement Period)	\$ 6,569,064.00	\$ 6,322,316.00	\$ 6,423,448.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	528.54%	398.26%	438.00%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%	

**Note 7: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS) (Last 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	\$ 1,995,593.00	\$ 1,879,739.00	\$ 1,890,277.00	\$ 1,739,402.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(1,995,593.00)</u>	<u>(1,879,739.00)</u>	<u>(1,890,277.00)</u>	<u>(1,739,402.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 7,214,515.00	\$ 6,803,091.00	\$ 6,604,944.00	\$ 6,805,762.00
Township's Contributions as a Percentage of Covered Payroll	27.66%	27.63%	28.62%	25.56%

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 1,694,357.00	\$ 1,537,439.00	\$ 1,544,016.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(1,694,357.00)</u>	<u>(1,537,439.00)</u>	<u>(1,544,016.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 6,759,230.00	\$ 6,515,802.00	\$ 6,420,441.00
Township's Contributions as a Percentage of Covered Payroll	25.07%	23.60%	24.05%

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

None

**Changes in Assumptions**

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

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

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with a 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 7: PENSION PLANS (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 30<sup>th</sup> over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 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 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS****A. State Health Benefits Local Government Retired Employees Plan****General Information about the OPEB Plan**

**Plan Description and Benefits Provided** - The 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.

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.

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

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

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

**Contributions (Cont'd)** - The Township was billed monthly by the Plan and paid \$1,611,115.34, for the year ended December 31, 2019, representing 14.93% 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 \$2,457.00 for the year ended December 31, 2019 representing 0.02% of the Township's covered payroll.

**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	\$	37,338,124.79
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township		185,333.00
	\$	37,523,457.79



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

**OPEB Liability (Cont'd)** - 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 .275638% which was a decrease of .004278% 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 .003354% which was a decrease of .000165% 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 (\$767,337.86). 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 \$1,611,115.34.

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 \$2,457.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ -	\$ 10,919,123.33
Changes of Assumptions	-	13,231,801.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	30,756.36	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	775,244.13	2,993,440.86
Township Contributions Subsequent to the Measurement Date	927,395.72	-
	<u>\$ 1,733,396.21</u>	<u>\$ 27,144,365.19</u>

\$927,395.72 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 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. State Health Benefits Local Government Retired Employees Plan (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:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
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 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**A. State Health Benefits Local Government Retired Employees Plan (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:

<b>Year Ending Dec. 31,</b>	
2020	\$ (4,347,726.00)
2021	(4,347,726.00)
2022	(4,350,136.00)
2023	(4,354,033.00)
2024	(4,357,594.00)
Thereafter	<u>(4,581,149.69)</u>
	<u>\$ (26,338,364.69)</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 morality improvement projections from the central year using Scale MP-2019.

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

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

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

	<b>1% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Township's Proportionate Share of the Net OPEB Liability	\$ 43,172,371.00	\$ 37,338,125.00	\$ 32,597,029.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	214,292.00	185,333.00	161,800.00
	<u>\$ 43,386,663.00</u>	<u>\$ 37,523,458.00</u>	<u>\$ 32,758,829.00</u>

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

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

**Sensitivity of the net OPEB Liability to Changes in the 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	\$ 31,508,776.00	\$ 37,338,125.00	\$ 44,774,441.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>156,398.00</u>	<u>185,333.00</u>	<u>222,244.00</u>
	<u>\$ 31,665,174.00</u>	<u>\$ 37,523,458.00</u>	<u>\$ 44,996,685.00</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.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. State Health Benefits Local Government Retired Employees Plan (Cont'd)****Supplementary OPEB Information (Cont'd)*****Schedule of the 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	0.275638%	0.279916%	0.275384%
Township's Proportionate Share of the Net OPEB Liability	\$ 37,338,124.79	\$ 43,853,347.46	\$ 56,221,796.13
State's Proportionate Share of the Net OPEB Liability Associated with the Township	185,333.00	218,665.00	312,426.00
Total	<u>\$ 37,523,457.79</u>	<u>\$ 44,072,012.46</u>	<u>\$ 56,534,222.13</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 10,403,929.30	\$ 11,385,062.00	\$ 10,914,545.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	358.88%	385.18%	515.11%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

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

	<u>Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Required Contributions	\$ 1,611,115.34	\$ 2,715,570.05	\$ 2,742,029.42
Township's Contributions in Relation to the Required Contribution	<u>(1,611,115.34)</u>	<u>(2,715,570.05)</u>	<u>(2,742,029.42)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 10,788,454.30	\$ 11,533,669.00	\$ 11,036,938.00
Township's Contributions as a Percentage of Covered Payroll	14.93%	23.54%	24.84%

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

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

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

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

**Other Notes to Supplementary OPEB Information (Cont'd)**

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%.

**B. Township of Washington Postemployment Benefit Plan**

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

**Employees Covered by Benefit Terms** - As of January 1, 2019, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

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



**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. Township of Washington Postemployment Benefit Plan (Cont'd)**

**Total OPEB Liability** - The Township's total OPEB liability of \$20,244,952.00 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019.

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

Inflation	3.00%
Salary Increases	3.00% Annually
Discount Rate	3.26%
Healthcare Cost Trend Rates	8.00% Decreasing to 5.00% Ultimate
Retirees' Share of Benefit-Related Costs	None

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

Mortality rates were based on the RP-2014 Mortality Table with MP-2016 Projection.

An experience study was not performed on the actuarial assumptions used in the January 1, 2019 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by Society of Actuaries. The actuary has used their professional judgement in applying these assumptions to this Plan.

**Changes in Total OPEB Liability**

Balance at December 31, 2018		\$ 18,457,238.00
Changes for the Year:		
Service Cost	\$ 289,422.00	
Interest Cost	666,198.00	
Benefit Payments	(310,214.00)	
Changes in Assumptions	1,241,065.00	
Difference between Expected and Actual Experience	<u>(98,757.00)</u>	
Net Changes		<u>1,787,714.00</u>
Balance at December 31, 2019		<u>\$ 20,244,952.00</u>

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

Changes of assumptions and other inputs reflect a change in the discount rate from 3.64% at December 31, 2018 to 3.26% at December 31, 2019.

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

**B. Township of Washington 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:

	<b>1.00% Decrease <u>(2.26%)</u></b>	<b>Current Discount Rate <u>(3.26%)</u></b>	<b>1.00% Increase <u>(4.26%)</u></b>
Total OPEB Liability	<u>\$ 23,511,516.00</u>	<u>\$ 20,244,952.00</u>	<u>\$ 16,987,386.00</u>

**Sensitivity of Total OPEB Liability to Changes in Health Cost Trend 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 using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1.00% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1.00% Increase</b>
Total OPEB Liability	<u>\$ 17,091,337.00</u>	<u>\$ 20,244,952.00</u>	<u>\$ 23,925,271.00</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended December 31, 2019, the Township recognized OPEB expense of \$1,096,219.00. As of December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions	\$ 1,063,770.00	\$ -
Difference Between Expected and Actual Experience	-	197,584.00
	<u>\$ 1,063,770.00</u>	<u>\$ 197,584.00</u>

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

<b>Year Ending</b>	
Dec. 31, 2020	\$ 140,600.00
Dec. 31, 2021	140,600.00
Dec. 31, 2022	140,600.00
Dec. 31, 2023	140,600.00
Dec. 31, 2024	140,600.00
Thereafter	163,186.00
	<u>\$ 866,186.00</u>

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. Township of Washington Postemployment Benefit Plan (Cont'd)****Supplementary OPEB Information**

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

***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>
<b>Total OPEB Liability</b>		
Service Cost	\$ 289,422.00	\$ 265,038.00
Interest Cost	666,198.00	649,489.00
Benefit Payments	(310,214.00)	(284,574.00)
Changes in Assumptions	1,241,065.00	-
Difference Between Expected and Actual Experience	<u>(98,757.00)</u>	<u>(158,109.00)</u>
Net Change in Total OPEB Liability	1,787,714.00	471,844.00
Total OPEB Liability - Beginning of Fiscal Year	<u>18,457,238.00</u>	<u>17,985,394.00</u>
Total OPEB Liability - End of Fiscal Year	<u>\$ 20,244,952.00</u>	<u>\$ 18,457,238.00</u>
Covered-Employee Payroll	\$ 14,565,619.31	\$ 14,125,644.14
Total OPEB Liability as a Percentage of Covered Payroll	138.99%	130.66%

**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 3.26% as of December 31, 2019.

**Note 9: COMPENSATED ABSENCES**

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

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

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

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

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

Municipal Services Supervisors and Coordinators earn between 5 and 25 vacation leave days per year. Employees may carry up to 10 days into the next calendar year. An employee who terminates his employment with the Township, or whose employment is terminated by the Township, shall be entitled to vacation time and/or vacation pay on a pro-rata basis. Said payment shall also include any vacation time accrued and not used from a previous year (carried over). Employees shall receive 3 personal days per year. Unused personal days may not be carried over from one calendar year to the next and employees who terminate their employment shall be reimbursed for any unused personal days on a prorated basis.

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

Municipal Services Supervisors and Coordinators (Cont'd) - Employees are entitled to 15 sick days per year and those employed before January 1, 1995 are entitled to sell back up to 20% of accumulated sick time annually. Employees employed after January 1, 1995 and have a minimum of 400 sick hours in their bank are entitled to sell back up to 15 sick days annually. In the event of retirement, resignation, layoff or termination of employment an employee shall receive a lump sum payment at 100% of their hourly rate for all accumulated sick time.

Clerical union employees earn between 38 and 190 vacation leave hours per year prior to January 1, 2019. Starting January 1, 2019, employees earn between 62 and 214 vacation leave hours per year. Employees may carry up to 5 days into the next calendar year. Upon retirement or termination or resignation of employment, employees shall be paid for all vacation leave not used at their then hourly rate of pay. Employees shall receive 24 personal hours per year. Unused personal hours may not be carried over from one calendar year to the next and employees who terminate their employment shall be reimbursed for any unused personal hours on a prorated basis. Employees are entitled to a total of 114 sick hours per year prior to January 1, 2019. Starting January 1, 2019, employees are entitled to a total of 90 sick hours per year. Pilot Program employees earn a total of 93 sick hours per year. Upon termination or retirement, an employee shall receive a lump sum payment at their then hourly rate of pay for 100% up to \$15,000.00 of accumulated sick time.

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

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2019, accrued benefits for compensated absences are valued at \$4,125,992.75.

**Note 10: DEFERRED COMPENSATION SALARY ACCOUNT**

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

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

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

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

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,270,000.00	\$ 753,087.52	\$ 3,023,087.52
2021	2,255,000.00	656,562.52	2,911,562.52
2022	1,070,000.00	558,437.52	1,628,437.52
2023	1,100,000.00	519,862.52	1,619,862.52
2024	1,105,000.00	474,987.52	1,579,987.52
2025-2029	5,850,000.00	1,680,162.60	7,530,162.60
2030-2034	4,895,000.00	742,250.06	5,637,250.06
2035-2037	2,570,000.00	122,984.39	2,692,984.39
	<u>\$ 21,115,000.00</u>	<u>\$ 5,508,334.65</u>	<u>\$ 26,623,334.65</u>

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

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

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

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

**General Debt - New Jersey Green Acres Loans (Cont'd)**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 31,241.86	\$ 2,960.01	\$ 34,201.87
2021	31,869.84	2,332.06	34,201.90
2022	20,073.78	1,691.48	21,765.26
2023	7,916.25	1,412.36	9,328.61
2024	8,075.37	1,253.24	9,328.61
2025-2029	42,877.82	3,765.24	46,643.06
2030-2031	13,717.65	275.27	13,992.92
	<u>\$ 155,772.57</u>	<u>\$ 13,689.66</u>	<u>\$ 169,462.23</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>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 31,950,387.57	\$ 34,231,013.86	\$ 31,330,063.61
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds, Loans and Notes	<u>5,700,000.00</u>		
<b>Net Debt</b>	<u>\$ 37,650,387.57</u>	<u>\$ 34,231,013.86</u>	<u>\$ 31,330,063.61</u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .802%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 10,995,000.00	\$ 10,995,000.00	
General	<u>37,650,387.57</u>		<u>\$ 37,650,387.57</u>
	<u>\$ 48,645,387.57</u>	<u>\$ 10,995,000.00</u>	<u>\$ 37,650,387.57</u>

Net debt \$37,650,387.57 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$4,692,657,785.00, equals .802%.

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

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 164,243,022.48
Less: Net Debt	<u>37,650,387.57</u>
Remaining Borrowing Power	<u><u>\$ 126,592,634.91</u></u>

**Note 12: RISK MANAGEMENT**

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

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

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

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ -	\$ 25,819.46	\$ 180.29	\$ 5,674.19	\$ 34,691.19
2018	-	18,348.50	-	4,140.82	14,365.63
2017	13,000.00	20,114.45	-	70,812.13	157.95

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

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

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

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



**Note 12: RISK MANAGEMENT (CONT'D)****Joint Insurance Pool (Cont'd)**

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

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

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

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

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

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

On November 7, 2000, pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township of Washington authorized the establishment of the Township of Washington Open Space Trust Fund effective January 1, 2001, for the purpose of raising revenue for the acquisition of land, easements and/or development rights to preserve underdeveloped areas in the Township. As approved by the referendum, the Township levies a tax not to exceed two cents per one hundred dollars of assessed valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. On October 25, 2017, the Township adopted Ord. 29-2017 to amend the funding for the Open Space Trust Fund. Effective January 1, 2018 and every year thereafter, the Open Space Trust Fund shall be funded through the dedication to the fund in the amount of \$0.01 per \$100 of the assessed tax levy.

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

**Note 14: CONTINGENCIES**

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

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

**Note 15: CONCENTRATIONS**

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

**Note 16: TAX ABATEMENTS**

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

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

For the year ended December 31, 2019, the Township received \$47,324.44 in payment in lieu of taxes; and the total property taxes abated amounted to \$72,521.81 under this program, including the following property tax abatement agreements for property improvements or new construction that each exceeded 10 percent of the total, which is the percentage the Township considers to be material for purposes of individual disclosure:

<u>Business Name</u>	<u>Purpose</u>	<u>Percent Abated</u>	<u>Amount Abated</u>
Washington Development Company	Self Storage Facility	40%	\$ 17,224.92
461 Route 168 LLC	Office Complex	60%	18,206.90
Turnersville Development Co.	Retail Stores	60%	30,334.43

**Long Term -** The Township is authorized to enter into long term property tax abatement agreements pursuant to the provisions of the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the “Redevelopment Law”). Under the Redevelopment Law, a municipality which has adopted a redevelopment plan may enter into a financial agreement with an urban renewal entity for the undertaking of a project as set forth in a redevelopment plan. At the Township Council meeting held on November 9, 2016, the Township Council adopted Ordinances 21-2016, 22-2016, 23-2016 and 24-2016 approving financial agreements for tax exemption for urban renewal projects with respect to a portion of the Washington Square Redevelopment Area located within the Township for 25 years. Under the terms of the agreements, the Township will exempt the taxes of certain urban renewal entities qualified to do business under the provisions of the Long Term Tax Exemption Law as amended as supplemented, N.J.S.A. 40A:20-1, et seq. (Long Term Tax Exemption Law). For the year ended December 31, 2019, the Township abated property taxes of approximately \$700,000.00. In return, the entities will pay the Township an annual service charge, plus a 2% administrative fee. The agreements further stipulate that the Township shall remit 5% of the net amount for any year to the County of Gloucester. In addition, on March 8, 2017, the Township Council adopted Ordinance 4-2017, approving an agreement with the Board of Education of the Township of Washington to provide with 44% of the annual service charge component net of the administrative fee and any portion of payment paid to the County of Gloucester.

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

**Long Term (Cont'd)** – For the year ended December 31, 2019, the Township received from the entities payments in lieu of taxes in the amount of \$271,979.00 and after distribution to the County of Gloucester and the Board of Education of the Township of Washington, recognized revenues in the amount of \$147,238.55.

**Note 17: 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>
<b>General Improvements</b>		
Various Capital Improvements and the Acquisition of Various Capital Equipment	06/24/20	\$ 4,033,035.00

**COVID-19** - In response to the COVID-19 outbreak in the United States, the Municipal Building closed to public from March 17, 2020 to June 21, 2020. While essential Township operations remained functioning, many events previously planned had been canceled or rescheduled. In addition, at a regular meeting of the Mayor and Council held on May 13, 2020, the Township adopted Resolution R92-2020, 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 a meeting of the Mayor and Council held on April 22, 2020, the Township adopted Resolution R87-2020, authoring the Tax Collector to prepare and mail estimated property tax bills for the third installment of 2020 taxes, as permitted by statutes. 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**



June \_\_, 2021

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

**RE: \$20,210,000 TOWNSHIP OF WASHINGTON, COUNTY OF  
GLOUCESTER, NEW JERSEY, GENERAL OBLIGATION BONDS,  
SERIES 2021**

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Ladies and Gentlemen:

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

The Bonds are authorized pursuant to and in accordance with: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Township Council and published in accordance with the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Township Council on May 12, 2021 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on June \_\_, 2021 ("Award Certificate").

The Bonds are dated their date of delivery, mature on May 15 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum in the table below, payable semi-annually on May 15 and November 15, commencing May 15, 2022, in each year until maturity or earlier redemption.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$1,230,000	%	2029	\$1,445,000	%
2023	1,365,000		2030	1,465,000	
2024	1,375,000		2031	1,485,000	
2025	1,390,000		2032	1,510,000	
2026	1,405,000		2033	1,535,000	
2027	1,420,000		2034	1,560,000	
2028	1,435,000		2035	1,590,000	



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

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

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

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

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

1. The Bonds are legal, valid and binding obligations of the Township enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

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

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

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



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

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

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

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

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



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

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

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

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

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

Very truly yours,



**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this \_\_\_th day of June, 2021 between the Township of Washington, County of Gloucester, New Jersey ("Township") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its General Obligation Bonds, Series 2021, in the principal amount of \$20,210,000 ("Bonds").

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

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

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

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

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

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

**"Dissemination Agent"** shall mean 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 bonds, including the Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

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

**"MSRB"** shall mean the Municipal Securities Rulemaking Board.

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

**"Official Statement"** shall mean the Official Statement of the Township, dated June \_\_\_, 2021, relating to the Bonds.

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

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

**SECTION 3. Provision of Annual Report.**

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

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

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

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

## **SECTION 5. Reporting of Significant Events.**

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

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

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

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

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

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

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

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

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

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

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

(i) If to the Township:

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

(ii) If to the Dissemination Agent:

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

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

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

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

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

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

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

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

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

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

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

**TOWNSHIP OF WASHINGTON, NEW JERSEY**

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

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

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



**EXHIBIT A**

**NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: Township of Washington, County of Gloucester, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2021

Date of Issuance of the Affected  
Bond Issue: June \_\_, 2021

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 June \_\_, 2021, 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 Washington, New Jersey