

This is a Preliminary Official Statement "deemed final" within the meaning of and with the exception of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Township will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

NEW ISSUE – Book-Entry-Only

RATING: Moody's: "Aa3"
(See "RATING" herein)

PRELIMINARY OFFICIAL STATEMENT DATED MAY 10, 2022

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 ("Code"), and will 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 is not included in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed.

\$5,604,000*
TOWNSHIP OF WESTAMPTON
County of Burlington, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2022
Consisting of:
\$5,170,000* General Improvement Bonds
\$434,000* Open Space Bonds
(Non-Callable)
(Bank Qualified)

Dated: Date of Delivery

Due: February 1, as shown on the inside front cover

The Township of Westampton, County of Burlington, New Jersey ("Township") is issuing \$5,604,000* aggregate principal amount of its General Obligation Bonds, Series 2022 ("Bonds"). The Bonds consist of: (i) \$5,170,000* aggregate principal amount of General Improvement Bonds; and (ii) \$434,000* aggregate principal amount of Open Space 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 in the offices of the Township, or its hereafter designated paying agent, if any. Interest on the Bonds is payable semi-annually on February 1 and August 1, commencing February 1, 2023, in each year until maturity. The Bonds are not subject to redemption prior to their stated maturity dates.

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 of 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 2-2014, 10-2016, 3-2017, 3-2018, 3-2019, 4-2020, 6-2021 and 3-2022, each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Committee on April 28, 2022; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May __, 2022.

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 yet issued; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment, at maturity, of certain bond anticipation notes heretofore 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, Robert N. Wright Jr., Esquire, of the law firm Malamut & Associates, LLC, Cherry Hill, New Jersey. NW Financial Group, LLC, Hoboken, 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 May __, 2022.

ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA PARITY UNTIL 11:00 A.M. ON MAY 17, 2022. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY VIEW THE NOTICE OF SALE POSTED AT WWW.GOVDEBT.NET.

* Preliminary, subject to change.

MATURITY SCHEDULE

\$5,604,000*
TOWNSHIP OF WESTAMPTON
County of Burlington, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2022
Consisting of:
\$5,170,000* General Improvement Bonds
\$434,000* Open Space Bonds
(Non-Callable)

<u>Year</u>	<u>General Improvement Bonds*</u>	<u>Open Space Bonds*</u>	<u>Total Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2023	\$350,000	\$40,000	\$390,000	%	%	
2024	375,000	45,000	420,000			
2025	580,000	45,000	625,000			
2026	595,000	45,000	640,000			
2027	615,000	50,000	665,000			
2028	635,000	50,000	685,000			
2029	655,000	50,000	705,000			
2030	670,000	55,000	725,000			
2031	695,000	54,000	749,000			

* Preliminary, subject to change.

** 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 Markets Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Bonds only at the time of issuance of the Bonds and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity of the Bonds is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**TOWNSHIP OF WESTAMPTON
COUNTY OF BURLINGTON, NEW JERSEY**

ELECTED OFFICIALS

Sandy Henley	Mayor
Odise Carr	Committee Member
Anthony DeSilva	Committee Member
Jaime Mungo	Committee Member
Nancy Burkley	Committee Member

CHIEF FINANCIAL OFFICER

Robert L. Hudnell

ADMINISTRATOR/ACTING TOWNSHIP CLERK

Wendy Gibson

SOLICITOR

Robert N. Wright Jr., Esq.
Malamut & Associates, LLC
Cherry Hill, New Jersey

AUDITOR

Bowman & Company LLP
Voorhees, New Jersey

BOND COUNSEL

Parker McCay P.A.
Mount Laurel, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Hoboken, New Jersey

The information which is set forth herein has been provided by the Township of Westampton, County of Burlington, New Jersey ("Township"), The Depository Trust Company 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 shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. 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 UNDERWRITERS 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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OFFICIAL STATEMENT

\$5,604,000*
TOWNSHIP OF WESTAMPTON
County of Burlington, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2022
Consisting of:
\$5,170,000* General Improvement Bonds
\$434,000* Open Space Bonds
(Non-Callable)

INTRODUCTION

This Official Statement, including the cover page and Appendices attached hereto, is to provide certain information relating to the issuance by the Township of Westampton, County of Burlington, New Jersey ("Township") of its \$5,604,000* aggregate principal amount of its General Obligation Bonds, Series 2022 ("Bonds"). The Bonds consist of: (i) \$5,170,000* aggregate principal amount of General Improvement Bonds; and (ii) \$434,000* aggregate principal amount of Open Space 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 ("State"), as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2-2014, 10-2016, 3-2017, 3-2018, 3-2019, 4-2020, 6-2021, and 3-2022 (collectively, the " Bond Ordinances"), each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Committee on April 28, 2022; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May __, 2022.

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 yet issued, all as more particularly described in the table below; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment, at maturity, of certain bond anticipation notes heretofore issued by the Township, all as more particularly described in the table below; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

* Preliminary, subject to change.

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

General Improvement Bonds

Bond Ordinance	Purpose/ Improvement	Amount Authorized	Notes Outstanding	Bonds to be Issued
10-2016	Acquisition of Various Capital Equipment Improvements and Completion of Various Improvements	\$380,000	\$196,817	\$196,817
3-2017	Acquisition of Various Capital Equipment Improvements and Completion of Various Improvements	441,750	332,750	332,750
3-2018	Acquisition of Various Capital Equipment Improvements and Completion of Various Improvements	751,999	751,999	751,999
3-2019	Acquisition of Various Capital Equipment Improvements and Completion of Various Improvements	1,452,550	1,452,550	1,452,550
4-2020	Acquisition of Various Capital Equipment Improvements and Completion of Various Improvements	237,025	237,025	237,025
6-2021	Acquisition of Various Capital Equipment Improvements and Completion of Various Improvements	1,005,590	0	1,005,590
3-2022	Acquisition of Various Capital Equipment Improvements and Completion of Various Improvements	1,193,340	0	1,193,269
TOTAL		\$5,462,254	\$2,971,141	\$5,170,000

Open Space Bonds

Bond Ordinance	Purpose/ Improvement	Amount Authorized	Notes Outstanding	Bonds to be Issued
2-2014	Recreational Improvements	\$1,330,000	\$434,514	\$434,000
TOTAL		\$1,330,000	\$434,514	\$434,000

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DESCRIPTION OF THE BONDS

General

The Bonds will be issued in the aggregate principal amounts and mature on the dates as shown on the inside front cover hereof. 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 February 1 and August 1 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing February 1, 2023, in each year until maturity.

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 mature on February 1 in the years and in the principal amounts, all as shown on the inside front cover page of this Official Statement.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the Township, 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, or its hereafter designated paying agent, if any, as of the close of business on the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date (each a "Record Date").

So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the 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.

Redemption Provisions

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

Book-Entry-Only System¹

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as each 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.

¹ 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.

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 its hereafter designated paying agent, if any, as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds 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. 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 Underwriters (as hereinafter defined) take any responsibility for the accuracy thereof.

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, 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 information concerning the Township, including economic, financial, demographic and other relevant data, is set forth in Appendix "A" to this Official Statement. Copies of the complete reports of audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

INDEPENDENT AUDITORS

An excerpt of the Unaudited Financial Statements for the year ending December 31, 2021 and an excerpt of the Report of Audit of Financial Statements for the years ending December 31, 2020, 2019, 2018, 2017 and 2016 is included in Appendix "B" to this Official Statement. The audited financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

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

Local Bond Law

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

Debt Limits - The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.50%) of its equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the 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 State 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 and refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds.

Local Fiscal Affairs Law

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the 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, 2020 is on file with the Township Clerk and is available for review during business hours.

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

Local Budget Law

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

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

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

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

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor 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%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 *et seq.*), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, *N.J.S.A.* 40A:4-45-46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

In response to the outbreak of the Coronavirus (as defined and described under the heading "CERTAIN RISK FACTORS – Recent Healthcare Developments" below), the State 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:

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

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 in 2010, effective for the 2011 tax year.

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

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

Tax Appeals

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the State 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.

CERTAIN RISK FACTORS

Recent Healthcare Developments

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus" or "COVID-19"), 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").

In response, the President declared a national emergency on March 13, 2020. Additionally, on March 9, 2020, the Governor issued Executive Order 103, pursuant which the Governor declared a State of Emergency and a Public Health Emergency, thereby allowing State agencies and departments to utilize State resources to assist affected communities in response to the COVID-19 outbreak. Other Executive Orders (some of which have since been modified or rescinded), limited various activities and undertook measures in an attempt to slow the spread of COVID-19 throughout the State. Quarantine and other "social distancing" measures undertaken by government agencies, businesses, schools and other entities in response to the COVID-19 outbreak altered behavior and have affected commerce in a manner that has negatively affected global, national and local economies.

On January 11, 2022, the Governor reinstated the Public Health Emergency declaration through Executive Order while also retaining and extending certain limited Executive Orders related to public health and safety. On February 10, 2022, the Governor signed Executive Order 288 extending the Public Health Emergency declared on January 11, 2022; however, the Public Health Emergency was terminated on March 7, 2022 via Executive Order 292, while the existing State of Emergency remains in effect.

In an effort to provide relief to entities impacted by the COVID-19 pandemic, the American Rescue Plan Act of 2021, H.R. 1319 ("Plan") was signed into law by President Biden on March 12, 2021 and provides \$1.9 trillion in financial assistance to businesses, individuals and governmental entities. In particular, the Plan includes various forms of financial relief, including up to a \$1,400 increase in direct stimulus payments to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan also provides funding for state and local governments to recoup and offset costs related to COVID-19 and to encourage and re-establish economic development and certain infrastructure improvements.

Pursuant to the funding methodology under the Plan, the Township is expected to receive approximately \$905,278.33 in funding ("Plan Funds"), all of which must be expended by December 31, 2024. Such funds are expected to be received in two (2) equal payments; one (1) to be received within 60 days of enactment of the Plan, and the balance to be received no earlier than 12 months from the initial payment. Pursuant to the Plan (codified as Section 603(c) of the Social Security Act (42 U.S.C. 603(c)), Plan Funds may be utilized to: (i) respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (ii) respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Township that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (iii) provide government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Township prior to the emergency; and (iv)

make necessary investments in water, sewer or broadband infrastructure. Plan Funds may not, however, be utilized for debt service, legal settlements or judgments or financial reserves.

While the effects of COVID-19 have abated significantly in the State, the Township cannot predict, and does not predict, the duration, severity or ultimate impact of COVID-19 upon global, State-wide and local economies and operations, including that of the Township.

Moreover, 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 operational and responsive to public needs.

Cyber Security

The Township relies on a 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. In addition, the Township maintains certain insurance coverage for cyberattacks and related events.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, bond counsel ("Bond Counsel") to the Township, 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 (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 may 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 its opinion, Bond Counsel has relied on the Township's covenants contained in the Bond Ordinances and in the Certificate as to Non-Arbitrage and Other Tax Matters, 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. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Bonds that may 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, controlled foreign corporations, property and casualty insurance companies, 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 the household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

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

Owners of the Bonds should consult their own tax advisors 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 State 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 legislature that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value or marketability of the Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, such proposals would apply to obligations 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 or marketability 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, Robert N. Wright Jr., Esq., of the law firm Malamut & Associates, LLC, Cherry Hill, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending or threatened that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

RATING

Moody's Investors Service, Inc. ("Moody's"), has assigned a rating of "Aa3" to the Bonds.

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

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.

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

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

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

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by _____, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated May __, 2022. The Underwriter has purchased the Bonds in accordance with the Notices 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.

NO DEFAULT

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

MUNICIPAL ADVISOR

NW Financial Group, LLC, Hoboken, 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 the Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Township has undertaken to file notice of certain enumerated events, pursuant to a Continuing Disclosure Agreement for the Bonds in the form attached as Appendix "D" to this Official Statement.

The Township has entered into prior undertakings to provide continuing disclosure for certain outstanding bond issues pursuant to the Rule by providing required information electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website. The Township has timely filed all such required annual financial information and notices.

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 opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or

guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Township of Westampton, Robert Hudnell, Chief Financial Officer, telephone number (609) 267-1891, or NW Financial Group, LLC, Doug Bacher, telephone number (856) 448-2668.

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 WESTAMPTON, NEW JERSEY

By: _____
ROBERT HUDNELL,
Chief Financial Officer

Dated: May __, 2022

APPENDIX A

CERTAIN INFORMATION REGARDING THE TOWNSHIP

GENERAL INFORMATION ON THE TOWNSHIP

History

The Township was organized from the Township of Northampton by an Act of Assembly dated March 6, 1850. It received its name as the "western" portion of Northampton. In 1854 a part was added from Pemberton Township and in 1880 Eastampton Township was formed from Westampton. In 1956 the Township was completed with Willingboro Township giving the balance of Rancocas Village to Westampton Township.

The area of the Township today is 12 square miles with the Rancocas Creek forming a natural southern border. The Township is bounded on the west by Willingboro Township, on the north by Burlington Township and Springfield Township, and on the east by Eastampton and Mount Holly Townships.

The first inhabitants were the Lenni-Lenape or Delaware Indians. The first Quaker settlers arrived in Burlington County in 1677, some settling on the meadow bank of the Rancocas Creek.

Timbuctoo, a small hamlet on the Rancocas Creek, was founded by non-slaves and freed blacks in 1825, and is believed to have been a stop on the underground railroad. Some of the current residents still living in the area are descendants of the original settlers. Tinkertown was another small settlement that existed where the Route 541 bus terminal is now located.

Peachfield Plantation on Burrs Road is a pre-Revolutionary War historic site. Peachfield was originally built in 1725. It was the ancestral home of the Burr family. John Woolman, a grandson of Henry Burr, was a noted educator and abolitionist.

Today, the Township, with over 8,800 residents, is a thriving community with prime commercial acreage, a wide choice of residential communities, the Rancocas State Park which houses the Rankokus Indian Reservation and the Nature Center, and two country clubs with 18-hole championship golf courses. Our children attend two modern schools through eighth grade and a regional high school.

A County complex is located on Woodlane Road which includes a modern public library, public health and safety center, human services center, the Burlington County Institute of Technology and the Burlington County Special Services School District.

Form of Government

The Township is governed by a Committee form of government. The governing body consists of five members elected at large for staggered terms. The Committee collectively exercises all legislative and executive functions of the municipality and establishes various subcommittees to supervise different functional areas of the Township's government. The Mayor is elected by the Committee and is chosen from one of the members of the Committee. The Township has retained a Clerk/Administrator to manage the day-to-day operations of the Township, as well as a certified financial officer to oversee the financial operations of the Township.

Police

The Township has a paid full-time Police Department ("Department") consisting of a Chief, four Sergeants, three Detective-Sergeants, 12 Patrolmen and two Class II officers. The Department is linked to the Burlington County Central Communication System on a 24-hour basis.

Fire Protection

Fire protection is provided by a combination paid and volunteer EMS Department. It consists of 20 full time paid EMT/Fire Fighters and 26 per diem EMT/Fire Fighters. The township is covered 24/7 with paid personnel. Volunteers answer additional calls and assist with Fire calls.

Public Works

The Department of Public Works is headed by a Public Works Director, nine full time equipment operators and two part time laborers who are responsible for leaf collection, snow removal and maintenance of street signs. The Township contracts with an independent contractor for weekly trash collection. The Township participates in a recycling program to provide its residents with containers for recyclables.

Recreation

The Township offers a variety of recreational programs and facilities to its residents. These programs are offered each season of the year and are organized by the Recreation Department located in the municipal building. A newly constructed 34-acre Recreation Sports Complex consists of 4 Baseball/Softball fields, 2 Artificial Turf Fields, a Football Field and a small practice field. There is a Concession stand and two parking lots for 300 cars. The Township also maintains tennis courts, ballfields, a roller hockey court, playgrounds, parks and picnic areas in various township housing developments. Other programs offered by the township include a Before School Care Program and After School Care program held at the Holly Hills School, and a Summer Camp program held for sports and arts and crafts during the summer at both Township Schools.

Library

The Township is part of the Burlington County Library System which is located in the Township. The library system offers a full range of services to the residents of the Township including mail service, summer reading programs and book discussion groups, among other such services. The library offers a meeting room for outside groups, videos, CD's, film, art prints and magazines.

Water and Sewer Services

The Township has long-term executed agreements with the Mount Holly Municipal Utilities Authority and The Willingboro Municipal Utilities Authority to provide water and sewer treatment services for the entire Township.

Township Employees

	<u>2021</u>	<u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>2018</u>	<u>2017</u>
Permanent	65	63	63	63	65
Part-time	<u>38</u>	<u>40</u>	<u>40</u>	<u>60</u>	<u>63</u>
Total	<u>103</u>	<u>103</u>	<u>103</u>	<u>123</u>	<u>128</u>

The township also employs approximately 25 seasonal recreation employees.

Employee Collective Bargaining Units

The Township has three collective bargaining units. An agreement with the Westampton Township Police Officer's Association consisting of 6 superior officers whose contract expired on December 31, 2020, and 16 patrol officers whose contract expires on December 31, 2021. The agreement with the AFSCME, consisting of 21 employees, expired on December 31, 2020. The agreement with the Professional Firefighters Assoc., consisting of 20 employees, expires on December 31, 2022.

Compensated Absences

Full-time employees are entitled to fifteen paid days of sick leave each year. Unused sick leave may be accumulated from year to year, or an employee may choose to be reimbursed at one half pay at the end of each year for any unused sick leave from the current year. Vacation days not used during the year may not be accumulated or carried forward. (For additional information regarding compensated absences, see Appendix B: Audited Financial Statements, Note 9).

Pension Plans

Those Township employees who are eligible for pension coverage are enrolled in one of three pension systems established by Acts of the State Legislature. Currently, Township employees are either enrolled in the Police and Firemen's Retirement System, the Public Employees' Retirement System, or the Defined Contribution Retirement Program. Benefit contributions, means of funding and the manner of administration are determined by the State of New Jersey. (For additional information on pension plans, see Appendix B: Audited Financial Statements of the Township, Note 7.)

Township Population(1)

2020 Federal Census	9,121
2010 Federal Census	8,813
2000 Federal Census	7,217
1990 Federal Census	6,004
1980 Federal Census	3,383

Selected Census 2020 Data for the Township (1)

Median household income	\$109,818
Per capita income	\$50,870

Township Labor Force (2)

The following table discloses annual average labor force data for the Township.

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township					
Labor Force	4,886	4,938	4,861	5,026	4,961
Employed	4,528	4,788	4,702	4,834	4,753
Unemployed	358	150	159	192	208
Unemployment Rate	7.3%	3.0%	3.3%	3.8%	4.2%

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

(2) Source: New Jersey Department of Labor

Township Labor Force (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
County					
Labor Force	230,784	230,589	227,445	234,179	233,042
Employment	211,788	223,049	218,877	224,582	222,708
Unemployment	18,996	7,540	8,568	9,597	10,334
Unemployment Rate	8.2%	3.3%	3.8%	4.1%	4.4%
State					
Labor Force	4,495,200	4,493,100	4,422,900	4,518,800	4,555,300
Employment	4,055,300	4,333,300	4,239,600	4,309,700	4,121,500
Unemployment	439,900	159,800	183,400	209,100	433,900
Unemployment Rate	9.8%	3.6%	4.1%	4.6%	9.5%

Building, Zoning and Development Codes

The Township has established and developed 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 the 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 adopted the Municipal Land Use Law in 1977 and made revisions to that law in 1997. The Municipal Land Use Law gave the Township Zoning Board of Adjustment and Planning Board authority to regulate most land uses other than family residential use. The law permits the Township to guide the approximate use or development of land to promote the public's health, safety, morals or general welfare.

In accordance with the State's Municipal Land Use Law, the Township adopted a municipal master plan in 1979 and has updated the plan as required by law every five years.

The Township is bisected by two major highway arteries that run north and south through the State: the New Jersey Turnpike and U.S. Highway Route 295. Both highways have ingress and egress ramps in the Township and these roadways provide a strong potential for commercial, industrial and office/research development. Approximately 35% of the Township's land is zoned commercial, industrial and office/research.

The Township is primarily a suburban community with several large and small residential tracts located throughout the Township. Approximately 55% of the Township's land is zoned for residential use. This type of real property experienced a dramatic growth during the 1980's. On the far eastern portion of the Township, a developer has constructed a privately owned golf course on 500 acres with approximately 600 housing units scattered in and around the golf course.

Land not devoted for commercial/industrial use or residential use has been designated as publicly owned by either the Township or the County of Burlington.

(1) Source: New Jersey Department of Labor

**LARGEST PRIVATE EMPLOYERS -
BURLINGTON COUNTY(1)**

Virtua Memorial Hospital	5,473
TD Bank	5,000
Lockheed Martin	3,943
Burlington Stores (Coat Factory)	3,018
Freedom Mortgage	1,590
CVS Corporation	1,575
Amazon Florence	1,500
Automotive Resources International (ARI)	1,277
Deborah Heart and Lung Center	1,195
Viking Yacht Co. Corp.	1,113
Wawa	1,100
B&H Photo	1,100

Building Permits Issued(2)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2022(3)	122	\$3,010,547
2021	471	18,235,946
2020	384	18,979,675
2019	423	9,919,826
2018	413	1,852,892
2017	549	13,576,829

GENERAL INFORMATION ON THE SCHOOL DISTRICT (4)

The public school system is operated as a Type II school district. It functions independently through the nine-member Board, elected by the voters in alternate three-year terms. The annual operating budget is prepared by the Board and is submitted to the voters for approval.

The Board operates a K -8 district with students housed in two elementary schools.

Students in grades 9-12 attend Rancocas Valley Regional High School District. The constituent municipalities from the Townships of Eastampton, Mount Holly, Hainesport and Lumberton also attend Rancocas Valley Regional High School District.

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- (1) Source: Burlington County Bridge Commission Department of Economic Development and Regional Planning – 2019
 - (2) Source: Township Construction Official
 - (3) As of March 15, 2022
 - (4) Source: School District officials

**TOWNSHIP OF WESTAMPTON SCHOOL DISTRICT
SCHOOL ENROLLMENTS(1)**

<u>Grade</u>	<u>2021</u>	<u>2020</u>	<u>October 15, 2019</u>	<u>2018</u>	<u>2017</u>
PRE-K	31	26	41	41	37
K	89	92	94	109	97
1	94	83	118	99	110
2	80	118	99	117	93
3	109	90	123	102	98
4	86	118	104	101	108
5	107	107	103	109	113
6	112	102	109	118	109
7	107	116	124	104	106
8	111	126	109	108	112
Special Education (Out of District)	<u>13</u>	<u>11</u>	<u>13</u>	<u>10</u>	<u>14</u>
Totals	<u>939</u>	<u>989</u>	<u>1,037</u>	<u>1,018</u>	<u>997</u>

PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY(1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Last Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment Oct. 15, 2021</u>	<u>Functional Capacity</u>
Holly Hills Westampton Twp. Middle School	1967	1988	K-3	404	552
	1955	1995	5-8	<u>522</u>	<u>486</u>
Totals				<u>926</u>	<u>1,038</u>

**RANOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
ENROLLMENTS(1)(2)**

<u>Grade</u>	<u>2021</u>	<u>2020</u>	<u>October 15, 2019</u>	<u>2018</u>	<u>2017</u>
9	128	126	109	111	125
10	111	92	101	110	118
11	96	102	108	110	112
12	200	114	217	222	208
Special Education	<u>89</u>	<u>75</u>	<u>94</u>	<u>92</u>	<u>91</u>
Totals	<u>624</u>	<u>509</u>	<u>629</u>	<u>645</u>	<u>654</u>

(1) Source: School District officials

(2) Westampton Township students only.

HIGHER EDUCATION FACILITIES

Rowan College at Burlington County (Formerly Burlington County College)

Rowan College at Burlington County (RCBC) is a comprehensive, publicly-supported, two-year institution developed by the county and the state and accredited by the Middle States Commission on Higher Education. The college, originally named Burlington County College, was founded in October 1965 and opened in September 1969.

In June 2015, the Rowan University Board of Trustees approved a resolution to partner with the college allowing students to obtain a bachelor's degree from Rowan University at the community college. The unique partnership provides students the opportunity to seamlessly transition from the community college to the university. RCBC was the first community college in the region to offer junior-level courses as part of the 3+1 program in which students complete 75 percent of a Rowan University degree with the community college before completing their senior year at the university.

In 2015, RCBC began a transition from its original Pemberton Campus to the more accessible and modern Mount Laurel Campus to serve students more efficiently and effectively. The 100-acre Mount Laurel campus is located at the intersection of Route 38 and I-295. The \$55 million transition included a new Student Success Center and renovation of 240,000 square feet.

RCBC's fall 2021 enrollment in academic courses was 6,315 students. In addition, the college serves thousands of students each semester through youth programs, senior programs, workforce development, and community events.

The RCBC Board of Trustees governs the college and certain fiscal matters are subject to review by the Board of School Estimate. The Burlington County Board of County Commissioners sponsors the college, appointing nine of the twelve trustees. The college is not permitted to borrow for capital expenditures. Instead, the Board of Trustees and the Board of School Estimate certify the need for funding to the Board of County Commissioners, which either currently appropriates the amount certified or authorizes the issuance of county debt, generally in accordance with the provisions of the Local Bond Law except that no down payment is required.

Burlington County Institute of Technology

The Burlington County Institute of Technology ("B.C.I.T.") was created by the County Board of Chosen Freeholders in 1962 after a favorable referendum. B.C.I.T. is a vocational high school serving grades 9 through 12 which also provides all required academic training. In addition to the high school program, the B.C.I.T. operates an extensive adult post-secondary program. The thrust at B.C.I.T. is to make students academically and vocationally ready for employment and continuing education into the 21st century.

The current enrollment for the two campuses in Westampton and Medford is 2,016 students.

Burlington County Special Services School District

The Burlington County Special Services School District ("B.C.S.S.S.D.") was created by the Burlington County Board of Chosen Freeholders in June, 1972. The B.C.S.S.S.D. is comprised of state of the art facilities located in the Townships of Westampton, Lumberton and Medford and programs are provided for (1) the orthopedically handicapped, the multiple handicapped, and the autistic; (2) elementary school students with severe emotional and social

CERTAIN TAX INFORMATION

TEN LARGEST TAXPAYERS (1)

The ten largest commercial taxpayers in the Township and their 2022 assessed valuation are listed below:

<u>Name of Taxpayer</u>	<u>2022 Assessed Valuation</u>
Ikea Property, Inc.	\$36,250,000
Rowan Technologies, Inc.	17,702,800
BRE Jupiter Owner W/NE/MW3, LLC	17,293,300
The Dolan Group VIII, LLC	15,933,000
CIFI I-NJ2B01 LC	13,606,700
VASP Hospitality, LLC	12,500,000
Dawson Logistics Assets, LLC %Ryan	11,886,400
Home Depot USA %Prop Tax Dept 0939	10,841,700
Virtua Mem Hospital Burl. County E Varga	10,828,100
UHS of Hampton, Inc Paradigm Tax GR	10,779,500

CURRENT TAX COLLECTIONS (2)

<u>Year</u>	<u>Tax Levy</u>	<u>Current Collection</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2021 (3)	\$29,282,724	\$29,022,126	99.11%	\$213,026	0.73%
2020	29,428,328	29,152,019	99.06%	238,211	0.81%
2019	28,423,989	27,969,528	98.40%	365,764	1.29%
2018	27,717,500	27,445,966	99.02%	212,051	0.77%
2017	27,076,675	26,487,476	98.37%	408,069	1.48%

(1) Source: Township Tax Assessor

(2) Source: Township Reports of Audit, unless otherwise noted

(3) Information from Annual Compiled Financial Statement

DELINQUENT TAXES (1)

<u>Year</u>	<u>Outstanding</u>	<u>Added</u>	<u>Collected</u>		<u>Transfer</u>	<u>Other</u>	<u>Outstanding</u>
	<u>Jan. 1</u>		<u>Amount</u>	<u>Percentage</u>			
2021 (2)	\$242,912	\$6,784	\$243,163	97.38%	\$581	\$1,993	\$3,959
2020	376,036	1,266	372,399	98.70%	200	2	4,701
2019	217,316	18,393	221,072	93.79%	-	4,365	10,271
2018	414,555	1,521	395,455	95.04%	8,900	6,457	5,264
2017	216,855	-	194,374	89.63%	-	15,995	6,486

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance</u>	<u>Added by</u>			<u>Other</u>	<u>Balance</u>
		<u>Jan. 1</u>	<u>Sale & Transfers</u>	<u>Collections & Transfers</u>		
2021 (2)	\$ 127,489	\$18,491	\$19,280	-	\$126,699	
2020	109,457	18,637	605	-	127,489	
2019	97,940	20,760	9,244	-	109,457	
2018	64,264	33,676	-	-	97,940	
2017	53,373	13,015	2,124	-	64,264	

FORECLOSED PROPERTY (1)(3)

<u>Year</u>	<u>Balance</u>	<u>Property</u>			<u>Balance</u>
		<u>Jan. 1</u>	<u>Dedicated</u>	<u>Adjustment</u>	
		<u>to</u>	<u>to Assessed</u>		
		<u>Township</u>	<u>Valuation</u>		
		<u>Use</u>	<u>Canceled</u>		
2021 (2)	\$1,306,500	-	-	-	\$1,306,500
2020	1,306,500	-	-	-	1,306,500
2019	1,306,500	-	-	-	1,306,500
2018	1,306,500	-	-	-	1,306,500
2017	1,306,500	-	-	-	1,306,500

(1) Source: Township Reports of Audit, unless otherwise noted

(2) Information from Annual Compiled Financial Statement

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

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate (2)</u>					
		<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Regional High School</u>	<u>Municipal Open Space</u>	<u>Municipal</u>
2022	\$1,191,018,384	N/A	N/A	N/A	N/A	N/A	N/A
2021	1,179,299,600	\$2.473	\$0.415	\$0.944	\$0.411	\$0.040	\$0.663
2020	1,165,760,468	2.463	0.415	0.939	0.422	0.040	0.647
2019	1,162,222,228	2.413	0.416	0.925	0.410	0.040	0.622
2018	1,153,164,763	2.382	0.416	0.887	0.427	0.040	0.612

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value Per Capita</u>
2022	\$1,189,207,000	94.00%	\$1,265,113,830	\$138,703 (4)
2021	1,177,466,600	94.00%	1,252,624,043	137,334 (4)
2020	1,163,933,430	94.80%	1,227,777,880	134,610 (4)
2019	1,160,386,400	94.92%	1,222,488,833	138,714 (5)
2018	1,151,354,000	96.29%	1,195,715,028	135,676 (5)

REAL PROPERTY CLASSIFICATION (6)

<u>Year</u>	<u>Assessed Value of Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Farm</u>
2022	\$1,189,207,000	\$25,557,400	\$768,105,500	\$187,649,000	\$202,494,800	\$5,400,300
2021	1,177,466,600	23,978,400	760,079,200	183,086,900	201,703,900	8,618,200
2020	1,163,933,430	12,531,400	760,335,830	181,459,900	201,703,900	7,902,400
2019	1,160,386,400	14,744,600	761,100,400	184,738,400	194,253,300	5,549,700
2018	1,151,354,000	12,820,000	763,253,000	185,055,200	184,676,100	5,549,700

(1) Source: Township Tax Collector

(2) Per \$100 of assessed valuation

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

(4) Based on Federal Census 2020 of 9,121

(5) Based on Federal Census 2010 of 8,813

(6) Source: Township Tax Assessor

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

The following table summarizes the direct debt of the Township in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, debt of the Local School District and the Regional School District. Deductions from gross debt to arrive at net debt include deductible school debt and open space debt. The resulting net debt of \$5,562,226 represents .45% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by *N.J.S.A. 40A:2-6*.

	Debt Issued		Authorized But Not Issued	Gross Debt	Deductions		Net Debt
	<u>Bonds</u>	<u>Notes</u>			<u>School Debt</u>	<u>Open Space Debt</u>	
General	\$ 1,585,000	\$ 3,405,655	\$ 1,006,085	\$ 5,996,740		\$ 434,514	\$ 5,562,226
School - Regional		7,868,856		7,868,856	\$ 7,868,856		
School - Local		23,648,607		23,648,607	23,648,607		
	<u>\$ 33,102,463</u>	<u>\$ 3,405,655</u>	<u>\$ 1,006,085</u>	<u>\$ 37,514,204</u>	<u>\$ 31,517,463</u>	<u>\$ 434,514</u>	<u>\$ 5,562,226</u>

(1) As of December 31, 2021

Source: Annual Debt Statement

DEBT RATIOS AND VALUATIONS (1)

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad for 2019, 2020 and 2021	\$ 1,234,296,919
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2019, 2020 and 2021	0.45%
2021 Net Valuation Taxable	\$ 1,179,299,600
2021 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 1,254,457,043
Gross Debt (2):	
As a percentage of 2021 Net Valuation Taxable	3.18%
As a percentage of 2021 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.99%
Net Debt (2):	
As a percentage of 2021 Net Valuation Taxable	0.47%
As a percentage of 2021 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.44%
Gross Debt Per Capita (3)	\$ 4,113
Net Debt Per Capita (3)	\$ 610

TOWNSHIP BORROWING CAPACITY (1)

3.5% of Averaged (2019-2021) Equalized Valuation of Real Property including Improvements (\$1,234,296,919)	\$ 43,200,392
Net Debt	<u>5,562,226</u>
Remaining Borrowing Capacity	<u><u>\$ 37,638,166</u></u>

LOCAL SCHOOL DISTRICT BORROWING CAPACITY (1)

3% of Averaged (2019-2021) Equalized Valuation of Real Property including Improvements (\$1,234,296,919)	\$ 37,028,908
School Debt	<u>23,648,607</u>
Remaining Borrowing Capacity	<u><u>\$ 13,380,301</u></u>

REGIONAL HIGH SCHOOL DISTRICT BORROWING CAPACITY (1)

3% of Averaged (2019-2021) Equalized Valuation of Real Property including Improvements (\$4,603,103,358)	\$ 138,093,101
Net Debt (4)	<u>30,050,000</u>
Remaining Borrowing Capacity	<u><u>\$ 108,043,101</u></u>

(1) As of December 31, 2021

(2) Excluding overlapping debt

(3) Based on 2020 Federal Census of 9,121

(4) Debt portion allocated to the Township \$7,868,856

**TOWNSHIP OF WESTAMPTON
OVERLAPPING DEBT
AS OF DECEMBER 31, 2021**

	DEBT ISSUED				Debt Auth. but not Issued
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	
County of Burlington:					
General					
Bonds	\$ 176,500,000	\$ 17,903,104 (1)	\$ 158,596,896	\$ 3,949,063 (2)	
Notes					\$ 18,039,210
Loans	6,288,055		6,288,055	156,573 (2)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	390,398,600	390,398,600 (3)			
Solid Waste Utility	31,875,000	31,875,000			10,304,193
	<u>\$ 605,061,655</u>	<u>\$ 440,176,704</u>	<u>\$ 164,884,951</u>	<u>\$ 4,105,635</u>	<u>\$ 28,343,403</u>

- (1) Includes cash on hand, accounts receivable and County College Bonds paid with State Aid.
(2) Such debt is allocated as a proportion of the Issuer's share of the total 2021 Net Valuations on which County taxes are apportioned, which is 2.49% .
(3) Deductible in accordance with N.J.S. 40:37A-80.

**TOWNSHIP OF WESTAMPTON
SCHEDULE OF OUTSTANDING DEBT SERVICE
BONDED DEBT ONLY**

<u>Year</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 515,000	\$ 126,571	\$ 641,571
2023	530,000	75,119	605,119
2024	<u>540,000</u>	<u>66,894</u>	<u>606,894</u>
	<u>\$ 1,585,000</u>	<u>\$ 268,584</u>	<u>\$ 1,853,584</u>

**TOWNSHIP OF WESTAMPTON
2022 MUNICIPAL BUDGET (1)**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 1,685,000
Miscellaneous Revenues:	
Local Revenues	766,500
State Aid without Offsetting Appropriations	653,387
Dedicated Uniform Construction Code Fees	239,250
Shared Service Agreements	300,603
Public and Private Programs Offset with Appropriations	37,686
Other Special Items of Revenue	842,000
Receipts from Delinquent Taxes	200,000
Amount to be Raised by Taxation for Municipal Purposes	<u>8,138,992</u>
Total Appropriated Revenues	<u><u>\$ 12,863,418</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 9,450,139
Deferred Charges and Statutory Expenditures	1,758,665
Excluded from CAPS:	
Other Operations	96,000
Shared Service Agreements	335,603
Public and Private Programs	40,086
Capital Improvements	76,500
Debt Service	580,100
Deferred Charges	41,000
Reserve for Uncollected Taxes	<u>485,325</u>
Total Appropriations	<u><u>\$ 12,863,418</u></u>

TOWNSHIP OF WESTAMPTON
CAPITAL PROGRAM (1)
PROJECTS SCHEDULED FOR THE YEARS 2022 - 2024

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Bonds and Notes General</u>
Police:			
Interceptor Utility with Camera System	\$ 129,300	\$ 6,465	\$ 122,835
Livescan Fingerprint Machine	24,050	1,205	22,845
Public Works:			
Compressor	18,000	900	17,100
Sweeper	110,000	5,500	104,500
Municipal Building Flooring	30,000	1,500	28,500
Dump Truck	200,000	10,000	190,000
Pickup Truck	100,000	5,000	95,000
Pickup Truck	100,000	5,000	95,000
PW Facilities Improvements	150,000	7,500	142,500
Zero Turn Mower	22,000	1,100	20,900
Emergency Services:			
Fire Equip Purchase	35,000	1,750	33,250
EMS Supplies & Equip.	5,000	250	4,750
Radio Maintenance	2,500	125	2,375
New Ambulance	300,000	15,000	285,000
PPE Gear	100,000	5,000	95,000
Fire & EMS Equipment	45,000	2,250	42,750
Road Construction Projects:			
Roads Program	2,358,000	117,900	2,240,100
	<u>\$ 3,728,850</u>	<u>\$ 186,445</u>	<u>\$ 3,542,405</u>

APPENDIX B

**COMPILED AND AUDITED FINANCIAL STATEMENTS
OF THE TOWNSHIP OF WESTAMPTON**

FOR THE YEAR ENDED 2021
COMPILED FINANCIAL STATEMENTS



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Westampton
Westampton, New Jersey 08060

Management is responsible for the accompanying financial statements of the Township of Westampton, in the County of Burlington, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2021 and the related statements of operations and changes in fund balances-- regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

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

Respectfully submitted,

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

/s/ Todd R. Saler
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
February 12, 2022

TOWNSHIP OF WESTAMPTON

CURRENT FUND

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

As of December 31, 2021

ASSETS

Regular Fund:

Cash--Treasurer	\$	3,822,854
Cash--Change Funds		950
Due from State of New Jersey-- Senior Citizen & Veteran Deductions		<u>13,168</u>
		<u>3,836,972</u>

Receivables and Other Assets with Full Reserves:

Tax Title Liens Receivable		126,699
Delinquent Property Taxes Receivable		216,984
Property Acquired for Taxes		<u>1,306,500</u>
		<u>1,650,183</u>

Deferred Charges:

Emergency Authorizations		<u>41,000</u>
		<u>41,000</u>
		<u>5,528,155</u>

Federal and State Grant Fund:

Cash--Treasurer		534,079
Due from Trust Other Fund		<u>10,505</u>
		<u>544,584</u>
	\$	<u><u>6,072,739</u></u>

TOWNSHIP OF WESTAMPTON

CURRENT FUND

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

As of December 31, 2021

LIABILITIES, RESERVES

AND FUND BALANCE

Regular Fund:

Liabilities:

Appropriation Reserves	\$	634,201
Reserve for Encumbrances		155,670
Reserve for Tax Appeals		72,531
Accounts Payable		69,044
Prepaid Taxes		388,194
Tax Overpayments		114,508
Due County for Added & Omitted Taxes		19,923
Due to State of New Jersey:		
Division of Youth and Family Services		250
D.C.A. State Training Fees		4,086
Local District School Tax Payable		1
Reserve for Tax Map		12,943
Prepaid Revenues		8,853
Due to Trust Other Funds		30
Due to Trust Municipal Open Space Fund		1,920
Due to General Capital Fund		165,103

1,647,256

Reserves for Receivables and Other Assets

1,650,183

Fund Balance

2,230,716

5,528,155

Federal and State Grant Fund:

Reserve for Federal and State Grants:

Appropriated		91,945
Unappropriated		452,639

544,584

\$ 6,072,739

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF WESTAMPTON
CURRENT FUND

Statements of Operations and Changes in Fund Balance--Regulatory Basis
For the Year Ended December 31, 2021

Revenue and Other Income Realized

Fund Balance Utilized	\$	1,820,700
Miscellaneous Revenues Anticipated		3,442,139
Receipts from Delinquent Taxes		262,443
Receipts from Current Taxes		29,022,126
Non-Budget Revenue		242,041
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves		382,095
Liquidation of Reserves for:		
Due Federal and State Grant Fund		81,215
		81,215
Total Income		35,252,759

Expenditures

Budget Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages		5,694,811
Other Expenses		3,449,311
Deferred Charges and Statutory Expenditures		
Municipal		1,685,511
Excluded from "CAPS":		
Operations:		
Salaries and Wages		313,943
Other Expenses		134,564
Capital Improvements		500,285
Municipal Debt Service		629,395
Deferred Charges and Statutory Expenditures		55,933
County Taxes		4,874,007
Municipal Open Space Taxes		474,074
Due County for Added and Omitted Taxes		19,923
Local District School Taxes		11,039,765
Regional High School Taxes		4,892,621
Veterans and Senior Citizens Deductions Disallowed - Prior Years Taxes:		
Tax Collector		1,104
Federal and State Grants Receivable:		
Canceled		45,343
		45,343
Total Expenditures		33,810,591
Excess in Revenues		1,442,168

(Continued)

TOWNSHIP OF WESTAMPTON
CURRENT FUND
 Statements of Operations and Changes in Fund Balance--Regulatory Basis
 For the Year Ended December 31, 2021

Adjustments to Income Before Fund Balance:	
Expenditures Included above which are by Statute Deferred Charges to Budget of Succeeding Year	\$ 41,000
Statutory Excess to Fund Balance	1,483,168
 <u>Fund Balance</u>	
Fund Balance Jan. 1	2,568,247
	4,051,416
Utilized as Anticipated Revenue	1,820,700
Fund Balance Dec. 31	\$ 2,230,716

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF WESTAMPTON

TRUST FUND

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

As of December 31, 2021

ASSETS

Animal Control Fund:

Cash--Treasurer \$ 2,975

2,975

Other Funds:

Cash--Treasurer 2,683,645

Cash--Collector 566,189

Due from Current Fund 30

Other Accounts Receivable 10,505

3,260,368

Municipal Open Space Fund:

Cash--Treasurer 398,476

Grants Receivable 135,600

Due from Current Fund 1,920

Other Accounts Receivable 217,257

753,253

\$ 4,016,596

LIABILITIES, RESERVES
AND FUND BALANCE

Animal Control Fund:

Reserve for Animal Control Fund Expenditures \$ 716

Prepaid Animal Control Licenses 2,259

2,975

TOWNSHIP OF WESTAMPTON

TRUST FUND

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

As of December 31, 2021

LIABILITIES, RESERVES
AND FUND BALANCE (CONT'D)

Other Funds:

Due to Federal and State Grant Fund	\$	10,505
Payroll Deductions Payable		3,954
Premiums Received at Tax Sales		527,500
Reserve for Redemption of Tax Title Liens		38,633
Reserve for Accumulated Sick Time		240,861
Reserve for Affordable Housing		29,674
Reserve for COAH Development Fees		1,831,519
Reserve for Community Events		2,824
Reserve for Disposal of Forfeited Property		1,445
Reserve for Escrow Deposits		350,107
Reserve for Fire Code Penalties		1,923
Reserve for K-9 Unit		1,038
Reserve for Municipal Law Enforcement Grant		3,491
Reserve for Outside Police Services		95
Reserve for Performance Bonds		8,306
Reserve for Public Defender Fees		876
Reserve for Recreation Expenditures		199,509
Reserve for Snow Removal		8,109
		<u>3,260,368</u>

Municipal Open Space Fund:

Reserve for Municipal Open Space		252,963
Reserve for Grants Receivable		135,600
Reserve for Other Accounts Receivable		217,257
Reserve for Encumbrances		5,433
Due to General Capital Fund		142,000
		<u>753,253</u>
	\$	<u>4,016,596</u>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF WESTAMPTON
GENERAL CAPITAL FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
 As of December 31, 2021

ASSETS

Cash--Treasurer	\$	322,925
Deferred Charges to Future Taxation:		
Unfunded		4,411,740
Funded		1,585,000
Due from Current Fund		165,103
Due from Trust Municipal Open Space Fund		142,000
		6,626,768
	\$	6,626,768

LIABILITIES, RESERVES
AND FUND BALANCE

Capital Improvement Fund	\$	17,821
Reserve for Encumbrances		126,825
Improvement Authorizations:		
Funded		43,529
Unfunded		1,372,526
Bond Anticipation Notes		3,405,655
General Serial Bonds		1,585,000
Fund Balance		75,413
		6,626,768
	\$	6,626,768

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF WESTAMPTON
Selected Information – Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2021

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Westampton (hereafter referred to as the "Township") was incorporated in 1850 and is located in central New Jersey in Burlington County, approximately twenty miles south of the City of Trenton. The 2020 population according to the U.S. Census Bureau was 9,121.

The Township has a Township Committee form of government. The Mayor is elected at the first meeting of each year from among the five committee members, by the five committee members. The committee members serve three year terms that are staggered. Two members are elected in two successive years and one member is elected in the third year.

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

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.

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

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

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

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 Burlington, the Township of Westampton School District and the Rancocas Valley Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Westampton School District and the Rancocas Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district and the Township's share of the amount required to be raised from taxation to operate the regional high school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2020 and decreased by the amount deferred at December 31, 2021.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Burlington. 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.

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

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

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

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

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

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 2020, 2019, 2018, 2017 AND
2016 AUDITED FINANCIAL STATEMENTS**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Westampton
Westampton, New Jersey 08060

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 Westampton, in the County of Burlington, State of New Jersey, as of December 31, 2020, 2019, 2018 and 2017, 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. The financial statements for the year ended December 31, 2016 were audited by other auditors.

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 Westampton, in the County of Burlington, State of New Jersey, as of December 31, 2020, 2019, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended. The financial statements for the year ended December 31, 2016 were audited by other auditors who expressed the same adverse opinion on Accounting Principles Generally Accepted in the United States of America in their report.

Basis for Qualified Opinion on the Trust Fund Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis - Reserve for Recreation Expenditures as of December 31, 2018 and December 31, 2017

Cash receipts recorded to the reserve for recreation expenditures in the trust other funds for the years ended December 31, 2018 and December 31, 2017 included \$179,879.61 and \$155,818.13, respectively, for the before/after school care program. We were unable to obtain sufficient appropriate audit evidence to support recorded receipts because proper supporting documentation was not always maintained and attached to corresponding deposit slips. The amount by which this scope limitation would affect the balance of the reserve for recreation expenditures has not been determined.

Qualified Opinion on the Trust Fund Statement of Assets, Liabilities, Reserves and Fund Balance-- Regulatory Basis - Reserve for Recreation Expenditures as of December 31, 2018 and December 31, 2017

In our opinion, except for the possible effects of the matter described in the “*Basis for Qualified Opinion on the Trust Fund Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis – Reserve for Recreation Expenditures as of December 31, 2018 and December 31, 2017*” paragraph, the trust fund statement of assets, liabilities, reserves and fund balance - regulatory basis presents fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the trust fund of the Township of Westampton, in the County of Burlington, State of New Jersey, as of December 31, 2018 and December 31, 2017, 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.

Opinions (Cont'd)

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously, except for the reserve for recreation expenditures recorded on the trust fund statement of assets, liabilities, reserves and fund balance - regulatory basis as of December 31, 2018 and 2017, present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Westampton, in the County of Burlington, State of New Jersey, as of December 31, 2020, 2019, 2018 and 2017, 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. The financial statements for the year ended December 31, 2016 were audited by other auditors who expressed unqualified opinions on them in their report.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Todd Allen

Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
September 9, 2021

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

ASSETS	As of December 31,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash	\$ 4,234,514	\$ 3,105,364	\$ 3,202,646	\$ 2,737,506	\$ 2,956,331
Due from State of New Jersey					
Senior Citizen & Veteran Deductions	11,814	11,022	14,522	12,522	13,272
Federal and State Grants Receivable	148,787	91,366	361,524	578,676	1,071,300
Delinquent Property Taxes Receivable	242,912	376,036	217,316	414,555	216,855
Tax Title Liens Receivable	127,489	109,457	97,940	64,264	53,373
Property Acquired for Taxes	1,306,500	1,306,500	1,306,500	1,306,500	1,306,500
Revenue Accounts Receivable	81,847	104,247	92,240	262,790	29,303
Other Accounts Receivable			26,950	6,687	
Interfunds Receivable	91,719	24,276	74,212	396,232	198,576
Deferred Charges	12,500				
	<u>\$ 6,258,082</u>	<u>\$ 5,128,268</u>	<u>\$ 5,393,850</u>	<u>\$ 5,779,733</u>	<u>\$ 5,845,510</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$ 777,986	\$ 339,605	\$ 452,159	\$ 348,168	\$ 194,954
Reserve for Encumbrances	74,704	64,386	234,240	24,193	11,489
Reserve for Tax Appeals	11,676	11,676	42,894		
Accounts Payable	53,855	39,017	24,494		
Prepaid Taxes	357,738	344,608	314,360	512,334	264,347
Tax Overpayments	59,152	42,987	44,671	75,298	15,265
Due to County for Added or Omitted Taxes	123,348	66,653	43,626	36,967	45,407
Due to State of New Jersey	72,777	11,870	4,226	2,663	6,091
Local District School Tax Payable		473,693	209,866	288,483	626,745
Regional High School Tax Payable		317,374	392,403	351,202	256,770
Reserve for Tax Map	13,363	13,363	13,363	13,363	13,363
Due to Mount Holly Sewerage Authority		4,982			
Prepaid Revenues	6,972				
Reserve for Municipal Court Roof Repairs			40	40	40
Reserve for Revaluation					5,828
Interfunds Payable	220,624	140,949	150,552	371,329	258,056
Reserve for Federal and State Grants	77,677	95,430	231,265	405,962	914,464
Reserve for Receivables and Other Assets	1,839,963	1,903,359	1,804,653	2,363,998	1,794,102
Fund Balance	2,568,247	1,258,316	1,431,039	985,734	1,438,592
	<u>\$ 6,258,082</u>	<u>\$ 5,128,268</u>	<u>\$ 5,393,850</u>	<u>\$ 5,779,733</u>	<u>\$ 5,845,510</u>

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

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

	For the Years Ended December 31,				
	2020	2019	2018	2017	2016
Revenue Realized:					
Current Tax Collections	\$ 29,152,019	\$ 27,969,528	\$ 27,445,966	\$ 26,487,476	\$ 26,262,135
Delinquent Tax Collections	373,004	230,315	395,455	196,499	250,119
Total Taxes	29,525,023	28,199,843	27,841,420	26,683,975	26,512,254
Miscellaneous Revenues Anticipated	3,670,748	3,393,749	3,532,956	3,069,047	3,779,630
Non-Budget and Other Income	170,749	265,960	391,071	272,519	178,052
Fund Balance Utilized	1,093,500	1,130,500	833,000	1,150,000	1,000,000
Total Income	34,460,020	32,990,052	32,598,448	31,175,541	31,469,936
Expenditures and Encumbrances:					
Operations	9,097,108	8,490,207	8,786,002	8,483,383	8,372,550
Capital Improvements	274,337	183,500	150,000	20,000	20,000
Deferred Charges and Statutory Expenditures	1,565,885	1,526,225	1,455,393	1,272,785	1,245,334
Municipal Debt Service	702,875	601,938	559,528	582,261	585,571
Judgments		325,000			
County Taxes	4,819,614	4,812,290	4,779,656	4,929,597	4,680,815
Due County for Added and Omitted Taxes	123,348	66,653	43,626	36,967	45,407
Municipal Open Space Tax	478,150	471,294	465,455	467,069	466,742
Local School Taxes	10,377,459	10,758,067	10,092,414	9,711,648	9,988,170
Regional High School Taxes	4,535,202	4,775,683	4,925,741	4,843,338	4,654,274
Prior Year Tax Overpayments	12,689	2,115			
Veterans and Senior Citizen Deductions					
Disallowed by Tax Collector	1,208	1,000	2,021		2,667
Refund of Prior year Revenue		18,304	172		50,199
Cancellation of Other Account Receivable			39,872		
Creation of Reserve for Interfunds/Receivables	81,215		20,263	131,351	
Total Expenditures and Encumbrances	32,069,089	32,032,274	31,320,143	30,478,399	30,111,729
Excess in Revenues	2,390,931	957,778	1,278,305	697,142	1,358,207
Adjustments to Income Before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	12,500	-	-	-	-
Statutory Excess to Fund Balance	2,403,431	957,778	1,278,305	697,142	1,358,207
Fund Balance, January 1	1,258,316	1,431,039	985,734	1,438,592	1,080,384
	3,661,747	2,388,816	2,264,039	2,135,734	2,438,592
Decreased by:					
Utilized as Revenue	1,093,500	1,130,500	833,000	1,150,000	1,000,000
Fund Balance December 31	\$ 2,568,247	\$ 1,258,316	\$ 1,431,039	\$ 985,734	\$ 1,438,592

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

TOWNSHIP OF WESTAMPTON
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS

	As of December 31,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
ASSETS					
Cash	\$ 2,140,865	\$ 2,234,048	\$ 2,026,990	\$ 2,374,234	\$ 2,028,677
Interfunds Receivable	5,111			2,330	1,649
Grants Receivable	148,200	161,000	174,000	187,200	200,600
Other Accounts Receivable	300,181	297,393	362,881	475,265	114
Deferred Charges		1,523			
	<u>\$ 2,594,357</u>	<u>\$ 2,693,964</u>	<u>\$ 2,563,872</u>	<u>\$ 3,039,028</u>	<u>\$ 2,231,040</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Interfunds Payable	\$ 152,505	\$ 159,625	\$ 185,878	\$ 243,354	\$ 281,404
Prepaid Revenues	1,891	2,249	2,952	3,051	2,364
Reserve for Grants/Other Accounts Receivable	437,876	456,193	528,231	629,280	200,600
Other Liabilities and Special Funds	2,002,086	2,075,897	1,846,811	2,163,343	1,746,672
	<u>\$ 2,594,357</u>	<u>\$ 2,693,964</u>	<u>\$ 2,563,872</u>	<u>\$ 3,039,028</u>	<u>\$ 2,231,040</u>

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

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

	As of December 31,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
ASSETS					
Cash	\$ 386,620	\$ 1,218,896	\$ 174,692	\$ 265,498	\$ 152,940
Interfunds Receivable	276,298	276,298	262,217	216,121	339,234
Grants Receivable				36,000	72,000
Deferred Charges to Future Taxation:					
Unfunded	3,656,671	3,713,131	2,667,623	2,454,814	2,449,200
Funded	2,090,000	2,585,000	3,070,000	3,545,000	4,010,000
	<u>\$ 6,409,589</u>	<u>\$ 7,793,326</u>	<u>\$ 6,174,532</u>	<u>\$ 6,517,433</u>	<u>\$ 7,023,374</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Capital Improvement Fund	\$ 17,821	\$ 30,296	\$ 1,246	\$ 825	\$ 4,075
Reserve for Encumbrances	25,969	89,003	38,417	1,789	156,259
Improvement Authorizations:					
Funded	1,081	1,081	4,387	4,387	83,749
Unfunded	810,959	1,330,701	1,114,826	490,261	320,581
Bond Anticipation Notes	3,419,151	3,712,636	1,915,129	2,418,319	2,376,705
Serial Bonds	2,090,000	2,585,000	3,070,000	3,545,000	4,010,000
Reserve for Grants Receivable				36,000	72,000
Fund Balance	44,608	44,608	30,527	20,852	5
	<u>\$ 6,409,589</u>	<u>\$ 7,793,326</u>	<u>\$ 6,174,532</u>	<u>\$ 6,517,433</u>	<u>\$ 7,023,374</u>

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

TOWNSHIP OF WESTAMPTON
Notes to Financial Statements
For the Year Ended December 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Westampton (hereafter referred to as the "Township") was incorporated in 1850 and is located in central New Jersey in Burlington County, approximately twenty miles south of the City of Trenton. The 2010 population according to the U.S. Census Bureau was is 8,813.

The Township has a Township Committee form of government. The Mayor is elected at the first meeting of each year from among the five committee members, by the five committee members. The committee members serve three year terms that are staggered. Two members are elected in two successive years and one member is elected in the third year.

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

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.

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

Fund Balance - Fund balances included in the current fund 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.

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

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 Burlington, the Township of Westampton School District and the Rancocas Valley Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Westampton School District and the Rancocas Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district and the Township's share of the amount required to be raised from taxation to operate the regional high school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2019 and decreased by the amount deferred at December 31, 2020.

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

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

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

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

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

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, 2020, the Township's bank balances of \$6,937,391.62 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 6,190,956.76
Uninsured and Uncollateralized	<u>746,434.86</u>
Total	<u>\$ 6,937,391.62</u>

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 2.463</u>	<u>\$ 2.413</u>	<u>\$ 2.382</u>	<u>\$ 2.319</u>	<u>\$ 2.276</u>
Apportionment of Tax Rate:					
Municipal	\$.647	\$.622	\$.612	\$.562	\$.563
Municipal Open Space	.040	.040	.040	.040	.040
County	.415	.416	.416	.427	.407
Local School	.939	.925	.887	.873	.864
Regional High School District	.422	.410	.427	.417	.402

Note 3: PROPERTY TAXES (CONT'D)

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

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2020	\$ 1,165,760,468.00
2019	1,162,222,228.00
2018	1,153,164,763.00
2017	1,158,836,480.00
2016	1,155,340,830.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2020	\$ 29,428,328.06	\$ 29,152,019.48	99.06%
2019	28,423,989.00	27,969,527.54	98.40%
2018	27,717,500.23	27,445,965.53	99.02%
2017	27,076,675.12	26,487,476.42	97.82%
2016	26,552,805.03	26,262,135.13	98.91%

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>
2020	\$ 127,488.51	\$ 242,912.31	\$ 370,400.82	1.26%
2019	109,456.62	376,035.52	485,492.14	1.71%
2018	97,940.09	217,315.76	315,255.85	1.14%
2017	64,263.93	414,555.07	478,819.00	1.77%
2016	53,372.86	216,854.81	270,227.67	1.02%

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>
2020	16
2019	15
2018	17
2017	11
2016	12

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>
2020	\$ 1,306,500.00
2019	1,306,500.00
2018	1,306,500.00
2017	1,306,500.00
2016	1,306,500.00

Note 5: FUND BALANCES APPROPRIATED

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$ 2,568,247.19	\$ 1,820,700.00	70.89%
2019	1,258,316.23	1,093,500.00	86.90%
2018	1,431,038.63	1,130,500.00	79.00%
2017	985,733.74	833,000.00	84.51%
2016	1,438,591.50	1,150,000.00	79.94%

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, 2020:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 81,214.62	\$ 139,408.94
Federal and State Grant	10,504.80	81,214.62
Trust - Other	36.41	10,504.80
Trust - Municipal Open Space	5,074.53	142,000.00
General Capital	276,298.00	
Totals	<u>\$ 373,128.36</u>	<u>\$ 373,128.36</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 2021, 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, several Township employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

Note 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 is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. 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, 2020 was 14.84% 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, 2020, the Township's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$251,340.00, and is payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$238,847.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$128,107.14.

Police and Firemen's Retirement System - The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 10.0% of base salary. 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, 2020 was 31.05% 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, 2020, the Township's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$934,240.00, and is payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$850,076.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$304,192.90.

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, 2020 was 4.29% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2020 was \$129,042.00, and is payable by April 1, 2021. For the prior year 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 was \$109,574.00, which was paid on April 1, 2020.

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, 2020, employee contributions totaled \$6,420.16, and the Township's contributions were \$4,727.52.

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

Pension Liability - As of December 31, 2020, the Township's proportionate share of the PERS net pension liability was \$3,746,698.00. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2020. 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, 2020 measurement date, the Township's proportion was 0.0229754651%, which was a decrease of 0.0015794506% from its proportion measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the Township's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$(94,844.00). 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, 2020, the Township's contribution to PERS was \$238,847.00, and was paid on April 1, 2020.

Police and Firemen's Retirement System

Pension Liability - As of December 31, 2020, 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	\$ 10,805,521.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>1,676,968.00</u>
	<u>\$ 12,482,489.00</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2020. 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, 2020 measurement date, the Township's proportion was 0.0836255257%, which was a decrease of 0.0005311996% from its proportion measured as of June 30, 2019. Likewise, at June 30, 2020, the State of New Jersey's proportion, on-behalf of the Township, was 0.0836255257%, which was a decrease of 0.0005311996% from its proportion, on-behalf of the Township, measured as of June 30, 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)

Pension Expense - For the year ended December 31, 2020, the Township's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$890,267.00. 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, 2020, the Township's contribution to PFRS was \$850,076.00, and was paid on April 1, 2020.

For the year ended December 31, 2020, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2020 measurement date, was \$190,051.00. 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 - As of December 31, 2020, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 68,221.00	\$ 108,938.00	\$ 177,159.00	\$ 13,250.00	\$ 38,780.00	\$ 52,030.00
Changes of Assumptions	121,547.00	27,192.00	148,739.00	1,568,778.00	2,896,896.00	4,465,674.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	128,065.00	633,578.00	761,643.00	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	135,779.00	542,114.00	677,893.00	745,914.00	220,427.00	966,341.00
Township Contributions Subsequent to the Measurement Date	125,670.00	467,120.00	592,790.00	-	-	-
	<u>\$ 579,282.00</u>	<u>\$ 1,778,942.00</u>	<u>\$ 2,358,224.00</u>	<u>\$ 2,327,942.00</u>	<u>\$ 3,156,103.00</u>	<u>\$ 5,484,045.00</u>

Deferred outflows of resources in the amounts of \$125,670.00 and \$467,120.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2021. These amounts were based on an estimated April 1, 2022 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2020 to the Township's year end of December 31, 2020.

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 other deferred outflows 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, 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
June 30, 2020	5.16	-	5.90	-
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
June 30, 2020	-	5.16	-	5.90
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
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	-
June 30, 2020	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
June 30, 2020	5.16	5.16	5.90	5.90

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:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2021	\$ (666,220.00)	\$ (717,146.00)	\$ (1,383,366.00)
2022	(586,643.00)	(550,616.00)	(1,137,259.00)
2023	(396,798.00)	(331,003.00)	(727,801.00)
2024	(192,217.00)	(142,212.00)	(334,429.00)
2025	(32,452.00)	(103,304.00)	(135,756.00)
	<u>\$ (1,874,330.00)</u>	<u>\$ (1,844,281.00)</u>	<u>\$ (3,718,611.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

⁽¹⁾ based on years of service

Note 7: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Public Employees' Retirement System

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-2020.

Police and Firemen's Retirement System

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-2020.

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the table that follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Note 7: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate -

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of the June 30, 2020 measurement date 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 would be based on 78% of the actuarially determined contributions for the State 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. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Police and Firemen's Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020 measurement date 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 78% of the actuarially determined contributions for the State 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine 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 as of the June 30, 2020 measurement date, calculated using a discount rate of 7.00%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 4,716,467.00</u>	<u>\$ 3,746,698.00</u>	<u>\$ 2,923,821.00</u>

Note 7: PENSION PLANS (CONT'D)

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

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of the June 30, 2020 measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 14,369,119.00	\$ 10,805,521.00	\$ 7,845,681.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>2,230,022.00</u>	<u>1,676,968.00</u>	<u>1,217,614.00</u>
	<u>\$ 16,599,141.00</u>	<u>\$ 12,482,489.00</u>	<u>\$ 9,063,295.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 7: PENSION PLANS (CONT'D)

Supplementary Pension Information

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

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net Pension Liability	0.0229754651%	0.0245549157%	0.0272106445%	0.0259219303%
Township's Proportionate Share of the Net Pension Liability	\$ 3,746,698.00	\$ 4,424,423.00	\$ 5,357,640.00	\$ 6,034,211.00
Township's Covered Payroll (Plan Measurement Period)	\$ 1,643,524.00	\$ 1,718,892.00	\$ 1,908,204.00	\$ 1,808,728.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	227.97%	257.40%	280.77%	333.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%
	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0272450351%	0.0277708698%	0.0277106983%	0.0263082115%
Township's Proportionate Share of the Net Pension Liability	\$ 8,069,198.00	\$ 6,234,004.00	\$ 5,188,201.00	\$ 5,028,022.00
Township's Covered Payroll (Plan Measurement Period)	\$ 1,863,656.00	\$ 1,936,676.00	\$ 1,817,436.00	\$ 1,675,512.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	432.98%	321.89%	285.47%	300.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	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 Eight Years)

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Contractually Required Contribution	\$ 251,340.00	\$ 238,847.00	\$ 270,658.00	\$ 240,139.00
Township's Contribution in Relation to the Contractually Required Contribution	\$ (251,340.00)	\$ (238,847.00)	(270,658.00)	(240,139.00)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Township's Covered Payroll (Calendar Year)	\$ 1,694,129.00	\$ 1,625,838.00	\$ 1,714,163.00	\$ 1,862,323.00
Township's Contributions as a Percentage of Covered Payroll	14.84%	14.69%	15.79%	12.89%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 242,041.00	\$ 238,755.00	\$ 228,443.00	\$ 198,227.00
Township's Contribution in Relation to the Contractually Required Contribution	(242,041.00)	(238,755.00)	(228,443.00)	(198,227.00)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Township's Covered Payroll (Calendar Year)	\$ 1,768,983.00	\$ 1,828,345.00	\$ 1,880,908.00	\$ 1,816,610.00
Township's Contributions as a Percentage of Covered Payroll	13.68%	13.06%	12.15%	10.91%

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 Eight Plan Years)

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net Pension Liability	0.0836255257%	0.0841567253%	0.0850906019%	0.0857875893%
Township's Proportionate Share of the Net Pension Liability	\$ 10,805,521.00	\$ 10,298,948.00	\$ 11,514,161.00	\$ 13,243,945.00
State's Proportionate Share of the Net Pension Liability associated with the Township	1,676,968.00	1,626,223.00	1,564,008.00	1,483,433.00
Total	\$ 12,482,489.00	\$ 11,925,171.00	\$ 13,078,169.00	\$ 14,727,378.00
Township's Covered Payroll (Plan Measurement Period)	\$ 2,869,188.00	\$ 2,868,216.00	\$ 2,861,312.00	\$ 2,674,780.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	376.61%	359.07%	402.41%	495.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.52%	65.00%	62.48%	58.60%
	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0739776733%	0.0719141777%	0.0752550812%	0.0744225003%
Township's Proportionate Share of the Net Pension Liability	\$ 14,131,628.00	\$ 11,978,395.00	\$ 9,466,391.00	\$ 9,893,800.00
State's Proportionate Share of the Net Pension Liability associated with the Township	1,186,706.00	1,050,465.00	1,019,371.00	922,222.00
Total	\$ 15,318,334.00	\$ 13,028,860.00	\$ 10,485,762.00	\$ 10,816,022.00
Township's Covered Payroll (Plan Measurement Period)	\$ 2,368,632.00	\$ 2,376,988.00	\$ 2,498,628.00	\$ 2,437,352.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	596.62%	503.93%	378.86%	405.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	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 Eight Years)

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Contractually Required Contribution	\$ 934,240.00	\$ 850,076.00	\$ 831,886.00	\$ 759,236.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(934,240.00)</u>	<u>(850,076.00)</u>	<u>(831,886.00)</u>	<u>(759,236.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 3,008,932.00	\$ 2,877,178.00	\$ 2,839,333.00	\$ 2,873,159.00
Township's Contributions as a Percentage of Covered Payroll	31.05%	29.55%	29.30%	26.43%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 603,170.00	\$ 584,555.00	\$ 578,011.00	\$ 542,970.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(603,170.00)</u>	<u>(584,555.00)</u>	<u>(578,011.00)</u>	<u>(542,970.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 2,649,819.00	\$ 2,432,584.00	\$ 2,342,787.00	\$ 2,426,415.00
Township's Contributions as a Percentage of Covered Payroll	22.76%	24.03%	24.67%	22.38%

Note 7: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Other Notes to Supplementary Pension Information

Public Employees' Retirement System (PERS)

Changes in Benefit Terms

The June 30, 2020 measurement date included two changes to the plan provisions. Chapter 157, P.L. 2019 expanded the definition of regular or assigned duties for purposes of accidental disability. The Division of Pension and Benefits (DPB) also adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%
2017	5.00%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms

None

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	5.55%
2019	6.85%	2015	5.79%
2018	6.51%	2014	6.32%
2017	6.14%		

Note 7: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Other Notes to Supplementary Pension Information (Cont'd)

Police and Firemen's Retirement System (PFRS) (Cont'd)

Changes in Assumptions (Cont'd)

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In May of 2021, the New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2020 was not available; therefore, the information from the measurement period June 30, 2019 is disclosed below.

General Information about the OPEB Plan

Plan Description and Benefits Provided - The Township does not provide postemployment benefits to its retirees, however, the State of New Jersey (the "State") provides these benefits to certain Township retirees and their dependents under a special funding situation as described below.

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

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the OPEB Plan (Cont'd)**

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

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

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

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

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

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989. Therefore, the Township is considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the OPEB Plan (Cont'd)**

Contributions (Cont'd) - Special Funding Situation Component (Cont'd) - Since the Township does not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the Township is required disclose:

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

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 \$120,387.00 for the year ended December 31, 2019 representing 4.18% of the Township's covered payroll.

OPEB Liability and OPEB (Benefit) Expense

OPEB Liability - At December 31, 2019 the State's proportionate Share of the Net OPEB liability associated with the Township is \$9,082,237.00. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The State's proportion of the net OPEB liability, on-behalf of the Township, was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the State's proportion on-behalf of the Township was 0.164363% which was an increase of 0.006002% from its proportion measured as of the June 30, 2018 measurement date.

OPEB (Benefit) Expense - At December 31, 2019, the State's proportionate share of the OPEB (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2019 measurement date, is \$120,387.00. 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)**Actuarial Assumptions**

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

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

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

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

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

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

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

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

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

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

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

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays 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, calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>\$ 10,501,376.00</u>	<u>\$ 9,082,237.00</u>	<u>\$ 7,928,999.00</u>

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>\$ 7,664,289.00</u>	<u>\$ 9,082,237.00</u>	<u>\$ 10,891,069.00</u>

OPEB Plan Fiduciary Net Position

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

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

Supplementary OPEB Information

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

Schedule of the State's Proportionate Share of the net OPEB Liability Associated with the Township (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	0.000000%	0.000000%	0.000000%
State's Proportion of the Net OPEB Liability Associated with the Township	<u>100.000000%</u>	<u>100.000000%</u>	<u>100.000000%</u>
	<u>100.000000%</u>	<u>100.000000%</u>	<u>100.000000%</u>
Township's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>9,082,237.00</u>	<u>9,840,306.00</u>	<u>13,745,187.00</u>
Total	<u>\$ 9,082,237.00</u>	<u>\$ 9,840,306.00</u>	<u>\$ 13,745,187.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 2,824,128.00	\$ 2,908,253.00	\$ 2,740,169.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	321.594%	338.358%	501.618%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

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

Supplementary OPEB Information (Cont'd)

Schedule of the State's Contributions Associated with the Township (Last Three Years)

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

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms

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

Changes in Assumptions

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

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

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

Note 9: COMPENSATED ABSENCES

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated from year to year, or an employee may choose to be reimbursed at one half pay at the end of each year for any unused sick leave from the current year. Other than employees contracted under the police contract, vacation days not used during the year may not be accumulated and carried forward.

The Township compensates employees for unused sick leave upon retirement. Compensation of accumulated time is paid in accordance with applicable employment and union contracts.

The Township has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2020, the balance of the fund was \$157,404.86. It is estimated that, at December 31, 2020, accrued benefits for compensated absences are valued at \$376,587.94.

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 Improvement Bonds, Series 2015 - On June 15, 2015, the Township issued \$4,469,000.00 of general improvement bonds, with a net interest cost of 3.983%. The bonds were issued for the purpose of funding various capital projects in the Township. The final maturity of the bonds is June 15, 2024.

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>
2021	\$ 505,000.00	\$ 38,087.50	\$ 543,087.50
2022	515,000.00	27,887.50	542,887.50
2023	530,000.00	17,106.25	547,106.25
2024	540,000.00	5,737.50	545,737.50
Totals	<u>\$ 2,090,000.00</u>	<u>\$ 88,818.75</u>	<u>\$ 2,178,818.75</u>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	<u>\$ 5,509,151.00</u>	<u>\$ 6,297,636.00</u>	<u>\$ 4,985,129.00</u>
Total Issued	<u>5,509,151.00</u>	<u>6,297,636.00</u>	<u>4,985,129.00</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	<u>237,520.33</u>	<u>495.33</u>	<u>752,494.33</u>
Total Authorized but not Issued	<u>237,520.33</u>	<u>495.33</u>	<u>752,494.33</u>
Total Issued and Authorized but not Issued	<u>5,746,671.33</u>	<u>6,298,131.33</u>	<u>5,737,623.33</u>
<u>Deductions</u>			
General:			
Open Space Debt	<u>579,352.33</u>	<u>767,087.33</u>	<u>1,131,379.33</u>
Cash Held for the Payment of Notes	<u>43,432.95</u>		
Total Deductions	<u>622,785.28</u>	<u>767,087.33</u>	<u>1,131,379.33</u>
Net Debt	<u>\$ 5,123,886.05</u>	<u>\$ 5,531,044.00</u>	<u>\$ 4,606,244.00</u>

Note 11: CAPITAL DEBT (CONT'D)

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 .422%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School Purposes	\$ 8,352,645.99	\$ 8,352,645.99	
Local School Purposes	2,160,000.00	2,160,000.00	
General	<u>5,746,671.33</u>	<u>622,785.28</u>	\$ 5,123,886.05
	<u>\$ 16,259,317.32</u>	<u>\$ 11,135,431.27</u>	<u>\$ 5,123,886.05</u>

Net debt \$5,123,886.05 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$1,215,327,247.00 equals .422%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 42,536,453.65
Less: Net Debt	<u>5,123,886.05</u>
Remaining Borrowing Power	<u>\$ 37,412,567.60</u>

Note 12: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020, the following deferred charge is shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>2021</u> <u>Budget</u> <u>Appropriation</u>
Current Fund:		
Emergency Authorizations	<u>\$ 12,500.00</u>	<u>\$ 12,500.00</u>

The appropriation in the 2021 Budget as adopted is not less than that required by the statutes.

Note 13: SCHOOL TAXES

Local District School Taxes and Rancocas Valley Regional High School tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>Balance Dec. 31,</u>		<u>Balance Dec. 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Balance of Tax	\$ 5,472,117.42	\$ 5,379,032.88	\$ 2,464,532.26	\$ 2,387,639.26
Deferred	<u>5,472,117.00</u>	<u>4,905,340.00</u>	<u>2,464,532.00</u>	<u>2,070,265.00</u>
Tax Payable	<u>\$ 0.42</u>	<u>\$ 473,692.88</u>	<u>\$ 0.26</u>	<u>\$ 317,374.26</u>

Note 14: 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.

Joint Insurance Pool - The Township of Westampton is a member of the Burlington County 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

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
- Excess Auto Liability
- Excess Property including Boiler and Machinery
- Crime including Excess Public Employee and Public Official Coverage

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 for the year ended December 31, 2020, which can be obtained at burlcojif.org.

Note 14: RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance - The Township elected the "Contributory Method" to fund its New Jersey Unemployment Compensation Insurance, which requires the Township to annually appropriate funds to pay the projected costs of contributions at the rate determined by the Commissioner of Labor. The expense for these benefits for the years ended December 31, 2020 and 2019 was \$20,002.94 and \$19,229.62, respectively.

Note 15: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 2, 1999, pursuant to N.J.S.A. 40:12-15.1, et seq., the voters of the Township of Westampton authorized the establishment of the Township of Westampton Open Space, Recreation, Farmland and Historic Preservation Trust Fund, effective January 1, 2000, to be used exclusively for the acquisition of land for open space preservation, farmland preservation, historic preservation, parks and recreation through the property's outright acquisition or the acquisition of development rights. The Township proposed to levy a tax in the amount of two cents per one hundred dollars of assessed value for a period not to exceed twenty years. Additionally, on November 8, 2005, the voters of the Township of Westampton authorized the establishment of an additional two cents per one hundred dollars of assessed value, effective January 1, 2006 for a period not to exceed twenty years, for the purpose of continuing to acquire property or pay the cost of bonding on the indebtedness incurred for the purpose of acquiring such property. Finally, on November 7, 2017, the voters authorized the extension of, for a period not to exceed twenty (20) years, the Municipal Open Space, Recreation and Farmland and Historic Preservation Trust Fund previously created in 2000 and continue to annually levy an additional two cents per one hundred dollars (\$0.02 per \$100.00) of assessed real property valuation. All revenue received is accounted for in a Trust Fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Open Space, Recreation, Farmland and Historic Preservation Trust Fund.

Note 16: CONTINGENCIES

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

Tax Appeals - As of December 31, 2020, several tax appeals were on file against the Township. Based upon information provided by the tax assessor, if such appeals are not settled in favor of the Township, the estimated impact of such tax appeals would not be material to the financial statements.

Note 17: 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 18: COVID-19

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Township is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2021.

Note 19: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements Acquisition of Various Capital Equipment	6/15/2021	<u>\$ 1,005,590.00</u>

APPENDIX C

FORM OF BOND COUNSEL OPINION



May 27, 2022

Mayor and Township Committee
of the Township of Westampton
710 Rancocas Road
Westampton, New Jersey

**RE: \$5,604,000 TOWNSHIP OF WESTAMPTON, COUNTY OF
BURLINGTON, NEW JERSEY, GENERAL OBLIGATION BONDS,
SERIES 2022**

Ladies and Gentlemen:

We have served as Bond Counsel to the Township of Westampton, County of Burlington, New Jersey ("Township"), in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds"). The Bonds consist of : (i) \$5,170,000 aggregate principal amount of General Improvement Bonds; and (ii) \$434,000 aggregate principal amount of Open Space Bonds.

The Bonds are authorized pursuant to and in accordance with: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Township Committee of the Township and published in accordance with the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution duly adopted by the Township Committee on April 28, 2022 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May __, 2022 ("Award Certificate").

The Bonds are dated their date of delivery, mature on February 1 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 February 1 and August 1, commencing February 1, 2023, in each year until maturity.

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Open Space Bonds</u>	<u>Total Principal Amount</u>	<u>Interest Rate</u>
2023	\$350,000	\$40,000	\$390,000	%
2024	375,000	45,000	420,000	
2025	580,000	45,000	625,000	
2026	595,000	45,000	640,000	
2027	615,000	50,000	665,000	
2028	635,000	50,000	685,000	
2029	655,000	50,000	705,000	
2030	670,000	55,000	725,000	
2031	695,000	54,000	749,000	

COUNSEL WHEN IT MATTERS.SM



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

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

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



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

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

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

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this 27th day of May, 2022, between the Township of Westampton, County of Burlington, 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 2022, in the principal amount of \$5,604,000 ("Bonds"). The Bonds consist of : (i) \$5,170,000 aggregate principal amount of General Improvement Bonds; and (ii) \$434,000 aggregate principal amount of Open Space 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 NW Financial Group, LLC., Hoboken, 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 May 18, 2022, 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, 2021). Each Annual Report provided to the Dissemination Agent by the Township shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

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

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

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

Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

SECTION 5. Reporting of Significant Events.

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

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

(b) The Township shall within seven (7) 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.

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

(c) If the Dissemination Agent has been instructed by the Township to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within three (3) 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 Westampton
710 Rancocas Road
Westampton, New Jersey 08060
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

NW Financial Group, LLC.
2 Hudson Place
Hoboken, New Jersey 07030

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

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

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

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

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

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

TOWNSHIP OF WESTAMPTON, NEW JERSEY

By: _____
ROBERT HUDNELL, Chief Financial Officer

**NW FINANCIAL GROUP, LLC.,
as Dissemination Agent**

By: _____
TIMOTHY EISMEIER, Managing Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Township of Westampton, County of Burlington, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2022

Date of Issuance of the Affected Bond Issue: May 27, 2022

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 May 27, 2022, 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: _____

NW FINANCIAL GROUP, LLC.,
as Dissemination Agent

cc: Township of Westampton, New Jersey