

PRELIMINARY OFFICIAL STATEMENT DATED JULY 12, 2022

NEW ISSUE

RATING: NOT RATED

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 Notes (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 (the "Code"), and does not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals. In addition, interest on the Notes 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. See "TAX MATTERS" herein.

\$16,625,000
TOWNSHIP OF GLOUCESTER
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2022, SERIES A
(BOOK-ENTRY ONLY) (NON-CALLABLE)

COUPON: ___% YIELD: ___% CUSIP*: _____

Dated: Date of Delivery

Due: July 27, 2023

The \$16,625,000 Bond Anticipation Notes of 2022, Series A (the "Notes"), are general obligations of the Township of Gloucester, County of Camden, New Jersey (the "Township"), payable from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount, as more fully described herein.

The Notes will be issued as fully registered notes in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of beneficial ownership interests in the Notes may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$5,000, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes.

Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent at the date of maturity. The Notes will bear interest at the rate per annum indicated above, commencing from their date of delivery. Interest on the Notes will be payable at maturity. While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Notes. The Notes are not subject to redemption prior to their stated maturity date.

The Notes 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 O-20-11, O-21-08 and O-22-02, each duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on July __, 2022.

The Notes are being issued by the Township to provide funds which will be used to: (i) currently refund the Township's \$7,878,158 Bond Anticipation Notes of 2021, Series A, dated August 3, 2021, maturing on August 2, 2022 (the "Prior Notes"); (ii) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The Notes are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the 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, David F. Carlamere, Esquire, of Carlamere & Rowan, Voorhees, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as Municipal Advisor to the Township in connection with the Notes. The Notes are expected to be available for delivery in definitive form through DTC in New York, New York on or about July 28, 2022.

BID PROPOSALS FOR THE NOTES WILL BE RECEIVED BY THE TOWNSHIP ON JULY 19, 2022 UNTIL 11:00 AM BY EMAIL: JCALOGERO@ACACIAFIN.COM OR ELECTRONICALLY VIA THE PARITY ELECTRONIC BID SUBMISSION SYSTEM. FOR MORE DETAILS ON HOW TO BID PLEASE VIEW THE NOTICE OF SALE POSTED AT WWW.GOVDEBT.NET.

* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of noteholders only at the time of issuance of the Notes 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 is subject to being changed after the issuance of the Notes 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 the Notes.

This is a Preliminary Official Statement, complete with the exception for the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Township has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Notes described herein, the Township will deliver a final Official Statement within seven business days following such sale.

**TOWNSHIP OF GLOUCESTER
COUNTY OF CAMDEN, NEW JERSEY**

<u>Name</u>	<u>Title</u>
David R. Mayer	Mayor
Orlando Mercado	Council President
Tracey Trotto	Council Vice Member
Dan Hutchison	Council Member
Michael Mignone	Council Member
Carolyn Grace	Council Member
Andrea Stubbs	Council Member
Michelle L. Winters	Council Member

Administrator

Thomas C. Cardis

Township Clerk

Nancy Power

Chief Financial Officer

Christie Ehret

Solicitor

Carlamere & Rowan
Voorhees, New Jersey

Auditor

Bowman & Company LLP
Voorhees, New Jersey

Bond Counsel

Parker McCay P.A.
Mount Laurel, New Jersey

Municipal Advisor

Acacia Financial Group, Inc.
Mount Laurel, New Jersey

No 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 Notes other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. 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 the Underwriter or, as to information from sources other than itself, by the Township. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson 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 the Underwriter.

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

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

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

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OFFICIAL STATEMENT
Relating to
\$16,625,000
TOWNSHIP OF GLOUCESTER
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2022, SERIES A
(BOOK-ENTRY ONLY) (NON-CALLABLE)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Gloucester in the County of Camden, New Jersey (the “Township”), in connection with the sale and the issuance of its \$16,625,000 Bond Anticipation Notes of 2022, Series A (the “Notes”). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the sale of the Notes.

THE NOTES

The Notes shall be dated and shall bear interest from their date of delivery and shall mature on the date and in the amount shown on the front cover page hereof. The Notes shall bear interest, payable at maturity, at the rate shown on the front cover page hereof. Interest on the Notes shall be calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to their stated maturity date.

The Notes will be issued as fully registered notes in book-entry only form, if applicable, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates will be on deposit with DTC, if applicable. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See “BOOK-ENTRY ONLY SYSTEM” herein.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes 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 O-20-11, O-21-08 and O-22-02 (collectively, the “Bond Ordinances”), each duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on July __, 2022.

The Notes are being issued by the Township to provide funds which will be used to: (i) currently refund the Township’s \$7,878,158 Bond Anticipation Notes of 2021, Series A, dated August 3, 2021, maturing on August 2, 2022 (the “Prior Notes”); (ii) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Notes. The following table sets forth certain information with respect to the Bond Ordinances authorizing the Notes.

<u>Ordinance Number</u>	<u>Description</u>	Amount Authorized	Prior Notes Outstanding	Amount of Notes to be Issued
O-20-11	Acquisition of Capital Equipment	\$ 453,147	\$ 453,147	\$ 453,147
O-21-08	Completion of Capital Improvements and the Acquisition of Capital Equipment	7,425,011	7,425,011	7,425,011
O-22-02	Completion of Capital Improvements and the Acquisition of Capital Equipment	<u>8,747,526</u>	<u>0</u>	<u>8,746,842</u>
	Total:	\$16,625,684	\$7,878,158	\$16,625,000

BOOK-ENTRY ONLY SYSTEM

General

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations concerning these matters.

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

DTC, the world's largest 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 and www.dtc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Principal and interest payments on the Notes 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 agent, 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 nor its nominee, agent, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or agent, disbursement of such payments to Direct Participants is 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 Notes at any time by giving reasonable notice to the Township or the agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

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

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

Discontinuation of Book-Entry Only System

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

In the event that the book-entry only system for the Notes is discontinued, the Township has provided that upon receipt of the Note certificates from DTC and the Participant information, the Township will authenticate (or cause to be authenticated) and deliver definitive Notes to the holders thereof, and the principal of and interest on the Notes will be payable and the Notes may thereafter be transferred or exchanged in the manner described in the Note certificates so provided.

SECURITY AND SOURCE OF PAYMENT

The Notes are valid and legally binding general obligations of the Township and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. Unless paid from other sources, the Notes are payable from *ad valorem* taxes to be levied upon all the taxable real property within the Township without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights or to the application of general principles of equity by a court of competent jurisdiction.

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

GENERAL INFORMATION REGARDING THE TOWNSHIP

General

The Township is located in the County of Camden, New Jersey (the "County"). General information concerning the Township, including economic, financial, demographic and other relevant data, is set forth in Appendix "A" to this Official Statement.

Financial

Appendix "B" to this Official Statement contains audited financial statements of the Township for the years ended December 31, 2021, 2020, 2019, 2018 and 2017. The financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete reports of audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

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

Local Bond Law

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

Debt Limits – The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the 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 Notes, will not exceed its three and one-half percent (3.5%) debt limit.

Exceptions to Debt Limits - Extensions of Credit – The Township may exceed its debt limit with the approval of the 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 or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds.

Local Fiscal Affairs Law

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

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

An independent examination of the Township's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the municipality's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2021 is on file with the Chief Financial Officer and is available for review during business hours.

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

The Local Budget Law

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

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

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

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

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

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

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

In response to the outbreak of the Coronavirus (as defined and described under the heading “CERTAIN RISK FACTORS – Recent Healthcare Developments” below), 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. The Township has made no appropriations for Coronavirus related deficits or expenses.

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 Notes.

Miscellaneous Revenues

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

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

Real Estate Taxes

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

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

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

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

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

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%) 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 (3) 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 (5) 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 (2) months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Capital Budget

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

Related Constitutional and Statutory Provisions

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

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

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

The State Constitution may only be amended after: (i) approval of a proposed amendment by three-fifths (3/5) of all of the members of each house of the State Legislature and approval by a majority vote in a statewide referendum; or (ii) approval in two successive legislative years by a majority of all of the members of each house and approval by a majority vote in a statewide referendum. Amendments

failing to receive voter approval may not be resubmitted for voter approval before the third succeeding general election after such disaffirmance.

Rights and Remedies of Owners of Bonds

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

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

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

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

Limitation of Remedies Under Federal Bankruptcy Code

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

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

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

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

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 93.93%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The Township's most recent property revaluation/reassessment occurred in 2009, and became effective for the 2010 tax year.

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

Tax Appeals

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

LITIGATION

To the knowledge of the Township's Solicitor, Mr. David F. Carlamere, Esquire, of Carlamere & Rowan, Voorhees, New Jersey (the "Solicitor"), there is no litigation of any nature now pending,

restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, assuming continuing compliance by the Township with the tax covenants described below, under existing law, interest on the Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, 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 Notes 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 Notes, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering 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, relating to, inter alia, the use and investment of proceeds of the Notes and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Township to comply with such covenants could result in the interest on the Notes being subject to federal income tax from the date of issue. 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 Notes that may affect the tax-exempt status of the interest on the Notes.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, 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 Notes will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by 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 Notes.

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

Owners of the Notes 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 Notes and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

Changes in Federal and State Tax Law

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

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

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 “Rule”), the Township has undertaken to file notice of certain enumerated events, pursuant to a Continuing Disclosure Certificate for the Notes, substantially in the form set forth in Appendix “D” hereto.

The Township has complied with all continuing disclosure requirements for the past five (5) years. The Township has appointed Acacia Financial Group, Inc., Mount Laurel, New Jersey, to serve as Dissemination Agent to the Township to assure future compliance with the Rule.

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.

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 June 4, 2021, the Governor signed legislation ending the public health emergency and keeping certain executive orders in place until January 1, 2022. On January 11, 2022, the Governor reaffirmed the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron Variant. With hospitalizations falling, vaccines and treatments available and COVID-19 moving into an endemic stage, the Governor announced Friday March 4, 2022 with Executive Order 292 that he is ending the State's public health emergency and lifting certain restrictions effective Monday March 7, 2022. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

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 \$6.79 million 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.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by _____, _____ (the “Underwriter”) at a price of \$ _____ (the “Purchase Price”). The Purchase Price reflects the par amount of the Notes plus a bid premium of \$ _____.

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

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as municipal advisor to the Township (the “Municipal Advisor”) with respect to the issuance of the Notes. This Official Statement has been prepared with the assistance of the Municipal Advisor. Certain information set forth herein has been obtained from the Township and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized. The Municipal Advisor is a municipal advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

APPROVAL OF LEGAL PROCEEDINGS

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

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

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

LEGALITY FOR INVESTMENT

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

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 Notes by certificates signed by various officers and officials of the Township upon issuance and delivery of the Notes.

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

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

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.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Christie Ehret, Chief Financial Officer, Township of Gloucester, at 856-374-3534, or to the Township's Municipal Advisor, Acacia Financial Group, Inc., at 856-234-2266.

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

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.

THE TOWNSHIP OF GLOUCESTER IN THE COUNTY OF CAMDEN, NEW JERSEY

By: _____
CHRISTIE EHRET, Chief Financial Officer

Dated: July __, 2022

APPENDIX A

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

GENERAL INFORMATION ON THE TOWNSHIP

History

The present Township of Gloucester, in the County of Camden, New Jersey, ("Township") was one of the original townships that comprised Old Gloucester County, becoming its first political subdivision in 1685. The boundaries of the Township extended from the Delaware River to the Atlantic Ocean until 1693, when the County of Gloucester was divided into two townships, Egg Harbor Township and Gloucester Township. In 1695, the Township was further subdivided into four smaller townships, and on June 1 of that year, the Township was incorporated, becoming one of the earliest townships in the State to be so incorporated. In 1844, the Township became a part of the newly-formed Camden County.

Early industrial activity, which included grist mills, saw mills and foundries, centered around the Township's principal waterway, Great Timber Creek. The Brewer Shipyard, founded in the late 1700s along the Creek in Chews Landing, was the Township's largest industry from 1794 until 1876. The Bateman Manufacturing Company, established in 1863, manufactured such iron products as farm machinery, cultivators and household goods.

In addition to the foundry and saw mill industries, farming played an important role in the Township's economy. By the middle of the nineteenth century, farming and the shipping of farm products to markets in Philadelphia, had become one of the Township's leading industries. Before the Civil War, the Township was also noted for its stone quarries and horse farms.

Today the Township is primarily a residential suburban community with its major concentration of light industries and commercial activity located in the Glendora section.

Location

The Township is situated in the western portion of the Camden County, approximately fifteen miles southeast of the City of Philadelphia, Pennsylvania. With a land area of 23.14 miles, the Township is the fourth largest municipality in the County, encompassing the unincorporated communities of Glendora, Blackwood, Chews Landing, Timberline-White Birch, Broadmoor, Blenheim, Erial, Glen Oaks, Hilltop and Lambs Terrace.

Organization

The Township is governed by a Mayor and a seven-member Township Council ("Council"). The Mayor is elected for a four-year term and serves as the full-time, chief executive officer of the Township. The functions of the Mayor are, among others, to see that the laws of the State and the ordinances of the Township are executed and to recommend to the Council such measures as he/she deems necessary and expedient for the welfare of the Township. Members of the Council, elected for four-year terms on a staggered basis, oversee the Township's operations. The functions of the Council are, among others, to adopt the municipal budget and to enact ordinances to promote and secure the health, government and protection of the Township and its residents.

The Township's Business Administrator is responsible for the appointment of the Tax Collector, the Tax Assessor and the Township Treasurer. In addition to being in charge of the daily operations of the Township, the Township Business Administrator oversees staffing and personnel, prepares and implements the budget and is responsible for Township receipts and disbursements.

The Township Clerk assists with administering the affairs of the Township. The Township Tax Assessor has the duty of assessing property for the purpose of general taxation.

A number of services are provided by the Township and paid for from general revenues. In addition to police protection, employees in the Public Works Department maintain Township streets and

roads, storm drains, snow removal, parks, playgrounds and public areas, building and zoning protection and any emergency service affecting the community.

Police, Fire Protection and Emergency Services

The Township's Police Department ("Department") offers residents 24 hour a day protection from the centrally located Township Municipal Building. The Department consists of a Police Chief, two (2) Deputy Chiefs, three (3) Captains, eight (8) Lieutenants, twenty (20) Sergeants, twenty-four (24) Detectives and seventy-nine (79) Patrol Officers. Also, the Department has organized a neighborhood watch and a K-9 Unit.

Fire Protection is manned by 250 volunteer firemen operating 25 pieces of equipment in six (6) fire districts and paid firemen between the hours of 6:00 a.m. to 6:00 p.m. Inspira provides ambulance services for the Township residents 24 hours a day to Jefferson Stratford Hospital and the Camden County Health Care Service Center in the Township.

Recreation

The Township's Director of Public Works conducts a year-round program of sporting, exercise and leisure events. The Township provides many recreational areas and activities for its residents such as baseball fields, softball fields, soccer fields, tennis courts, football fields, basketball/playground facilities, tot lots and a swimming pool. The Township has a recreation building for basketball, indoor soccer and other recreational programs.

Transportation

The North/South Freeway (Route 42), a six-lane divided highway running through the Township's southern section, provides direct access to the Atlantic City Expressway, Interstate Route 295 (north to south), 76 (west via the Walt Whitman Bridge to Philadelphia and Philadelphia International Airport) and 676 north via the Benjamin Franklin Bridge and center-city Philadelphia. State Route 168 (Black Horse Pike) provides connection to the New Jersey Turnpike. The State completed extensive improvements to State Route 168 in the fall of 1996. Also completed was the extension of State Route 55 from Vineland to an interchange with Interstate 295 in the Borough of Bellmawr, giving the residents of the Township access to a north-south highway system extending from southern sections of the state to the state capitol in Trenton. Additional forms of public transportation include intercity bus service on Public Service Bus Lines and commuter rail service to Philadelphia from Lindenwold to the PATCO High Speed Line.

Hospitals

Local medical treatment is available to Township residents at the three (3) divisions of Jefferson Hospital. The Stratford Division and the Washington Township Division are located approximately four (4) miles from the Township, in Stratford Borough and Turnersville, Washington Township (Gloucester County), respectively. The Cherry Hill Division is located approximately eight (8) miles from the Township.

Trash and Recyclables

Trash collection and disposal services are provided by a private company, Central Jersey Waste & Recycle dba Solterra Recycling Solutions, which is paid by the Township at a rate of approximately \$2,500,000 annually. The Township currently has a five-year contract with Central Jersey Waste & Recycle dba Solterra Recycling Solutions for collection services which expires December 31, 2025. The Township also has a separate five-year contract with Central Jersey Waste & Recycle dba Solterra Recycling Solutions for disposal services, which expires December 31, 2025. The trash is then disposed of at the Covanta Camden Energy Recovery Center at a rate of \$68.50 per ton.

Recyclable material such as glass, aluminum cans, newspapers and plastic are collected by the Gloucester Township Municipal Utilities Authority ("Authority") at a cost of approximately \$802,600 annually.

Water Service

The Township is served by two (2) private water companies. The Glendora, Chews Landing and Hilltop sections of the Township are served by the New Jersey-American Water Company which provides water to approximately one-third of the Township comprising fifty percent (50%) of the population. The remainder of the Township is served by the Blackwood Division of Aqua America, Inc. (formerly known as Consumers New Jersey Water Company). Both water companies service residential and commercial/industrial properties.

Sewer Service

On November 29, 1963, the Township conveyed its sewerage facilities, constructed in 1929-1930, to the Gloucester Township Municipal Utilities Authority ("Authority"). The Township does not own or operate any sanitary sewerage facilities and the Authority has the sole right to operate sewerage facilities within the Township.

In 1963, the Authority commenced a program consisting of the acquisition and reconstruction of two (2) privately owned sewerage systems, the construction of a new treatment plant and the construction of new sewerage collection mains and pumping stations. The program is now complete.

The governing body of the Authority is autonomous and consists of five (5) members and two (2) alternates, appointed by the Mayor and Township Council. The terms of the members are staggered so that the term of at least one member expires each year; the terms of the alternate members are two years. Authority Board members may be re-appointed. The Council President presently serves as the Township's liaison with the Authority.

The Township has adopted an ordinance requiring the owner of any building located upon a street in which a public sanitary sewer has been or is to be constructed to connect the building to the sewer line when the sewer line is operational.

The Authority's sewerage system ("System") consists of approximately 368 miles of gravity sewer lines and 51 pumping stations which provide sewerage collection service to a substantial portion of the Township's residents. There are approximately 29,574 Equivalent Dwelling Units ("EDU") connected to the System.

Present sewer rates for residential dwellings are \$352 per year. Residential connection fees to the Authority are \$1,600, plus a permit fee to the Camden County Municipal Utilities Authority ("CCMUA") of \$6,287.

Sewer treatment service is provided by the CCMUA. The CCMUA is an autonomous body that owns and operates the treatment facility, and has established an annual rate of \$352 per Equivalent Dwelling Unit.

Camden County Municipal Utilities Authority

The Camden County Municipal Utilities Authority ("CCMUA") is a public body corporate and politic of the State and was originally created as the Camden County Sewerage Authority ("Sewerage Authority") by a resolution of the County adopted on December 5, 1967. The Sewerage Authority was reorganized in 1972 as a utilities authority and changed its name to the Camden County Municipal Utilities Authority pursuant to a resolution of the County adopted on April 13, 1972. The CCMUA operates under the supervision of nine commissioners who are appointed by the Board for five-year staggered terms. The County has entered into a deficiency agreement with the CCMUA ("Deficiency Agreement") whereby the County is obligated to pay to the CCMUA any annual charges equal to any

deficits in CCMUA revenues necessary to pay or provide for: (i) operation and maintenance expenses of the CCMUA's regional sewer system, (ii) principal and interest payments on bonds and notes of the CCMUA in an aggregate principal amount not to exceed \$685,500,000, and (iii) the maintenance of reserves required under the bond resolution securing the CCMUA's bonds and notes. The obligation of the County pursuant to the provisions of the Deficiency Agreement is a direct and general obligation of the County, and any annual charges are ultimately payable by the County from the levy of *ad valorem* taxes on all the taxable real property within the jurisdiction of the County in amounts sufficient to enable the County to meet its obligations under the Deficiency Agreement. **To date, no payments have been required to be made by the County pursuant to the Deficiency Agreement.** The County and the CCMUA may agree to amend the Deficiency Agreement at any time to increase the obligations of the County thereunder.

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

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

The gross debt as of December 31, 2020 for the CCMUA was \$229,111,976. The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

Camden County Improvement Authority

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

The amount of debt which the County has guaranteed or for which it has a repayment obligation as of December 31, 2020 was \$397,269,301.93.

Personnel

The Township currently employs approximately 300 persons on a full-time year-round basis, of whom 137 are police officers.

Township Population (1)

2020	Federal Census	66,034
2010	Federal Census	64,634
2000	Federal Census	64,350
1990	Federal Census	53,797
1980	Federal Census	45,156

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

Selected Census 2020 Data for the Township(1)

Median household income	\$83,562
Per capita income	\$36,589

Labor Force(2)

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Township					
Labor Force	35,427	34,588	35,162	35,500	36,868
Employed	33,804	33,119	33,833	32,100	34,614
Unemployed	1,623	1,469	1,329	3,400	2,254
Unemployment	.4.6%	4.2%	3.8%	9.6%	6.1%
County					
Labor Force	256,929	249,945	253,053	256,000	266,839
Employment	243,835	238,357	242,811	230,300	248,814
Unemployment	13,094	11,588	10,242	25,800	18,025
Unemployment Rate	5.1%	4.6%	4.0%	10.10%	6.8%
State					
Labor Force	4,518,800	4,422,900	4,493,100	4,495,200	4,661,625
Employment	4,309,700	4,239,600	4,333,300	4,055,300	4,363,717
Unemployment	209,100	183,400	159,800	439,900	297,917
Unemployment Rate	4.6%	4.1%	3.6%	9.80%	6.4%

Business and Industry

There is, at present, modest industrial activity in the Township. The Gloucester Premium Outlets opened on August 13, 2015, directly off their own interchange of State Route 42. This shopping center is 415,000 square feet and consists of over 90 high end retail stores as well as a Dave and Busters, which opened in 2019. The Lower Landing Business Park is off Lower Landing Road and approximately 25 acres in size. Zoned for office and light industry, it currently contains U.S Vision, a self-storage facility, Renaissance Marble and Granite, and three office buildings. Also on Lower Landing Road is The Commerce Center Industrial Park, which contains warehouses and offices. The Freeway Industrial Park is located on Orr Road off of State Route 42 and is approximately 112 acres in size. The Cross Keys Industrial Site is a newly designated industrial area, located on Cross Keys Road and the Atlantic City Expressway, with 150 acres available for development/redevelopment. The Township estimates that there are 21 light industrial concerns in various sections of the Township. A growing commercial center on Cross Keys includes a bank, three national fast-food restaurants, a major chain food market in a 60,000 square foot building, and 140,000 square feet of retail space and service centers. In addition, there is a 30-store shopping center on Blackwood-Clementon Road being rehabbed and rented. The Marketplace Shopping Center on Chews-Landing Road contains a 55,000 square foot ShopRite supermarket and various strip stores with 15,000 square feet of office space. The majority of retail stores are located on the Black Horse Pike (State Route 168) and Blackwood-Clementon Road.

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

(2) Source: New Jersey Department of Labor

Building, Zoning and Development Codes(1)

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

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

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

Building Permits(1)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2022 (2)	1,259	\$34,239,020
2021	3,252	64,054,387
2020	2,964	80,545,150
2019	3,197	54,362,341
2018	3,248	67,024,659
2017	3,987	74,952,460

CERTAIN TAX INFORMATION

TEN LARGEST TAXPAYERS(3)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2022 Assessed Valuation</u>
Simon/Preit Gloucester Devlopment	Premum Outlets	\$ 67,782,200
HP Altman Autumn Ridge LLC	Housing	41,500,000
SDK Millbridge Gardens LLC	Housing	33,388,000
Camden County Realty LLC	Shopping Center	28,541,900
Korman Residential Properties Inc.	Housing	23,562,200
Lakeview Realty Investment Assoc	Housing	22,360,600
Jemstone Cross Keys LLC	Shopping Center	20,026,600
East Coast Fairways Apartments LLC	Housing	16,145,500
Paramount at Chews Landing LLC	Shopping Center	11,570,800
Cross Keys MZL LLC	Shopping Center	10,957,900

(1) Source: Township's Construction office

(2) As of May 31, 2022

(3) Source: Township Tax Assessor

CURRENT TAX COLLECTIONS(1)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Delinquent Taxes</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2021	\$ 183,470,087	\$ 182,962,380	99.72%	\$ 0	0.00%
2020	180,553,890	179,975,746	99.68%	9,289	0.01%
2019	175,639,156	174,995,899	99.63%	6,735	0.00%
2018	174,195,723	173,675,980	99.70%	1,081	0.00%
2017	168,270,441	167,631,925	99.62%	6,287	0.00%

DELINQUENT TAXES(1)

<u>Year</u>	<u>Outstanding</u>		<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
	<u>Jan. 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2021	\$ 111,153	\$ 228,209	\$ 175,673	51.77%	\$ -	\$ 2,576	\$ 161,113
2020	132,770	471,439	498,067	82.43%	4,258	20	101,864
2019	90,926	193,199	158,090	55.64%	-	-	126,034
2018	124,690	73,300	103,302	52.18%	4,843	-	89,844
2017	141,212	88,006	110,160	48.06%	-	655	118,403

TAX TITLE LIENS(1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by</u>		<u>Cancellations/ Foreclosures</u>	<u>Balance Dec. 31</u>
		<u>Sales and Transfers</u>	<u>Collected</u>		
2021	\$ 1,329,144	\$ 201,343	\$ 79,741	\$ 29,173	\$ 1,421,573
2020	1,285,399	290,862	247,117	-	1,329,144
2019	1,246,054	360,912	303,571	17,995	1,285,399
2018	967,849	423,311	131,396	13,710	1,246,054
2017	1,039,001	266,613	100,080	237,685	967,849

FORECLOSED PROPERTY (1)(2)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added By Transfer</u>	<u>Sale of Property</u>	<u>Adjustments</u>	<u>Balance Dec. 31</u>
2020	1,487,600	-	-	(922,100)	565,500
2019	1,487,600	-	-	-	1,487,600
2018	1,645,700	-	-	(158,100)	1,487,600
2017	703,300	237,684	-	704,716	1,645,700

(1) Source: Annual Reports of Audit

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

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES(1)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate (2)</u>						
		<u>Total Rate</u>	<u>Regional</u>				<u>Fire Districts</u>	<u>Municipal</u>
			<u>County</u>	<u>Local School</u>	<u>High School</u>	<u>Fire</u>		
2021	\$ 4,514,607,300	\$ 4.861	\$ 0.902	\$ 1.174	\$ 0.609	\$ 0.975	\$ 1.201	
2020	4,435,054,600	4.839	0.885	1.174	0.630	0.949	1.201	
2019	4,415,842,700	4.739	0.902	1.159	0.640	0.935	1.103	
2018	4,393,804,300	4.713	0.897	1.147	0.637	0.924	1.108	
2017	4,396,570,200	4.551	0.869	1.141	0.625	0.885	1.031	

SPECIAL DISTRICT TAXES (3)

<u>Year</u>	<u>Total</u>	<u>Fire No. 1</u>	<u>Fire No. 2</u>	<u>Fire No. 3</u>	<u>Fire No. 4</u>	<u>Fire No. 5</u>	<u>Fire No. 6</u>
2021	\$ 0.975	\$ 0.092	\$ 0.153	\$ 0.096	\$ 0.266	\$ 0.219	\$ 0.149
2020	0.949	0.091	0.149	0.092	0.259	0.216	0.142
2019	0.935	0.089	0.147	0.092	0.249	0.213	0.145
2018	0.924	0.087	0.146	0.093	0.242	0.211	0.145
2017	0.885	0.085	0.146	0.093	0.214	0.206	0.141

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA(4)

<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>
2021	\$ 4,508,235,400	93.93%	\$ 4,799,569,254	\$ 72,683 (5)
2020	4,428,466,300	97.58%	4,538,292,990	68,727 (5)
2019	4,409,249,700	97.50%	4,522,307,385	69,968 (6)
2018	4,387,277,300	100.64%	4,359,377,285	67,447 (6)
2017	4,390,203,000	103.23%	4,252,836,385	65,799 (6)

(1) Source: Township Tax Collector

(2) Per \$100 of assessed valuation

(3) Source: Township Tax Collector. Rates expressed as dollars (fractions) / \$100 assessed value.

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

(5) Based upon Federal Census 2020 of 66,034

(6) Based upon Federal Census 2010 of 64,634

REAL PROPERTY CLASSIFICATION(1)

<u>Year</u>	<u>Assessed Value of Land and</u>						
	<u>Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Farmland</u>
2022	\$ 4,524,737,800	\$ 38,096,500	\$ 3,779,840,900	\$ 466,676,900	\$ 51,239,000	\$ 182,989,800	\$ 5,894,700
2021	4,508,235,400	41,423,300	3,768,375,100	464,995,200	51,239,000	176,308,100	5,894,700
2020	4,428,466,300	43,409,100	3,760,112,600	397,460,700	51,239,000	169,971,000	6,273,900
2019	4,409,249,700	40,667,700	3,753,673,200	391,284,900	47,529,400	169,537,400	6,557,100
2018	4,387,277,300	42,479,100	3,749,847,700	380,617,300	47,616,500	159,657,900	7,058,800

(1) Source: Township Tax Assessor

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

The following table summarizes the direct debt of the Township as of December 31, 2021, 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, and Debt of the Local School District. Deductions from gross debt to arrive at net debt include reserve for the payment of debt, and local school district debt. The resulting net debt of \$61,954,344 represents 1.307% of the average of equalized valuations for the Township for the last three years, of \$4,739,709,358 which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Debt Auth. But Not Issued	Gross Debt	Deductions		Net Debt
	Bonds/Loans	Notes			School District	Reserve for Payment of Debt	
General	\$ 46,071,054	\$ 7,878,158	\$ 8,097,091	\$ 62,046,304		\$ 91,960	\$ 61,954,344
Local School District	9,420,000			9,420,000	\$ 9,420,000		
	<u>\$ 55,491,054</u>	<u>\$ 7,878,158</u>	<u>\$ 8,097,091</u>	<u>\$ 71,466,304</u>	<u>\$ 9,420,000</u>	<u>\$ 91,960</u>	<u>\$ 61,954,344</u>

(1) Source: Annual Debt Statement

DEBT RATIOS AND VALUATIONS (1)

Average of Equalized Valuations of Real Property with Improvements for 2019, 2020 and 2021	\$	4,739,709,358
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2019, 2020 and 2021		1.307%
2021 Net Valuation Taxable	\$	4,514,607,300
2021 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$	4,805,941,154
Gross Debt (2)		
As a Percentage of 2021 Net Valuation Taxable		1.58%
As a Percentage of 2021 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		1.49%
Net Debt (2)		
As a Percentage of 2021 Net Valuation Taxable		1.37%
As a Percentage of 2021 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		1.29%
Gross Debt per Capita(3)	\$	1,082
Net Debt per Capita(3)	\$	938

(1) As of December 31, 2021

(2) Excluding Overlapping Debt

(3) Based on Federal 2020 Census of 66,034

TOWNSHIP BORROWING CAPACITY(1)

3.5% of Average (2019-21) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$4,739,709,358)	\$ 165,889,828
Net Debt	<u>(61,954,344)</u>
Remaining Borrowing Capacity	<u>\$ 103,935,484</u>

LOCAL SCHOOL BORROWING CAPACITY(1)

3% of Average (2019-21) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$4,739,709,358)	\$ 142,191,281
Local School Debt	<u>(9,420,000)</u>
Remaining Borrowing Capacity	<u>\$ 132,771,281</u>

REGIONAL HIGH SCHOOL DISTRICT(1)

3% of Average (2019-21) Equalized Valuation of Real Property with Improvements Including Improvements (\$6,106,346,941)	\$ 183,190,408
Regional School Debt (2)	<u>-</u>
Remaining Borrowing Capacity	<u>\$ 183,190,408</u>

(1) As of December 31, 2021

(2) Debt Portion Allocated to the Township is \$0.

**TOWNSHIP OF GLOUCESTER
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 Camden(1):					
General:					
Bonds	\$ 37,050,000	\$ 16,715,177 (2)	\$ 20,334,823	\$ 2,399,336 (4)	\$ 116,445,099
Notes	10,461,125		10,461,125	1,234,324 (4)	
Loan Agreements	345,677,884		345,677,884	40,787,051 (4)	
Bonds Issued by Other Public Bodies Guaranteed by the County	239,049,706	239,049,706 (3)			
	<u>\$ 632,238,715</u>	<u>\$ 255,764,883</u>	<u>\$ 376,473,832</u>	<u>\$ 44,420,711</u>	<u>\$ 116,445,099</u>

(1) Source: County of Camden

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

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2021 Net Valuation on which County taxes are apportioned, which is 11.80%.

GENERAL INFORMATION ON THE SCHOOL DISTRICT(1)

Education

The Board of Education of the Township of Gloucester in the County of Camden, New Jersey ("Board" when referring to the governing body, and "School District" when referring to the legal entity governed by the Board) was organized in the late 1800s and operates under the provisions of Title 18A, of the New Jersey State ("State") Statutes. The Board functions independently through a nine-member board, elected by the citizens in alternate three-year terms. There are presently eight (8) elementary and three (3) middle schools in use for grades pre-kindergarten through eight.

Gloucester Township ("Township") high school students attend the Black Horse Pike Regional School District ("Regional School District") which presently operates three (3) high schools for grades 9 through 12.

The Regional School District was organized on June 14, 1955 with the approval of the legal voters, and functions through a nine (9) member board, elected by the citizens in alternate three-year terms. The Regional School District comprises the Township and the Boroughs of Runnemede and Bellmawr. Taxes for the support of the Regional School District, as approved by the voters in the Regional School District, are levied on the valuations in the three (3) municipalities as equalized by the County.

TOWNSHIP OF GLOUCESTER SCHOOL DISTRICT SCHOOL ENROLLMENTS (1)(2)

<u>Grade</u>	<u>As of October 15,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Pre-School	292	261	123	48	49
K	618	556	597	556	559
1	583	598	567	557	614
2	588	564	565	580	570
3	557	560	589	570	563
4	557	611	578	555	560
5	628	564	585	576	595
6	581	595	581	602	645
7	599	596	644	634	637
8	604	655	663	638	614
Special Education	<u>792</u>	<u>842</u>	<u>874</u>	<u>907</u>	<u>892</u>
Totals	<u>6,399</u>	<u>6,402</u>	<u>6,366</u>	<u>6,223</u>	<u>6,298</u>

Present School Facilities, Enrollment and Capacity(1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Renovations / Additions</u>	<u>Grades</u>	<u>Enrollment Oct. 15, 2020</u>	<u>Functional Capacity</u>
Blackwood School	1958	1960/1980/1995/2001	K-5	582	850
Chews School	1958	1960/1967/1995/2001	K-5	666	925
Erial School	1961	1968/1980/1995/2001	K-5	657	925
Glendora School	1922	1931/1951/1978	K-5	233	350
Gloucester Township School	1926	2001	K-5	253	350
Loring-Fleming School	1976	1988	K-5	658	975
James W. Lilley, Jr. School	1986	1988/1996/2001	K-5	498	925
C.W. Lewis Middle School	1964	1969/2001	6-8	660	1,100
Glen Landing Middle School	1971	1974	6-8	793	1,100
Ann Mullen Middle School	1996		6-8	922	1,350
Union Valley School	2001		K-5	480	925
Totals				<u>6,402 (2)</u>	<u>9,775</u>

(1) Source: School District officials

(2) Does not include students attending out of district schools

**BLACK HORSE PIKE REGIONAL HIGH SCHOOL DISTRICT
SCHOOL ENROLLMENTS (1)**

As of October 15,

<u>Grade</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
9	788	734	751	729	765
10	667	741	721	720	776
11	690	668	700	688	708
12	657	701	710	745	796
Spec. Ed.	<u>547</u>	<u>604</u>	<u>652</u>	<u>726</u>	<u>599</u>
Totals	<u>3,349</u>	<u>3,448</u>	<u>3,534</u>	<u>3,608</u>	<u>3,644</u>

Budget History – Local School District

<u>Budget Year</u>	<u>Outcome of Election</u>	<u>General Fund Tax Levy As Originally Proposed</u>
2021-2022	(2)	\$53,338,377
2020-2021	(2)	51,434,683
2019-2020	(2)	51,434,683
2018-2019	(2)	49,630,311
2017-2018	(2)	48,215,991

Local School District Employees

	As of June 30,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Permanent Employees	<u>1,317</u>	<u>1,183</u>	<u>1,274</u>	<u>1,290</u>	<u>1,007</u>

Employee Collective Bargaining Units – Local School District

The following is a schedule of employee collective bargaining units, number of employees represented and dates of expiration of current contracts:

	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
Gloucester Township Education Association	619	6/30/2024
Gloucester Township Principals and Supervisors Association	23	6/30/2024
Gloucester Township Support Personnel Association	281	6/30/2024
Gloucester Township Central Administration Support Group Assoc.	14	6/30/2024

(1) Source: Application for State School Aid. Includes students from the Township and the Boroughs of Bellmawr and Runnemede.

(2) Not subject to Voter Approval since General Fund Tax Levy was within State Cap and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

Compensated Absences

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget. For additional information regarding compensated absences, see each School Districts Notes to the Financial Statements in their most recently issued Annual Comprehensive Financial Report.

Pension Plans

Those School District employees who are eligible for pension coverage are enrolled in one of three pension systems established for school districts by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. For additional information regarding pensions, see each School Districts Notes to the Financial Statements in their most recently issued Annual Comprehensive Financial Report.

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

Rutgers University-Camden ("Rutgers"), is a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. For the 2020-2021 school year, there were approximately 5,501 undergraduate students and 1,728 graduate students.

Camden County College

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

As of the Spring of 2021, full time enrollment was 7,553 and part-time enrollment was 3,294 for a total of 10,847.

Camden County Technical Schools

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

For high school students, there are 30 career programs from which to choose. For the 2020-2021 school year, 1,464 students are enrolled at the Gloucester Township Campus, and 784 at the Pennsauken Campus, including 260 Special Education Students between the two campuses. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered

lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

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

2022 MUNICIPAL BUDGET (1)

CURRENT FUND	
Anticipated Revenues:	
Fund Balance	\$ 3,180,000
Miscellaneous Revenues:	
Local Revenues	2,050,000
State Aid without Offsetting Appropriations	5,106,459
Dedicated Uniform Construction Code Fees	800,000
Public and Private Programs Offset with Appropriations	205,044
Other Special Items of Revenue	3,836,015
Receipts from Delinquent Taxes	100,000
Amount to be Raised by Taxation for Municipal Purposes	<u>57,982,939</u>
Total Appropriated Revenues	<u><u>\$ 73,260,456</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 53,856,739
Deferred Charges and Statutory Expenditures	8,758,215
Excluded from CAPS:	
Other Operations	97,000
Public and Private Programs	259,312
Capital Improvements	430,000
Debt Service	8,415,275
Transferred to the Board of Education	550,000
Reserve for Uncollected Taxes	<u>893,916</u>
Total Appropriations	<u><u>\$ 73,260,456</u></u>

(1) Adopted May 23, 2022

**TOWNSHIP OF GLOUCESTER
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2022 - 2027 (1)**

	Estimated <u>Total Cost</u>	Bonds and Notes <u>General</u>	Capital Improvement <u>Fund</u>
General Capital:			
Repaving Various Sidewalk	\$ 925,025	\$ 878,773	\$ 46,251
Repave Various Streets	12,886,797	12,242,457	644,340
Improvements to Recreational Area	1,594,457	1,514,734	79,723
Drainage Improvements	632,930	601,284	31,647
Acquisition of Street Lighting	566,163	537,854	28,308
Improvements to Various Buildings	5,107,750	4,852,363	255,388
Acquisition of Public Works Equipment	6,550,628	6,223,097	327,531
Acquisition of Office Equipment	652,718	620,082	32,636
Acquisition of Police Equipment	6,765,297	6,427,032	338,265
Acquisition of Recreational Equipment	1,254,229	1,191,518	62,711
Preliminary Cost for Various Redevelopment Studies	500,000	475,000	25,000
Acquisition of Real Property	33,233	31,571	1,662
Improvements to Downtown Blackwood	299,093	284,138	14,955
	<hr/>		
Totals--All Projects	\$ 37,768,318	\$ 35,879,902	\$ 1,888,416

(1) Adopted May 23, 2022

**TOWNSHIP OF GLOUCESTER
SCHEDULE OF DEBT SERVICE(1)
(BONDED DEBT ONLY)**

<u>Year</u>	<u>Present Debt</u>		
	<u>General</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 7,590,588	\$ 976,925	\$ 8,567,513
2023	7,160,118	773,335	7,933,453
2024	6,556,695	592,505	7,149,200
2025	6,626,618	437,830	7,064,448
2026	4,390,872	316,262	4,707,134
2027	4,273,391	227,686	4,501,076
2028	4,286,442	144,948	4,431,390
2029	4,279,128	57,625	4,336,753
2030	279,128	10,294	289,422
2031	282,243	7,944	290,187
2032	130,230	5,394	135,624
2033	109,138	3,613	112,750
2034	70,307	1,800	72,107
2035	36,157	600	36,757
	<u>\$ 46,071,055</u>	<u>\$ 3,556,760</u>	<u>\$ 49,627,815</u>

(1) As of December 31, 2021

APPENDIX B

FINANCIAL STATEMENTS OF THE TOWNSHIP OF GLOUCESTER

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Gloucester
Gloucester Township, New Jersey 08012

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Gloucester, in the County of Camden, State of New Jersey, as of December 31, 2021, 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.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Gloucester, in the County of Camden, State of New Jersey, as of December 31, 2021, 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.

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* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the Township of Gloucester, in the County of Camden, State of New Jersey, as of December 31, 2021, 2020, 2019, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions on Regulatory Basis of Accounting

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, 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 and pervasive.

Responsibilities of Management 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. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements

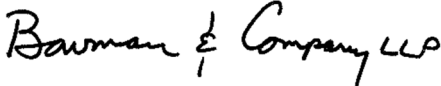
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:


- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert P. Nehila, Jr.
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 30, 2022

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

	As of December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
ASSETS					
Cash	\$ 16,797,009	\$ 18,799,241	\$ 8,927,948	\$ 10,773,440	\$ 12,404,369
Due from State of New Jersey:					
Senior Citizens and Veterans Deductions	101,218	93,563	99,529	98,706	84,325
Federal and State Grants Receivable	2,792,989	2,437,456	1,582,340	801,551	586,629
Receivables with Full Reserves:					
Delinquent Property Taxes Receivable	161,113	111,153	132,770	90,926	124,690
Tax Title Liens Receivable	1,421,573	1,329,144	1,285,399	1,246,054	967,849
Prepaid Regional High School Taxes				3	
Property Acquired for Taxes	565,500	565,500	1,487,600	1,487,600	1,645,700
Revenue Accounts Receivable	48,474	45,157	76,367	86,522	81,153
Interfunds Receivable	3,241,964	149,370	378,687	452,298	421,035
Accounts Receivable--Other	3,847	3,847	1,469	5,515	8,397
	<u>\$ 25,133,687</u>	<u>\$ 23,534,433</u>	<u>\$ 13,972,109</u>	<u>\$ 15,042,615</u>	<u>\$ 16,324,147</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$ 796,034	\$ 2,320,726	\$ 179,990	\$ 728,964	\$ 1,053,228
Contracts Payable		33,700	78,775		
Accounts Payable	15,556		13,480	287,982	6,994
Reserve for Encumbrances	345,866	449,126	579,439	1,103,129	424,301
Interfunds Payable	10,077,284	303,357	2,177,626	2,909,257	1,456,655
County Taxes Payable	40,828	73,121	100,294	59,500	64,335
School Taxes Payable	1	6	9	1	366
Prepaid Revenues	1,447,427	1,435,830	1,294,800	1,426,217	4,200,917
Tax Anticipation Note		10,000,000			
Tax Overpayments	226,377	66,636	294,126	430	2,235
Other Liabilities and Special Funds	984,579	1,003,244	981,507	1,113,473	1,226,578
Unappropriated Reserves	3,447,646				
Reserve for Receivables and Other Assets	2,297,967	2,204,172	3,028,766	3,368,918	3,248,824
Reserve for Federal and State Grants	2,288,936	1,926,242	1,406,097	435,015	339,355
Fund Balance	3,165,186	3,718,274	3,837,199	3,609,730	4,300,359
	<u>\$ 25,133,687</u>	<u>\$ 23,534,433</u>	<u>\$ 13,972,109</u>	<u>\$ 15,042,615</u>	<u>\$ 16,324,147</u>

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

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

	For the Years Ended December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenue Realized:					
Current Tax Collections	\$ 182,962,380	\$ 179,975,946	\$ 174,995,899	\$ 173,675,980	\$ 167,631,925
Delinquent Tax Collections	255,414	745,184	461,661	234,698	210,240
Total Taxes	183,217,794	180,721,130	175,457,561	173,910,678	167,842,165
Miscellaneous Revenues Anticipated	13,355,255	13,124,470	14,227,630	11,488,130	10,497,598
Other Income	2,527,914	1,754,220	1,613,564	1,751,045	2,856,386
Fund Balance Utilized	3,180,000	3,600,000	3,500,000	4,000,000	5,240,000
Total Income	202,280,962	199,199,820	194,798,754	191,149,852	186,436,149
Expenditures:					
Operating	51,858,240	51,182,813	48,708,028	47,262,527	45,147,537
Capital Improvements	200,000	200,000	335,000	300,000	310,000
Transferred to Board of Education	521,500	510,000	510,000	255,000	510,000
Debt Service	8,385,105	8,643,057	6,770,977	7,247,210	6,705,671
Deferred Charges and Statutory Expenditures	8,382,062	7,497,667	7,261,700	6,683,104	6,149,946
County Taxes	40,736,019	39,323,138	39,927,924	39,371,309	38,196,332
Local District School Purposes	52,976,394	52,041,250	51,162,627	50,416,295	50,129,952
Regional High School Tax	27,513,622	27,953,622	28,237,071	28,028,623	27,513,335
Fire District Taxes	7,709,362	7,319,179	7,184,858	7,074,130	6,808,131
Municipal Open Space Tax	902,921	887,011	883,169	880,088	880,796
Due Municipal Open Space Trust Fund Added and On	905	1,648	2,236		
Other Expenditures	467,919	159,359	87,697	322,194	418,949
Total Expenditures and Encumbrances	199,654,050	195,718,744	191,071,285	187,840,481	182,770,649
Statutory Excess to Fund Balance	2,626,912	3,481,075	3,727,469	3,309,371	3,665,500
Fund Balance Beginning of Year	3,718,274	3,837,199	3,609,730	4,300,359	5,874,859
	6,345,187	7,318,274	7,337,199	7,609,730	9,540,359
Decreased by:					
Utilized as Revenue	3,180,000	3,600,000	3,500,000	4,000,000	5,240,000
Fund Balance Ending of Year	\$ 3,165,186	\$ 3,718,274	\$ 3,837,199	\$ 3,609,730	\$ 4,300,359

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

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

	As of December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
ASSETS					
Cash	\$ 2,902,294	\$ 341,035	\$ 4,283,920	\$ 3,139,574	\$ 1,197,544
Deferred Charges to Future Taxation:					
Funded	46,071,054	53,469,052	60,900,074	32,295,596	37,848,707
Unfunded	15,975,249	8,550,238	8,097,091	34,070,659	27,347,412
Due from State of New Jersey:					
Infrastructure Loan Receivable		23,188	23,188	100,670	1,949,445
Interfunds Receivable	135,007	121,744	94,029	431,725	159,455
	<u>\$ 65,083,604</u>	<u>\$ 62,505,258</u>	<u>\$ 73,398,302</u>	<u>\$ 70,038,225</u>	<u>\$ 68,502,563</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Bond Anticipation Notes	\$ 7,878,158			\$ 27,294,801	\$ 21,995,320
General Serial Bonds	42,540,000	\$ 49,550,000	\$ 56,606,000	27,555,000	32,710,000
Loans Payable	3,531,054	3,919,052	4,294,074	4,740,596	5,138,707
Improvement Authorizations:					
Funded	87,057	343,464	3,455,324	303,260	283,421
Unfunded	7,190,482	4,675,856	5,185,875	7,847,386	7,056,349
Reserve for Encumbrances	3,542,932	600,495	2,717,036	1,821,881	1,172,081
Capital Improvement Fund	7,694	178,945	1,603	5,178	336
Reserve to Pay Debt Service	91,960	91,960	91,960	91,960	91,960
Other Liabilities and Special Funds	18,549	8,440	9,383	16,741	27,663
Fund Balance	195,718	3,137,046	1,037,046	361,422	26,726
	<u>\$ 65,083,604</u>	<u>\$ 62,505,258</u>	<u>\$ 73,398,302</u>	<u>\$ 70,038,225</u>	<u>\$ 68,502,563</u>

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

TOWNSHIP OF GLOUCESTER
TRUST FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

	As of December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
ASSETS					
Cash and Investments	\$ 5,635,621	\$ 9,096,170	\$ 4,754,950	\$ 4,598,092	\$ 6,383,996
Accounts Receivable--Other	2,413,111	1,515,744	1,387,753	1,328,088	1,192,033
Interfunds Receivable	6,816,322	40,685	1,754,920	2,777,920	1,298,289
	<u>\$ 14,865,054</u>	<u>\$ 10,652,599</u>	<u>\$ 7,897,623</u>	<u>\$ 8,704,100</u>	<u>\$ 8,874,318</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Interfunds Payable	\$ 97,460	\$ 2	\$ 40,628	\$ 735,946	\$ 394,460
Other Liabilities and Special Funds	704	10	1	10	5
Reserve for Liabilities and Special Funds	14,766,890	10,652,588	7,856,995	7,968,145	8,479,853
	<u>\$ 14,865,054</u>	<u>\$ 10,652,599</u>	<u>\$ 7,897,623</u>	<u>\$ 8,704,100</u>	<u>\$ 8,874,318</u>

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

TOWNSHIP OF GLOUCESTER
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Gloucester (hereafter referred to as the "Township" or "Gloucester Township") was incorporated in 1695 and is located in southwest New Jersey approximately fifteen miles southwest of the City of Philadelphia. The population according to the 2020 census is 66,034.

The Township is governed by a Mayor and seven-member Township Council form of government. The Mayor is elected for a four-year term and serves as the full-time Chief Executive Officer of the Township. Members of the Township Council are elected to four-year terms on a staggered basis and function as the legislative body of the Township. The Township Administrator and the Township Clerk are appointed by the Mayor and monitor the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

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

Gloucester Township Municipal Utilities Authority
71 Landing Road, P. O Box 216
Blackwood, New Jersey 08012

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

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

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

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

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

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

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

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

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its current and municipal open space fund 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.

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

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

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

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

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

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

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

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

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 Camden, the Township of Gloucester School District, the Black Horse Pike Regional High School District, and the Township of Gloucester Fire Districts No. 1-6. 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 Gloucester School District and the Black Horse Pike Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate both school districts for the period from January 1 to December 31.

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

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Gloucester Fire Districts No. 1-6. Operations is charged for the full amount required to be raised from taxation to operate the Fire Districts for the period from January 1 to December 31.

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

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

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

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

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2021, the Township's bank balances of \$28,241,206.48 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 26,595,876.12
Uninsured and Uncollateralized	<u>1,645,330.36</u>
Total	<u>\$ 28,241,206.48</u>

New Jersey Cash Management Fund - During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2021, the Township's deposits with the New Jersey Cash Management Fund were \$331,177.90.

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	\$ 4.861	\$ 4.839	\$ 4.739	\$ 4.713	\$ 4.551
Apportionment of Tax Rate:					
Municipal	\$ 1.181	\$ 1.181	\$ 1.083	\$ 1.088	\$ 1.011
County	0.902	0.885	0.902	0.897	0.869
Local School	1.174	1.174	1.159	1.147	1.141
Regional School	0.609	0.630	0.640	0.637	0.625
Fire Districts	0.975	0.949	0.935	0.924	0.885
Municipal Open Space	0.020	0.020	0.020	0.020	0.020

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2021	\$ 4,514,607,300.00
2020	4,435,054,600.00
2019	4,415,842,700.00
2018	4,393,804,300.00
2017	4,396,570,200.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2021	\$ 183,470,087.40	\$ 182,962,379.59	99.72%
2020	180,553,890.06	179,975,746.10	99.68%
2019	175,639,156.39	174,995,899.48	99.63%
2018	174,195,022.75	173,675,279.97	99.70%
2017	168,270,441.08	167,631,924.80	99.62%

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>
2021	\$ 1,421,572.77	\$ 161,113.17	\$ 1,582,685.94	0.86%
2020	1,329,144.06	111,153.31	1,440,297.37	0.80%
2019	1,285,399.45	132,769.89	1,418,169.34	0.81%
2018	1,246,054.00	90,925.70	1,336,979.70	0.77%
2017	967,849.48	124,689.69	1,092,539.17	0.65%

Note 3: PROPERTY TAXES (CONT'D)

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>
2021	587
2020	586
2019	570
2018	533
2017	455

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>
2021	\$ 565,500.00
2020	565,500.00
2019	1,487,600.00
2018	1,487,600.00
2017	1,645,700.00

Note 5: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available in the current fund 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>
2021	\$ 3,165,186.16	\$ 3,180,000.00	100.47%
2020	3,718,273.81	3,180,000.00	85.52%
2019	3,837,198.59	3,600,000.00	93.82%
2018	3,609,729.53	3,500,000.00	96.96%
2017	4,300,358.56	4,000,000.00	93.02%

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, 2021:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 97,459.74	\$ 9,927,220.83
Federal and State Grant	3,144,504.19	150,062.90
Trust - Animal Control	-	12.89
Trust - Other	6,774,104.16	-
Trust - Municipal Open Space Fund	42,217.75	97,446.85
General Capital	135,006.66	18,549.03
	<u> </u>	<u> </u>
Totals	<u>\$ 10,193,292.50</u>	<u>\$ 10,193,292.50</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 2022, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 7: PENSION PLANS

In June of 2022, the New Jersey Division of Local Government Services issued Local Finance Notice 2022-12 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASB 68. As of the date of this report the information for the period ended June 30, 2021 was not available, therefore the information dated June 30, 2020 is disclosed below.

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

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

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans****Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****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 14.93% 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 \$1,402,653.00, and was 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. Based on the PERS measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$1,210,006.00, which was paid on April 1, 2020.

Employee contributions to the Plan during the year ended December 31, 2020 were \$708,578.43.

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.

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 30.85% 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.

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) - 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 \$4,312,151.00, and was 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. Based on the PFRS measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$3,955,857.00, which was paid on April 1, 2020.

Employee contributions to the Plan during the year ended December 31, 2020 were \$1,407,914.20. 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 4.26% 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 is \$595,615.00, and was payable by April 1, 2021. Based on the PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2019 was \$509,905.00, 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 \$9,641.88, and the Township's contributions were \$3,956.53. There were no forfeitures during the year.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Public Employees' Retirement System**

Pension Liability – As of December 31, 2020, the Township's proportionate share of the PERS net pension liability was \$20,909,193.00. 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 .1282191654%, which was an increase of .0038232327% 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 is \$1,403,641.00. 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 \$1,210,006.00, and was paid on April 1, 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)****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	\$ 49,874,805.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	7,740,342.00
	<u>\$ 57,615,147.00</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 .3859884980%, which was a decrease of .0056376285% 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 .3859884980%, which was a decrease of .0056376285% from its proportion, on-behalf of the Township, measured as of June 30, 2019.

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 is \$4,260,429.00. 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 \$3,955,857.00, 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 is \$877,213.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Note 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 - At 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		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 380,722.00	\$ 502,823.00	\$ 883,545.00	\$ 73,944.00	\$ 178,995.00	\$ 252,939.00
Changes of Assumptions	678,318.00	125,510.00	803,828.00	8,754,877.00	13,371,137.00	22,126,014.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	714,693.00	2,924,393.00	3,639,086.00	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	2,498,836.00	2,048,847.00	4,547,683.00	61,575.00	745,092.00	806,667.00
Township Contributions Subsequent to the Measurement Date	701,327.00	2,156,076.00	2,857,403.00	-	-	-
	<u>\$ 4,973,896.00</u>	<u>\$ 7,757,649.00</u>	<u>\$ 12,731,545.00</u>	<u>\$ 8,890,396.00</u>	<u>\$ 14,295,224.00</u>	<u>\$ 23,185,620.00</u>

\$701,327.00 and \$2,156,076.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 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 above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 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:

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2021	\$ (1,546,246.00)	\$ (3,841,182.00)	\$ (5,387,428.00)
2022	(1,701,179.00)	(2,772,863.00)	(4,474,042.00)
2023	(947,683.00)	(1,123,574.00)	(2,071,257.00)
2024	(329,852.00)	(401,876.00)	(731,728.00)
2025	(92,867.00)	(554,156.00)	(647,023.00)
	<u>\$ (4,617,827.00)</u>	<u>\$ (8,693,651.00)</u>	<u>\$ (13,311,478.00)</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)**

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

For PFRS, 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:

	PERS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	\$ 26,321,186.00	\$ 20,909,193.00	\$ 16,316,969.00

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:

	PFRS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	\$ 66,323,225.00	\$ 49,874,805.00	\$ 36,213,136.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	10,293,062.00	7,740,342.00	5,620,114.00
	<u>\$ 76,616,287.00</u>	<u>\$ 57,615,147.00</u>	<u>\$ 41,833,250.00</u>

Pension Plan Fiduciary Net Position

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

Supplementary Pension Information

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

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****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	0.1282191654%	0.1243959327%	0.1182491498%	0.1188335578%
Township's Proportionate Share of the Net Pension Liability	\$ 20,909,193.00	\$ 22,414,260.00	\$ 23,282,668.00	\$ 27,662,553.00
Township's Covered Payroll (Plan Measurement Period)	\$ 9,225,976.00	\$ 8,880,508.00	\$ 8,270,936.00	\$ 8,212,092.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	226.63%	252.40%	281.50%	336.85%
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	0.1041600492%	0.1000742320%	0.1004808943%	0.1178066439%
Township's Proportionate Share of the Net Pension Liability	\$ 30,849,219.00	\$ 22,464,660.00	\$ 18,812,772.00	\$ 22,515,190.00
Township's Covered Payroll (Plan Measurement Period)	\$ 7,235,632.00	\$ 6,853,252.00	\$ 6,877,064.00	\$ 5,685,840.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	426.35%	327.80%	273.56%	395.99%
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	\$ 1,402,653.00	\$ 1,210,006.00	\$ 1,176,197.00	\$ 1,100,866.00
Township's Contribution in Relation to the Contractually Required Contribution	\$ (1,402,653.00)	\$ (1,210,006.00)	(1,176,197.00)	(1,100,866.00)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Township's Covered Payroll (Calendar Year)	\$ 9,394,760.00	\$ 9,305,868.00	\$ 8,886,437.00	\$ 8,347,830.00
Township's Contributions as a Percentage of Covered Payroll	14.93%	13.00%	13.24%	13.19%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 925,343.00	\$ 860,370.00	\$ 828,350.00	\$ 887,649.00
Township's Contribution in Relation to the Contractually Required Contribution	(925,343.00)	(860,370.00)	(828,350.00)	(887,649.00)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Township's Covered Payroll (Calendar Year)	\$ 8,198,747.00	\$ 7,462,451.00	\$ 6,825,776.00	\$ 6,696,274.00
Township's Contributions as a Percentage of Covered Payroll	11.29%	11.53%	12.14%	13.26%

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	0.3859884980%	0.3916261265%	0.3820977027%	0.3793326534%
Township's Proportionate Share of the Net Pension Liability	\$ 49,874,805.00	\$ 47,926,496.00	\$ 51,704,118.00	\$ 58,561,628.00
State's Proportionate Share of the Net Pension Liability associated with the Township	<u>7,740,342.00</u>	<u>7,567,685.00</u>	<u>7,023,149.00</u>	<u>6,559,396.00</u>
Total	<u>\$ 57,615,147.00</u>	<u>\$ 55,494,181.00</u>	<u>\$ 58,727,267.00</u>	<u>\$ 65,121,024.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 13,357,792.00	\$ 13,273,424.00	\$ 12,617,392.00	\$ 12,225,308.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	373.38%	361.07%	409.78%	479.02%
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	0.3670901493%	0.3456970022%	0.3362946265%	0.3109934496%
Township's Proportionate Share of the Net Pension Liability	\$ 70,123,609.00	\$ 57,581,070.00	\$ 42,302,745.00	\$ 41,343,773.00
State's Proportionate Share of the Net Pension Liability associated with the Township	<u>5,888,644.00</u>	<u>5,049,667.00</u>	<u>4,555,295.00</u>	<u>3,853,742.00</u>
Total	<u>\$ 76,012,253.00</u>	<u>\$ 62,630,737.00</u>	<u>\$ 46,858,040.00</u>	<u>\$ 45,197,515.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 11,849,924.00	\$ 10,918,532.00	\$ 10,554,980.00	\$ 9,646,628.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	591.76%	527.37%	400.78%	428.58%
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	\$ 4,312,151.00	\$ 3,955,857.00	\$ 3,735,568.00	\$ 3,357,164.00
Township's Contribution in Relation to the Contractually Required Contribution	(4,312,151.00)	(3,955,857.00)	(3,735,568.00)	(3,357,164.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 13,977,705.00	\$ 13,594,754.00	\$ 13,224,683.00	\$ 12,563,928.00
Township's Contributions as a Percentage of Covered Payroll	30.85%	29.10%	28.25%	26.72%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 2,993,035.00	\$ 2,810,001.00	\$ 2,582,975.00	\$ 2,268,939.00
Township's Contribution in Relation to the Contractually Required Contribution	(2,993,035.00)	(2,810,001.00)	(2,582,975.00)	(2,268,939.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 12,185,857.00	\$ 11,771,077.00	\$ 10,878,044.00	\$ 10,618,007.00
Township's Contributions as a Percentage of Covered Payroll	24.56%	23.87%	23.74%	21.37%

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.

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Public Employees' Retirement System (PERS) (Cont'd)***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%		

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

Plan Description and Benefits Provided - The Township provides certain medical and prescription drug benefits for retired employees, where such benefits are established and amended by various union contracts, separate employee agreements and Township policies. The Township provides for 100% payment of retired employees health, dental and prescription coverage until the retiree is eligible for Medicare benefits at age 65. The Township also pays the entire Medicare Part B premium for retirees who purchase Medicare Part B and their beneficiaries. The retired employee has a choice of benefit plans based on union contracts. The plans are administered by the Township; therefore, premium payments are made directly by the Township to the insurance carriers. No assets are accumulated in a trust. In accordance with GASB Statement 75, this plan is considered a Single Employer, Defined Benefit OPEB Plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered by Benefit Terms - At January 1, 2021, the plans measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	163
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	167
	330

Total OPEB Liability

The Township's total OPEB liability of \$136,647,367.00 was measured as of January 1, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020, which was rolled forward to January 1, 2021.

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

Inflation	2.50% Annually
Salary Increases	3.00% Annually
Discount Rate	2.12%
Healthcare Cost Trend Rates	2.00% 2021, Future Years 2.00%
Retirees' Share of Benefit-Related Costs	During Pre-Medical Retiree Period \$750/avg. During Medical Retiree Period \$892/avg.

The discount rate was based on the Bond Buyer GO-20 Municipal Bond Index.

RP-2014 mortality table with morality projected to the current year. Updating to the current year increased liabilities.

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

Actuarial Assumptions and Other Inputs (Cont'd)

An experience study was not performed on the actuarial assumptions used in the January 1, 2020 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by Society of Actuaries. The actuary has used their professional judgement in applying these assumptions to this Plan.

Changes in Total OPEB Liability

Balance at December 31, 2020		\$ 124,994,671.00
Changes for the Year:		
Service Cost	\$ 1,003,904.00	
Interest Cost	3,367,085.00	
Changes in Benefit Terms	-	
Difference Between Expected and Actual Experience	-	
Changes in Assumptions	11,601,994.00	
Benefit Payments	<u>(4,320,287.00)</u>	
Net Changes		<u>11,652,696.00</u>
Balance at December 31, 2021		<u>\$ 136,647,367.00</u>

Changes of benefit terms reflect a change to the required co-pay for new retirees that was decreased from the Chapter 78 amount which averaged 33.6% of the health insurance premium to an average of 4% in 2020.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.44% at January 1, 2018, to 4.10% at January 1, 2019, to 2.73 at January 1, 2020 and to 2.12% at January 1, 2021.

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

	<u>December 31, 2021</u>		
	<u>1.00% Decrease (1.12%)</u>	<u>Current Discount Rate (2.12%)</u>	<u>1.00% Increase (3.12%)</u>
Total OPEB Liability	<u>\$ 157,440,148.00</u>	<u>\$ 136,647,367.00</u>	<u>\$ 118,694,628.00</u>

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

	<u>December 31, 2021</u>		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 116,878,694.00</u>	<u>\$ 136,647,367.00</u>	<u>\$ 161,778,217.00</u>

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Supplementary OPEB Information (Cont'd)**

	<u>Plan Measurement Date January 1,</u>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 1,003,904.00	\$ 574,624.00	\$ 563,357.00	\$ 987,640.00
Interest Cost	3,367,085.00	4,388,913.00	4,142,788.00	5,032,529.00
Difference Between Expected and Actual Experience	-	20,311,050.00	(11,843,069.00)	(24,703,413.00)
Changes in Assumptions	11,601,994.00	(13,665,006.00)	-	11,640,653.00
Changes in Benefit Terms	-	6,913,076.00	-	-
Benefit Payments	(4,320,287.00)	(4,319,305.00)	(4,439,926.00)	(6,462,233.00)
Net Change in Total OPEB Liability	11,652,696.00	14,203,352.00	(11,576,850.00)	(13,504,824.00)
Total OPEB Liability - Beginning of Year	124,994,671.00	110,791,319.00	122,368,169.00	135,872,993.00
Total OPEB Liability - End of Year	<u>\$136,647,367.00</u>	<u>\$124,994,671.00</u>	<u>\$110,791,319.00</u>	<u>\$122,368,169.00</u>
Covered-Employee Payroll	\$ 29,396,422.73	\$ 26,241,652.45	\$ 28,204,866.78	\$ 26,241,653.00
Total OPEB Liability as a Percentage of Covered Payroll	464.84%	476.32%	392.81%	466.31%

Notes to Supplementary OPEB Information:

Changes in Benefit Terms - Reflect a change to the required co-pay for new retirees that was decreased from the Chapter 78 amount which averaged 33.6% of the health insurance premium to an average of 4% in 2020.

Changes of Assumptions - The discount rate changed from 3.44% at January 1, 2018, to 4.10% at January 1, 2019, 2.73% at January 1, 2020 and 2.12% at January 1, 2021.

Note 9: COMPENSATED ABSENCES

Full-time Township employees are granted vacation and sick leave in varying amounts in accordance with the Township's personnel policies and collective bargaining agreements. Unused sick leave and vacation days may be accumulated and carried forward to the subsequent year. Employees who retire from the Township shall be paid for unused sick leave and vacation days in accordance with the Township's agreement or personnel policy.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2021, accrued benefits for compensated absences are valued at \$6,067,487.57. Actual payment for compensated absences occurs through the Accumulated Leave Trust Fund at the time the employee terminates employment. The Trust Fund is funded through the annual budget appropriation of the Current Fund budget. The balance in the Trust Fund as of December 31, 2021 is \$54,817.61.

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 2011 - On February 1, 2011, the Township issued \$10,000,000.00 of General Improvement Bonds, with interest rates ranging from 3.00% to 4.00%. The purpose of the bonds was to fund various capital ordinances. The final maturity of the bonds is February 1, 2022.

General Improvement Refunding Revenue Bonds CCIA Lease, Series 2011 - On April 1, 2011, the Township issued \$3,440,000.00 of General Improvement Refunding Bonds with interest rates ranging from 2.00% - 5.00%. The bonds were issued to refund \$3,580,000.00 in Revenue Bonds CCIA Lease, Series 2001 with an interest rate of 4.95% and \$410,000.00 of General Improvement Bonds, Series 2003 with an interest rate of 3.85%. The final maturity of the bonds is April 1, 2022.

General Improvement Bonds, Series 2012 - On November 15, 2012, the Township issued \$1,985,000.00 of General Improvement Bonds, with interest rates ranging from 2.00% to 3.50%. The purpose of the bonds was to fund various capital ordinances. The final maturity of the bonds is November 15, 2026.

General Improvement Bonds, Series 2014 - On April 2, 2014, the Township issued \$21,154,000.00 of General Improvement Bonds, with interest rates ranging from 2.00% to 3.00%. The purpose of the bonds was to fund various capital ordinances. The final maturity of the bonds is February 15, 2025.

General Improvement Refunding Bonds, Series 2014 - On October 1, 2014, the Township issued \$4,770,000.00 of General Improvement Refunding Bonds with interest rates ranging from 3.00% to 4.00%. The bonds were issued to refund \$4,928,000.00 in General Improvement Bonds, Series 2005 with interest rates ranging from 2.75% to 4.00%. The final maturity of the bonds is August 1, 2023.

General Improvement Bonds, Series 2019 - On June 12, 2019, the Township issued \$34,011,000.00 of General Improvement Bonds, with interest rates ranging from 2.00% to 2.25%. The purpose of the bonds was to fund various capital ordinances. The final maturity of the bonds is February 1, 2029.

Note 11: CAPITAL DEBT (CONT'D)**General Improvement Bonds (Cont'd)**

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>
2022	\$ 7,195,000.00	\$ 935,587.50	\$ 8,130,587.50
2023	6,795,000.00	737,725.00	7,532,725.00
2024	6,200,000.00	562,175.00	6,762,175.00
2025	6,300,000.00	412,250.00	6,712,250.00
2026	4,075,000.00	294,637.50	4,369,637.50
2027-2029	11,975,000.00	384,750.00	12,359,750.00
Totals	<u>\$ 42,540,000.00</u>	<u>\$ 3,327,125.00</u>	<u>\$ 45,867,125.00</u>

New Jersey Environmental Infrastructure Loans

On September 1, 2012, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,185,938.00, at no interest, from the fund loan, and \$375,000.00 with interest rates ranging from 3.00% to 5.00% from the trust loan. The proceeds were used to finance various capital ordinances. Semiannual debt payments are due February 1st and August 1st through 2031.

On May 21, 2014, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,173,256.00, at no interest, from the fund loan, and \$385,000.00 with interest rates ranging from 3.00% to 5.00% from the trust loan. The proceeds were used to finance various capital ordinances. Semiannual debt payments are due February 1st and August 1st through 2033.

On May 28, 2015, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$526,319.00, at no interest, from the fund loan, and \$165,000.00 with interest rates ranging from 4.00% to 5.00% from the trust loan. The proceeds were used to finance various capital ordinances. Semiannual debt payments are due February 1st and August 1st through 2034.

On September 1, 2016, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$920,888.00, at no interest, from the fund loan, and \$300,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund the various capital improvements. Semiannual debt payments are due March 1st and September 1st through 2035.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 264,128.17	\$ 32,575.02	\$ 296,703.19
2023	264,128.17	29,325.02	293,453.19
2024	264,128.17	26,075.02	290,203.19
2025	264,128.17	22,975.02	287,103.19
2026	269,128.17	20,275.02	289,403.19
2027-2031	1,388,756.17	63,012.58	1,451,768.75
2032-2035	345,830.45	11,406.26	357,236.71
Totals	<u>\$ 3,060,227.47</u>	<u>\$ 205,643.94</u>	<u>\$ 3,265,871.41</u>

Note 11: CAPITAL DEBT (CONT'D)**New Jersey Green Acres Loans**

The Township entered into loan agreements with the New Jersey Department of Environmental Protection. Semiannual debt payments are due through 2028. All loans have a 2.00% interest rate.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 131,460.08	\$ 8,762.49	\$ 140,222.57
2023	100,989.50	6,284.89	107,274.39
2024	92,566.74	4,255.00	96,821.74
2025	62,489.98	2,605.30	65,095.28
2026	46,744.18	1,349.25	48,093.43
2027-2028	<u>36,576.45</u>	<u>733.95</u>	<u>37,310.40</u>
Totals	<u>\$ 470,826.93</u>	<u>\$ 23,990.88</u>	<u>\$ 494,817.81</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 53,949,212.37	\$ 53,469,052.33	\$ 60,900,073.96
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	<u>8,097,091.34</u>	<u>8,550,238.34</u>	<u>8,097,091.34</u>
Total Issued and Authorized but not Issued	<u>62,046,303.71</u>	<u>62,019,290.67</u>	<u>68,997,165.30</u>
<u>Deductions</u>			
General:			
Funds Temporarily Held to Pay Debt	<u>91,960.15</u>	<u>91,960.15</u>	<u>91,960.15</u>
<u>Net Debt</u>	<u>\$ 61,954,343.56</u>	<u>\$ 61,927,330.52</u>	<u>\$ 68,905,205.15</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.307%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Purposes	\$ 9,420,000.00	\$ 9,420,000.00	
General	<u>62,046,303.71</u>	<u>91,960.15</u>	\$ 61,954,343.56
	<u>\$ 71,466,303.71</u>	<u>\$ 9,511,960.15</u>	<u>\$ 61,954,343.56</u>

Note 11: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)**

Net debt \$61,954,343.56 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$4,739,709,358, equals 1.307%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 165,889,827.53
Less: Net Debt	<u>61,954,343.56</u>
Remaining Borrowing Power	<u><u>\$ 103,935,483.97</u></u>

Note 12: ARBITRAGE REBATE

The Tax Reform Act of 1986 placed restriction on investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above arbitrage bond yield are required to be rebated to the United States Treasury Department within sixty days of the end of the fifth bond year. A bond year is defined, at the option of the issuing entity, as either the date of the first anniversary of bond settlement or the issuing entity's year end.

The Township has the following bond issues outstanding at December 31, 2021:

<u>Issue Date</u>	<u>Amount</u>	<u>Liability</u>
December 1, 2007	\$ 6,154,000.00	None (2)
February 1, 2011	10,000,000.00	None (2)
April 1, 2011	3,440,000.00	None (1)
November 15, 2012	1,985,000.00	None (1)
April 2, 2014	21,154,000.00	None (3)
October 1, 2014	4,770,000.00	None (4)
June 12, 2019	34,011,000.00	None (3)

- (1) Issue meets the small issuer or other exceptions and is not subject to an arbitrage calculation.
- (2) Arbitrage calculation was completed and no rebate is due.
- (3) The rebate calculations on these bonds are required to be made at least once every five years. However, the Township of Gloucester has not prepared the rebate calculation for purposes of determining any contingent liability for rebate. It is anticipated that when such calculation is made, the liability, if any, will be appropriated in that year's current fund budget.
- (4) Refunding bonds are not subject to arbitrage calculations.

Note 13: 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.

Note 13: RISK MANAGEMENT (CONT'D)

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

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

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

<u>Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$ 46,887.96	\$ 513.77	\$ 23,335.04	\$ 156,211.00
2020	54,535.54	436.86	24,690.18	132,144.31
2019	55,143.60	1,460.17	61,121.96	101,862.09

It is estimated that unreimbursed payments on behalf of the Township at December 31, 2021 are \$19,864.33.

Self- Insurance Plan - The Township is self-insured for the following:

Health Benefits - The Township contracts with third party administrators to provide health, prescription and dental benefits. Per the contracts, there is a stop loss deductible of \$75,000.00 per individual and a \$1,000,000.00 aggregate at 125% of projected claims. At December 31, 2021, the balance of estimated health insurance payables was \$345,411.54, as provided by the third party administrators. None of the pending claims have been recorded as accounts payable and charged to the employee group insurance appropriation as of December 31, 2021. Any additional funding required for claims will be paid and charged to future budgets.

There were no settlements that exceeded the Township's coverage for the years ended December 31, 2021, 2020, 2019, 2018 and 2017.

Workers Compensation - The Township is self-insured for worker's compensation up to \$250,000.00 per incident with an aggregate of \$500,000.00. A commercial policy is maintained for claims in excess of \$250,000.00 per occurrence. The Gloucester Township Municipal Utilities Authority is also covered under this policy and reimburses the Township for claims applicable to their employees.

A workers' compensation insurance claims liability (incurred) is based on an analysis prepared by management, which is based on historical trends. The remaining claims liability (incurred) is based on an evaluation performed by the third-party administrator of the plan. The total liability of \$255,654.24 consists of claims reported and payable as well as an estimate for claims incurred but not reported. None of the pending claims have been recorded as accounts payable and charged to the workman's compensation budget appropriation as of December 31, 2021. Any additional funding required for claims will be paid and charged to future budgets. There have been no settlements that exceed the Township's coverage for years ended December 31, 2021, 2020, 2019, 2018 and 2017.

Note 13: RISK MANAGEMENT (CONT'D)

Self- Insurance Plan (Cont'd) -

Temporary Disability Insurance – The Township’s Temporary Disability program is a mirror image of the State of New Jersey Temporary Disability Insurance Plan, whereby an employee who becomes temporarily disabled within fourteen (14) days of their last day of work is covered. Each employee must contribute 1/2 of a percent on the first \$20,200.00 of covered wages up to a maximum of \$101.00. The Township is required to contribute at a variable rate.

A Reserve for Disability Insurance was established in the Trust - Other Fund to account for and finance its related uninsured risks. The following is a summary of Township contributions, claims paid and the ending balance of the Township’s trust fund for the current and previous two years:

<u>Year</u>	<u>Employee Receipts</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2021	\$ 73,830.16	\$ 49,712.51	\$ 83,775.31
2020	43,127.22	31,047.97	59,657.66
2019	32,531.92	11,021.47	47,578.41

At December 31, 2021, the balance of disability insurance payables was unable to be determined. Any additional funding required for claims in excess of the aforementioned reserve will be paid and charged to future budgets. No estimate of the required reserve for claims has been made. There have been no settlements that exceed the Township’s coverage for years ended December 31, 2021, 2020, 2019, 2018 and 2017.

Note 14: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 6, 2001, pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township authorized the establishment of the Township of Gloucester Open Space, Recreation and Farmland Preservation Trust Fund effective February 25, 2002, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. Overall, as a result of the referendum, the Township levies a tax not to exceed two cents per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. 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 Township of Gloucester Open Space, Recreation and Farmland Preservation Trust Funds.

Note 15: CONTINGENCIES

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

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

Note 16: 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 17: 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 2022.

Note 18: 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		
Completion of Various Capital Improvements and Acquisition of Various Pieces of Capital Equipment	03/14/22	\$ 8,747,526.00

APPENDIX C
FORM OF BOND COUNSEL OPINION



July 28, 2022

Mayor and Township Council
of the Township of Gloucester
1261 Chews Landing Road
Blackwood, New Jersey

RE: \$16,625,000 TOWNSHIP OF GLOUCESTER, COUNTY OF CAMDEN, NEW JERSEY, BOND ANTICIPATION NOTES OF 2022, SERIES A

Ladies and Gentlemen:

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

The Notes are issued 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) bond ordinances O.20.11, O.21.08, and O.22.02, each duly and finally adopted by the Township Council (collectively, the "Bond Ordinances"), and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on July __, 2022 ("Award Certificate").

The Notes are issued to temporarily finance the costs of certain improvements described in the Bond Ordinances. The Notes are dated July 28, 2022 and mature on July 27, 2023. The Notes are issued in [registered] [bearer] form without coupons and are not subject to redemption prior to their stated maturity date.

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

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, certifications, instruments 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 Notes are legal, valid and binding obligations of the Township enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").
2. For the payment of principal of and interest on the Notes, the Township has the power and is obligated, to the extent payment is not otherwise provided, to levy ad valorem taxes upon all taxable real property within the Township without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.
3. Interest on the Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and does not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

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

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

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

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



modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

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

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

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

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

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

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 CERTIFICATE

Continuing Disclosure Certificate

ISSUER: Township of Gloucester, County of Camden, New Jersey ("Issuer")

ISSUE: \$16,625,000 Bond Anticipation Notes of 2022, Series A
(Non-Callable) ("Notes")

DATED: July 28, 2022

CUSIP:

This Continuing Disclosure Certificate ("Certificate") is executed and delivered by the Issuer as of the date set forth below for the purpose of providing continuing disclosure with respect to the Issuer in order to comply with the provisions of Rule 15c2-12 ("Rule"), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended and supplemented from time to time.

Section 1. (a) The Issuer, as an obligated person for purposes of and as defined in the Rule ("Obligated Person"), hereby agrees, in accordance with the provisions of the Rule, so long as any of the Notes are outstanding to provide or cause to be provided to the Municipal Securities Rulemaking Board ("MSRB"), through the internet facilities of the Electronic Municipal Market Access System ("EMMA")¹, 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 (each a "National Repository") and any public or private repository or entity designated by the State of New Jersey as a state information repository for purpose of the Rule ("State Repository" and together with each National Repository, the "Repository" or "Repositories"), as applicable, notice of the occurrence of any of the following listed events (each a "Listed Event" or "Listed Events") with respect to the Notes:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

¹ 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 Notes, and other filers on behalf of such issuers shall upload certain information and notices to assist underwriters in complying with the Rule and to provide the general public with access thereto.

- vii. Modifications to the rights of Noteholders, if material;
- viii. Note calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- ix. Defeasances;
- x. Release, substitution, or sale of property securing repayment of the Notes, if material;
- xi. Rating changes;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. 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 Issuer, 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;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. Incurrence of a financial obligation 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
- xvi. 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 Issuer shall, within ten (10) business days of the occurrence of any of the Listed Events, report the event to the MSRB, through the internet facilities of EMMA, or any other Repositories, as applicable, pursuant to the provisions of Section 1(a) hereof. In determining the materiality of a Listed Event specified in subsections (a)(ii), (vii), (viii), (x), (xiii), (xiv) and (xv) of this Section 1, the Issuer may, but shall not be required to, rely conclusively on a written opinion of counsel expert in federal securities law acceptable to the Issuer.

Section 2. The Issuer reserves the right to terminate its obligation to provide notices of Listed Events, if material, as set forth above, if and when the Issuer no longer remains an Obligated Person with respect to the Notes within the meaning of the Rule. The Issuer will provide notice of such termination to the MSRB via the internet facilities of EMMA and the State Repository, if any.

Section 3. The Issuer agrees that its undertaking pursuant to the Rule set forth in Section 1 of this Certificate is intended to be for the benefit of the holders of the Notes and shall be enforceable by such Noteholders; provided that, the Noteholder's right to enforce the

provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Obligated Person's obligations hereunder.

Section 4. This Certificate shall be governed by the laws of the State of New Jersey.

IN WITNESS WHEREOF, the Issuer has executed and delivered this Certificate as of this 28th day of July, 2022.

ISSUER:

**TOWNSHIP OF GLOUCESTER, COUNTY
OF CAMDEN, NEW JERSEY**

By: _____
CHRISTIE EHRET,
Chief Financial Officer