

**NEW ISSUE - BOOK-ENTRY ONLY**

**RATING: Moody's: "Aa2"**  
**(See "RATING" herein)**

*In the opinion of Archer & Greiner P.C., Flemington, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) will not be treated as a preference item under section 57 of the Code for purposes of calculating the Federal alternative minimum tax; however, such interest paid to certain corporate holders of the Bonds indirectly may be subject to the Federal alternative minimum tax under the circumstances described under "TAX MATTERS" herein.. Bond Counsel is also further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX MATTERS" herein.*

**\$1,313,000**  
**TOWNSHIP OF EAST AMWELL**  
**IN THE COUNTY OF HUNTERDON, STATE OF NEW JERSEY**  
**GENERAL OBLIGATION BONDS, SERIES 2018**  
**(Bank Qualified) (Non-Callable)**

**Dated: Date of Delivery**

**Due: March 1, as shown on the inside cover**

The \$1,313,000 General Obligation Bonds, Series 2018 (the "Bonds") are general obligations of the Township of East Amwell, in the County of Hunterdon, State of New Jersey (the "Township") and are secured by the full faith and credit of the Township for the payment of principal thereof and interest thereon. The Bonds, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the principal thereof and the interest thereon without limitation as to rate or amount.

The Bonds are being issued to (i) currently refund, together with a \$13,500 principal reduction payment, the Township's \$1,326,500 Bond Anticipation Notes dated May 11, 2017 and maturing May 1, 2018; and (ii) pay costs and expenses incidental to the issuance and delivery of the Bonds.

The Bonds will be issued in the form of one certificate for the aggregate principal amount thereof maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 each or any integral multiple of \$1,000 in excess thereof. See "DESCRIPTION OF THE BONDS - Book-Entry Only System" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made to DTC or its nominee, Cede & Co., which will remit such payments to the DTC participants, which will in turn remit such payments to the owners of beneficial interest in the Bonds. Principal of the Bonds is payable on March 1 in each of the years set forth on the inside front cover page hereof. Interest on the Bonds is payable on March 1 and September 1, commencing September 1, 2018, in each year until maturity. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Township, or its successor, will serve as the Registrar and Paying Agent for the Bonds (the "Registrar" or "Paying Agent").

The Bonds are not subject to redemption prior to their stated maturities. See "DESCRIPTION OF THE BONDS - Optional Redemption" herein.

The Bonds are not a debt or obligation, legal, moral or otherwise, of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Township.

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

*The Bonds are offered when, as and if issued and subject to prior sale, withdrawal or modification of the offer without notice and to the approval of legality by the law firm of Archer & Greiner P.C., Flemington, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as municipal advisor to the Township. It is expected that the Bonds will be available for delivery through the facilities of DTC, New York, New York, on or about March 27, 2018.*

**BAIRD**

**\$1,313,000**  
**TOWNSHIP OF EAST AMWELL**  
**IN THE COUNTY OF HUNTERDON, STATE OF NEW JERSEY**  
**GENERAL OBLIGATION BONDS, SERIES 2018**

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

<b><u>Year</u></b> <b><u>(March 1)</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP</u></b> <b><u>Numbers*</u></b>
2019	\$ 80,000	4.00%	1.60%	270505EL0
2020	85,000	4.00	1.75	270505EM8
2021	90,000	4.00	1.90	270505EN6
2022	120,000	4.00	2.05	270505EP1
2023	120,000	4.00	2.20	270505EQ9
2024	140,000	3.00	2.30	270505ER7
2025	140,000	3.00	2.45	270505ES5
2026	140,000	3.00	2.60	270505ET3
2027	135,000	3.00	2.75	270505EU0
2028	135,000	3.00	2.90	270505EV8
2029	128,000	3.00	3.05	270505EW6

\*CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP Numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Township does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**TOWNSHIP OF EAST AMWELL  
IN THE COUNTY OF HUNTERDON,  
STATE OF NEW JERSEY**

**MAYOR**

Timothy J. Mathews

**DEPUTY MAYOR**

Richard Wolfe

**TOWNSHIP COMMITTEE**

David Wang-Iverson, Committee Member

Kevin Ostrander, Committee Member

Peter Miller, Committee Member

**TOWNSHIP OFFICIALS**

Teresa R. Stahl, RMC, CMC, Township Clerk

Carl A. Taylor III, Township Attorney

Margaret Pasqua, Chief Financial Officer

**BOND COUNSEL**

Archer & Greiner P.C.

Flemington, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC

Bordentown, New Jersey

**INDEPENDENT AUDITORS**

Suplee, Clooney & Company

Westfield, New Jersey

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

References in this Official Statement to laws, rules, regulations, ordinances, 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.

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

In order to facilitate the distribution of the Bonds, the Underwriter may engage in transactions intended to stabilize the price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The prices at which the Bonds are offered to the public by the Underwriter and the yields resulting therefrom may vary from the initial public offering prices or yields shown on the inside front cover page hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering prices or yields to dealers and others.

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

The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information.

For purposes of compliance with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, by the Township from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Township.

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

The offering of the Bonds is made only by means of this entire Official Statement.

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**OFFICIAL STATEMENT  
of the  
TOWNSHIP OF EAST AMWELL  
IN THE COUNTY OF HUNTERDON, STATE OF NEW JERSEY  
\$1,313,000 GENERAL OBLIGATION BONDS, SERIES 2018**

**INTRODUCTION**

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Township of East Amwell (the "Township"), in the County of Hunterdon (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$1,313,000 General Obligation Bonds, Series 2018 (the "Bonds"). This Official Statement (the "Official Statement"), which includes the cover page, the inside front cover page and the Appendices attached hereto, has been authorized by the Mayor and Township Committee to be distributed in connection with the sale of the Bonds and has been executed by and on behalf of the Township by the Chief Financial Officer.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to the sale, issuance and delivery of the Bonds. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Township.

This Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

**DESCRIPTION OF THE BONDS**

**General Description of the Bonds**

The Bonds shall be dated their date of delivery and will mature on March 1 in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds shall bear interest from their date of delivery and shall be payable on March 1 and September 1 in each year until maturity, commencing September 1, 2018, at the rates shown on the inside front cover page hereof. The Bonds are issuable as fully registered book-entry only bonds in the form of one certificate for each year of maturity of the Bonds in the aggregate principal amount of such maturity. The Bonds may be purchased in book-entry only form in the amount of \$5,000 each or any integral multiple of \$1,000 in excess thereof, through book-entries made on the books and records of The Depository Trust Company, New York, New York ("DTC") and its participants. So long as DTC or its nominee, Cede & Co., or any successor or assign, is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the Township, or the Paying Agent (as defined herein) directly to Cede & Co. or any successor or assign, as nominee for DTC. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be credited to the participants of DTC as listed on the records of DTC as of the close of business on each February 15 and August 15 preceding an interest payment date. The Township, or its successor, will serve as the Registrar and Paying Agent for the Bonds (the "Registrar" or "Paying Agent").

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

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

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

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

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

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

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



Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy (the "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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if any, and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if any, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

THE TOWNSHIP OR THE PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

#### **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 Bonds 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.

### **Optional Redemption**

The Bonds are not subject to redemption prior to their stated maturities.

### **AUTHORIZATION FOR THE BONDS**

The Bonds are authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended) (the “Local Bond Law”).

The Bonds are authorized by the bond ordinances adopted by the Township Committee referred to in the chart below and by a resolution adopted by the Township Committee on February 22, 2018 (the “Resolution”).

### **PURPOSE OF THE BONDS**

The Bonds are being issued to (i) currently refund, together with a \$13,500 principal reduction payment, the Township’s \$1,326,500 Bond Anticipation Notes dated May 11, 2017 and maturing May 1, 2018; and (ii) pay costs and expenses incidental to the issuance and delivery of the Bonds.

<b>Number of Bond Ordinance</b>	<b>Description of Improvement and Date of Adoption of Ordinance</b>	<b>Amount of Bonds</b>
06-12	Township’s Share of the cost of easements under the Farmland Program to be undertaken jointly with the County, finally adopted June 8, 2006.	\$480,000
12-12	Township’s share of the acquisition of development easements in two farms, finally adopted November 8, 2012.	\$176,000
13-02	Acquisition of a tractor/boom mower, finally adopted February 14, 2013.	\$65,000
13-07	Acquisition of a backhoe and barn garage renovations, finally adopted on October 10, 2013.	\$150,000
15-02	Acquisition of new and additional vehicular equipment, Finally Adopted March 12, 2015.	\$127,000
15-07	Various road improvements, finally adopted May 14, 2015.	\$315,000
	<b>TOTAL:</b>	<b>\$1,313,000</b>

### **SECURITY AND SOURCE OF PAYMENT**

The Bonds 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 interest on the Bonds. The Bonds are direct obligations of the Township and, unless paid from other sources, the Township is required by law to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

The Township is required by law to include the total amount of principal of and interest on all of its general obligation indebtedness, such as the Bonds, for the current year in each annual budget unless provision has been made for payment of its general obligation indebtedness from other sources. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "MUNICIPAL BANKRUPTCY" herein.

The Bonds are not a debt or obligation, legal, moral or otherwise, of the State, or any county, municipality or any political subdivision thereof, other than the Township.

### **MARKET PROTECTION**

The Township does not anticipate issuing additional bonds or notes prior to December 31, 2018.

### **NO DEFAULT**

The Township has never defaulted in the payment of principal of, redemption premium, if any, and interest on any bonds or notes or other obligations of the Township, nor are any payments of principal of or interest on the Township's indebtedness past due.

### **CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

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

The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial or sinking fund installments. A five percent (5%) cash down payment is generally required to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized.

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

This law regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director (as defined herein) within six (6) months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of its completion.

The chief financial officer of every local unit must file annually with the Director a verified statement of financial condition of the local unit and all constituent boards, agencies and commissions.

The annual audit report is filed with the Township Clerk and is available for review during business hours.

#### **Debt Limits (N.J.S.A. 40A:2-6)**

The authorized bonded indebtedness of a municipality in the State is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its equalized valuation basis. The equalized valuation basis of a municipality is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain class II railroad property within its boundaries 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.

The Township's percentage of statutory net debt as of December 31, 2017 is shown in Appendix A.

## **Exceptions to Debt Limits - Extensions of Credit (N.J.S.A. 40A:2-7)**

The debt limit of the Township may be exceeded with the approval of the Local Finance Board, a State regulatory agency. If all or any part of a proposed debt authorization would exceed its debt limit, the Township must 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 ability of the Township to meet its obligations or to provide essential services, or makes other statutory determinations, approval may be granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Local Finance Board to fund certain bonds for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes).

## **Short-Term Financing**

The Township may issue short term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes, which are general obligations of the Township, may be issued for a period not exceeding one (1) year. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of outstanding notes that may be renewed is decreased by the minimum amount required for the first year's principal payment of bonds in anticipation of which such notes are issued.

## **MUNICIPAL BUDGET**

Pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law") the Township is required to have a balanced budget in which debt service is included in full for each fiscal year.

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

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

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis". No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10).

The principal sources of Township revenues are real estate taxes, State aid, Federal aid and miscellaneous revenues.

In any year, the municipality may authorize, by resolution, the issuance of tax anticipation notes which may be issued in anticipation of the collection of taxes for such year. Tax anticipation notes are limited in amount by law and must be paid off in full by a municipality within one hundred twenty (120) days after the close of the fiscal year.

## Real Estate Taxes

The general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

Section 41 of the Local Budget Law 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."

The provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\begin{array}{rcl} \text{Cash Required from Taxes to Support Local} & & \text{Amount to be} \\ \text{Municipal Budget and Other Taxes} & & \text{= Raised by Taxation} \\ \text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)} & & \end{array}$$

## Miscellaneous Revenues

Section 26 of the Local Budget Law provides: "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 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." No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10). The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

## Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, et seq.)

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law was amended and became effective on July 7, 2004. The Cap Law provides that the Township shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Township may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Township for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15b restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

Additionally, P.L. 2010, c.44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care costs in excess of two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

The Division has advised that counties and municipalities must comply with both budget “CAP” and the tax levy limitation. Neither the tax levy limitation nor the “CAP” law, however, limits the obligation of the Township to levy *ad valorem* taxes upon all taxable property within the boundaries of the Township to pay debt service on bonds and notes.

### **Deferral of Current Expenses**

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the Township, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in N.J.S.A. 40A:4-48, and approved by at least two-thirds of the full membership of the governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects (“special emergencies”) such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, severance liabilities, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

### **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality’s fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

## **Budget Process**

Primary responsibility for the Township's budget process lies with the Township Committee. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Township operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Township may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

## **TAX INFORMATION ON THE TOWNSHIP**

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with the rising values.

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 provisions 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 New Jersey for various special services rendered to the properties located within the special district.

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, school district or county purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, school district or county purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, school district or county purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Township Attorney (as defined herein) for in rem foreclosures in order to acquire title to these properties.

The provisions of Chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures, minimum bidding terms and requires the review and approval of the sale by the Division.

## **Tax Appeals**

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1<sup>st</sup> day of April of the current tax year for its review. The County Board of Taxation and the Tax Court of New Jersey have the

authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

## **DEBT INFORMATION ON THE TOWNSHIP**

### **Debt Statements**

The Township must report all new authorizations of debt or changes in previously authorized debt to the Division. The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year, the Township must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Township as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

## **TAX MATTERS**

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

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

Assuming the Township observes its covenants with respect to compliance with the Code, Archer & Greiner P.C., Bond Counsel to the Township, is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by federal legislation, Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Bonds is not an item of tax preference for purposes of the corporate alternate minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on Bonds held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the



effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

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

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

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

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

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

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

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

### **State Taxation**

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

**ADDITIONALLY, EACH PURCHASER OF THE BONDS SHOULD CONSULT HIS OR HER OWN ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, COURT DECISIONS OR LITIGATION.**

**ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.**

#### **Other Tax Consequences**

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Bonds. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See Appendix C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds.

**ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE BONDS.**

#### **LITIGATION**

To the knowledge of the Township's Attorney, Carl A. Taylor III (the "Township Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes to pay the principal of or the interest on the Bonds, 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 Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided. A Certificate to such effect will be executed by the Township Attorney and delivered to the Underwriter at the closing.

#### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Archer & Greiner P.C., Flemington, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth in Appendix C hereto. Certain legal matters will be passed on for the Township by its Township Attorney.

#### **MUNICIPAL BANKRUPTCY**

The undertakings of the Township should be considered with reference to 11 U.S.C. § 101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of

the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit, including the Township, has the power to file a petition in bankruptcy with any United States court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

The Township has not authorized the filing of a bankruptcy petition. This reference to the Bankruptcy Code or the State statute should not create any implication that the Township expects to utilize the benefits of their provisions, or that if utilized, such action would be approved by the Local Finance Board, or that any proposed plan would include a dilution of the source of payment of and security for the Bonds, or that the Bankruptcy Code could not be amended after the date hereof.

## **CONTINUING DISCLOSURE**

The Township has covenanted for the benefit of bondholders to provide certain financial information and operating data on the Township and to comply with the provisions of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the “Certificate”) to be executed on behalf of the Township by its Chief Financial Officer, in the form appearing in Appendix D hereto, such Certificate to be delivered concurrently with the delivery of the Bonds. This covenant is being made by the Township to assist the purchaser of the Bonds in complying with the Rule.

During the five-year period preceding the date of this Official Statement, the Township previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) its audited financial statements for the fiscal years ending December 31, 2012 and 2013; (ii) annual operating data for the fiscal years ending December 31, 2012 and 2013; and (iii) adopted budget for the fiscal years ending December 31, 2013 and 2014. Additionally, the Township acknowledges that it previously failed to file event notices and late filing notices in connection with (i) its audited financial statements; (ii) annual operating data; and (iii) a rating change. Such notices of events and late filings (as described herein) have been filed with EMMA as of the date of this Official Statement. The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey, in June of 2015 to act as Continuing Disclosure Agent to ensure compliance with its continuing disclosure obligations.

## **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Township with respect to the issuance of the Bonds (the “Municipal Advisor”). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices

hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **UNDERWRITING**

The Bonds have been purchased from the Township at a public sale by Robert W. Baird & Co. (the “Underwriter”) at a price of \$1,344,274.43 (consisting of the par amount of the Bonds, plus a bid premium of \$31,274.43). The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement.

## **RATING**

Moody’s Investors Service, Inc. (the “Rating Agency”), has assigned a rating of “Aa2” to the Bonds based upon the creditworthiness of the Borough.

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

## **PREPARATION OF OFFICIAL STATEMENT**

The firm of Suplee, Clooney & Company, Westfield, New Jersey (the “Auditor”), takes responsibility for the financial statements to the extent specified in the Independent Auditor’s Report.

The Municipal Advisor has participated in the preparation of this Official Statement, but has not independently verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

Archer & Greiner P.C., has not participated in the preparation of the financial or statistical information in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to Margaret Pasqua, Chief Financial Officer, Township of East Amwell, 1070 Route 202/31, Ringoes, New Jersey 08551-1050, (908) 782-8536 x 16 or the Township’s Municipal Advisor, Sherry L. Tracey, Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey 08505, or by telephone at (609) 291-0130 or by email at [stracey@muniadvisors.com](mailto:stracey@muniadvisors.com).

## **FINANCIAL STATEMENTS**

Appendix B contains certain audited and unaudited financial statements of the Township for the years ended December 31, 2016 and 2017, as applicable. The financial statements referred to above have been extracted from the report prepared by the Auditor. The Auditor has not participated in the preparation of the financial or statistical information contained in this Official Statement and does not take responsibility for the unaudited financial information contained in Appendix B.

## **MISCELLANEOUS**

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

**TOWNSHIP OF EAST AMWELL,  
IN THE COUNTY OF HUNTERDON,  
STATE OF NEW JERSEY**

/s/ Margaret Pasqua

Margaret Pasqua  
Chief Financial Officer

**Dated:** March 8, 2018

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**APPENDIX A**

**CERTAIN GENERAL INFORMATION CONCERNING  
THE TOWNSHIP OF EAST AMWELL,  
IN THE COUNTY OF HUNTERDON, STATE OF NEW JERSEY**

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## **INFORMATION REGARDING THE TOWNSHIP<sup>1</sup>**

### **Introduction**

The following material presents certain economic and demographic information of the Township of East Amwell (the “Township”), in the County of Hunterdon (the “County”), State of New Jersey (the “State”).

### **Retirement Systems**

All full-time permanent or qualified Township employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the “Division”), is the administrator of the funds with the benefit and contribution levels set by the State. The Township is enrolled in the Public Employees' Retirement System (“PERS”) and the Police and Firemen's Retirement System (“PFRS”).

### **Pension Information<sup>2</sup>**

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost.

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<sup>1</sup> Source: The Township, unless otherwise indicated.

<sup>2</sup> Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

## **Employment and Unemployment Comparisons**

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Township, the County, and the State:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Township</u></b>				
2016	2,188	2,116	72	3.3%
2015	2,236	2,148	88	3.9%
2014	2,224	2,120	104	4.7%
2013	2,241	2,113	128	5.7%
2012	2,280	2,138	142	6.2%
<b><u>County</u></b>				
2016	65,144	62,693	2,451	3.8%
2015	66,112	63,405	2,707	4.1%
2014	65,766	62,577	3,189	4.8%
2013	66,156	62,307	3,849	5.8%
2012	67,570	62,970	4,600	6.8%
<b><u>State</u></b>				
2016	4,524,262	4,299,923	224,315	5.0%
2015	4,543,800	4,288,800	255,000	5.6%
2014	4,513,600	4,209,700	303,900	6.7%
2013	4,528,500	4,157,600	370,800	8.2%
2012	4,585,300	4,158,600	426,800	9.3%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

## **Income (as of 2010)**

Median Household Income	\$105,846	\$100,980	\$69,811
Median Family Income	124,659	121,166	84,904
Per Capita Income	46,986	48,489	34,858

Source: US Bureau of the Census 2010

## **Population**

The following tables summarize population increases and the decreases for the Township, the County, and the State.

<b><u>Year</u></b>	<b><u>Township</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2010	4,013	-9.92	128,349	5.21	8,791,894	4.49
2000	4,455	2.84	121,989	13.19	8,414,350	8.85
1990	4,332	24.91	107,776	23.37	7,730,188	4.96
1980	3,468	35.05	87,361	25.31	7,365,001	2.75
1970	2,568	29.63	69,718	28.85	7,168,164	18.15

Source: United States Department of Commerce, Bureau of the Census

## **Largest Taxpayers**

The ten largest taxpayers in the Township and their assessed valuations are listed below:

<b><u>Taxpayers</u></b>	<b><u>2017</u></b>	<b><u>% of Total</u></b>
	<b><u>Assessed Valuation</u></b>	<b><u>Assessed Valuation</u></b>
Texas Eastern Trans Co.	\$37,706,600	5.61%
The Ridge at Back Brook Road	10,500,000	1.56%
Algonquin Gas Trans c/o Duke Energy	6,536,100	0.97%
Bousum/ Neely Partnership	3,527,000	0.52%
Individual Property Owner	2,266,100	0.34%
Hunterdon Storage	1,781,000	0.26%
Southwark Farm, LLC	1,720,900	0.26%
Back Brook Farm, LLC	1,708,300	0.25%
Ringoes TLC LLC c/o David L. Bonnani	1,513,000	0.23%
Jordan Sidney & T/A Ifida Realty	<u>1,511,900</u>	<u>0.22%</u>
<b>Total</b>	<b><u>\$68,770,900</u></b>	<b><u>10.23%</u></b>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

### **Comparison of Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2016	\$15,864,191	\$15,568,148	98.13%
2015	15,377,111	15,108,451	98.25%
2014	15,341,328	15,037,558	98.02%
2013	15,182,177	14,849,770	97.81%
2012	15,139,056	14,824,470	97.92%

Source: Annual Audit Reports of the Township

### **Delinquent Taxes and Tax Title Liens**

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2016	\$69,547	\$262,205	\$331,752	2.09%
2015	64,040	234,659	298,698	1.94%
2014	49,013	274,589	323,602	2.11%
2013	19,259	371,563	390,823	2.57%
2012	4,979	282,756	287,735	1.90%

Source: Annual Audit Reports of the Township

### **Property Acquired by Tax Lien Liquidation**

<b><u>Year</u></b>	<b><u>Amount</u></b>
2016	\$22,300
2015	22,300
2014	22,300
2013	22,300
2012	22,300

Source: Annual Audit Reports of the Township

### **Tax Rates per \$100 of Net Valuations Taxable and Allocations**

The table below lists the tax rates for Township residents for the past five (5) years.

<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>Local School</u></b>	<b><u>Regional School</u></b>	<b><u>County</u></b>	<b><u>Fire District</u></b>	<b><u>Total</u></b>
2017	\$0.254	\$1.055	\$0.632	\$0.399	\$0.036	\$2.376
2016	0.240	1.060	0.620	0.410	0.040	2.370
2015	0.224	1.043	0.595	0.404	0.034	2.300
2014	0.224	1.024	0.599	0.403	0.033	2.283
2013	0.224	1.008	0.584	0.408	0.033	2.257

Source: Abstract of Ratables and State of New Jersey – Property Taxes

### **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
2017	\$671,178,985	\$732,328,407	91.65%	\$930,472	\$733,258,879
2016	667,426,675	717,123,321	93.07	913,321	718,036,642
2015	667,133,900	729,825,949	91.41	916,552	730,742,501
2014	669,927,100	728,260,789	91.99	876,506	729,137,295
2013	670,134,700	725,803,856	92.33	1,757,313	727,561,169

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

### **Classification of Ratables**

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2017	\$8,836,200	\$453,019,600	\$120,272,185	\$86,788,800	\$0	\$2,262,200	\$671,178,985
2016	8,636,700	451,287,800	120,144,475	85,095,500	0	2,262,200	667,426,675
2015	8,399,600	450,127,700	121,292,800	85,051,600	0	2,262,200	667,133,900
2014	8,780,700	448,217,200	123,382,300	87,284,700	0	2,262,200	669,927,100
2013	9,304,400	447,094,600	123,947,900	87,525,600	0	2,262,200	670,134,700

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

## **Financial Operations**

The following table summarizes the Township's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

### **Summary of Current Fund Budget**

<b><u>Anticipated Revenues</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Fund Balance Utilized	\$111,490	\$129,000	\$170,000	\$175,000	\$175,000
Miscellaneous Revenues	1,016,521	940,593	906,909	948,842	927,294
Receipts from Delinquent Taxes	255,000	310,000	295,000	242,000	242,000
Amount to be Raised by Taxation	<u>1,242,413</u>	<u>1,237,913</u>	<u>1,232,858</u>	<u>1,305,203</u>	<u>1,439,706</u>
Total Revenue:	<u>\$2,625,425</u>	<u>\$2,617,506</u>	<u>\$2,604,766</u>	<u>\$2,671,045</u>	<u>\$2,784,000</u>

### **Appropriations**

General Appropriations	\$1,493,418	\$1,461,009	\$1,487,907	\$1,499,487	\$1,662,215
Operations (Excluded from CAPS)	61,464	60,502	57,398	90,190	88,606
Deferred Charges and Statutory Expenditures	134,243	123,697	125,125	133,738	10,000
Judgments	0	0	0	0	0
Capital Improvement Fund	23,300	25,000	35,000	20,000	100,000
Municipal Debt Service	596,497	613,456	588,638	612,166	599,565
Reserve for Uncollected Taxes	<u>316,503</u>	<u>333,841</u>	<u>310,699</u>	<u>315,464</u>	<u>323,614</u>
Total Appropriations:	<u>\$2,625,425</u>	<u>\$2,617,506</u>	<u>\$2,604,766</u>	<u>\$2,671,045</u>	<u>\$2,784,000</u>

Source: Annual Adopted Budgets of the Township

## **Fund Balance**

### **Current Fund**

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<b><u>Year</u></b>	<b><u>Fund Balance - Current Fund</u></b>	
	<b><u>Balance</u></b>	<b><u>Utilized in Budget</u></b>
	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2016	\$631,501	\$175,000
2015	479,659	175,000
2014	491,271	170,000
2013	295,970	129,000
2012	281,693	111,490

Source: Annual Audit Reports of the Township

## **Township Indebtedness as of December 31, 2017**

### **General Purpose Debt**

Serial Bonds	\$1,825,000
Bond Anticipation Notes	1,326,500
Bonds and Notes Authorized but Not Issued	330,000
Other Bonds, Notes and Loans	<u>211,370</u>
Total:	\$3,692,870

### **Local School District Debt**

Serial Bonds	\$215,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$215,000

### **Regional School District Debt**

Serial Bonds	\$635,942
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$635,942

### **Self-Liquidating Debt**

Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$0

### **TOTAL GROSS DEBT**

**\$4,543,811**

Less: Statutory Deductions	
General Purpose Debt	\$7,075
Local School District Debt	215,000
Regional School District Debt	635,942
Self-Liquidating Debt	<u>0</u>
Total:	\$858,016

### **TOTAL NET DEBT**

**\$3,685,795**

Source: Annual Debt Statement of the Township

**Overlapping Debt (as of December 31, 2017)<sup>3</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Township Percentage</u></b>	<b><u>Township Share</u></b>
Local School District	\$215,000	100.00%	\$215,000
Regional School District	8,175,000	7.87%	635,942
County (2016)	75,793,752	3.42%	<u>2,589,188</u>
Net Indirect Debt			\$3,440,130
Net Direct Debt			<u>3,685,795</u>
Total Net Direct and Indirect Debt			<b><u>\$7,125,924</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2015, 2016, 2017)	\$726,425,892
Permitted Debt Limitation (3 1/2%)	25,424,906
Less: Net Debt	<u>3,685,795</u>
Remaining Borrowing Power	<u>\$21,739,112</u>
Percentage of Net Debt to Average Equalized Valuation	0.507%
Gross Debt Per Capita based on 2010 population of 4,013	\$1,132
Net Debt Per Capita based on 2010 population of 4,013	\$918

Source: Annual Debt Statement of the Township

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<sup>3</sup> Township percentage of County debt is based on the Township's share of total equalized valuation in the County.



**APPENDIX B**

**FINANCIAL STATEMENTS OF THE TOWNSHIP**

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# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Township Committee  
Township of East Amwell  
County of Hunterdon  
Ringoos, New Jersey 08551

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

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of East Amwell, as of December 31, 2016 and 2015, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting prescribed by 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 misstatements, whether due to fraud or error.

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

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

## SUPLEE, CLOONEY & COMPANY

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

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 U.S Generally Accepted Accounting Principles.***

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Township of East Amwell on the basis of the financial reporting provisions 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 New Jersey.

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

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township of East Amwell as of December 31, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2016.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2016 and 2015, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## SUPLEE, CLOONEY & COMPANY

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2017 on our consideration of the Township of East Amwell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of East Amwell's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY  
Certified Public Accountants

/s/ Robert W. Swisher  
Robert W. Swisher, C.P.A., R.M.A.

April 18, 2017



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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E-mail info@scnco.com

## **ACCOUNTANT'S COMPILATION REPORT**

The Honorable Mayor and Members  
of the Township Committee  
Township of East Amwell  
County of Hunterdon  
Belle Mead, New Jersey 08502

We have compiled the accompanying balance sheets - regulatory basis of the individual funds from the 2017 Annual Financial Statement (AFS) of the Township of East Amwell, County of Hunterdon, New Jersey as of December 31, 2017 and the related statements of operations and changes in fund balances - regulatory basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements - regulatory basis have been prepared on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and schedules information that is the representation of management of the Township of East Amwell. We have not audited or reviewed the accompanying financial statements - regulatory basis and, accordingly, do not express an opinion or any other form of assurance on them.

Management of the Township of East Amwell has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township of East Amwell's financial position - regulatory basis and the results of its operations and changes in its fund balance - regulatory basis. Accordingly, these financial statements are not designed for those who are not informed about such matters.

SUPLEE, CLOONEY & COMPANY  
Certified Public Accountants

/s/ Robert W. Swisher  
Robert W. Swisher, C.P.A., R.M.A.

February 14, 2018

TOWNSHIP OF EAST AMWELL

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2017 (UNAUDITED)	BALANCE DECEMBER 31, 2016	BALANCE DECEMBER 31, 2015
<u>ASSETS</u>			
Cash - Treasurer	\$ 6,053,031.29	\$ 2,480,280.13	\$ 2,174,413.57
Cash - Change Fund	275.00	275.00	75.00
Due from State of New Jersey - Senior Citizens Deductions	384.55		250.00
	<u>\$ 6,053,690.84</u>	<u>\$ 2,480,555.13</u>	<u>\$ 2,174,738.57</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	\$ 250,416.41	\$ 262,205.07	\$ 234,658.50
Tax Title Liens Receivable	86,278.06	69,546.90	64,039.53
Property Acquired for Taxes - Assessed Valuation	22,300.00	22,300.00	22,300.00
Revenue Accounts Receivable	34.83	2,274.90	1,874.77
Interfunds Receivable		21.62	63,205.10
	<u>\$ 359,029.30</u>	<u>\$ 356,348.49</u>	<u>\$ 386,077.90</u>
Deferred Charges:			
Special Emergency	\$	\$ 10,000.00	\$ 20,000.00
	<u>\$</u>	<u>\$ 10,000.00</u>	<u>\$ 20,000.00</u>
	<u>\$ 6,412,720.14</u>	<u>\$ 2,846,903.62</u>	<u>\$ 2,580,816.47</u>
Grant Fund:			
Cash	\$ 93,914.66	\$ 60,922.71	\$ 83,314.20
Grants Receivable	25,000.00	37,500.00	
	<u>\$ 118,914.66</u>	<u>\$ 98,422.71</u>	<u>\$ 83,314.20</u>
	<u>\$ 6,531,634.80</u>	<u>\$ 2,945,326.33</u>	<u>\$ 2,664,130.67</u>

TOWNSHIP OF EAST AMWELL

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2017 (UNAUDITED)	BALANCE DECEMBER 31, 2016	BALANCE DECEMBER 31, 2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	\$ 140,623.89	\$ 128,073.09	\$ 120,291.91
Encumbrances Payable	74,186.56	53,037.88	43,017.56
Prepaid Taxes	1,251,872.63	225,780.64	199,431.62
Reserve Sale of Assets	7,300.00	7,300.00	7,300.00
Miscellaneous Reserves	18,252.19	18,302.19	18,252.19
County Taxes Payable	11,862.57	15,826.86	2,092.75
Regional High School Taxes Payable	1,523,265.24	785,818.74	723,264.74
Local District School Taxes Payable	2,217,559.89	624,865.09	601,428.89
Interfunds Payable	1,183.48		
	<u>\$ 5,246,106.45</u>	<u>\$ 1,859,004.49</u>	<u>\$ 1,715,079.66</u>
Reserve for Receivables and Other Assets	359,029.30	356,348.49	386,077.90
Fund Balance	<u>807,584.39</u>	<u>631,550.64</u>	<u>479,658.91</u>
	<u>\$ 6,412,720.14</u>	<u>\$ 2,846,903.62</u>	<u>\$ 2,580,816.47</u>
Grant Fund:			
Reserve for Grants Unappropriated	\$ 4,101.33	\$	\$
Reserve for Grants Appropriated	114,483.33	60,822.71	54,952.70
Encumbrances Payable	330.00	37,600.00	330.00
Interfunds Payable			28,031.50
	<u>\$ 118,914.66</u>	<u>\$ 98,422.71</u>	<u>\$ 83,314.20</u>
	<u>\$ 6,531,634.80</u>	<u>\$ 2,945,326.33</u>	<u>\$ 2,664,130.67</u>

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



TOWNSHIP OF EAST AMWELL

CURRENT FUND

STATEMENTS OF OPERATIONS AND  
CHANGES IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)	YEAR ENDED DECEMBER 31, 2016	YEAR ENDED DECEMBER 31, 2015
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	\$ 175,000.00	\$ 175,000.00	\$ 170,000.00
Miscellaneous Revenue Anticipated	1,061,765.19	1,065,725.50	909,508.30
Receipts from Delinquent Taxes	264,757.51	257,766.78	293,376.78
Receipts from Current Taxes	15,765,486.38	15,568,148.25	15,108,451.36
Non-Budget Revenue	15,060.03	36,445.05	8,159.63
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	128,015.39	101,159.77	115,498.49
Encumbrances Canceled	600.00		623.00
Interfunds Returned		63,183.48	
<u>Total Income</u>	<u>\$ 17,410,684.50</u>	<u>\$ 17,267,428.83</u>	<u>\$ 16,605,617.56</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations within "CAPS":			
Operating	\$ 1,517,056.00	\$ 1,499,787.00	\$ 1,487,907.00
Deferred Charges and Statutory Expenditures	145,159.38	123,438.00	115,125.00
Operations Excluded From "CAPS":			
Operating	153,795.27	196,340.71	73,029.51
Capital Improvements	100,000.00	20,000.00	35,000.00
Municipal Debt Service	599,067.46	612,048.45	588,637.50
Deferred Charges	10,000.00	10,000.00	10,000.00
Fire District Tax	238,285.00	230,211.00	223,021.00
Local District School Tax	7,089,149.00	7,089,149.00	6,965,968.00
Regional High School Tax	4,246,317.00	4,157,136.00	3,969,478.00
Municipal Open Space Tax	269,383.48	268,758.36	267,407.07
County Taxes	2,679,562.38	2,714,914.40	2,696,424.09
County Share of Added Taxes	11,862.57	15,826.86	2,092.75
Interfunds Advanced	13.21		11,530.19
Refund of Prior Year Revenue		2,811.87	1,609.68
Senior Citizen and Veteran Deductions Canceled		115.45	
<u>Total Expenditures</u>	<u>\$ 17,059,650.75</u>	<u>\$ 16,940,537.10</u>	<u>\$ 16,447,229.79</u>
Excess in Revenue	\$ 351,033.75	\$ 326,891.73	\$ 158,387.77
Fund Balance			
Balance, January 1	631,550.64	479,658.91	491,271.14
	<u>\$ 982,584.39</u>	<u>\$ 806,550.64</u>	<u>\$ 649,658.91</u>
Decreased by:			
Utilized as Anticipated Revenue	<u>175,000.00</u>	<u>175,000.00</u>	<u>170,000.00</u>
Balance, December 31	<u>\$ 807,584.39</u>	<u>\$ 631,550.64</u>	<u>\$ 479,658.91</u>

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

TOWNSHIP OF EAST AMWELL

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	<u>ANTICIPATED</u>			
	<u>BUDGET</u>	<u>SPECIAL N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Current Fund Balance Appropriated	\$ 175,000.00		\$ 175,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ 2,400.00	\$	\$ 2,472.00	\$ 72.00
Fees and Permits:				
Other	35,000.00		34,804.61	(195.39)
Municipal Court Fines	31,000.00		35,906.18	4,906.18
Interest and Costs on Taxes	55,000.00		54,599.82	(400.18)
Interest on Investment	18,000.00		19,883.89	1,883.89
Rental of Municipal Building	4,350.00		4,350.00	
Consolidated Municipal Property Tax Relief Act	7,197.00		7,197.00	
Energy Receipts Tax	294,983.00		294,983.00	
Garden State Preservation Trust Fund	17,407.00		17,407.00	
Clean Communities Program		17,879.51	17,879.51	
County Historic Preservation Grant		75,000.00	75,000.00	
Recycling Tonnage Grant	3,283.20		3,283.20	
Interlocal Municipal Court - Township of Franklin	35,500.00		37,672.88	2,172.88
Interlocal CFO - Township of Holland	35,000.00		36,300.00	1,300.00
Interlocal Tax Collector - Township of West Amwell		13,271.00	14,265.00	994.00
Reserve for Debt Service	9,721.41		9,721.41	
Reserve for Open Space Bonds	400,000.00		400,000.00	
	<u>\$ 948,841.61</u>	<u>\$ 106,150.51</u>	<u>\$ 1,065,725.50</u>	<u>\$ 10,733.38</u>
Receipts From Delinquent Taxes	\$ 242,000.00		\$ 257,766.78	\$ 15,766.78
Property Tax for Support of Municipal Budget Appropriation:				
Local Tax for Municipal Purposes	\$ 1,305,203.21		\$ 1,407,616.69	\$ 102,413.48
<u>Budget Totals</u>	<u>\$ 2,671,044.82</u>	<u>\$ 106,150.51</u>	<u>\$ 2,906,108.97</u>	<u>\$ 128,913.64</u>
Non-Budget Revenue			36,445.05	36,445.05
	<u>\$ 2,671,044.82</u>	<u>\$ 106,150.51</u>	<u>\$ 2,942,554.02</u>	<u>\$ 165,358.69</u>

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

TOWNSHIP OF EAST AMWELL

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

Allocation of Current Tax Collections:	
Collected	\$ 15,568,148.25
Allocated To:	
Schools and County Taxes and District Taxes	<u>14,475,995.62</u>
Support of Municipal Budget Appropriations	\$ 1,092,152.63
Add: Appropriation Reserve for Uncollected Taxes	<u>315,464.06</u>
Amount for Support of Municipal Budget Appropriations	\$ <u><u>1,407,616.69</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collection	\$ 237,067.42
Tax Title Liens	<u>20,699.36</u>
	\$ <u><u>257,766.78</u></u>
Fees and Permits Other:	
Board of Adjustment	\$ 4,925.00
Board of Health	24,530.00
Registrar of Vital Statistics	1,424.61
Clean up Day	1,940.00
Smoke Detectors	1,755.00
Well Witness Fees	<u>315.00</u>
	\$ 34,889.61
Less: Refunds	<u>85.00</u>
	\$ <u><u>34,804.61</u></u>
Miscellaneous Revenue Not Anticipated:	
Miscellaneous	\$ 12,080.51
Reimbursement of Costs - F.E.M.A	17,869.76
Senior Citizen and Veteran Administration Fee	755.00
Cable TV Franchise Fees	3,792.32
Hunterdon County - Poll Rent	400.00
Motor Vehicle Inspection Fines	450.00
Video Payment - Verizon	606.66
Certified List	160.00
Driveway Permit Application Fees	70.00
Tax Collector	<u>260.80</u>
	\$ <u><u>36,445.05</u></u>
	\$ <u><u>36,445.05</u></u>

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

TOWNSHIP OF EAST AMWELL

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
Mayor and Council:					
Salaries and Wages	\$ 13,000.00	\$ 13,000.00	\$ 12,060.00	\$ 940.00	\$
Other Expenses	500.00	500.00	335.00	165.00	
General Administration:					
Salaries and Wages	64,405.00	64,405.00	64,405.00	5,474.25	
Other Expenses	36,000.00	36,000.00	30,525.75	1,224.56	
Farmland Open Space Administration:					
Salaries and Wages	9,500.00	7,000.00	5,775.44	735.74	
Other Expenses	1,500.00	1,500.00	764.26		
Municipal Clerk:					
Salaries and Wages	93,660.00	92,160.00	89,084.37	3,075.63	
Other Expenses	10,200.00	10,200.00	8,241.18	1,958.82	
Financial Administration:					
Salaries and Wages	66,000.00	65,000.00	62,879.36	2,120.64	
Other Expenses	11,500.00	11,500.00	7,429.86	4,070.14	
Auditor:					
Other Expenses	21,500.00	20,675.00	20,675.00		
Revenue Administration:					
Salaries and Wages	37,730.00	37,730.00	35,966.97	1,763.03	
Other Expenses	7,950.00	7,950.00	7,429.38	520.62	
Tax Assessor:					
Salaries and Wages	33,020.00	33,020.00	33,017.00	3.00	
Other Expenses	15,800.00	20,800.00	20,481.89	318.11	
Legal Services:					
Other Expenses	47,000.00	47,000.00	46,026.94	973.06	
Agricultural Advisory Committee:					
Salaries and Wages	800.00	800.00	499.52	300.48	
Other Expenses	100.00	100.00		100.00	
Engineering Services:					
Other Expenses	12,000.00	10,000.00	8,170.64	1,829.36	
Historical Sites Office:					
Salaries and Wages	1,000.00	1,000.00	542.29	457.71	
Other Expenses	1,500.00	1,500.00	1,474.59	25.41	
<b>LAND USE ADMINISTRATION</b>					
Planning Board:					
Salaries and Wages	18,800.00	18,800.00	17,243.08	1,556.92	
Other Expenses	22,400.00	24,400.00	22,612.72	1,787.28	
Zoning Board of Adjustment:					
Salaries and Wages	33,000.00	33,000.00	31,424.90	1,575.10	
Other Expenses	6,300.00	12,300.00	10,286.65	2,013.35	

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

TOWNSHIP OF EAST AMWELL

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>INSURANCE</b>					
General Liability Insurance	\$ 57,407.00	\$ 57,407.00	\$ 57,405.00	\$ 2.00	\$
Workmen's Compensation Insurance	18,582.00	18,582.00	18,582.00		
Employee Group Health Insurance	220,311.00	220,311.00	203,878.88	16,432.12	
<b>PUBLIC SAFETY FUNCTIONS</b>					
Office of Emergency Management:					
Other Expenses	1,500.00	1,500.00			1,500.00
Aid to Volunteer Ambulance Companies	29,000.00	29,000.00	29,000.00		
Fire Prevention Bureau:					
Other Expenses	2,450.00	2,450.00	1,645.00		805.00
Municipal Court:					
Salaries and Wages	42,837.00	43,137.00	42,764.39		372.61
Other Expenses	12,500.00	12,500.00	9,300.17		3,199.83
Public Defender (P.L. 1997, C.256):					
Salaries and Wages	1,300.00	1,300.00	863.50		436.50
Municipal Prosecutors Office:					
Salaries and Wages	12,500.00	12,500.00	11,026.59		1,473.41
<b>PUBLIC WORKS FUNCTIONS</b>					
Streets and Roads Maintenance:					
Salaries and Wages	277,150.00	276,150.00	259,282.69		16,867.31
Other Expenses	93,400.00	93,400.00	75,037.03		18,362.97
Solid Waste Collection:					
Salaries and Wages	1,000.00	1,000.00	526.85		473.15
Other Expenses	3,250.00	3,250.00	1,803.00		1,447.00
Vehicle Maintenance:					
Other Expenses	22,000.00	22,000.00	21,028.38		971.62
Building and Grounds:					
Other Expenses	22,000.00	26,000.00	24,448.32		1,551.68
<b>HUMAN SERVICES</b>					
Public Health Services:					
Salaries and Wages	17,500.00	16,625.00	15,105.32		1,519.68
Other Expenses	37,095.00	33,095.00	23,442.57		9,652.43
Environmental Health Services:					
Salaries and Wages	1,500.00	1,500.00	1,014.36		485.64
Other Expenses	650.00	650.00	649.00		1.00
Welfare/Admin. of Public Assistance:					
Salaries and Wages	3,840.00	3,840.00	3,836.00		4.00
Other Expenses	900.00	900.00	597.88		302.12

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

TOWNSHIP OF EAST AMWELL

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
\$	\$	\$	\$	\$	\$
	3,000.00	3,000.00	2,852.08	147.92	
	5,650.00	5,650.00	5,061.67	588.33	
	13,500.00	13,500.00	13,179.24	320.76	
	4,000.00	4,000.00	3,639.23	360.77	
	7,300.00	7,300.00	5,228.82	2,071.18	
	4,700.00	4,700.00	2,880.38	1,819.62	
	17,000.00	13,700.00	8,097.27	5,602.73	
\$	1,498,987.00	1,499,287.00	1,379,537.41	119,749.59	\$
\$	500.00	500.00	500.00		\$
\$	1,499,487.00	1,499,787.00	1,380,037.41	119,749.59	\$
\$	59,958.00	59,958.00	59,958.00		\$
	61,000.00	60,700.00	56,924.31	3,775.69	
	500.00	500.00	229.94	270.06	
	200.00	200.00		200.00	
	2,080.00	2,080.00	2,080.00		
\$	123,738.00	123,438.00	119,192.25	4,245.75	\$
\$	1,623,225.00	1,623,225.00	1,499,229.66	123,995.34	\$

PARKS AND RECREATION AND FUNCTIONS

Recreation Services and Programs:  
Salaries and Wages  
Other Expenses

UTILITY EXPENSES AND BULK PURCHASES

Electricity  
Street Lighting  
Telephone  
Fuel Oil  
Gasoline

TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"

Contingent

TOTAL OPERATIONS INCLUDING

CONTINGENT WITHIN "CAPS"

DEFERRED CHARGES AND STATUTORY

EXPENDITURES-MUNICIPAL WITHIN "CAPS"

Statutory Expenditures:

Contribution To:

Public Employees' Retirement System  
Social Security System  
Unemployment Insurance  
Defined Contribution Retirement Plan  
Compensation Plan:  
Other Expenses

TOTAL DEFERRED CHARGES AND STATUTORY

EXPENDITURES-MUNICIPAL WITHIN "CAPS"

TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL

PURPOSES WITHIN "CAPS"

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

TOWNSHIP OF EAST AMWELL

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
OPERATIONS EXCLUDED FROM "CAPS":					
Insurance:					
Employee Group Health Insurance	\$ 3,689.00	\$ 3,689.00	\$ 3,689.00	\$	\$
Affordable Housing Agency					
Salaries and Wages	4,680.00	4,680.00	4,677.00	3.00	
Other Expenses	250.00	250.00	125.00	125.00	
NJPDES Stormwater Permit (N.J.S.A. 40A:4-45.3(cc))					
Public Health Services	1,000.00	1,000.00	500.00	500.00	
Other Expenses	280.00	280.00		280.00	
Recycling Enhancement Act (P.L. 2007 C311)					
TOTAL OTHER OPERATIONS-EXCLUDED FROM "CAPS"	\$ 9,899.00	\$ 9,899.00	\$ 8,991.00	\$ 908.00	\$
SHARED SERVICE AGREEMENTS					
With West Amwell:	\$	\$	\$	\$	\$
Police:					
Other Expenses	15,000.00	15,000.00	15,000.00		
With Delaware Township and Township of Franklin:					
Municipal Court:					
Salaries and Wages	10,301.00	10,301.00	10,301.00		
Other Expenses	4,100.00	4,100.00	1,060.00	3,040.00	
Public Defender:					
Salaries and Wages	520.00	520.00	440.25	79.75	
Municipal Prosecutors Office:					
Salaries and Wages	4,247.00	4,247.00	4,247.00		
Tax Collector:					
Salaries and Wages		13,271.00	13,271.00		
Fiscal Administration:					
Salaries and Wages	30,000.00	30,000.00	30,000.00		
Other Expenses	300.00	300.00	300.00		
STATE OF EMERGENCY APPROPRIATIONS					
Streets and Roads Maintenance:					
Salaries and Wages	6,000.00	6,000.00	6,000.00		
Other Expenses	5,000.00	5,000.00	5,000.00		
TOTAL SHARED SERVICE/STATE OF EMERGENCY AGREEMENTS	\$ 75,468.00	\$ 88,739.00	\$ 85,619.25	\$ 3,119.75	\$
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Clean Communities Program: (40A:40-87+\$17,879.51)					
SFSP Fire District Payment	\$ 1,490.00	\$ 17,879.51	\$ 17,879.51	\$	\$
Hunterdon County Historic Preservation Grant (40A:40-87+\$75,000.00)					
Recycling Tonnage Grant	3,283.20	75,000.00	1,490.00		
Matching Funds for Grants	50.00	3,283.20	75,000.00		
		50.00	3,283.20	50.00	
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	4,823.20	97,702.71	97,652.71	50.00	
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 90,190.20	\$ 196,340.71	\$ 192,262.96	\$ 4,077.75	\$

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

TOWNSHIP OF EAST AMWELL

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"					
Capital Improvement Fund					
TOTAL CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAP"	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$	\$
	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$	\$
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 440,000.00	\$ 440,000.00	\$ 440,000.00	\$	\$
Payment of Bond Anticipation Notes	58,500.00	58,500.00	58,500.00		
Interest on Bonds	71,325.56	71,325.56	71,325.56		
Interest on Notes	7,500.00	7,500.00	7,382.93		117.07
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	34,840.00	34,840.00	34,839.96		0.04
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"	\$ 612,165.56	\$ 612,165.56	\$ 612,048.45	\$	\$ 117.11
DEFERRED CHARGES - EXCLUDED FROM "CAPS"					
DEFERRED CHARGES:					
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$	\$
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$	\$
TOTAL GENERAL APPROPRIATIONS EXCLUDED FROM "CAPS"	\$ 732,355.76	\$ 838,506.27	\$ 834,311.41	\$ 4,077.75	\$ 117.11
SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES	\$ 2,355,580.76	\$ 2,461,731.27	\$ 2,333,541.07	\$ 128,073.09	\$ 117.11
	315,464.06	315,464.06	315,464.06		
TOTAL GENERAL APPROPRIATIONS	\$ 2,671,044.82	\$ 2,777,195.33	\$ 2,649,005.13	\$ 128,073.09	\$ 117.11
Budget					
Appropriation by 40A-4-87	\$ 2,671,044.82	\$ 2,671,044.82			
	106,150.51	106,150.51			
	2,777,195.33	2,777,195.33			
Encumbrances Payable			\$ 40,977.88		
Reserve for Grants Appropriated			96,162.71		
Reserve for Uncollected Taxes			315,464.06		
Deferred Charges			10,000.00		
Cash Disbursed			2,239,655.84		
			2,702,260.49		
Less: Refunds			53,255.36		
			2,649,005.13		

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



TOWNSHIP OF EAST AMWELL

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2017 (UNAUDITED)	BALANCE DECEMBER 31, 2016	BALANCE DECEMBER 31, 2015
<u>ASSETS</u>			
Animal Control Trust Fund:			
Cash	\$ 8,429.87	\$ 8,100.96	\$ 8,415.25
Change Fund	15.00	15.00	15.00
	<u>\$ 8,444.87</u>	<u>\$ 8,115.96</u>	<u>\$ 8,430.25</u>
Other Funds:			
Cash	\$ 990,215.09	\$ 1,182,568.61	\$ 1,365,093.76
Due from Hunterdon County Open Space Trust	65,785.00	43,999.00	
	<u>\$ 1,056,000.09</u>	<u>\$ 1,226,567.61</u>	<u>\$ 1,365,093.76</u>
	<u>\$ 1,064,444.96</u>	<u>\$ 1,234,683.57</u>	<u>\$ 1,373,524.01</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Animal Control Trust Fund:			
Reserve for Animal Control Trust Fund Expenditures	\$ 8,444.87	\$ 8,115.96	\$ 8,430.25
	<u>\$ 8,444.87</u>	<u>\$ 8,115.96</u>	<u>\$ 8,430.25</u>
Other Funds:			
Interfunds Payable	\$ 34.83	\$ 21.62	\$ 35,173.60
Encumbrances Payable		11,647.80	29,988.52
Reserve For:			
Open Space	617,973.79	735,650.61	751,601.51
Various Reserves and Deposits	437,991.47	479,247.58	548,330.13
	<u>\$ 1,056,000.09</u>	<u>\$ 1,226,567.61</u>	<u>\$ 1,365,093.76</u>
	<u>\$ 1,064,444.96</u>	<u>\$ 1,234,683.57</u>	<u>\$ 1,373,524.01</u>

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

"C"

TOWNSHIP OF EAST AMWELL

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2017 (UNAUDITED)	BALANCE DECEMBER 31, 2016	BALANCE DECEMBER 31, 2015
<u>ASSETS</u>			
Cash	\$ 649,285.30	\$ 509,061.06	\$ 698,878.13
Deferred Charges to Future Taxation:			
Funded	2,036,369.57	2,496,529.00	2,966,094.17
Unfunded	1,649,425.09	1,642,925.09	1,803,122.96
Grants Receivable	254,032.27	1,210,376.68	480,000.00
	<u>\$ 4,589,112.23</u>	<u>\$ 5,858,891.83</u>	<u>\$ 5,948,095.26</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes	\$ 1,326,500.00	\$ 1,385,000.00	\$ 1,139,000.00
Serial Bonds	1,825,000.00	2,255,000.00	2,695,000.00
Green Acres Loans Payable	211,369.57	241,529.00	271,094.17
Improvement Authorizations:			
Funded	482,160.06	1,439,784.88	834,142.86
Unfunded	636,640.33	420,945.10	745,621.34
Capital Improvement Fund	41,136.40	28,769.97	28,769.97
Reserve For:			
Contracts Payable		2,146.90	139,860.33
Miscellaneous Deposits	50,594.28	50,594.28	60,315.69
Fund Balance	15,711.59	35,121.70	34,290.90
	<u>\$ 4,589,112.23</u>	<u>\$ 5,858,891.83</u>	<u>\$ 5,948,095.26</u>

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

TOWNSHIP OF EAST AMWELL

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance, December 31, 2015	\$	34,290.90
Increased by:		
Fully Funded Improvement		
Authorizations Canceled		<u>830.80</u>
Balance, December 31, 2016	\$	<u><u>35,121.70</u></u>

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

"E"

TOWNSHIP OF EAST AMWELL  
PUBLIC ASSISTANCE TRUST FUND  
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2017 (UNAUDITED)	BALANCE DECEMBER 31, 2016	BALANCE DECEMBER 31, 2015
<u>ASSETS</u>			
Cash	\$ <u>73,173.93</u>	\$ <u>65,842.67</u>	\$ <u>57,559.45</u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance	\$ <u>73,173.93</u>	\$ <u>65,842.67</u>	\$ <u>57,559.45</u>
	\$ <u>73,173.93</u>	\$ <u>65,842.67</u>	\$ <u>57,559.45</u>

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

TOWNSHIP OF EAST AMWELL

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2017 (UNAUDITED)	BALANCE DECEMBER 31, 2016	BALANCE DECEMBER 31, 2015
<u>FIXED ASSETS</u>			
Land	\$ 2,599,133.50	\$ 2,599,133.50	\$ 2,599,133.50
Buildings	1,293,249.07	1,293,249.07	1,293,249.07
Machinery and Equipment	<u>1,500,112.26</u>	<u>1,500,112.26</u>	<u>1,355,964.26</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 5,392,494.83</u>	<u>\$ 5,392,494.83</u>	<u>\$ 5,248,346.83</u>
<u>RESERVE</u>			
Investment in General Fixed Assets	<u>\$ 5,392,494.83</u>	<u>\$ 5,392,494.83</u>	<u>\$ 5,248,346.83</u>

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

TOWNSHIP OF EAST AMWELL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of East Amwell is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Committee consists of elected officials and is responsible for the fiscal control of the Township.

Except as noted below, the financial statements of the Township of East Amwell include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of East Amwell, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of East Amwell do not include the operations of the Fire Commissioners, first aid squads, local or regional school districts and the joint municipal court, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of East Amwell conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, and State of New Jersey. Such principles and practices 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. Under this method of accounting, the financial transactions and accounts of the Township are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from U.S. generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Operating grants are realized as revenues when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year 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 fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

Interfunds - 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. GAAP does not require the establishment of an offsetting reserve.



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets – N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$500.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on General Fixed Assets or reported in the financial statements.

The Township has developed a fixed assets accounting and reporting system based on an inventory of all Township assets. Adjustments for assets acquired/sold subsequent to this date have been recorded. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Buildings and land are stated at the assessed value contained in the Township's most recent property revaluation.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Inventories of Supplies - the cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - The Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be held in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Township considers petty cash, change funds, cash in banks, and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Township of East Amwell has the following cash and cash equivalents at December 31, 2016:

Fund Type:	Bank Balance	Reconciling Items:		Reconciled Balance
		Additions	Deletions	
Current Fund	\$4,749,791.36	\$44,547.83	\$2,313,784.06	\$2,480,555.13
Grant Fund	98,982.71		38,060.00	60,922.71
Animal Control Fund	8,100.96	15.00		8,115.96
Other Trust Fund	1,187,831.59		5,262.98	1,182,568.61
General Capital Fund	510,913.81		1,852.75	509,061.06
Public Assistance Trust Fund	66,262.67		420.00	65,842.67
<b>TOTAL DECEMBER 31, 2016</b>	<b>\$6,621,883.10</b>	<b>\$44,562.83</b>	<b>\$2,359,379.79</b>	<b>\$4,307,066.14</b>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute. As of December 31, 2016, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial risk. Of the cash on balance in the bank, \$500,000.00 was covered by Federal Depository Insurance and \$6,121,883.10 was covered under the provisions of NJGUDPA.

B. Investments

The purchases of investments by the Township are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2016, the Township had no investments. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Township are general obligation bonds, based by the full faith and credit of the Township.

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2016</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Issued:			
General:			
Bonds and Notes	\$ 3,640,000.00	\$ 3,834,000.00	\$ 4,009,000.00
NJDEP Green Acres Loan	241,529.00	271,094.17	300,076.80
	<u>\$ 3,881,529.00</u>	<u>\$ 4,105,094.17</u>	<u>\$ 4,309,076.80</u>
Less: Funds Temporarily held to			
Pay Bonds and Notes - Gen. Capital	<u>7,074.91</u>	<u>10,592.04</u>	<u></u>
<u>Net Debt Issued</u>	<u>\$ 3,874,454.09</u>	<u>\$ 4,094,502.13</u>	<u>\$ 4,309,076.80</u>
Authorized But Not Issued:			
General - Bonds and Notes	\$ <u>265,000.00</u>	\$ <u>674,715.00</u>	\$ <u>351,715.00</u>
<u>Total Authorized But Not Issued</u>	<u>\$ 265,000.00</u>	<u>\$ 674,715.00</u>	<u>\$ 351,715.00</u>
NET BONDS AND NOTES ISSUED AND AUTHORIZED BUT NOT ISSUED	<u>\$ 4,139,454.09</u>	<u>\$ 4,769,217.13</u>	<u>\$ 4,660,791.80</u>

SUMMARY OF REGULATORY 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 indicates a regulatory net debt of .571%.

	<u>GROSS DEBT</u>	<u>DEDUCTION</u>	<u>NET DEBT</u>
LOCAL SCHOOL DEBT	\$ 420,000.00	\$ 420,000.00	\$
REGIONAL SCHOOL DEBT	788,715.72	788,715.72	
GENERAL DEBT	<u>4,146,529.00</u>	<u>7,074.91</u>	<u>4,139,454.09</u>
	<u>\$ 5,355,244.72</u>	<u>\$ 1,215,790.63</u>	<u>\$ 4,139,454.09</u>

NET DEBT \$4,139,454.09 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$725,070,019.67 EQUALS .571%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S.40A:2-6

Equalized Valuation Basis* - December 31, 2016	\$ <u>725,070,019.67</u>
3-1/2% of Equalized Valuation Basis	\$ 25,377,450.69
Net Debt	<u>4,139,454.09</u>
Remaining Borrowing Power	\$ <u>21,237,996.60</u>

\*Equalized Valuation basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township for the last three (3) preceding years.

SCHOOL DEBT DEDUCTION

School debt is deductible up to the extent of 3% of the Average Equalized Assessed Valuation of real property for the Local and Regional School Districts.

Long-Term Debt

Serial Bonds

\$2,405,000.00 of 2010 Serial Bonds with annual principal installments of \$150,000 to \$275,000 starting 2011 through March 2021 at variable interest rate of 2.375% to 4.00%.	\$ 1,010,000.00
\$1,410,000.00 of 2015 Serial Bonds with annual principal installments of \$165,000 to \$195,000 starting 2016 through February 2023 at variable interest rate of 2.00% to 4.00%.	<u>1,245,000.00</u>
	\$ <u>2,255,000.00</u>

Green Acres Loan

\$500,000.00 of 2007 Green Acres Loan with semi-annual principal and interest installments of \$17,419.99 through January 2024 at an interest rate of 2.0%.	\$ <u>241,529.00</u>
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NOTE 3: LONG-TERM DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2016, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund \$265,000.00

SCHEDULE OF GREEN ACRES TRUST LOANS

CALENDAR YEAR	MARION F. CLAWSON PARK		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$ 30,159.43	\$ 4,680.53	\$ 34,839.96
2018	30,765.64	4,074.33	34,839.97
2019	31,384.04	3,455.94	34,839.98
2020	32,014.84	2,825.12	34,839.96
2021	32,658.35	2,181.62	34,839.97
2022	33,314.78	1,525.19	34,839.97
2023	33,984.41	855.56	34,839.97
2024	17,247.51	172.48	17,419.99
	<u>\$ 241,529.00</u>	<u>\$ 19,770.77</u>	<u>\$ 261,299.77</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF SERIAL BONDS PAYABLE

<u>CALENDAR YEAR</u>	<u>2010 ISSUE</u>		<u>2015 ISSUE</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2017	\$275,000.00	\$24,875.00	\$155,000.00	\$41,850.00	\$496,725.00
2018	270,000.00	16,168.75	155,000.00	37,975.00	479,143.75
2019	160,000.00	10,862.50	175,000.00	33,025.00	378,887.50
2020	155,000.00	6,631.25	185,000.00	26,700.00	373,331.25
2021	150,000.00	2,250.00	195,000.00	19,100.00	366,350.00
2022			190,000.00	11,400.00	201,400.00
2023			190,000.00	3,800.00	193,800.00
	<u>\$1,010,000.00</u>	<u>\$60,787.50</u>	<u>\$1,245,000.00</u>	<u>\$173,850.00</u>	<u>\$2,489,637.50</u>

NOTE 4: SHORT-TERM DEBT

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. Any such note shall be designated as a "bond anticipation note" and shall be subject to the following provisions:

- (1) every note shall contain a recital that it is issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year;
- (2) all such notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes; and
- (3) no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

NOTE 4: SHORT-TERM DEBT (CONTINUED)

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follow:

	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Amount</u>
General Capital			
Ord. 2006-12	0.650%	5/22/2007	\$ 515,000.00
Ord. 2012-12	0.650%	5/16/2013	183,000.00
Ord. 2013-02	0.650%	5/16/2013	87,000.00
Ord. 2013-07	0.650%	5/14/2015	152,000.00
Ord. 2015-02	0.650%	5/14/2015	133,000.00
Ord. 2015-07	0.650%	5/12/2016	<u>315,000.00</u>
			<u>\$ 1,385,000.00</u>

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2016 which were appropriated and included as anticipated revenue in their own respective funds are as follows:

Current Fund	\$175,000.00
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NOTE 6: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

NOTE 6: PROPERTY TAXES (CONTINUED)

Taxes collected in advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER <u>31, 2016</u>	BALANCE DECEMBER <u>31, 2015</u>
Prepaid Taxes	<u>\$225,780.64</u>	<u>\$199,431.62</u>

NOTE 7: PENSION PLANS

Plan Descriptions

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrpts.shtml](http://www.nj.gov/treasury/pensions/annrpts.shtml).

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

NOTE 7: PENSION PLANS (CONTINUED)

Plan Descriptions (Continued)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit. In which case, benefits would begin the first day of the month after the member attains normal retirement age.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP. Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. Effect July 2014 PERS provides for employee contributions of 7.2% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

Certain portions of the costs are contributed by the employees. The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$59,958.00 for 2016, \$53,845.00 for 2015 and \$49,355.36 for 2014.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Township employees are also covered by Federal Insurance Contribution Act.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” and is effective for fiscal years beginning after June 15, 2014. This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2015. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2015.

The State of New Jersey has not allocated or calculated the Township of East Amwell’s proportionate share of the total net pension liability for the year ended June 30, 2016; and, therefore, the amount of the Township’s net pension liability to be disclosed in the notes to the financial statement is not presently known. For note disclosure purposes only, the amount of the net pension liability remains at the measurement date of June 30, 2015.

Public Employees Retirement System (PERS)

At June 30, 2015, the State reported a net pension liability of \$1,565,531.00 for the Township of East Amwell’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. 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. At June 30, 2015, the Township’s proportion was 0.0069740354 percent, which was an increase of 0.0004425043 percent from its proportion measured as of June 30, 2014.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$118,307.00 for the Township of East Amwell's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statement based on the April 1, 2015 billing was \$53,845.00

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$37,348.00
Changes of assumptions		168,126.00
Net difference between projected and actual earnings on pension plan investments	\$25,171.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>                    </u>	<u>73,468.00</u>
	<u>\$25,171.00</u>	<u>\$278,942.00</u>

Other local amounts reported by the State as the Township's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2016	\$48,262.00
2017	\$48,262.00
2018	\$48,262.00
2019	\$66,481.00
2020	\$42,504.00

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$5,086,138,484	\$1,032,618,058
Collective deferred inflows of resources	478,031,236	1,726,631,532
Collective net pension liability - local	22,447,996,119	18,722,735,003
Township's Proportion	0.0069740354%	0.0065315311%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following assumptions:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Inflation	3.01 Percent	3.04 Percent
Salary Increases (based on age)		
2012-2021	2.15-4.40 Percent	2.15-4.40 Percent
Thereafter	3.15-5.40 Percent	3.15-5.40 Percent
Investment Rate of Return	7.90 Percent	7.90 percent

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees



NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 and June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	June 30, 2015		June 30, 2014	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bond			1.00%	2.49%
Intermediate Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad U.S. Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Markets	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Returns	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, respectively, 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 made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Township's proportionate share of the pension liability	\$1,945,764.00	\$1,565,531.00	\$1,246,747.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

NOTE 8: COMPENSATED ABSENCES

The Township does not have a policy which allows employees to accrue unused vacation and sick pay.

NOTE 9: LITIGATION

The Township Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Township's insurance carrier or would have a material financial impact on the Township.

NOTE 10: TAX APPEALS

There are tax appeals filed with the County and State Tax Court of New Jersey requesting a reduction of assessments for the year 2016. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.40A:2-51.

NOTE 11: CONTINGENT LIABILITIES

The Township participates in several state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to state financial assistance programs will be discussed in detail in Part II of the 2016 audit report. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2016, the Township does not believe that any material liabilities will result from such audits.

NOTE 12: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 12: RISK MANAGEMENT (CONTINUED)

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

<u>Fiscal Year</u>		<u>Interest Earned</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$	99.66	\$ 1,590.83	\$	25,452.33
2015		93.79	1,547.82		23,761.84
2014		88.55	1,377.54		22,120.23

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2016:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current Fund	\$ 21.62	\$
Trust Other Fund		21.62
	<u>\$ 21.62</u>	<u>\$ 21.62</u>

All balances resulted from the time lag between the dates that payment between funds is made.

NOTE 14: DEFERRED SCHOOL TAXES

New Jersey statutes provide for the deferral of liability for not more than 50% of the annual levy when school taxes are raised on a school year basis and such taxes have not been requisitioned by the school district.

LOCAL DISTRICT SCHOOL TAX

	BALANCE DECEMBER 31, 2016	BALANCE DECEMBER 31, 2015
Balance of Tax	\$1,373,042.59	\$1,349,606.39
Deferred	<u>748,177.50</u>	<u>748,177.50</u>
School Tax Payable	<u><u>\$624,865.09</u></u>	<u><u>\$601,428.89</u></u>

REGIONAL HIGH SCHOOL TAX

	BALANCE DECEMBER 31, 2016	BALANCE DECEMBER 31, 2015
Balance of Tax	\$1,385,712.00	\$1,323,158.00
Deferred	<u>599,893.26</u>	<u>599,893.26</u>
School Tax Payable	<u><u>\$785,818.74</u></u>	<u><u>\$723,264.74</u></u>

NOTE 15: DEFERRED COMPENSATION PLANS

The Township of East Amwell Deferred Compensation Plan was established pursuant to Section 457 of the Internal Revenue Code and in accordance with applicable New Jersey statutes and the New Jersey Administrative Code (N.J.A.C.5:37-1). The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under governing regulations. The Plan is offered by the Township through Lincoln National Life Insurance Company.

NOTE 16: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER <u>31, 2016</u>	2017 BUDGET <u>APPROPRIATION</u>	BALANCE TO SUCCEEDING <u>BUDGETS</u>
Current:			
Special Emergency Authorization	<u>\$10,000.00</u>	<u>\$10,000.00</u>	<u>\$0.00</u>

NOTE 17: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the balance sheet date. Based on this evaluation, the Township has determined there are no material subsequent events that require disclosure.

NOTE 18: POST-RETIRMENT HEALTH BENEFITS

As at December 31, 2016, the Township of East Amwell had no obligation to provide post-retirement health benefits.

**APPENDIX C**

**FORM OF BOND COUNSEL OPINION**

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A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW  
Riverview Plaza  
10 Highway 35  
Red Bank, NJ 07701-5902  
732-268-8000  
FAX 732-345-8420

March 27, 2018

Mayor and Township Committee  
of the Township of East Amwell  
Ringoes, New Jersey

Ladies and Gentlemen:

We have served as bond counsel in connection with the authorization, sale, issuance and delivery of \$1,313,000 aggregate principal amount of General Obligation Bonds, Series 2018 (the "Bonds"), of the Township of East Amwell, in the County of Hunterdon (the "Township"), a body corporate and politic organized and existing under the laws of the State of New Jersey (the "State").

The Bonds are authorized by and are issued pursuant to the provisions the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), various bond ordinances duly adopted by the Township Committee and published as required by law, and a resolution duly adopted by the Township Committee on February 22, 2018.

The Bonds are being issued to: (i) currently refund a \$1,313,000 portion of the Township's \$1,326,500 Bond Anticipation Notes dated May 11, 2017 and maturing May 1, 2018; and (ii) pay costs and expenses incidental to the issuance and delivery of the Bonds.

The Bonds are issued in fully registered form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. One certificate shall be issued for the aggregate principal amount of the Bonds maturing in each year. Purchases of the Bonds will be made in book-entry only form, without certificates, in principal denominations of \$5,000 or any integral multiple of \$1,000 in excess thereof. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Township as Paying Agent (or a duly appointed Paying Agent) directly to Cede & Co., as nominee for DTC. Disbursal of such payments to the DTC participants is the responsibility of DTC and disbursal of such payments to the beneficial owners of the Bonds is the responsibility of the DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semiannually on the first day of March and September (each an "Interest Payment Date"), commencing September 1, 2018, in each year until maturity. The Bonds shall mature on March 1 in each of the years, in the principal amounts and at the interest rates as follows:

<u>Maturity Date</u> <u>(March 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$ 80,000	4.000%
2020	85,000	4.000
2021	90,000	4.000
2022	120,000	4.000
2023	120,000	4.000
2024	140,000	3.000
2025	140,000	3.000
2026	140,000	3.000
2027	135,000	3.000
2028	135,000	3.000
2029	128,000	3.000

The Bonds are not subject to redemption prior to their stated maturities.

We have examined such matters of law, certified copies of the proceedings, including all authorization proceedings for the Bonds, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the New Jersey Statutes, (ii) the Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Township enforceable in accordance with their terms, and (iii) the Township has pledged its faith and credit for the payment of the principal of and interest on the Bonds, and, unless paid from other sources, all the taxable property within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Bonds in order for the interest thereon to be and remain excludable from gross income for Federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Bonds. The Township will represent in its tax certificate relating to the Bonds that it expects and intends to comply, and will comply, to the extent permitted by law, with such requirements.

In our opinion, under existing law, and assuming continuing compliance by the Township with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing

federal alternative minimum tax ("AMT"); however, during tax years beginning before January 1, 2018, interest on the Notes held by a "corporation (other than an S corporation regulated investment company or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings" of a corporate holder.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

We are further of the opinion that the Bonds constitute "qualified tax-exempt obligations" within the meaning of section 265(b)(3)(B) of the Code and, therefore, will be treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

Except as stated in the preceding three (3) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of each of the Bonds, as executed by the Township, and, in our opinion, the form of such Bond and its execution are regular and proper.

We express no opinion as to any matter not set forth above. The opinions expressed 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 changes in fact or law subsequent to the date hereof that may affect the opinions expressed above.

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

This letter is being provided for your exclusive benefit pursuant to the requirements of the closing of the Bonds and may not be provided to (except in connection with the preparation of a closing transcript with respect to the Bonds) or relied upon by any other person, party, firm or organization without our prior written consent. Notwithstanding anything to the contrary herein, the undersigned acknowledges that this opinion is a governmental record subject to release under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 *et seq.*, as amended and supplemented.

Very truly yours,

ARCHER & GREINER P.C.

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**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate dated as of March 27, 2018 (the "Disclosure Certificate") is executed and delivered by the Township of East Amwell, in the County of Hunterdon, State of New Jersey (the "Township" or the "Issuer") in connection with the issuance of its \$1,313,000 aggregate principal amount of General Obligation Bonds, Series 2018 (the "Bonds"), all such Bonds being dated March 27, 2018. The Bonds are being issued pursuant to various bond ordinances duly adopted by the Township Committee and published as required by law, and a resolution duly adopted by Township Committee on February 22, 2018 (collectively, the "Bond Resolution"). The Township covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Township for the benefit of the Beneficial Owners of the Bonds to assist the Underwriter(s) in complying with the Rule (as defined below). The Township acknowledges it is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Township pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for Federal income tax purposes.

"Continuing Disclosure Information" shall mean, collectively, (i) each Annual Report, (ii) any notice required to be electronically filed by the Township with the MSRB at EMMA pursuant to Section 3 of this Disclosure Certificate, and (iii) any notice of a Listed Event required to be filed by the Township with EMMA pursuant to Section 5 of this Disclosure Certificate.

"Disclosure Representative" shall mean the Township Chief Financial Officer or her designee, or such other person as the Township shall designate in writing from time to time for the purposes of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the Township or any Dissemination Agent subsequently designated in writing by the Township which has filed with the Township a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system, a website created by the MSRB and approved by the SEC to provide a central location

where investors can obtain municipal bond information including disclosure documents. The Township or the Dissemination Agent shall submit disclosure documents to EMMA as a word searchable PDF file containing all identifiable information as required by EMMA to [www.emma.msrb.org](http://www.emma.msrb.org).

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of New Jersey.

"Underwriter(s)" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

### SECTION 3. Provision of Annual Reports.

(a) The Township shall provide or cause to be provided to the Dissemination Agent not later than September 15 of each year, commencing September 15, 2018 (for the calendar year ending December 31, 2017), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Township may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the Township are not available by September 15 of each year, the Township shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the Township, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the Township.

(b) Not later than September 30 of each year (commencing September 30, 2018), the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the Township does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot forward the Annual Report to EMMA in accordance with subsection (b) above, the Dissemination Agent shall send a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the Township (if the Dissemination Agent is not the Township).



(d) Each year the Dissemination Agent shall file a report with the Township (if the Dissemination Agent is not the Township), certifying that the Annual Report has been filed with EMMA pursuant to this Disclosure Certificate, and stating the date it was provided.

(e) If the fiscal year of the Township changes, the Township shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the Township, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. (a) The Township's Annual Report shall contain or incorporate by reference the following:

1. The audited financial statements of the Township (as of December 31).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, State Department of Community Affairs (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) and the budget laws of the State.

2. The most current annual debt statement of the Township (as of December 31); and

3. Certain financial information and operating data of the Township consisting of (i) the Township's indebtedness, (ii) the Township's most current adopted budget, (iii) the Township's property valuation information, and (iv) the Township's tax rate, levy and collection data, as applicable.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Township is an "Obligated Person" (as defined by the Rule), which have been filed with the MSRB, through the EMMA system, or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Township shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4.     Unscheduled draws on credit enhancements reflecting financial difficulties;
5.     Substitution of credit or liquidity providers, or their failure to perform;
6.     Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7.     Modifications to rights of Bondholders, if material;
8.     Bond calls, if material, and tender offers;
9.     Defeasances of the Bonds;
10.    Release, substitution or sale of property securing repayment of the Bonds, if material;
11.    Rating changes relating to the Bonds;
12.    Bankruptcy, insolvency, receivership or similar event of the Township;
13.    The consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, 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; and
14.    Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material.

The Township shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB, through the EMMA system, in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed

Events specified in subsection (a) of this Section 5 that require a materiality determination, the Township may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the Township has or obtains knowledge of the occurrence of any of the Listed Events that require a materiality determination, the Township shall, as soon as possible, determine if such event would constitute information material, if applicable, to the Beneficial Owners of the Bonds.

(c) If the Township (i) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (ii) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Bonds, the Township shall promptly notify the Dissemination Agent in writing (if the Township is not the Dissemination Agent) and the Township shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the Township determines that the occurrence of a Listed Event requiring a materiality determination would not be material to the Beneficial Owners of the Bonds, the Township shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Township) and the Dissemination Agent (if the Dissemination Agent is not the Township) shall be instructed by the Township not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the Township to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB, through the EMMA system, in a timely manner not in excess of ten (10) business days after the occurrence thereof, with a copy to the Township (if the Dissemination Agent is not the Township).

SECTION 6. Termination of Reporting Obligation. The Township's obligations under this Disclosure Certificate shall terminate upon the defeasance or payment in full of all of the Bonds or when the Township is no longer an "Obligated Person" (as defined in the Rule). The Township shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with the MSRB, through the EMMA system, in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Prior Compliance with the Rule. The Township previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) its audited financial statements for the fiscal years ending December 31, 2012 and 2013; (ii) annual operating data for the fiscal years ending December 31, 2012 and 2013; and (iii) adopted budget for the fiscal years ending December 31, 2013 and 2014. Additionally, the Township acknowledges that it previously failed to file event notices and late filing notices in connection with (i) its audited financial statements; (ii) annual operating data; and (iii) a rating change. Such notices of events and late filings (as described herein) have been filed with EMMA as of the date of this Official Statement. The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey, in June of 2015 to

act as Continuing Disclosure Agent to ensure compliance with its continuing disclosure obligations.

SECTION 8. Dissemination Agent; Compensation. The Township may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Township. The Township shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Township may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the Township to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the Township, such determination being supported by an opinion of counsel expert in Federal securities laws, or by the approving vote of a majority of Beneficial Owners of the Bonds at the time of the amendment. The Township shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Township shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Township. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Township from disseminating any other information, using

the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Township chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Township shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Township to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Township to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Township agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Township) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the Township further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the Township under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Township, the Dissemination Agent, the Underwriter(s), and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 14. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the Township                      Ms. Margaret Pasqua  
   Chief Financial Officer  
   Township of East Amwell  
   1070 Route 202/31  
   Ringoes, New Jersey 08551

(b) Copies of all notices to the Dissemination Agent from  
time to time with respect to the Bonds:

initially: Ms. Margaret Pasqua  
Chief Financial Officer  
Township of East Amwell  
1070 Route 202/31  
Ringoes, New Jersey 08551

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 15. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Township and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 16. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Township and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 17. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State, as applicable.

**TOWNSHIP OF EAST AMWELL**

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**MARGARET PASQUA,**  
**Chief Financial Officer**

**Acknowledged and Accepted by:**  
**DISSEMINATION AGENT**

**N/A**  

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**AUTHORIZED SIGNATORY**

## **EXHIBIT A**

### **NOTICE TO MSRB VIA EMMA OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Township of East Amwell, in the County of Hunterdon,  
State of New Jersey

Name of Bond Issue: \$1,313,000 General Obligation Bonds, Series 2018,  
Dated March 27, 2018  
(CUSIP Number 270505EW6)

Date of Issuance: March 27, 2018

NOTICE IS HEREBY GIVEN that the above designated Township has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate dated as of March 27, 2018 executed by the Township.

DATED: \_\_\_\_\_

\_\_\_\_\_  
DISSEMINATION AGENT  
(on behalf of the Township)

cc: Township of East Amwell