

In the opinion of Gibbons P.C., Bond Counsel to the Township (as defined herein), assuming continuing compliance by the Township with certain tax covenants described herein, under existing law, interest on the Notes (as defined herein) is excluded from the gross income of the owners of the Notes for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Under existing law, interest on the Notes and net gains from the sale of the Notes are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

TOWNSHIP OF BRIDGEWATER
County of Somerset, New Jersey
\$12,000,000 Bond Anticipation Notes, Series 2019
(Non-callable)

The \$12,000,000 Bond Anticipation Notes, Series 2019 (the "Notes"), are being issued by the Township of Bridgewater, in the County of Somerset, New Jersey (the "Township"), in the form of one fully registered note certificate 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 Notes. Individual purchases of beneficial ownership interests in the Notes will be made in book-entry form (without certificates) on the records of DTC and DTC Participants in the principal amount of \$5,000 each or integral multiples thereof. Beneficial owners of the Notes will not receive certificates representing their ownership interests in the Notes. As long as Cede & Co. is the registered owner of the Notes, as nominee for DTC, reference in this Official Statement to the registered owner shall mean Cede & Co., and not the beneficial owners of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Notes will be dated their date of delivery and will mature on August 6, 2020 in the aggregate principal amount set forth above. Interest on the Notes shall be calculated on the basis of a 360-day year of twelve 30-day calendar months. Interest on the Notes will be credited to the DTC Participants as listed on the records of DTC as of July 30, 2020. The principal and interest on the Notes is payable to DTC by the Township in accordance with the Notice of Sale.

The Notes are not subject to redemption prior to maturity.

The Notes constitute valid and binding general obligations of the Township for the payment of which the Township is obligated to levy *ad valorem* taxes on all taxable property in the Township, without limitation as to rate or amount.

**FOR MATURITY, INTEREST RATE, YIELD AND CUSIP NUMBER, SEE INSIDE FRONT COVER
HEREOF**

The Notes are offered for sale upon the terms of the Notice of Sale and subject to the final approving legal opinion of Gibbons P.C., Newark, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey served as Municipal Advisor to the Township in connection with the Notes. It is anticipated that the Notes will be available for delivery through the facilities of DTC on or about August 7, 2019, in New York, New York, or at such other place and time as may be agreed to by the Township.

TD SECURITIES (USA) LLC

Dated: July 25, 2019

TOWNSHIP OF BRIDGEWATER
County of Somerset, New Jersey

\$12,000,000 BOND ANTICIPATION NOTES, SERIES 2019

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>
August 6, 2020	\$12,000,000	2.00%	1.36%	108709UA2

* CUSIP is a registered trademark of American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Global Market Intelligence. The CUSIP number listed above is being provided solely for the convenience of holders of the Notes only at the time of issuance of the Notes and the Township does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes.

TOWNSHIP OF BRIDGEWATER
COUNTY OF SOMERSET, NEW JERSEY

MAYOR

DANIEL J. HAYES, JR.

TOWNSHIP COUNCIL

FILIFE PEDROSO
HOWARD V. NORGALIS
MATTHEW C. MOENCH
CHRISTINE HENDERSON ROSE
ALLEN KURDYLA

TOWNSHIP ADMINISTRATOR

JAMES T. NAPLES

DIRECTOR OF FINANCE

NATASHA S. TURCHAN

TOWNSHIP CLERK

LINDA J. DOYLE

TOWNSHIP ATTORNEY

MAURO, SAVO, CAMERINO, GRANT & SCHALK
SOMERVILLE, NEW JERSEY

AUDITOR

SUPLEE, CLOONEY & COMPANY
WESTFIELD, NEW JERSEY

BOND COUNSEL

GIBBONS P.C.
NEWARK, NEW JERSEY

MUNICIPAL ADVISOR

PHOENIX ADVISORS, LLC
BORDENTOWN, NEW JERSEY

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations, with respect to the Notes other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Township. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty by the Township is made as to the accuracy or completeness from such other sources and such information is not to be construed as a representation or warranty by 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.

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

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**OFFICIAL STATEMENT
OF THE
TOWNSHIP OF BRIDGEWATER
IN THE COUNTY OF SOMERSET, NEW JERSEY**

\$12,000,000 BOND ANTICIPATION NOTES, SERIES 2019

INTRODUCTION

This Official Statement (the "Official Statement") which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Township of Bridgewater (the "Township") in the County of Somerset (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$12,000,000 Bond Anticipation Notes, Series 2019 (the "Notes"), dated the date of delivery.

AUTHORIZATION FOR THE NOTES

The Notes have been authorized and are to be 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") and various bond ordinances duly adopted by the Township Council. The bond ordinances included in the sale of the Notes were published in full or in summary form after their adoption along with the statement that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale, execution or delivery of the Notes by the Township.

THE NOTES

General Description

The Notes comprise an issue in the aggregate principal amount of \$12,000,000. The Notes shall be dated and bear interest from the date of delivery and will be payable as to principal and interest on their maturity date, August 6, 2020. The Notes shall bear interest, calculated on the basis of a 360-day year of twelve 30-day calendar months, payable at the interest rate per annum set forth on the inside front cover page of this Official Statement. The principal and interest on the Notes is payable at maturity to DTC by the Township. Interest on the Notes will be credited to the DTC Participants as listed on the records of DTC as of July 30, 2020.

THE NOTES (CONTINUED)

The Notes will be available for purchase in book-entry form only, in denominations of \$5,000 each or integral multiples thereof. As long as DTC or its nominee, Cede & Co. (or any successor or assign) is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township directly to Cede & Co. (or any successor or assign) as nominee for DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments by the DTC Participants to the beneficial owners of the Notes is the responsibility of the DTC Participants. See "BOOK-ENTRY ONLY SYSTEM" below.

Optional Redemption Provisions

The Notes are not subject to redemption prior to maturity.

Purpose of Financing

The proceeds of the Notes, along with other available funds of the Township in the amount of \$1,825,925, will be used to (i) temporarily refinance \$7,996,000 of bond anticipation notes issued on August 9, 2018 and maturing on August 8, 2019, and (ii) finance previously unfunded general improvements of the Township in the amount of \$5,829,925.

PAYMENT OF AND SECURITY FOR THE NOTES

The Notes are general obligations of the Township and unless paid from other sources, the Township is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Township for the payment of the principal of and interest on the Notes without limitation as to rate or amount. Payment of such principal and interest, however, is not limited to any particular fund or source of revenue of the Township. The Township is required to include the total amount of interest and debt redemption charges on all of its general obligation indebtedness for the succeeding year in the annual budget.

Enforcement of a claim for payment of principal of or interest on obligations of the Township is subject to applicable provisions of Federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension for payment of principal of or interest on the Notes or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission.

No principal or interest payments on Township indebtedness are past due. The Township has never defaulted on the payment of any bonds or notes.

MARKET PROTECTION

During the remainder of 2019, the Township does not anticipate issuing bonds. The Township does not anticipate that tax anticipation notes will be issued during 2019. The Township may issue bond anticipation notes during the remainder of 2019, as may be necessary.

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each year of maturity of the Notes, in the aggregate principal amount of each maturity, and will be deposited with DTC.

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

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

BOOK-ENTRY ONLY SYSTEM (CONTINUED)

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

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

Beneficial Owners of Notes may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owner's of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

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

GENERAL INFORMATION

Location and Area

The Township encompasses approximately 33 square miles, and is located in the central portion of Somerset County in the State of New Jersey. The Township is approximately 50 miles from the City of New York City, 35 miles from the City of Trenton, and 40 miles from the City of Philadelphia. It is bounded on the west by Branchburg Township and Bedminster Township, on the north by Bernards Township and Warren Township, on the east by Green Brook Township and Bound Brook Borough and on the south by South Bound Brook Borough, Franklin Township, Manville Borough, Somerville Borough Raritan Borough and Hillsborough Township. U.S. Route 22, Interstate 287 and Interstate 78 run through the Township.

The Township was originally purchased from a local Indian tribe. Chartered by King George II of England in 1749, and incorporated in 1899, the Township is a modern suburban municipality with a balance of residential and commercial uses. In the early years, the Township was known as a farming town. What is now Somerville and Raritan were once part of the Township until they broke away years after the chartering.

The Township is a diverse and thriving township with a mix of both urban and suburban life. The Township is prime ground for many new and large businesses, including Sanofi-Aventis, Johnson & Johnson and Met Life. The Township has progressed rapidly from its roots and will continue to grow in the future.

Form of Government

In 1974, the voters passed a referendum to change their form of government from the Township Committee to Mayor-Council Plan B under the Faulkner Act.

The Mayor is elected to a four year term. The Township Council, which consists of five members, is elected to overlapping four year terms.

The business activities are conducted by a full time Business Administrator.

MUNICIPAL SERVICES

Recreation and Parks

The Township maintains numerous active public and private parks consisting of 3,600 acres. In addition, there is a Senior Citizens center to serve the senior citizens which also offers trips and shopping.

The Recreation Department offers many programs for children and adults of all ages. The In Town Soccer Program has over 2,200 children involved and the Baseball Program has 1,300 children involved. The office also works with many private organizations in Football, Baseball, Lacrosse, Softball and Field Hockey.

Within the Township, the County Park System maintains lighted tennis courts, a nine hole pitch and putt course, regulation golf course and 20 parks including Duke Island Park, which has playgrounds and ball fields.

Library Services

The County Library is located in the Township.

Department of Public Works

The department maintains all 230 miles of roads and has a staff of approximately 50 full time employees.

Police Department

The Police Department consists of approximately 75 sworn full time officers.

Fire Companies

There are four fire districts in the Township maintained by approximately 225 active volunteer firemen using approximately 30 pieces of equipment.

Rescue Squads

Four rescue squads serve the Township area consisting of approximately 210 volunteer members. Each squad is equipped with ambulances and four squads have "crash" trucks.

LARGEST TAXPAYERS OF THE TOWNSHIP - 2018

<u>TAXPAYER</u>	<u>ASSESSED VALUE</u>	<u>% OF TOTAL ASSESSED VALUE</u>
Bridgewater Commons Mall	\$211,715,404	2.41%
Sanofi US	101,969,604	1.16
Bridgewater ODC-Goldman Sach	66,000,000	0.75
724 Rt 202 Assoc	59,541,000	0.68
CIP 11/AR	58,000,000	0.66
MetLife	56,285,200	0.64
CNL Hospital Partners	50,304,600	0.57
Somerset Corporate Center	46,500,000	0.53
SCC III, LLC	46,500,000	0.53
Piedmont-Bridgewater NJ LLC	<u>38,200,000</u>	<u>0.43</u>
Total	<u>\$735,015,808</u>	<u>8.37%</u>

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

CONSTRUCTION VALUE AND NUMBER OF BUILDING PERMITS ISSUED

<u>YEAR</u>	<u>TOTAL VALUE</u>	<u>TOTAL</u>
2018	\$183,947,108	3,093
2017	177,070,505	3,511
2016	97,340,604	3,604
2015	87,527,532	3,214
2014	108,632,062	3,344

Source: Township's Construction Office

EDUCATIONAL SERVICES

The school facilities are a part of the Bridgewater-Raritan Regional School District which includes the Township and the Borough of Raritan, two adjacent communities. The Township contributes approximately 88% of the annual school costs with Raritan contributing the balance.

The school district is under the jurisdiction of an elected nine member Board of Education and operates under New Jersey Statutes. It is completely independent of the Township.

The Superintendent of Schools is the chief administrative officer of the School District. The Board Secretary/Business Administrator oversees the business functions of the School District and reports through the Superintendent to the Board of Education.

Post Secondary Education

Raritan Valley Community College offers the area's residents post secondary opportunities. The College has developed a modern campus with an enrollment of approximately 5,000 full-time and part-time students. The College is fully accredited and offers programs to degree-seeking students and over 400 courses which are also available to those not seeking degrees. The College also offers many community service classes.

Somerset County Vocational-Technical High School and its Technical Institute, a post secondary facility, share a 75-acre campus and provide training facilities for Somerset County residents.

CERTAIN FINANCIAL AND STATISTICAL INFORMATION

Debt Statements

The Township must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (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.

Debt Incurring Capacity
As of December 31, 2018

Municipal:		
1. Equalized Valuations (last three years average)		\$ 9,379,718,393
2. 3-1/2% Borrowing Margin		328,290,143
3. Net Debt Issued and Outstanding		70,658,485
4. Excess School Borrowing		-0-
5. Total Charges to Borrowing Margin		70,658,485
6. Remaining Municipal Borrowing (line 2 minus line 5) Capacity		257,631,658

Statement of Indebtedness
As of December 31, 2018

Gross Debt:		
Regional District School Debt:		
Serial Bonds Issued and Outstanding		\$20,762,598
Sewer Utility Debt:		
Issued and Outstanding		
Serial Bonds	\$6,489,000	
Loans	416,381	
Authorized But Not Issued	<u>3,007,523</u>	9,912,904
Municipal Debt:		
Issued and Outstanding:		
Serial Bonds	56,078,000	
Bond Anticipation Notes	7,996,000	
Loans	1,133,727	
Authorized But Not Issued	<u>6,333,398</u>	<u>71,541,125</u>
Total Gross Debt		\$102,216,627
Less:		
Statutory Deductions:		
Regional School Debt	20,762,598	
Sewer Utility	9,912,904	
Due From County of Somerset	-0-	
Reserve for Debt Service	404,573	
Cash on Hand to Pay Notes	<u>478,067</u>	<u>31,558,142</u>
Statutory Net Debt		<u>\$ 70,658,485</u>
Average Equalized Valuation of Real Property (Years 2016, 2017, 2018)		\$9,379,718,393
Statutory Net Debt Percentage		0.753%

Statistics on Debt as of December 31, 2018

Gross Debt (Municipal and School)	\$102,216,627
Overlapping Debt	<u>46,871,953</u>
Gross Debt	\$149,088,580
Statutory Net Debt	70,658,485
Net Debt and Overlapping Debt	117,530,438
Gross Debt Per Capita (42,940 Pop.)	3,472
Statutory Debt Per Capita (42,940 Pop.)	1,645
Net Debt and Overlapping Debt Per Capita (42,940 Pop.)	2,737
Average Equalized Valuations	9,379,718,393
Net Debt Statutory Percentage	0.753%

Overlapping Debt
As of December 31, 2018

The Overlapping Debt of the Township was as follows:

County of Somerset (\$220,812,515 x 15.12%)	\$33,386,852
Somerset County Improvement Authority (\$89,187,178 x 15.12%)	<u>13,485,101</u>
Total Overlapping Debt	<u>\$46,871,953</u>

Gross and Statutory Net Debt
As of December 31

(EXCLUSIVE OF OVERLAPPING DEBT)

<u>YEAR</u>	<u>GROSS DEBT</u>		<u>STATUTORY NET DEBT</u>	
	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE*</u>
2018	\$102,216,627	1.08%	\$70,658,485	0.75%
2017	104,877,156	1.14	68,575,504	0.75
2016	106,036,262	1.15	68,043,941	0.74
2015	106,033,299	1.18	66,175,525	0.73
2014	105,004,943	1.17	63,383,382	0.71

* Of Average Equalized Valuations

Demographic Information

Population Characteristics

<u>Year</u>	<u>Township</u>	<u>County</u>	<u>State</u>
2010	44,464	323,444	8,791,894
2000	42,940	297,490	8,414,350
1990	32,509	240,279	7,730,188
1980	29,175	203,129	7,365,011

Source: U. S. Census Bureau

Employment Characteristics

	<u>YEAR</u>	<u>LABOR FORCE</u>	<u>EMPLOYED</u>	<u>UNEMPLOYED</u>	<u>UNEMPLOYMENT RATE</u>
Township	2018	22,445	21,737	708	3.2%
	2017	22,630	21,808	822	3.6
	2016	22,734	21,857	877	3.9
	2015	22,881	21,910	971	4.2
	2014	22,828	21,684	1,144	5.0
County	2018	169,129	163,318	5,811	3.4%
	2017	170,349	163,854	6,495	3.8
	2016	171,907	164,924	6,983	4.1
	2015	172,453	164,570	7,883	4.6
	2014	172,461	163,446	9,015	5.2
State	2018	4,422,900	4,239,600	183,400	4.1%
	2017	4,518,838	4,309,706	209,123	4.6
	2016	4,530,800	4,305,515	225,262	5.0
	2015	4,537,231	4,274,685	262,531	5.8
	2014	4,527,177	4,221,277	305,900	6.8

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

Debt Service Requirements
as of December 31, 2018

Retirement Schedule - Outstanding Bonds/Loans

Municipal

YEAR	GENERAL		OTHER		SEWER UTILITY		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2019	\$3,540,000.00	\$1,789,058.89	\$364,689.46	\$26,129.11	\$307,000.00	\$219,332.22	\$526,332.22
2020	3,805,000.00	1,734,457.50	352,420.91	17,632.00	307,000.00	215,651.25	522,651.25
2021	3,845,000.00	1,594,170.00	279,074.60	9,577.65	297,000.00	200,585.00	497,585.00
2022	4,037,000.00	1,504,895.00	85,630.58	3,235.62	307,000.00	188,085.00	495,085.00
2023	2,985,000.00	1,362,645.00	51,911.70	830.90	290,000.00	174,935.00	464,935.00
2024	3,020,000.00	1,247,495.00			310,000.00	161,060.00	471,060.00
2025	3,050,000.00	1,130,645.00			320,000.00	146,360.00	466,360.00
2026	3,110,000.00	1,003,045.00			330,000.00	131,160.00	461,160.00
2027	3,145,000.00	897,888.75			335,000.00	122,685.00	457,685.00
2028	3,190,000.00	786,995.00			345,000.00	112,560.00	457,560.00
2029	3,220,000.00	674,170.00			355,000.00	102,110.00	457,110.00
2030	3,250,000.00	559,613.75			365,000.00	91,335.00	456,335.00
2031	3,275,000.00	452,070.00			375,000.00	80,210.00	455,210.00
2032	3,287,000.00	353,110.00			381,000.00	68,830.00	449,830.00
2033	2,295,000.00	270,900.00			355,000.00	57,850.00	412,850.00
2034	2,310,000.00	205,800.00			370,000.00	47,200.00	417,200.00
2035	2,420,000.00	140,250.00			380,000.00	36,100.00	416,100.00
2036	1,394,000.00	69,693.76			380,000.00	24,225.00	404,225.00
2037	900,000.00	29,250.00			380,000.00	12,350.00	392,350.00
	<u>\$56,078,000.00</u>	<u>\$15,806,152.65</u>	<u>\$1,133,727.25</u>	<u>\$57,405.28</u>	<u>\$6,489,000.00</u>	<u>\$2,192,623.47</u>	<u>\$8,681,623.47</u>

Assessed Valuations - Land and Improvements by Class

<u>YEAR</u>	<u>FARM</u>	<u>VACANT LAND</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL</u>	<u>APARTMENTS</u>	<u>TOTAL</u>
2018	\$4,730,700	\$92,795,000	\$6,501,646,800	\$1,728,219,500	\$371,739,400	\$78,397,000	\$8,777,528,400
2017	8,256,300	89,619,700	6,337,930,500	1,687,082,300	360,638,900	69,455,400	8,552,983,100
2016	6,122,700	89,577,900	6,295,354,200	1,685,984,300	351,511,000	69,455,400	8,498,005,500
2015	6,076,800	85,358,500	6,227,830,600	1,670,545,500	347,565,400	67,432,200	8,404,809,000
2014	5,790,500	86,915,900	5,944,605,000	1,664,998,000	346,979,600	65,336,400	8,114,625,400

Assessed Valuations - Net Valuations Taxable

<u>YEAR</u>	<u>TOTAL ASSESSED VALUE</u>	<u>RATIO OF ASSESSED VALUE TO VALUE OF REAL PROPERTY</u>	<u>TOTAL FAIR VALUE OF ASSESSED PROPERTY</u>
2018	\$8,785,824,809	N/A %	\$ N/A
2017	8,561,233,644	96.94	8,506,211,198
2016	8,506,211,198	95.38	8,561,233,644
2015	8,413,284,948	96.05	8,754,718,989
2014	8,119,354,294	95.10	8,537,701,676

Current Tax Collections
Year Ended December 31

<u>YEAR</u>	<u>TOTAL TAXES LEVIED</u>	<u>COLLECTION DURING YEAR OF LEVY</u>	
		<u>AMOUNT</u>	<u>PERCENTAGE</u>
2018	\$ 187,417,474.49	\$ 186,082,916.85	99.28%
2017	182,490,630.70	181,418,617.34	99.41
2016	178,059,177.02	177,026,988.88	99.42
2015	176,275,325.40	174,944,329.29	99.24
2014	172,456,868.35	171,290,528.69	99.31

Total Tax Requirements
Including School and County Purposes
Year Ended December 31

<u>YEAR</u>	<u>TOTAL TAX REQUIREMENTS</u>	<u>LOCAL PURPOSES</u>	<u>REGIONAL SCHOOL</u>	<u>COUNTY</u>	<u>SPECIAL DISTRICTS</u>
2018	\$ 183,661,158.00	\$ 21,736,642.00	\$ 125,914,655.00	\$ 33,270,168.00	\$ 2,739,693.00
2017	182,490,630.70	22,454,369.77	121,165,271.00	36,414,694.93	2,456,295.00
2016	178,059,177.02	22,007,826.67	118,313,892.00	35,332,942.35	2,404,516.00
2015	175,711,862.17	21,330,747.34	117,007,939.00	35,018,823.83	2,354,352.00
2014	172,206,040.98	21,330,747.34	114,536,739.00	34,032,761.64	2,305,793.00

Delinquent Taxes and Tax Title Liens
December 31

<u>YEAR</u>	<u>TAX TITLE LIENS</u>	<u>TAXES</u>	<u>TOTAL</u>	<u>PERCENTAGE OF LEVY</u>
2018	\$ 147,551.92	\$ 1,104,301.99	\$ 1,251,853.11	0.67%
2017	213,388.82	1,030,241.29	1,243,630.11	0.68
2016	190,406.94	902,724.34	1,093,131.28	0.61
2015	150,759.14	1,235,117.03	1,385,876.17	0.79
2014	143,744.83	1,059,141.00	1,202,885.83	0.70

Assessed Valuations of Property Owned
By the Township - Acquired for Taxes
December 31

<u>YEAR</u>	<u>AMOUNT</u>
2018	\$ 422,330.00
2017	422,300.00
2016	422,300.00
2015	422,300.00
2014	422,300.00

Components of Real Estate Tax Rate
(Per \$100 of Assessment)
Year Ended December 31

<u>YEAR</u>	<u>TOTAL</u>	<u>MUNICIPAL *</u>	<u>REGIONAL SCHOOL</u>	<u>COUNTY</u>
2018	\$ 2.091	\$ 0.247	\$ 1.433	0.411
2017	2.093	0.253	1.415	0.425
2016	2.062	0.255	1.390	0.417
2015	2.061	0.253	1.390	0.418
2014	2.093	0.262	1.410	0.421

* - Includes Open Space

Comparative Schedule of Current Fund Balances

<u>YEAR</u>	<u>FUND BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2018	\$ 7,297,940.65	\$ 4,012,082.00
2017	6,197,912.41	4,012,082.00
2016	5,984,484.79	4,126,020.57
2015	5,420,190.26	3,441,276.97
2014	4,938,091.58	3,039,376.57

Comparative Schedule of Sewer Utility Fund Balances

<u>YEAR</u>	<u>FUND BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2018	\$ 5,650,570.25	\$ 3,062,793.00
2017	6,723,614.52	3,062,793.00
2016	7,146,392.63	3,479,191.16
2015	6,313,683.93	2,634,141.34
2014	5,859,789.13	1,546,183.07

Township of Bridgewater

2019 Introduced Municipal Budget

Current Fund

Anticipated Revenues:

Fund Balance	\$	5,053,779
Miscellaneous Revenues		16,987,557
Receipts From Delinquent Taxes		900,000
Amount to be Raised by Taxation for Municipal Purposes		<u>21,585,642</u>
<u>Total Anticipated Revenues</u>	\$	<u><u>44,526,977</u></u>

Appropriations:

General Appropriations	\$	28,230,347
Operations (Excluded from CAPS)		930,264
Deferred Charges and Statutory Expenditures		4,931,803
Capital Improvement Fund		330,000
Municipal Debt Service		7,314,563
Reserve for Uncollected Taxes		<u>2,790,000</u>
<u>Total Appropriations</u>	\$	<u><u>44,526,977</u></u>

Capital Budget

The following is a summary of the introduced capital budget for the years 2019 through 2024 for both the General and Sewer Utility Capital:

Total Estimated Project Costs:

2019	\$8,000,000
2020	4,900,000
2021	4,900,000
2022	4,900,000
2023	4,900,000
2024	<u>4,900,000</u>

Total \$32,500,000

Planned Funding:

Capital Improvement Fund	\$12,300,000
Debt to be Authorized	<u>20,200,000</u>

\$ 32,500,000

PROVISIONS OF CERTAIN STATUTES WITH RESPECT TO GENERAL OBLIGATION DEBT

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

The "Local Bond Law" governs the issuance of bonds and notes to finance certain general municipal and utility 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 installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes.

Debt Limits

The authorized bonded indebtedness of the municipality is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its equalized valuation basis. The equalized valuation basis of the 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. Pursuant to law, the Township has deducted its proportionate share of the full amount of authorized School Debt. The Township's ratio of statutory net debt to its average equalized valuation, as of December 31, 2018, is 0.753% as compared to a statutory limit of 3.5%.

Exceptions to Debt Limits - Extensions of Credit

The debt limit of a municipality may be exceeded with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs, State of New Jersey, ("the Board") a State regulatory agency. If all or any part of a proposed debt authorization would exceed its debt limit, the municipality must apply to the Board for an extension of credit. If the Board determines that a proposed debt authorization would not materially impair the ability of the municipality to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Board to fund certain notes, 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

A municipality may sell 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 subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten 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 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year and ending in the fifth year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue. Proposed amendments to the Local Bond Law may place additional restrictions on the renewal of bond anticipation notes beyond five years.

School Debt Subject to Voter Approval

State law permits local school districts, upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limitation by using the municipality's share of available borrowing capacity. If such debt will be in excess of the school district debt limit and the remaining borrowing capacity of the municipality, the State Commissioner of Education and the Local Finance Board must approve the proposed authorization before it is submitted to the voters.

The Municipal Finance Commission (N.J.S.A. 52-27-1 *et seq.*)

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

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

The Municipal Finance Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. Such commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors, and the readjustment of debts under the Federal Bankruptcy Act. Such Act was substantially revised in 1976 so as to permit municipalities to have access to bankruptcy court for protection against suits by bondholders and without prior warranty for creditor's approvals in cases of impending default.

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

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. Every local unit 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"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

Tax anticipation notes are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty days after the close of the fiscal year in which they were issued. 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. The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for the year, then such excess must be raised in the succeeding year's budget.

Appropriation and Tax Levy "CAPS"

Chapter 68 of the Pamphlet Laws of 1976 (N.J.S.A. 40A:4-45.1 et seq.), as amended and supplemented by P.L. 1983, c. 49, P.L. 1990, c.89, and by P.L. 2004, c.74 (the "CAP Law"), imposes restrictions which limit the allowable increase in municipal appropriations over the previous year's appropriations to the lesser of 102.5% or the increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services as published by the United States Department of Commerce (the "Cost-of-Living Adjustment"). If the Cost-of-Living Adjustment is less than or equal to 2.5% an increase equal to 3.5% will be permitted by adoption of an ordinance. If the Cost-of Living Adjustment is greater than 2.5%, an increase in any amount above 2.5% will be permitted upon passage of a referendum. This limitation is subject to the following exceptions among others: (i) all debt service payments; (ii) the amount of revenue generated by the increase in valuations within the municipality based solely on applying the preceding year's municipal tax rate to the apportionment valuation of new construction or improvements within the municipality and such increase shall be levied in direct proportion to said valuation; (iii) capital expenditures funded by any source; (iv) an increase involving certain defined categories of emergency appropriations as approved by the Director in certain cases; (v) amounts required to be paid pursuant to any contract between the municipality and any political subdivision or public body in connection with the provision and/or financing of projects for certain public purposes such as water, sewer, parking, senior citizens' housing or any similar purpose; or (vi) that portion of the municipal tax levy which represents funding to participate in any Federal or State aid program and amounts received or to be received from Federal, State or other funds in reimbursement for local expenditures.

Additionally, the Legislature of the State of New Jersey has previously enacted P.L. 2007, c. 62 (the "Property Tax Act") effective April 3, 2007, which imposed a 4% 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 Property Tax Act has been amended by the provisions of P.L. 2010, c. 44 effective July 13, 2010 (the "Amendment") and applicable to the next budget year following enactment. The Amendment reduces the tax levy cap to 2% from 4%, limits exclusions only to capital expenditures, including debt service, certain increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare cost increases in excess of 2% and extraordinary costs directly related to a declared emergency. Waivers from the Division of Local Government Services or the Local Finance Board are no longer available under the Amendment.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met.

Miscellaneous Revenues

Section 26 of the Local Budget Law provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof with the exception of 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 fiscal year. Grant revenue is generally not realized, however, until received in cash.

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to delinquent 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."

This 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:

<u>Levy required to balance budget</u>	
Prior year's percentage of current tax collections (or lesser %)	= Total taxes to be levied

Deferral of Current Expenses

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. With minor exceptions, however, such appropriations must be included in full in the following year's budget. All emergency appropriations must be approved by the Director.

The exceptions are certain enumerated quasi-capital projects such as ice, snow, and flood damage to streets, roads, and bridges, which may be amortized over three years, and tax map preparation, revisions of ordinances, and master plan preparations, which may be amortized over five years.

APPROPRIATIONS DEFERRED TO SUBSEQUENT YEARS

<u>YEAR ENDED DECEMBER 31</u>	<u>DEFERRED TO FOLLOWING YEAR</u>	<u>DEFERRED MORE THAN ONE YEAR</u>
2018	\$-0-	\$-0-
2017	-0-	-0-
2016	-0-	-0-
2015	26,400	-0-
2014	26,400	26,400

Budget Transfers

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

2019 CAPITAL BUDGET AND CAPITAL IMPROVEMENT PROGRAM

In accordance with Sections 43 to 45 of the Local Budget Law and Sections 5:30-4.1 et seq. of the New Jersey Administrative Code, each municipality must adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. The capital budget, when adopted, does not constitute the authorization of a capital project, the appropriation of funds or the authorization of debt; rather, it sets forth proposed capital projects with an estimated completion schedule and proposed sources of funding. Specific authorization to undertake capital projects, appropriate funds and incur indebtedness must be provided by other actions of the governing body: by a bond ordinance, by inclusion in the Capital Improvement section of the operating budget, by a capital ordinance (appropriating funds previously provided for capital projects, but not authorizing debt) or other lawful means such as appropriating grant funds. No bond ordinance may be adopted unless the project for which it authorizes debt is included in the municipality's capital budget.

A capital improvement program, setting forth a multi-year plan for capital projects and their financing must be adopted at the same time as the capital budget. The capital budget is the first year of the Capital Improvement Program. Municipalities with populations less than 10,000 must provide a minimum three-year program; municipalities with populations over 10,000 must provide a six-year program.

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

Real property taxes are assessed locally based upon an assessment at true value. The tax bill includes a levy for Township, County and School purposes. Tax bills are mailed annually in June and December. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500, and an additional penalty of 6% on delinquent taxes in excess of \$10,000. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15 to the County by the Township. Annually, all properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the New Jersey Statutes. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

The last all-inclusive tax sale of unpaid delinquent taxes and assessments was held on October 19, 2018.

Tax Appeals

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

THE LOCAL FISCAL AFFAIRS LAW (N.J.S.A. 40A:5-1 et seq.)

This law regulates the nonbudgetary financial activities of local governments. The governing body of every local unit must cause an annual, independent audit of the local unit's accounts for the previous year, to 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 within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published at least once in a local newspaper within 30 days after the clerk of the local unit shall have received the audit. (The entire annual audit report is filed with the Municipal Clerk and is available for review during business hours.)

The chief financial officer of every local unit must file annually with the Director, a verified statement of the financial condition of the local unit as of the close of each fiscal year.

SECONDARY MARKET DISCLOSURE

The Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Securities Exchange Act") has adopted amendments to its Rule 15c2-12 ("Rule 15c2-12") effective July 3, 1995 which generally prohibits a broker, dealer, or municipal securities dealer ("Participating Underwriter") from purchasing or selling municipal securities such as the Notes, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board ("MSRB") (the "Continuing Disclosure Requirements").

On the date of delivery the Notes, the Township will enter into a Continuing Disclosure Certificate ("the Continuing Disclosure Certificate") containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Notes pursuant to which the Township will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Township will covenant for the benefit of the holders and beneficial owners of the Notes to provide notices of the occurrence of certain enumerated events. The notices of enumerated events will be filed by the Township with the MSRB. The specific nature of the information to be contained in the notices of enumerated events is set forth in "Appendix B - Form of Continuing Disclosure Certificate." This covenant has been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12.

Within the five years immediately preceding the date of this Official Statement, the Township previously failed to file, in accordance with Rule 15c2-12, in a timely manner, under previous filing requirements: (a) with respect to bonds issued by the Township, its (i) annual operating data for the fiscal year ended December 31, 2013; (b) with respect to bonds issued by the Somerset County Improvement Authority, its (i) audited financial statements for the fiscal year ended December 31, 2013; and (ii) annual operating data for the fiscal year ended December 31, 2013; and (c) event notices with respect to certain rating changes and late filing notices in connection with such audited financial statements and annual operating data, all as described above. The Township appointed Phoenix Advisors, LLC in September of 2014 to serve as continuing disclosure agent.

TAX MATTERS

Exclusion of Interest on the Notes from Gross Income for Federal Income Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Notes in order to assure that interest on the Notes 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 Notes to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Notes. The Township will make certain representations in its Tax Certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action that would cause the interest on the Notes to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference under Section 57 of the Code. Gibbons P.C., Bond Counsel to the Township, has relied upon the representations of the Township made in the Tax Certificate and has assumed 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 Notes from gross income for federal income tax purposes and with respect to the treatment of interest on the Notes for the purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to compliance with the Code, Gibbons P.C., Bond Counsel to the Township, is of the opinion that, under existing law, interest on the Notes is excluded from the gross income of the owners of the Notes for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

Tax Treatment of Original Issue Premium

The initial public offering price of certain of the Notes (the "Premium Notes") is greater than the principal amount of such Notes payable at maturity. An amount equal to the excess of the purchase price of a Premium Note over its stated redemption price at maturity constitutes premium on such Premium Note. A purchaser of a Premium Note must amortize any premium over such Premium Note's term using constant yield principles, based on the Premium Note's yield to maturity. As premium is amortized, the purchaser's basis of such Premium Note and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on the sale or disposition of such Premium Note prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Notes, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Premium Notes.

TAX MATTERS (CONTINUED)

Additional Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of, accrual of, receipt of, interest on, or disposition of, tax-exempt obligations, such as the Notes, 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. Prospective purchasers of the Notes should consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

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

State Taxation

Bond Counsel to the Township is of the opinion that, under existing law, interest on the Notes and net gains from the sale of the Notes are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

Miscellaneous

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Notes, the exclusion of interest on the Notes from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Notes or any other date, or that such changes will not result in other adverse federal or state tax consequences.

ALL POTENTIAL PURCHASERS OF THE NOTES 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 NOTES.

STATEMENT OF LITIGATION

There is no litigation pending or threatened restraining or enjoining the issuance or the delivery of the Notes or the levy or the collection of taxes to pay the Notes or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes. There is at present no single action pending or threatened against the Township which would impose an undue financial burden on the Township. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Township is a party-defendant in certain lawsuits, none of a kind unusual for a municipality of its size, and none of which in the opinion of the Township's Attorney, would adversely impair the Township's ability to pay its bondholders or noteholders. All of the Township's tort actions are being defended. Pending municipal real estate tax appeals are limited in number and are based upon the Township's prior experience in tax appeals, and assuming that such tax appeals are resolved adversely to the interest of the Township, such resolution would not impair the Township's ability to pay its bondholders or noteholders.

LEGALITY FOR INVESTMENT

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

UNDERWRITING

TD Securities (USA) LLC, New York, New York (the "Underwriter") has purchased the Notes at a public sale, in accordance with the Notice of Sale. The Underwriter has agreed, subject to certain customary conditions to closing, to purchase all the Notes, if any such Notes are purchased, at a price of \$12,074,160.00. The Notes may be reoffered by the Underwriter to certain dealers and investment accounts at a yield higher than the initial public offering yield set forth on the inside front cover page hereof, and the initial public offering yield of the Notes may be changed from time to time by the Underwriter.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Township with respect to the issuance of the Notes (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.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the Township shall furnish certificates of the Township Attorney, dated the date of delivery of the Notes, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. In addition, except as set forth under "Statement of Litigation", such certificates shall state that there is no litigation of any nature now pending, or threatened by or against the Township wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Township or adversely affect the power of the Township to levy, collect and enforce the collection of taxes or other revenues for the payment of its Notes, which has not been disclosed in this Official Statement.

LEGAL MATTERS

The legality of the Notes will be subject to the final approving opinions of Gibbons P.C., Newark, New Jersey. Such opinions will be to the effect that the Notes are valid and legally binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* tax upon all the taxable property within the Township for the payment of the Notes and the interest thereon, without limitation as to rate or amount.

CERTIFICATES OF TOWNSHIP OFFICIALS

Upon the delivery of the Notes, the original purchaser shall receive certificates, in form satisfactory to Gibbons P.C., and signed by a proper official of the Township, stating to the best knowledge of said official, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said official, that there has been no material adverse change in the condition, financial or otherwise of the Township from that set forth in or contemplated by this Official Statement. In addition, the original purchasers of the Notes shall also receive certificates in the form satisfactory to Gibbons P.C., evidencing the proper execution and delivery of the Notes and receipt of payment therefore, and certificates dated as of the date of the delivery of the Notes, and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the Notes or the interest, thereon, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence or boundaries of the Township, nor the title of any of the said officers to the respective offices, is being contested.

MISCELLANEOUS

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

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Notes. 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, the State or any of their agencies or authorities, since the date thereof.

ADDITIONAL INFORMATION

Additional information may be obtained on request from the office of the Director of Finance, Municipal Building, 100 Commons Way, Bridgewater, New Jersey 08807, telephone (908) 725-6300 Ext. 5110 or the Municipal Advisor, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, telephone (609) 291-0130.

PREPARATION OF OFFICIAL STATEMENT

Suplee, Clooney & Company assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in the Independent Auditor's Report.

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

The Municipal Advisor has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

Gibbons P.C. has not verified the accuracy, completeness or fairness of the information contained herein, except under the heading "TAX MATTERS" and, accordingly, assumes no responsibility therefor and will express no opinion with respect thereto.

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

Township of Bridgewater
In the County of Somerset, New Jersey

By: /s/ Natasha S. Turchan
Natasha S. Turchan
Director of Finance

Dated: July 25, 2019

APPENDIX A

FINANCIAL STATEMENTS OF THE TOWNSHIP OF BRIDGEWATER



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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Council
Township of Bridgewater
County of Somerset
Bridgewater, New Jersey 08807

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 Bridgewater, as of December 31, 2018 and 2017, the related statement 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, 2018, 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 standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory 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 Bridgewater'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 Bridgewater'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 Bridgewater 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 Bridgewater as of December 31, 2018 and 2017, 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, 2018.

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 balance sheets of the various individual funds and account group as of December 31, 2018 and 2017, 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, 2018 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 June 24, 2019 on our consideration of the Township of Bridgewater'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 Bridgewater'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.

June 24, 2019

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
<u>ASSETS</u>		
Cash	\$ 13,059,677.85	\$ 23,385,536.73
Change Fund	410.00	410.00
Due State of New Jersey - Senior Citizens and Veterans	3,500.00	251,551.77
	<u>\$ 13,063,587.85</u>	<u>\$ 23,637,498.50</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	\$ 1,104,301.09	\$ 1,030,241.29
Tax Title Liens Receivable	147,551.82	213,388.82
Property Acquired for Taxes - Assessed Valuation	422,300.00	422,300.00
Revenue Accounts Receivable	25,763.02	28,097.55
Interfunds Receivable	1,640,167.96	2,217,469.15
	<u>\$ 3,340,083.89</u>	<u>\$ 3,911,496.81</u>
	<u>\$ 16,403,671.74</u>	<u>\$ 27,548,995.31</u>
Grant Fund:		
Cash	\$ 554,703.64	\$ 598,898.83
Grants Receivable	502,246.86	367,926.15
	<u>\$ 1,056,950.50</u>	<u>\$ 966,824.98</u>
	<u>\$ 17,460,622.24</u>	<u>\$ 28,515,820.29</u>

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

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Appropriations Reserves	\$ 1,449,404.45	\$ 1,182,504.41
Prepaid Taxes	1,663,782.45	13,561,829.94
Encumbrances Payable	1,229,914.23	1,601,477.21
Accounts Payable	47,609.51	27,569.97
Tax Overpayments	295,729.71	19,836.04
Interfunds Payable		23,836.52
Reserve For:		
Sale of Municipal Assets	261.03	261.03
Marriage Licenses - Due State of NJ	900.00	1,025.00
Construction Code DCA - Due State of New Jersey	36,765.00	34,453.00
Insurance Damage	7,147.71	7,147.71
County Taxes Payable	223,020.68	162,974.42
Regional School Taxes Payable		0.50
Fire District Taxes Payable	0.30	466.99
Tax Appeals	590,143.66	596,148.88
Storm Damage - FEMA	213,211.47	213,211.47
State Library	7,757.00	6,843.00
	<u>\$ 5,765,647.20</u>	<u>\$ 17,439,586.09</u>
Reserve for Receivables and Other Assets	3,340,083.89	3,911,496.81
Fund Balance	<u>7,297,940.65</u>	<u>6,197,912.41</u>
	<u>\$ 16,403,671.74</u>	<u>\$ 27,548,995.31</u>
Grant Fund:		
Reserve for Grants - Unappropriated	\$ 24,917.64	\$ 131,277.09
Reserve for Grants - Appropriated	954,064.05	748,037.15
Due Current Fund		500.00
Accounts Payable	<u>77,968.81</u>	<u>87,010.74</u>
	<u>\$ 1,056,950.50</u>	<u>\$ 966,824.98</u>
	<u>\$ 17,460,622.24</u>	<u>\$ 28,515,820.29</u>

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

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>YEAR ENDED DECEMBER 31, 2018</u>	<u>YEAR ENDED DECEMBER 31, 2017</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 4,012,082.07	\$ 4,126,020.57
Miscellaneous Revenue Anticipated	16,537,608.68	17,935,531.72
Receipts From Delinquent Taxes	1,113,709.40	922,105.67
Receipts From Current Taxes	186,082,916.85	181,418,617.34
Non-Budget Revenue	1,179,217.74	706,121.76
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	646,189.14	1,106,640.96
Accounts Payable Canceled	21,665.50	58,288.14
Interfunds Returned	577,301.19	
Tax Overpayments Canceled	864.40	108,943.36
<u>TOTAL REVENUE AND OTHER INCOME</u>	<u>\$ 210,171,554.97</u>	<u>\$ 206,382,269.52</u>
 <u>EXPENDITURES</u>		
Budget Appropriations	\$ 40,130,416.07	\$ 40,909,551.14
Special Fire District Taxes	2,512,180.00	2,456,295.00
County Taxes	36,232,882.16	36,414,694.93
Regional School District Taxes	125,914,655.00	121,165,271.00
Canceled Receivables	253,150.60	
Refund of Prior Year Revenue- Tax Overpayments		7,428.55
Refund of Prior Year Revenue	16,160.83	500.00
Interfunds Advanced		1,089,080.71
<u>TOTAL EXPENDITURES</u>	<u>\$ 205,059,444.66</u>	<u>\$ 202,042,821.33</u>
Excess in Revenue	\$ 5,112,110.31	\$ 4,339,448.19
Fund Balance, January 1	6,197,912.41	5,984,484.79
	<u>\$ 11,310,022.72</u>	<u>\$ 10,323,932.98</u>
Decreased by:		
Utilization as Anticipated Revenue	<u>4,012,082.07</u>	<u>4,126,020.57</u>
Fund Balance, December 31	<u>\$ 7,297,940.65</u>	<u>\$ 6,197,912.41</u>

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

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2018

	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	ANTICIPATED BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 4,012,082.07		\$ 4,012,082.07	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ 86,000.00	\$	\$ 87,502.00	\$ 1,502.00
Other	35,000.00		31,812.47	(3,187.53)
Fees and Permits:				
Construction Code Official	2,300,000.00		2,075,671.00	(224,329.00)
Other	450,000.00		412,281.45	(37,718.55)
Municipal Court:				
Fines and Costs	420,000.00		449,218.86	29,218.86
Interest and Costs on Taxes	200,000.00		284,789.62	84,789.62
Interest on Investments and Deposits	150,000.00		501,042.62	351,042.62
Recreation Fees	180,000.00		212,063.82	32,063.82
Consolidated Municipal Property Tax Relief Aid	40,830.00			(40,830.00)
Energy Receipts Tax	5,859,349.00		5,900,179.00	40,830.00
Garden State Trust Fund	4,082.00		4,082.00	
Joint Services with County Library	112,319.32		113,819.32	1,500.00
Shared Municipal Court	193,800.00		198,169.52	4,369.52
Shared Resource Officer BOE	108,000.00		124,432.69	16,432.69
Recycling Tonnage Grant		100,147.10	100,147.10	
Safe & Secure Communities		60,000.00	60,000.00	
Clean Communities Program		93,025.11	93,025.11	
Municipal Alliance on Alcoholism and Drug Use		36,208.25	36,208.25	
Youth Services Program		7,500.00	7,500.00	
Heroes and Helpers		2,000.00	2,000.00	
Federal Bulletproof Vest		17,690.00	17,690.00	
Emergency Management		7,000.00	7,000.00	
Alcohol Education Rehabilitation Program		952.02	952.02	
Drunk Driving Enforcement Fund		6,629.99	6,629.99	
Municipal Aid Program- Country Club Road		325,000.00	325,000.00	
Highway Safety - Safe Corridors		46,014.48	46,014.48	
Regional Center Partnership		17,500.00	17,500.00	
Radon Awareness		2,000.00	2,000.00	
Workplace Yoga		350.00	350.00	
Life Hazard Use Fees	180,000.00		169,570.81	(10,429.19)
Suburban Cablevision Franchise Fee	590,000.00		601,793.00	11,793.00
Payment in Lieu of Taxes - Centerbridge I	102,000.00		113,102.17	11,102.17
Payment in Lieu of Taxes - Centerbridge II	109,000.00		107,513.60	(1,486.40)
Bridgewater Commons Rent and Royalty - In Lieu of Taxes	2,200,000.00		2,041,330.90	(158,669.10)
Host Benefit Fees	210,000.00		253,740.05	43,740.05
Hotel and Motel Tax	900,000.00		1,078,697.78	178,697.78
Debt Service Reimbursement - Open Space Trust Fund	61,679.05		61,679.05	
Reliable Recycling	50,000.00		50,100.00	100.00
Reserve for Payment of Debt Service	943,000.00		943,000.00	
<u>Total Miscellaneous Revenues</u>	\$ 15,485,059.37	\$ 722,016.95	\$ 16,537,608.68	\$ 330,532.36
Receipts From Delinquent Taxes	\$ 850,000.00	\$	\$ 1,113,709.40	\$ 263,709.40
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 21,736,641.72		\$ 24,093,199.69	\$ 2,356,557.97
<u>BUDGET TOTALS</u>	\$ 42,083,783.16	\$ 722,016.95	\$ 45,756,599.84	\$ 2,950,799.73
Non-Budget Revenues			1,179,217.74	1,179,217.74
	\$ 42,083,783.16	\$ 722,016.95	\$ 46,935,817.58	\$ 4,130,017.47

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

TOWNSHIP OF BRIDGEWATER
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:		
Collections	\$	186,082,916.85
Allocated To:		
County Taxes		36,232,882.16
Regional School District Taxes		125,914,655.00
Special Fire District Taxes		2,512,180.00
	\$	<u>164,659,717.16</u>
Balance for Support of Municipal Budget Appropriations	\$	21,423,199.69
Add: Appropriation "Reserve for Uncollected Taxes"		<u>2,670,000.00</u>
Amount for Support of Municipal Budget Appropriations	\$	<u><u>24,093,199.69</u></u>
Licenses - Other:		
Clerk	\$	60.47
Health Officer		31,170.00
Registrar		582.00
	\$	<u><u>31,812.47</u></u>
Other - Fees and Permits:		
Board of Health	\$	3,585.00
Police		79,748.55
Planning		115,687.82
Registrar		14,500.00
Engineering		39,335.56
Tax Assessor		991.00
Board of Adjustment		7,575.00
Township Clerk		9,525.00
Fire		136,486.00
Zoning		5,232.52
	\$	<u>412,666.45</u>
Less: Refunds		<u>385.00</u>
	\$	<u><u>412,281.45</u></u>
Recreation Fees	\$	215,578.82
Less: Refunds		<u>3,515.00</u>
	\$	<u><u>212,063.82</u></u>

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

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2018

Uniform Construction Code Fees	\$ 2,082,058.00
Less: Refunds	<u>6,387.00</u>
	<u>\$ 2,075,671.00</u>

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
Engineering- Road Openings/Bid Specs	\$ 4,515.00	
Tax Premium- over 5 years old	22,800.00	
JIF Award	106,819.79	
Refund of Prior Year Expenses	366,719.40	
Prior Year Escrow Interest	104,979.71	
Bad Check Fees	280.00	
Police Outside Overtime Administrative Fees	161,940.91	
Police Outside Overtime Car Usage	88,895.00	
Senior Citizens & Veterans Administrative Fees	4,822.07	
Sale of Liquor License	100,000.00	
DMV Inspection Fines	550.00	
Homestead Rebate Mailing Reimbursement	3,061.20	
County Auction	40,400.45	
Mall Parking	22,800.00	
Refuse Revenue	1,493.02	
Shared Service- Raritan Borough Building Dept	11,011.25	
Tax Collector	8,409.03	
Miscellaneous	<u>123,327.08</u>	
		1,172,823.91
Excess Reserve for Animal Expenditures		<u>6,393.83</u>
<u>Total Non-Budget Revenue</u>		<u>\$ 1,179,217.74</u>

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

TOWNSHIP OF BRIDGEWATERTRUST FUNDBALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER 31, 2018	BALANCE DECEMBER 31, 2017
Animal Control Fund:		
Cash	\$ 46,112.43	\$ 35,396.26
	<u>\$ 46,112.43</u>	<u>\$ 35,396.26</u>
Other Funds:		
Cash	\$ 17,594,057.94	\$ 17,696,832.89
Due Current Fund		23,836.52
	<u>\$ 17,594,057.94</u>	<u>\$ 17,720,669.41</u>
	<u>\$ 17,640,170.37</u>	<u>\$ 17,756,065.67</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Animal Control Fund:		
Due Current Fund	\$ 6,393.83	\$ 8,556.26
Reserve For Expenditures	26,447.80	26,447.00
Accounts Payable	13,270.80	393.00
	<u>\$ 46,112.43</u>	<u>\$ 35,396.26</u>
Other Funds:		
Due Current Fund	\$ 35,467.74	\$ 96,810.03
Reserve for State Unemployment Insurance	92,312.95	96,810.03
Reserve for Law Enforcement Trust Fund	11,734.92	15,260.82
Reserve for Municipal Open Space Trust Deposits	5,181,540.28	5,222,962.96
Reserve for Tax Sale Premiums	823,300.00	1,087,000.00
Reserve for Redemption of Outside Liens	15,850.59	44,874.56
Reserve for Various Trust Deposits	11,433,851.46	11,253,761.04
	<u>\$ 17,594,057.94</u>	<u>\$ 17,720,669.41</u>
	<u>\$ 17,640,170.37</u>	<u>\$ 17,756,065.67</u>

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

TOWNSHIP OF BRIDGEWATER

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
<u>ASSETS</u>		
Cash	\$ 4,607,000.16	\$ 4,535,842.01
Deferred Charges to Future Taxation:		
Funded	57,211,727.25	47,132,717.87
Unfunded	<u>13,851,331.52</u>	<u>22,354,858.92</u>
	<u>\$ 75,670,058.93</u>	<u>\$ 74,023,418.80</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	\$ 56,078,000.00	\$ 45,888,000.00
Bond Anticipation Notes	7,996,000.00	15,891,140.00
Green Acres Loans Payable	270,274.94	361,000.96
Infrastructure Loan Payable	183,756.80	246,216.32
Improvement Authority Loans Payable	679,695.51	637,500.59
Capital Improvement Fund	46,172.30	46,172.30
Improvement Authorizations:		
Funded	3,070,130.03	2,609,331.49
Unfunded	2,136,371.90	5,074,923.36
Reserve for:		
Capital Projects	150,000.00	150,000.00
Debt Service	404,573.53	912,072.94
Preliminary Expenses	5,000.00	5,000.00
Contracts Payable	2,929,838.72	1,976,432.92
Fund Balance	<u>1,720,245.20</u>	<u>225,627.92</u>
	<u>\$ 75,670,058.93</u>	<u>\$ 74,023,418.80</u>

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

TOWNSHIP OF BRIDGEWATER
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

Balance, December 31, 2017	\$ 225,627.92
Increased by:	
Fully Funded Ordinances Cancelled	<u>1,525,544.34</u>
	\$ <u>1,751,172.26</u>
Decreased by-	
Utilized as Anticipated Revenue Current Fund	<u>30,927.06</u>
Balance, December 31, 2018	<u>\$ 1,720,245.20</u>

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

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
<u>ASSETS</u>		
OPERATING FUND:		
Cash	\$ 9,082,324.54	\$ 10,432,697.97
Change Fund	<u>100.00</u>	<u>100.00</u>
	\$ <u>9,082,424.54</u>	\$ <u>10,432,797.97</u>
Receivables with Full Reserves:		
Sewer Charges Receivable	\$ 460,237.87	\$ 323,664.22
Sewer Utility Liens	<u> </u>	<u>7,182.00</u>
	\$ <u>460,237.87</u>	\$ <u>330,846.22</u>
<u>TOTAL OPERATING FUND</u>	\$ <u>9,542,662.41</u>	\$ <u>10,763,644.19</u>
CAPITAL FUND - REGULAR:		
Cash	\$ 6,266,857.94	\$ 7,683,539.39
Fixed Capital	14,631,212.00	14,631,212.00
Fixed Capital Authorized and Uncompleted	<u>19,229,700.00</u>	<u>17,484,200.00</u>
<u>TOTAL CAPITAL FUND</u>	\$ <u>40,127,769.94</u>	\$ <u>39,798,951.39</u>
	<u>\$ 49,670,432.35</u>	<u>\$ 50,562,595.58</u>

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

TOWNSHIP OF BRIDGEWATER
SEWER UTILITY FUND
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
OPERATING FUND:		
Liabilities:		
Due Current Fund	\$ 1,598,306.39	\$ 2,208,412.89
Appropriation Reserves	1,221,011.89	1,058,516.29
Encumbrances Payable	461,775.73	258,170.86
Accounts Payable	62,918.44	89,610.33
Sewer Overpayments	25,134.59	4,545.58
Sewer Connection Overpayment	550.00	550.00
Prepaid Sewer Charges	51,579.17	34,564.03
Accrued Interest on Bonds	8,473.91	9,333.91
Accrued Interest on Notes		43,375.39
Accrued Interest on Loans	<u>2,104.17</u>	<u>2,104.17</u>
	\$ <u>3,431,854.29</u>	\$ <u>3,709,183.45</u>
Reserve for Receivables	460,237.87	330,846.22
Fund Balance	<u>5,650,570.25</u>	<u>6,723,614.52</u>
<u>TOTAL OPERATING FUND</u>	<u>\$ 9,542,662.41</u>	<u>\$ 10,763,644.19</u>

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

TOWNSHIP OF BRIDGEWATER
SEWER UTILITY FUND
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE (CONTINUED)</u>		
CAPITAL FUND - REGULAR:		
Liabilities:		
Serial Bonds Payable	\$ 6,489,000.00	\$ 869,000.00
Bond Anticipation Notes		5,740,860.00
EIT Loan Payable	416,381.24	453,779.52
Capital Improvement Fund	843.56	843.56
Improvement Authorizations:		
Funded	5,924,438.46	3,575,084.13
Unfunded	2,113,424.75	3,579,140.57
Contracts Payable	1,026,275.00	3,393,538.16
Reserve for Debt Service	177,677.70	65,234.50
Reserve for Amortization	13,466,309.89	13,308,051.61
Deferred Reserve for Amortization	10,482,558.00	8,737,058.00
	\$ 40,096,908.60	\$ 39,722,590.05
Fund Balance	30,861.34	76,361.34
<u>TOTAL CAPITAL FUND</u>	\$ 40,127,769.94	\$ 39,798,951.39
	\$ 49,670,432.35	\$ 50,562,595.58

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

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance	\$ 3,062,793.00	\$ 3,479,191.16
Sewer Use Charges	9,699,351.90	10,024,127.62
Township of Branchburg - Operating Costs	20,000.00	20,000.00
Township of Warren - Debt Service	73,350.34	73,350.34
Miscellaneous Revenue Not Anticipated	429,440.60	802,015.68
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,101,880.09	1,404,095.15
Sewer Overpayments Canceled		34,847.34
Accrued Interest on Notes Canceled	43,375.39	
Accounts Payable Canceled	<u>13,429.95</u>	<u>479.14</u>
<u>TOTAL INCOME</u>	<u>\$ 14,443,621.27</u>	<u>\$ 15,838,106.43</u>
<u>EXPENDITURES</u>		
Operating	\$ 10,243,601.00	\$ 9,995,047.60
Capital Improvements	1,700,000.00	2,299,843.56
Debt Service	320,271.54	316,802.22
Deferred Charges and Statutory Expenditures	<u>190,000.00</u>	<u>170,000.00</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 12,453,872.54</u>	<u>\$ 12,781,693.38</u>
Excess in Revenue	\$ 1,989,748.73	\$ 3,056,413.05
Balance, January 1	<u>6,723,614.52</u>	<u>7,146,392.63</u>
	\$ 8,713,363.25	\$ 10,202,805.68
Decreased by:		
Utilization by Sewer Operating Budget	<u>3,062,793.00</u>	<u>3,479,191.16</u>
Fund Balance, December 31	<u>\$ 5,650,570.25</u>	<u>\$ 6,723,614.52</u>

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

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE-REGULATORY BASIS

Balance, December 31, 2017	\$	76,361.34
Decreased by:		
Appropriated to Finance Improvements		<u>45,500.00</u>
Balance, December 31, 2018	\$	<u><u>30,861.34</u></u>

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

TOWNSHIP OF BRIDGEWATER

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
<u>ASSETS</u>		
Cash - Public Assistance Trust Fund I	\$ 343.30	\$ 453.30
Cash - Public Assistance Trust Fund II	<u>68,422.56</u>	<u>68,256.34</u>
	<u>\$ 68,765.86</u>	<u>\$ 68,709.64</u>
<u>LIABILITIES</u>		
Due State of New Jersey	\$ 68,192.00	\$
Reserve for Public Assistance Trust Fund I	343.30	293.30
Reserve for Public Assistance Trust Fund II	<u>230.56</u>	<u>68,416.34</u>
	<u>\$ 68,765.86</u>	<u>\$ 68,709.64</u>

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

TOWNSHIP OF BRIDGEWATER
STATEMENT OF GENERAL FIXED ASSETS
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
FIXED ASSETS		
Land	\$ 119,908,455.00	\$ 119,908,455.00
Buildings	43,641,399.00	43,641,398.82
Machinery and Equipment	<u>12,115,644.00</u>	<u>11,759,151.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 175,665,498.00</u>	<u>\$ 175,309,004.82</u>
RESERVE		
Investments in General Fixed Assets	<u>\$ 175,665,498.00</u>	<u>\$ 175,309,004.82</u>

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

TOWNSHIP OF BRIDGEWATER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Bridgewater is an instrumentality of the State of New Jersey established to function as a municipality. The Township Council 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 Bridgewater include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Bridgewater, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Bridgewater do not include the operations of the municipal library, first aid organization, volunteer fire companies, or the regional school district, 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 the presentation of basic financial statements into three fund types, the

The accounting policies of the Township of Bridgewater conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, 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 of Bridgewater 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 governmental 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 disbursements of funds in accordance with the purpose of 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.

Sewer Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally-owned sewer utility.

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 have 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 generally accepted accounting principles applicable to local governmental 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. Federal and state grants are realized as revenue 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 revenue 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 statutory 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 - 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.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, 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 property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

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. 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 inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Township's most recent property revaluation. Buildings are stated at the most recent insurance replacement value. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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 is 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.

Fixed Capital - Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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 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.

E. Restatement/Reclassifications of Prior Balances

Certain accounts have been restated in the prior year to conform to categories established in the current fiscal year. None of these restated accounts were material to the financial statements taken as a whole.

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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The Township of Bridgewater had the following cash and cash equivalents at December 31, 2018:

	<u>Change Fund</u>	<u>Cash in Bank</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reconciled Balance</u>
Cuurent Fund	\$410.00	\$13,307,356.04	\$110,652.02	\$358,330.21	\$13,059,677.85
Grant Fund		665,064.56		110,361.02	554,703.54
Animal Contol Fund		46,215.12		102.69	46,112.43
Trust Other Fund		17,710,970.60	5,772.37	122,685.03	17,594,057.94
General Capital Fund		4,662,531.91		55,531.75	4,607,000.16
Sewer Operating Fund	100.00	9,076,381.58	12,691.71	6,748.75	9,082,324.54
Sewer Capital Fund		6,288,218.23		21,360.29	6,266,857.94
Public Assistance Fund		69,335.86		570.00	68,765.86
	<u>\$510.00</u>	<u>\$51,826,073.90</u>	<u>\$129,116.10</u>	<u>\$675,689.74</u>	<u>\$51,279,500.26</u>

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 credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2018, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$1,319,335.86 was covered by Federal Depository Insurance and \$50,506,738.04 was covered by NJ GUDPA.

B. Investments

The purchase of investments by the Township is 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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs 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.

The Township of Bridgewater's investment activities during the year were in accordance with the above New Jersey Statute.

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 statutory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

SUMMARY OF STATUTORY DEBT CONDITION ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.753%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 20,762,597.69	\$ 20,762,597.69	\$
Sewer Utility Debt	9,912,904.11	9,912,904.11	
General Debt	<u>71,541,125.41</u>	<u>882,640.17</u>	<u>70,658,485.24</u>
	<u>\$ 102,216,627.21</u>	<u>\$ 31,558,141.97</u>	<u>\$ 70,658,485.24</u>

Net debt of \$70,658,485.24 divided by equalized valuation basis per N.J.S. 40A:2-2, as amended, of \$9,379,718,393.00 equals 0.753%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2018</u>	<u>YEAR 2017</u>	<u>YEAR 2016</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 65,207,727.25	\$ 63,023,858.03	\$ 66,369,155.50
Sewer Utility:			
Bonds, Notes and Loans	<u>6,905,381.24</u>	<u>7,063,639.52</u>	<u>7,221,037.80</u>
Total Issued	<u>\$ 72,113,108.49</u>	<u>\$ 70,087,497.55</u>	<u>\$ 73,590,193.30</u>
Less:			
Reserve for Debt Service	\$ 404,573.53	\$ 912,072.94	\$ 511,199.75
Funds Temporarily Held to Pay			
Notes: Cash on Hand	<u>478,066.64</u>	<u>544,286.32</u>	<u></u>
Total Deductions	<u>\$ 882,640.17</u>	<u>\$ 1,456,359.26</u>	<u>\$ 511,199.75</u>
Net Debt Issued	<u>\$ 71,230,468.32</u>	<u>\$ 68,631,138.29</u>	<u>\$ 73,078,993.55</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ 6,333,398.16	\$ 7,008,005.24	\$ 2,185,955.23
Sewer Utility:			
Bonds and Notes	<u>3,007,522.87</u>	<u>3,006,662.87</u>	<u>1,585,962.87</u>
Total Authorized But Not Issued	<u>\$ 9,340,921.03</u>	<u>\$ 10,014,668.11</u>	<u>\$ 3,771,918.10</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 80,571,389.35</u>	<u>\$ 78,645,806.40</u>	<u>\$ 76,850,911.65</u>

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

Equalized Valuation Basis* - December 31, 2018	<u>\$ 9,379,718,393.00</u>
3-1/2 of Equalized Valuation Basis (Municipal)	\$ 328,290,143.76
Net Debt	<u>70,658,485.24</u>
Remaining Borrowing Power	<u>\$ 257,631,658.52</u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Township of Bridgewater for the last three (3) preceding years.

NOTE 3: LONG-TERM DEBT (CONTINUED)

CALCULATION OF "SELF-LIQUIDATING PURPOSE" SEWER UTILITY PER N.J.S. 40A:2-45

Revenue from Fees, Rents, and Other Charges for Year and Fund Balance		\$ 13,284,935.84
Deductions:		
Operating and Maintenance Cost	\$ 10,433,601.00	
Debt Service	<u>320,442.00</u>	
Total Deductions		<u>10,754,043.00</u>
Excess in Revenue - Self Liquidating		<u>\$ 2,530,892.84</u>

Long-Term Debt Obligations:

General Serial Bonds:

\$7,992,000.00 General Obligation Bonds of 2007 due in annual installments of \$375,000.00 to \$700,000.00 through 2022 at a variable interest rate		\$2,767,000.00
\$16,642,000.00 General Obligation Bonds of 2012 due in annual installments of \$510,000.00 to \$1,012,000.00 through 2032 at a variable interest rate		13,382,000.00
\$5,655,000.00 General Obligation Refunding Bonds of 2012 due in annual installments of \$600,000.00 to \$640,000.00 through 2022 at a variable interest rate		2,435,000.00
\$22,500,000.00 County Guaranteed Governmental Loan Revenue Bonds of 2010 due in annual installments of \$100,000.00 to \$1,100,000.00 through 2020 at a variable interest rate		1,900,000.00
\$8,439,000.00 General Obligation Bonds of 2016 due in annual installments of \$250,000.00 to \$500,000.00 through 2036 at a variable interest rate		7,849,000.00
\$13,170,000.00 General Obligation Bonds of 2018 due in Annual installments of \$450,000.00 to \$900,000.00 through 2037 at a variable interest rate		13,170,000.00
\$14,605,000 Governmental Loan Refunding Bonds of 2017 due in annual installments of \$30,000.00 to \$1,055,000.00 through 2035 at a variable interest rate		<u>14,575,000.00</u>
		<u>\$56,078,000.00</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

Long-Term Debt Obligations (Continued):

Sewer Utility Serial Bonds:

\$636,000.00 General Obligation Bonds of 2012 due in annual installments of \$20,000.00 to \$40,000.00 through 2032 at a variable interest rate	\$491,000.00
\$415,000.00 General Obligation Refunding Bonds of 2012 due in annual installments of \$55,000.00 to \$60,000.00 through 2022 at a variable interest rate	110,000.00
\$508,000.00 General Obligation Bonds of 2007 due in annual installments of \$20,000.00 to \$37,000.00 through 2022 at a variable interest rate	148,000.00
\$5,740,000.00 General Obligation Bonds of 2018 due in annual installments of \$190,000.00 to \$380,000.00 through 2037 at a variable interest rate	<u>5,740,000.00</u>
	<u>\$6,489,000.00</u>

Improvement Authority Loans:

\$122,922.22 Improvement Authority Loan of 2014 due in monthly installments through 2019 at an interest rate of 2.10%	25,830.85
\$106,238.47 Improvement Authority Loan of 2015 due in monthly installments through 2020 at an interest rate of 2.10%	22,184.64
\$280,641.95 Improvement Authority Loan of 2016 due in monthly installments through 2021 at an interest rate of 2.10%	172,507.15
\$120,559.22 Improvement Authority Loan of 2017 due in monthly installments through 2022 at an interest rate of 2.10%	98,040.94
\$118,156.98 Improvement Authority Loan of 2017 due in monthly installments through 2020 at an interest rate of 1.85%	79,922.80
\$290,929.93 Improvement Authority Loan of 2018 due in monthly installments through 2020 at an interest rate of 3.477%	<u>281,209.13</u>
	<u>\$679,695.51</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

Long-Term Debt Obligations (Continued):

New Jersey Environmental Infrastructure Loans:

\$528,286.00 2001A Fund Loan Agreement of 2001 due in semi-annual installments of \$616.70 to \$27,199.86 through 2021	\$68,756.80
\$515,000.00 2001A Trust Loan Agreement of 2001 due in annual installments of \$20,000.00 to \$40,000.00 through 2021 at a variable interest rate	<u>115,000.00</u>
	<u>\$183,756.80</u>

Green Trust Loans:

\$500,000.00 Prince Rodgers Park Loan of 2002 due in semi-annual installments of \$11,306.52 to \$15,391.88 through 2021 at an interest rate of 2.00%	\$90,095.30
\$363,642.00 Prince Rodgers Park Loan of 2005 due in semi-annual installments of \$9,543.62 to \$12,863.36 through 2021 at an interest rate of 2.00%	63,055.75
\$400,000.00 Alfred S. Brown Park Loan of 2002 due in semi-annual installments of \$9,045.22 to \$12,313.50 through 2021 at an interest rate of 2.00%	72,076.24
\$250,000.00 YMCA Land Acquisition Loan of 2002 due in semi-annual installment of \$5,653.26 to \$7,695.94 through 2021 at an interest rate of 2.00%	<u>45,047.65</u>
	<u>\$270,274.94</u>

Bonds and Notes Authorized But Not Issued:

There is \$6,333,398.16 General Capital and \$3,007,522.87 Sewer Capital Bonds and Notes Authorized but not Issued at December 31, 2018.

NOTE 3: LONG TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AT DECEMBER 31, 2018.

YEAR	GENERAL		SEWER UTILITY	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2019	\$3,540,000.00	\$1,789,058.89	\$307,000.00	\$219,332.22
2020	3,805,000.00	1,734,457.50	307,000.00	215,651.25
2021	3,845,000.00	1,594,170.00	297,000.00	200,585.00
2022	4,037,000.00	1,504,895.00	307,000.00	188,085.00
2023	2,985,000.00	1,362,645.00	290,000.00	174,935.00
2024	3,020,000.00	1,247,495.00	310,000.00	161,060.00
2025	3,050,000.00	1,130,645.00	320,000.00	146,360.00
2026	3,110,000.00	1,003,045.00	330,000.00	131,160.00
2027	3,145,000.00	897,888.75	335,000.00	122,685.00
2028	3,190,000.00	786,995.00	345,000.00	112,560.00
2029	3,220,000.00	674,170.00	355,000.00	102,110.00
2030	3,250,000.00	559,613.75	365,000.00	91,335.00
2031	3,275,000.00	452,070.00	375,000.00	80,210.00
2032	3,287,000.00	353,110.00	381,000.00	68,830.00
2033	2,295,000.00	270,900.00	355,000.00	57,850.00
2034	2,310,000.00	205,800.00	370,000.00	47,200.00
2035	2,420,000.00	140,250.00	380,000.00	36,100.00
2036	1,394,000.00	69,693.76	380,000.00	24,225.00
2037	900,000.00	29,250.00	380,000.00	12,350.00
	<u>\$56,078,000.00</u>	<u>\$15,806,152.65</u>	<u>\$6,489,000.00</u>	<u>\$2,192,623.47</u>

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS ISSUED AND OUTSTANDING AT DECEMBER 31, 2018.

Payment Date	Fund Loan	Trust Loan		Total
	Principal	Principal	Interest	
2/1/19	\$1,801.42		\$2,775.00	\$2,775.00
8/1/19	24,522.07	\$35,000.00	2,775.00	37,775.00
2/1/20	1,233.40		1,900.00	1,900.00
8/1/20	27,199.86	40,000.00	1,900.00	41,900.00
2/1/21	616.70		950.00	950.00
8/1/21	13,383.35	40,000.00	950.00	40,950.00
	<u>\$68,756.80</u>	<u>\$115,000.00</u>	<u>\$11,250.00</u>	<u>\$126,250.00</u>

NOTE 3: LONG TERM DEBT (CONTINUED)

SCHEDULE OF GREEN TRUST LOANS ISSUED AND OUTSTANDING AT DECEMBER 31, 2018.

Prince Rodgers Park Loans:

<u>Year</u>	<u>2002 Loan</u>		<u>2005 Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$29,436.13	\$1,655.45	\$24,846.49	\$1,137.50	\$57,075.57
2020	30,027.81	1,063.79	25,345.90	638.08	57,075.58
2021	30,631.36	460.23	12,863.36	128.62	44,083.57
	<u>\$90,095.30</u>	<u>\$3,179.47</u>	<u>\$63,055.75</u>	<u>\$1,904.20</u>	<u>\$158,234.72</u>

Alfred S. Brown Park Loan:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$23,548.91	\$1,324.36	\$24,873.27
2020	24,022.24	851.03	24,873.27
2021	24,505.09	368.20	24,873.29
	<u>\$72,076.24</u>	<u>\$2,543.59</u>	<u>\$74,619.83</u>

YMCA Land Acquisition Loan:

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
4/16/19	\$7,322.42	\$450.48	\$7,772.90
10/16/19	7,395.65	377.25	7,772.90
4/16/20	7,469.60	303.30	7,772.90
10/16/20	7,544.30	228.60	7,772.90
4/16/21	7,619.74	153.16	7,772.90
10/16/21	7,695.94	76.82	7,772.76
	<u>\$45,047.65</u>	<u>\$1,589.61</u>	<u>\$46,637.26</u>

NOTE 3: LONG TERM DEBT (CONTINUED)

SCHEDULE OF IMPROVEMENT AUTHORITY LOANS ISSUED AND OUTSTANDING AT DECEMBER 31, 2018.

Year	2014 Loan - 60 Months		Total
	Principal	Interest	
2019	\$25,830.85	\$294.59	\$28,144.44
	<u>\$25,830.85</u>	<u>\$294.59</u>	<u>\$28,144.44</u>

Year	2015 Loan - 60 Months		Total
	Principal	Interest	
2019	\$10,974.68	\$364.60	\$11,339.28
2020	11,209.96	129.32	11,339.28
	<u>\$22,184.64</u>	<u>\$493.92</u>	<u>\$22,678.56</u>

Year	2016 Loan - 60 Months		Total
	Principal	Interest	
2019	\$56,300.25	\$3,082.83	\$59,383.08
2020	57,494.01	1,889.07	59,383.08
2021	58,712.89	670.19	59,383.08
	<u>\$172,507.15</u>	<u>\$5,642.09</u>	<u>\$178,149.24</u>

Year	2017 Loan - 36 Months		2017 Loan - 60 Months		Total
	Principal	Interest	Principal	Interest	
2019	\$39,592.05	\$1,143.99	\$23,744.28	\$1,831.20	\$66,311.52
2020	40,330.75	405.29	24,247.75	1,327.73	66,311.52
2021			24,761.87	813.61	25,575.48
2022			25,287.04	288.04	25,575.08
	<u>\$79,922.80</u>	<u>\$1,549.28</u>	<u>\$98,040.94</u>	<u>\$4,260.58</u>	<u>\$183,773.60</u>

Year	2018 Loan - 60 Months		Total
	Principal	Interest	
2019	\$54,374.26	\$8,916.86	\$63,291.12
2020	56,295.33	6,995.79	63,291.12
2021	58,284.30	5,006.82	63,291.12
2022	60,343.54	2,947.58	63,291.12
2023	51,911.70	830.90	52,742.60
	<u>\$281,209.13</u>	<u>\$24,697.95</u>	<u>\$305,907.08</u>

NOTE 4: SHORT-TERM DEBT

The Township had the following short-term debt:

Bond Anticipation Notes:

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
General Capital Fund	2.75%	08/08/19	<u><u>\$7,996,000.00</u></u>

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2018, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2019, as introduced were as follows:

Current Fund	\$4,012,082.00
Sewer Utility Fund	\$3,062,793.00

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 the taxes for the County and the Regional 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.

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

	BALANCE DECEMBER 31, 2017 <u> </u>	BALANCE DECEMBER 31, 2017 <u> </u>
Prepaid Taxes	<u><u>\$1,663,782.45</u></u>	<u><u>\$13,561,047.18</u></u>

NOTE 7: COMPENSATED ABSENCES

The Township of Bridgewater permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$2,487,868.23. The Township annually appropriates the amounts that are required to be paid in that year's budget and no liability is accrued at December 31, 2018.

NOTE 8: PENSIONS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) 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, Police and Firemen's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports 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.

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.

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

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 8: PENSION PLANS

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.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested 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 vested. 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 for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2018, PERS provides for employee contributions of 7.50% of employees' base salary.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2018, the State contributed an amount less than the actuarially determined amount. During 2018, PFRS provides for employee contributions of 10.00% of employees' base salary.

NOTE 8: PENSION PLANS

Funding Policy (Continued)

The Township's share of pension, which is based upon the annual billings received from the state, amounted to \$3,097,605.42 for 2018, \$2,947,979.87 for 2017 and \$2,856,048.42 for 2016.

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

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" which 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, 2018. 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, 2018.

Public Employees Retirement System (PERS)

At June 30, 2018, the State reported a net pension liability of \$22,401,360.00 for the Township of Bridgewater's proportionate share of the total net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the Township's proportion was 0.1137731200 percent, which was an increase of 0.0023139686 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$1,240,018.00 for the Township of Bridgewater's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statement based on the April 1, 2018 billing was \$1,032,550.00.

NOTE 8: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2018, 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	\$ 115,509.00	\$ 427,197.00
Changes of assumptions	7,162,764.00	3,691,373.00
Net difference between projected and actual earnings on pension plan investments	210,126.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>293,076.00</u>	<u>479,879.00</u>
	<u>\$ 7,781,475.00</u>	<u>\$ 4,598,449.00</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:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$192,837.60
2020	(\$177,899.40)
2021	(\$1,506,228.40)
2022	(\$1,300,646.40)
2023	<u>(\$391,089.40)</u>
	<u><u>(\$3,183,026.00)</u></u>

NOTE 8: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. These actuarial valuations used the following assumptions:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age)		
Though 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.00 percent

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

NOTE 8: 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 in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 (7.00% at June 30, 2018 and 7.00 at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

NOTE 8: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Fund	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Market Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00 as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% for June 30, 2018 and June 30, 2017 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 contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 8: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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, 2018 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, 2018		
	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
Township's proportionate share of the pension liability	\$28,167,129.00	\$22,401,360.00	\$17,564,249.00

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). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Police and Firemen's Retirement System (PFRS)

At June 30, 2018, the State reported a net pension liability of \$30,525,138.00 for the Township of Bridgewater's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the Township's proportion was 0.2255832881 percent, which was a decrease of 0.0034269638 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$1,843,353.00. The pension expense recognized in the Township's financial statement based on the April 1, 2017 billing was \$2,026,783.00.

NOTE 8: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS) (Continued)

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ 126,320.00	\$ 310,553.00
Changes of assumptions	7,823,066.00	2,620,172.00
Net difference between projected and actual earnings on pension plan investments	167,000.00	
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	<u>1,149,848.00</u>	<u>119,581.00</u>
	<u>9,266,234.00</u>	<u>3,050,306.00</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2018	\$ 56,466.60
2019	(1,090,993.40)
2020	(2,681,791.40)
2021	(1,795,307.40)
2022	<u>(704,302.40)</u>
	<u>\$ (6,215,928.00)</u>

NOTE 8: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions:

	<u>2018</u>	<u>2017</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age) Through 2026	2.10-8.98 Percent Based on Age	2.10-8.98 Percent Based on Age
Thereafter	3.10-9.98 Percent Based on Age	3.10-9.98 Percent Based on Age
Investment Rate of Return	7.00 Percent	7.00 Percent

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE 8: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2018 and June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Fund	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Market Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 6.51% and 6.14% as of June 30, 2018 and June 30, 2017 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and June 30, 2017 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.

NOTE 8: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate (Continued)

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 and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, 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, 2018 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, 2018		
	1% Decrease <u>5.51%</u>	At Current Discount Rate <u>6.51%</u>	1% Increase <u>7.51%</u>
Township's proportionate share of the PFRS pension liability	\$40,854,109.00	\$30,525,138.00	\$22,005,618.00

NOTE 8: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

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

At June 30, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$4,146,335.00 and \$3,960,030.00 respectively.

At June 30, 2018, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$30,525,138.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>4,146,335.00</u>
	<u>\$34,671,473.00</u>

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 Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 9: LITIGATION

The Township is involved in several pending legal proceedings, the impact on the financial statements of which, either individually or in the aggregate, in the opinion of the Township's legal counsel would not be material

NOTE 10: CONTINGENT LIABILITIES

The Township participates in several federal and 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 expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2018, the Township does not believe that any material liabilities will result from such audits.

NOTE 11: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the years 2018 and prior. Any reduction in assessed valuation will result in a refund of prior years 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.A. 40A:2-51. The Township has established a reserve for this purpose in the Current Fund, the balance of which is \$590,143.66 at December 31, 2018.

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

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. Below 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 previous two years:

<u>Year</u>	<u>Employee Contributions</u>	<u>Township and Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 22,077.84	\$ 20,000.00	\$ 46,574.92	\$ 92,312.95
2017	22,216.81	20,000.00	53,746.61	96,810.03
2016	21,514.04	20,000.00	42,119.18	108,339.83

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

The Township of Bridgewater adopted an ordinance establishing a Length of Service Awards Program effective for 2003 for the members of the Bridgewater First Aid/Rescue Squad pursuant to N.J.S.A. 40A:14-183 et seq. Under this program, each volunteer of the Bridgewater First Aid/Rescue Squad that performs the minimum amount of service will have an annual amount up to \$1,150.00 deposited into a tax deferred account. The Township budgeted \$87,154.56 for the program in 2018.

The accompanying financial statements do not include the Township's Length of Service Awards Program's activities. The Township's Length of Service Awards Program's financial statements are contained in a separate review report, as required by state regulations.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1,640,167.96	\$
Animal Control Fund		6,393.83
Trust Other Fund		35,467.74
Sewer Utility Operating Fund		1,598,306.39
	<u>\$ 1,640,167.96</u>	<u>\$ 1,640,167.96</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 15: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Township's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the 'Nationwide Retirement Solutions', 'Mass Mutual' and 'AXA-Equitable.'

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities. The Township's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 16: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Township's defined benefit OPEB plan, Township of Bridgewater Postretirement Healthcare Plan (the Plan), provides OPEB for all eligible employees of the Township in accordance with the terms of their labor agreements. The Plan is a single-employer defined benefit OPEB plan administered by the Township. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

NOTE 16: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Summary of Benefits

The Plan provides retirees and their eligible dependents medical, prescription, dental and vision benefits provided that they have meet the eligibility requirement contained in the Township' various labor agreements.

Employees Covered by Benefits Terms

Inactive employees or beneficiaries currently receiving benefits payments	165
Inactive employees entitled to but not currently receiving benefits payments	-0-
Active Employees	<u>178</u>
	<u>244</u>

Contributions

The contribution requirements of the Township and Plan members are established and maybe be amended by the Township's governing body.

Retirees and their dependents are required to contribute toward the cost of the postretirement medical, prescription drug, dental and vision coverage in accordance with the provisions set forth under Chapter 78. An employee who retires after satisfying the eligibility requirements who had less than 20 years of PERS or PFRS service as of June 28, 2011, shall be required to contribute toward the cost of postretirement healthcare benefits. The retirement contributions are based on a percentage of the postretirement healthcare cost and vary based on coverage tier and amount of PERS or PFRS pension amounts based on tables presented in the Township's plan document, ranging from 3.5% to 35%.

Net OPEB Liability

The Township's total OPEB liability of \$70,963,267 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

NOTE 16: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	3.0%

Healthcare cost trend rates 7.0 percent decreasing to an ultimate rate of 3.5 percent in 2026.

Mortality rates were based on the RP-2014 projected to 2023 using Scale MP-2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2018–December 31, 2018.

Discount Rate

The discount rate under GASB 75 should be the single rate that reflects (a) the long-term expected rate of return on plan investments that are expected to be used to finance the benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the assets are expected to be invested using a strategy to achieve that return and (b) a yield or index rate for 20-year, tax exempt general obligations municipal bonds with an average rating of AA/Aa or higher (or an equivalent quality on another scale) to the extent that the conditions in (a) are not met. The discount rates used for determining the Total OPEB liabilities at December 31, 2017 and December 31, 2018, based on the "The Muni 20 year Aa" as published by Fidelity Investments, are 3.81% and 3.31%, respectively.

NOTE 16: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/17	\$64,708,111
Changes for the year:	
Service cost	439,148
Interest Cost	2,511,091
Changes of benefit terms	
Differences between expected and actual experience	2,328,771
Changes in assumptions or other inputs	3,086,406
Benefit payments	<u>(2,110,261)</u>
Net change in OPEB Liability	<u>6,255,155</u>
Balance at 12/31/18	<u><u>\$70,963,266</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.81 percent in 2017 to 3.31 percent in 2018.

Sensitivity of the Total OPEB liability to changes in the discount rate and healthcare cost trend rates.

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

	December 31, 2018		
	1.00% <u>Decrease (2.31%)</u>	At Discount <u>Rate (3.31)</u>	1.00% <u>Increase (4.31%)</u>
Net OPEB Liability	\$84,387,202	\$70,963,266	\$60,585,836

NOTE 16: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates.

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

	December 31, 2018		
	1.00% <u>Decrease</u> (6.0% decreasing to 2.5%)	Healthcare Cost Trend Rate (7.0% decreasing to 3.5%)	1.00% Increase (8.0% decreasing to 4.5%)
Net OPEB Liability	\$61,125,191	\$70,963,266	\$83,170,233

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018 the actuarially determined OPEB expense reflected in the Plan report was \$5,032,991. The OPEB expense recognized in the Township's financial statement based on actual billing was \$2,110,261.

At December 31, 2018, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflow of <u>Resources</u>	Deferred Outflow of <u>Resources</u>
Changes of assumptions	\$ -	\$ 3,772,721.00
Net difference between expected and actual experience	-	1,746,578.00
Changes in proportion	-	-
District contributions subsequent to the measurement date	-	-
	<u>\$ -</u>	<u>\$ 5,519,299.00</u>

NOTE 16: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

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

Year Ended <u>June 30,</u>	<u>Amount</u>
2019	\$2,082,752
2020	\$2,082,752
2021	<u>\$1,353,795</u>
	<u><u>\$5,519,299</u></u>

NOTE 17: SUBSEQUENT EVENTS

The Township of Bridgewater has evaluated subsequent events occurring after the financial statement date through June 24, 2019 which is the date the financial statements were available to be issued. No items were noted for disclosure or adjustment.

APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) dated as of August 1, 2019 by the Township of Bridgewater, in the County of Somerset, New Jersey, a public body corporate and politic of the State of New Jersey (the “Issuer”) is executed and delivered in connection with the issuance of the Issuer’s \$12,000,000 principal amount of Bond Anticipation Notes, Series 2019 (the “Notes”). Capitalized terms used in this Undertaking shall have the respective meanings specified above or in Article IV hereof.

ARTICLE I

THE UNDERTAKING

Section 1.1. Purpose. This Undertaking shall constitute a written undertaking for the benefit of the holders of the Notes, and is being executed and delivered solely to assist the successful bidder in complying with subsection (b)(5) of the Rule.

Section 1.2. Disclosure Event Notices. If a Disclosure Event occurs, the Issuer shall provide, in a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events, a Disclosure Event Notice to the MSRB.

Section 1.3. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Undertaking, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.4. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Disclosure Event Notice, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Disclosure Event Notice in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Disclosure Event Notice.

ARTICLE II

OPERATING RULES

Section 2.1. Disclosure Event Notices. Each Disclosure Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Notes.

Section 2.2. Transmission of Notices. Unless otherwise required by law and, in the Issuer’s sole determination, subject to technical and economic feasibility, the Issuer shall employ such methods of notice transmission as shall be requested or recommended by the herein-designated recipients of the Issuer’s notices.

ARTICLE III

TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1. Termination. (a) The Issuer's obligations under this Undertaking shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Notes.

(b) This Undertaking, or any provision hereof, shall be null and void in the event that the Issuer (1) receives an opinion of Counsel, addressed to the Issuer, to the effect that those portions of the Rule which require this Undertaking, or any of the provisions hereof, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion and (2) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Undertaking may be amended, in writing, without the consent of the holders of the Notes (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Undertaking as so amended would have complied with the requirements of the Rule as of the date of this Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have received an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel) and acceptable to the Issuer, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (ii) the holders of the Notes consent to the amendment to this Undertaking and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) In addition to subsection (a) above, this Undertaking may be amended and any provision of this Undertaking may be waived, in writing, without the consent of the holders of the Notes, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Undertaking which is applicable to this Undertaking, (2) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the effect that performance by the Issuer under this Undertaking as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Undertaking shall inure solely to the benefit of the holders from time to time of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Undertaking.

(b) Except as provided in this subsection (b), the provisions of this Undertaking shall create no rights in any person or entity. The obligations of the Issuer to comply with the provisions of this Undertaking shall be enforceable (i) in the case of enforcement of obligations

to provide notices, by any holder of outstanding Notes, or (ii) in the case of challenges to the adequacy of the notices so provided, by the holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. The holders' rights to enforce the provisions of this Undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Undertaking. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the Issuer to perform in accordance with this Undertaking shall not constitute a default with respect to the Notes.

(d) This Undertaking shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Undertaking shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

DEFINITIONS

Section 4.1. Definitions. The following terms used in this Undertaking shall have the following respective meanings:

(1) "Counsel" means Gibbons P.C. or other nationally recognized bond counsel or counsel expert in federal securities laws.

(2) "Disclosure Event" means any of the following events with respect to the Notes, whether relating to the Issuer or otherwise:

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

- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(3) “Disclosure Event Notice” means notice of a Disclosure Event.

(4) “MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

(5) “Official Statement” means the “final official statement”, as defined in paragraph (f)(3) of the Rule.

(6) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

- (7) “SEC” means the United States Securities and Exchange Commission.
- (8) “State” means the State of New Jersey.

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its Director of Finance as of the date first above written.

**TOWNSHIP OF BRIDGEWATER,
COUNTY OF SOMERSET, NEW JERSEY**

By: _____
Name: Natasha S. Turchan
Title: Director of Finance

APPENDIX C
NOTICE OF SALE

NOTICE OF SALE

TOWNSHIP OF BRIDGEWATER,

COUNTY OF SOMERSET, NEW JERSEY

\$12,000,000 BOND ANTICIPATION NOTES, SERIES 2019

ELECTRONIC PROPOSALS via either (i) BIDCOMP/PARITY Competitive Bidding System (“Parity”) or (ii) facsimile to (609) 291-9940, or email, to ainverso@muniadvisors.com, will be received by the Director of Finance of the Township of Bridgewater, in the County of Somerset, New Jersey (the “Township”), on Thursday, July 25, 2019 until 11:00 a.m. New York City time, at which time they will be publicly announced for the purchase of \$12,000,000 Bond Anticipation Notes, Series 2019 (the “Notes”), dated the date of delivery of the Notes and maturing August 6, 2020. If a bidder wishes to transmit its proposal by facsimile, the proposal must be on the Proposal to Purchase attached hereto. The Notes shall bear interest at the rate per annum specified by the successful bidder therefor in accordance herewith, payable at maturity. The Notes shall not be subject to redemption prior to maturity. Information concerning the Notes and the Township is set forth in the Preliminary Official Statement of the Township relating to the Notes, dated July 18, 2019. The Notes are expected to be issued and delivered on August 7, 2019. The Notes shall be in book-entry-only form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, which will act as securities depository for the Notes. The DTC Letter of Representations, if any, will be prepared by Bond Counsel. The DTC eligibility questionnaire is to be completed by the successful bidder for the Notes.

The Notes will constitute valid and binding general obligations of the Township for the payment of which the Township is obligated to levy *ad valorem* taxes without limitation.

Each proposal must specify a single rate of interest which the Notes are to bear and the amount bid for the Notes, which shall not be less than \$12,000,000. As between legally acceptable proposals, the Notes will be sold to the bidder offering the lowest net interest cost (“Net Interest Cost”) to the Township or, if two or more such bidders offer the same lowest Net Interest Cost, then to one of said bidders selected by the Director of Finance by lot from among all said bidders. The Net Interest Cost shall equal the total interest cost on the Notes, calculated on an 30/360 day basis, in accordance with such proposal after deducting therefrom the amount of premium (i.e., the amount bid minus \$12,000,000), if any, specified by such proposal. The Township reserves the right to reject any or all proposals and, so far as permitted by law, waive any irregularity or informality in any or all proposals. The proposal must cover all expenses incurred by the bidder, including distribution costs.

Bids shall be submitted electronically via PARITY or facsimile in accordance with this Notice of Sale, until 11:00 a.m., New York City time, on July 25, 2019, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact PARITY at (212) 849-5021. In the event that a bid for the Notes is submitted via PARITY, the bidder further agrees that:

1. The Township may regard the electronic transmission of the bid through PARITY (including information about the purchase price of the Notes, the interest rate or rates to be borne by the Notes, the initial public offering price of each maturity and any other information included in such transmission) as though the same information were submitted directly to the Township and executed by a

duly authorized signatory of the bidder. If a bid submitted electronically by PARITY is accepted by the Township, the terms of the Proposal for Notes and this Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract, and the successful bidder shall be bound by the terms of such contract.

2. PARITY is not an agent of the Township, and the Township shall have no liability whatsoever based on any bidder's use of PARITY, including but not limited to any failure by PARITY to correctly or timely transmit information provided by the Township or information provided by the bidder.

3. The Township may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via TM3 (as hereinafter defined), or by other available means, no later than 3:00 p.m. (New York City Time) on the last business date prior to the bid date set forth above.

4. Once the bids are communicated electronically via PARITY to the Township as described above, each bid will constitute a Proposal for Notes and shall be deemed to be an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale. For purposes of submitting all Proposal for Notes, the time as maintained on PARITY shall constitute the official time.

5. Each bidder choosing to bid electronically shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Township nor Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure access to any qualified prospective bidder, and neither the Township nor Parity shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The Township is using PARITY as a communication mechanism, and not as the Township's agent, to conduct the electronic bidding for the Notes. By using PARITY, each bidder agrees to hold the Township harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Notes.

The Township reserves the right to postpone, from time to time, the date established for the receipt of bids and will undertake to notify registered prospective bidders via notification published on Thomson Municipal Market Monitor ("TM3") (www.tm3.com). Prospective bidders may request notification by facsimile transmission of any such changes in the date or time for the receipt of bids by so advising, and furnishing their telecopier numbers to the Director of Finance of the Township at (908) 725-6300, Ext. 5110, by 12:00 Noon, New York City time, on the day prior to the announced date for receipt of bids. In addition, the Township reserves the right to make changes to this Notice of Sale. Such changes will be announced on the TM3.

A postponement of the bid date will be announced via TM3 not later than 11:00 a.m., New York City time, on the last business day prior to any announced date for receipt of bids, and an alternative sale date and time will be announced via TM3 by Noon, New York City time, not less than forty-eight (48) hours prior to such alternative date for receipt of bids.

On any such alternative date and time for receipt of bids, the Township will accept electronic or facsimile bids for the purchase of the Notes, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time for receipt of bids and any other changes announced via TM3 at the time the date and time for receipt of bids are announced.

Award of the Notes to the successful bidder, or rejection of all proposals, is expected to be made within one hour after the proposals are announced, but bidders may not withdraw their proposals before

4:00 p.m. on July 25, 2019 and then only if such award has not been made prior to the withdrawal. The Notes will be delivered on or about August 7, 2019 at the offices of Gibbons P.C., Bond Counsel to the Township, in Newark, New Jersey, or at such other place as may be agreed upon with the successful bidder. Payment for the Notes at the time of their original issuance and delivery shall be in immediately available funds.

It shall be the responsibility of the Township to have CUSIP identification numbers, if required, issued for the Notes. The request for the assignment of CUSIP identification numbers shall be the responsibility of the Township's municipal advisor and the CUSIP Service Bureau charge therefor shall be the responsibility of and shall be paid for by the successful bidder. CUSIP numbers must be communicated to Bond Counsel within 24 hours of the award of the Notes in order to have the CUSIP numbers printed on the Notes.

The successful bidder may at his option refuse to accept the Notes if prior to delivery of the Notes any income tax law of the United States of America shall provide that the interest thereon is includable in gross income, or shall be includable in gross income at a future date, for federal income tax purposes, and in such case such bidder will be relieved of its contractual obligations arising from the acceptance of its proposal.

The obligation hereunder to deliver and to accept the Notes shall be conditioned on the availability and delivery at the time of delivery of the Notes of the approving opinion of Bond Counsel, which will be furnished without cost to the successful bidder, in substantially the form set forth in the final Official Statement with respect to the Notes (the "Official Statement"). Such opinion shall state that the Notes are valid and legally binding obligations of the Township and that the Township has the power and is obligated to levy ad valorem taxes upon all the taxable property within the Township without limitation as to rate or amount for the payment of the Notes and the interest thereon. The obligations hereunder to deliver or accept the Notes shall be further conditioned on the availability to the successful bidder and delivery at the time of delivery of the Notes of certificates in form and tenor satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefor and including a statement, dated as of the date of such delivery, to the effect that, except as set forth in the Official Statement, there is no litigation pending or (to the knowledge of the signer or signers thereof) threatened relating to the Notes.

The Township, by accepting the proposal submitted by the successful bidder, (a) certifies to the successful bidder, as of the date of acceptance of such proposal, that the Preliminary Official Statement distributed in connection with the sale of the Notes (the "Preliminary Official Statement") has been "deemed final" as of its date by the Township for purposes and within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for certain omissions permitted thereunder, (b) agrees to provide the successful bidder, in order to permit the successful bidder to comply with Rule 15c2-12, with up to 50 copies in total of the Official Statement within the period of time allowed under Rule 15c2-12, at the sole cost and expense of the Township, with any additional copies that the successful bidder shall reasonably request to be provided at the sole cost and expense of the successful bidder, and (c) in order to assist the successful bidder in complying with Rule 15c2-12, agrees to undertake to provide certain continuing disclosure as further described in the Preliminary Official Statement. The successful bidder, by executing the proposal, agrees to provide, upon receipt of the Official Statement from the Township, a copy of the Official Statement (with any required forms) to the Municipal Securities Rulemaking Board (the "MSRB") or its designee pursuant to MSRB Rule G-32 no later than ten business days following the-date of acceptance of its bid. The successful bidder shall notify the Township of (a) the date which is the "end of the underwriting period" within the meaning of Rule 15c2-12 (which date shall be presumed by the Township to be the date of delivery of and payment

for the Notes unless the Township is notified otherwise) and (b) the date on which a copy of the Official Statement is filed with the MSRB or its designee.

Matters relating to the “issue price” of the Notes, including the form of certificate to be delivered by the successful bidder to the Township, are set forth in Exhibit A attached hereto.

Copies of the Preliminary Official Statement and the Notice of Sale may be accessed via the internet at www.munihub.com. A printed version is also available upon request made to the Director of Finance of the Township at 100 Commons Way, Bridgewater, New Jersey 08807 (telephone (908) 725-6300 Ext. 5110) or Phoenix Advisors, LLC, the Township’s municipal advisor, at (609) 291-0130.

NATASHA S. TURCHAN
Director of Finance

Dated: July 18, 2019

TOWNSHIP OF BRIDGEWATER
\$12,000,000 BOND ANTICIPATION NOTES
PROPOSAL TO PURCHASE

The undersigned hereby offers to purchase Bond Anticipation Notes in accordance with the provisions of the Notice of Sale with respect thereto for the following terms:

Amount of Notes	Price (not less than par)	Rate of Interest Per Annum
------------------------	----------------------------------	-----------------------------------

Authorized Bidder _____

Signature _____

THIS PORTION OF THE PROPOSAL IS NOT PART OF THE BID

PLEASE COMPLETE THE FOLLOWING:

Interest Payable on Notes	\$ _____
Less: Premium (if any)	\$ _____
Net Interest Payable	\$ _____
Net Interest Cost	_____ %

Person to be contacted for closing arrangements:

Name

Telephone Number

E-mail Address

EXHIBIT A

Establishment Of Issue Price

The successful bidder shall assist the _____ of _____ (the “Issuer”) in establishing the issue price of the Notes and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate, substantially in the forms attached hereto as Appendices A, B or C setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with supporting pricing wires or equivalent communications with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Issuer and Bond Counsel.

(a) Except as set forth in paragraph (c) below, the Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Requirements”) because: (1) the Issuer shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters; (2) all bidders shall have an equal opportunity to bid; (3) the Issuer may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds and notes; and (4) the Issuer anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid. By submitting a bid, bidders are deemed to have certified that they have an established industry reputation as a regular purchaser or underwriter of tax-exempt obligations such as the Notes.

In the event that the Competitive Sale Requirements are satisfied, the successful bidder must complete Appendix A attached hereto.

(b) Except as set forth in paragraph (c) below, in the event that the Competitive Sale Requirements are not satisfied, the Issuer shall so advise the successful bidder. The Issuer shall treat the first price at which 10% of a Maturity of the Notes (the “10% Test”) is sold to the Public as the issue price of that Maturity, applied on a Maturity-by-Maturity basis (and if different interest rates apply within a Maturity, to each separate CUSIP number within that Maturity). The successful bidder shall advise the Issuer if any maturity of the Notes satisfies the 10% Test as of the date and time of the award of the Notes. The Issuer will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the Public as of the sale date of any Maturity of the Notes as the issue price of that Maturity. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Notes will be subject to the 10% Test in order to establish the issue price of the Notes.

If Competitive Sale requirements are not satisfied, then until the 10% Test has been satisfied as to each Maturity of the Notes, the successful bidder agrees to promptly report to the

Issuer the prices at which the unsold Notes of that Maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Notes of that Maturity have been sold or (ii) the 10% Test has been satisfied as to the Notes of that Maturity, provided that, the successful bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Issuer or Bond Counsel. The successful bidder shall provide the Issuer, Bond Counsel and the Issuer's financial advisor (if any) with certificates substantially in the form of Appendix B hereto. If the 10% Test is not met by the Closing Date, a Supplemental Issue Price Certificate must be provided.

(c) If the successful bidder (such as a bank or local government unit) is purchasing for its own account, it must complete Appendix C hereto, and the provisions of paragraphs (a) and (b) above shall not apply.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Notes of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Notes of that Maturity allocated to it have been sold or it is notified by the successful bidder that the 10% Test has been satisfied as to the Notes of that Maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the successful bidder, (B) to promptly notify the successful bidder of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the Public, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement, relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Notes of each Maturity allocated to it, whether or not the Closing Date has occurred, until either all Notes of that maturity allocated to it have been sold or it is notified by the successful bidder or such underwriter that the 10% Test has been satisfied as to the Notes of that Maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the successful bidder or such underwriter.

Sales of any Notes to any person that is a related party to an Underwriter participating in the initial sale of the Notes to the Public shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale: (a) *Maturity* means Notes with the same credit and payment terms. Notes with different Maturity dates, or Notes with the same Maturity date but different stated interest rates, are treated as separate Maturities; (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or

corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly; (c) *Sale Date* means the first day on which the Notes are awarded by the Issuer to the successful bidder. The Sale Date of the Notes is July 25, 2019; (d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

APPENDIX A

Issue Price Certificate Competitive Sale Form - Notes

_____ of _____, New Jersey (the “Issuer”)
\$_____ Bond Anticipation Notes

The undersigned, on behalf of _____ (the “SHORT NAME OF UNDERWRITER”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Notes”).

1. Reasonably Expected Initial Offering Price

(a) As of the Sale Date, the reasonably expected initial offering prices and yields of the Notes to the Public by [SHORT NAME OF UNDERWRITER] are the prices and yields listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Notes used by [SHORT NAME OF UNDERWRITER] in formulating its bids to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Notes.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Notes.

2. Defined Terms

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity dated but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is [ISSUE DATE].

(d) *Underwriter* means (i) any person that agrees pursuant to a written contact with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written

contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Gibbons P.C., Bond Counsel in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service's Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Very truly yours,

[UNDERWRITER]

Dated: [Issue Date]

By: _____
(Duly Authorized Officer)

SCHEDULE A

EXPECTED OFFERING PRICES AND YIELDS

SCHEDULE B

COPY OF UNDERWRITER'S BID
(Attached)

APPENDIX B

Issue Price Certificate Actually Sold Form - Notes

_____ of _____, New Jersey (the "Issuer")
\$ _____ Bond Anticipation Notes

The undersigned, on behalf of _____ (the "SHORT NAME OF UNDERWRITER"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

1. **Sale of the Notes.** [As of the date of this certificate, the Underwriter has not sold at least 10% of all Maturities of the Notes at a single price and agrees once it has sold at least 10% of all Maturities of the Notes at a single price, it will provide a Supplemental Issue Price Certificate to the Township and Bond Counsel]. [As of the date of this certificate, for each Maturity of the Notes, the first price and yield at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price and yield listed in Schedule A.]

2. **Defined Terms**

(e) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity dated but different stated interest rates, are treated as separate Maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Underwriter* means (i) any person that agrees pursuant to a written contact with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Gibbons P.C., Bond Counsel in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal

income tax purposes, the preparation of the Internal Revenue Service's Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Very truly yours,

[UNDERWRITER]

Dated: [Issue Date]

By: _____
(Duly Authorized Officer)

SCHEDULE A
SALE PRICES AND YIELDS

APPENDIX C

Issue Price Certificate Private Placement Form - Notes

_____ of _____, New Jersey (the “Issuer”)
\$_____ Bond Anticipation Notes

The undersigned, on behalf of _____ (the “Purchaser”), hereby certifies as set forth below with respect to the purchase of the above-captioned obligations (the “Notes”).

1. **Purchase of the Notes.** On the date of this certificate, the Purchaser is purchasing the Notes for the amount of \$[_____]. The Purchaser is not acting as an Underwriter with respect to the Notes. The Purchaser has no present intention to sell, reoffer, or otherwise dispose of the Notes (or any portion of the Notes or any interest in the Notes). The Purchaser has not contracted with any person pursuant to a written agreement to have such person participate in the initial sale of the Notes and the Purchaser has not agreed with the Issuer pursuant to a written agreement to sell the Notes to persons other than the Purchaser or a related party to the Purchaser.

2. **Defined Terms**

(h) *Public* means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Gibbons P.C., Bond Counsel in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the

Internal Revenue Service's Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Very truly yours,

[PURCHASER], as Purchaser

Dated: [Issue Date]

By: _____
(Duly Authorized Officer)

APPENDIX D
FORM OF BOND COUNSEL OPINION

[FORM OF BOND COUNSEL OPINION]

August __, 2019

Mayor and Township Council
Township of Bridgewater
Municipal Building
100 Commons Way
Bridgewater, New Jersey 08807

Dear Mayor and Council Members:

We have examined certified copies of the proceedings of the Township Council of the Township of Bridgewater, in the State of New Jersey (the "Township"), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale of \$12,000,000 Bond Anticipation Notes, Series 2019 (the "Notes"). The Notes are issued in registered form without coupons, are dated the date of delivery, bear interest at the rate of Two and Zero Hundredths Percent (2.00%) per annum and are payable at maturity on August 6, 2020. The Notes are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), and various bond ordinances each in all respects duly approved and published as required by law. The Notes are not subject to redemption prior to maturity.

The Notes are temporary obligations issued in anticipation of the issuance of bonds.

We have examined the Local Bond Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. 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.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law and other applicable provisions of law, and that the Notes have been duly authorized, executed and delivered and are valid and legally binding obligations of the Township.

2. The Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

3. Under existing law, interest on the Notes is excluded from the gross income of the owners of the Notes for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. We express no opinion regarding any other Federal income tax consequences arising with respect to the Notes.

4. Under existing law, interest on the Notes and any net gains on the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Notes in order for interest on the Notes to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Township has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Notes, as to various tax requirements. In addition, the Township has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action to be taken which would cause the interest on the Notes to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the Township with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Notes from gross income for Federal income tax purposes and with respect to interest on the Notes not constituting an item of tax preference.

Attention is called to the fact that for purposes of this letter we have not been requested to examine and have not examined any documents or information relating to the Township other than the certified copies of the proceedings and proofs referred to hereinabove, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Notes.

Our opinion concerning the enforceability of the Notes is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is

considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the Township with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

This opinion letter is rendered to you in connection with the above described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

Gibbons P.C.