<u>NEW ISSUE</u>
Book-Entry-Only

Rating: S&P: "AA+"
(see "CREDIT RATING" herein)

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Township, under existing statutes and court decisions, and assuming compliance with certain tax covenants described herein, (i) interest on the Bonds (as defined herein) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the Township, under existing statutes, interest on the Bonds is not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein for a description of certain other provisions of the Code that may affect the tax treatment of interest on the Bonds for certain bondholders.

THE TOWNSHIP OF WASHINGTON, IN THE COUNTY OF BERGEN, NEW JERSEY $6,785,000 GENERAL BONDS OF 2019 (BANK-QUALIFIED) (CALLABLE)

Dated: Date of Delivery

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

The $6,785,000 General Bonds of 2019 (the "Bonds") of the Township of Washington, in the County of Bergen, New Jersey (the "Township"), will be issued in book-entry-only form with no physical distribution of bond certificates. The Bonds will be issued in registered form and bond certificates for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co.

Interest on the Bonds will be payable semiannually on May 1 and November 1 in each year until maturity, commencing May 1, 2020. Principal of and interest on the Bonds will be paid to DTC by the Township. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding April 15 and October 15 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds shall be subject to redemption prior to their stated maturities as described herein (see "DESCRIPTION OF THE BONDS - Redemption" herein).

The Bonds are valid and legally binding obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Township without limitation as to rate or amount; provided, however, that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases. See "BONDHOLDERS' REMEDIES IN THE EVENT OF DEFAULT" and "MUNICIPAL BANKRUPTCY" herein.

The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Hawkins Delafield & Wood LLP, Newark, New Jersey. Certain legal matters will be passed upon for the Township by the Township Attorney, Kenneth G. Poller, Esquire, Ramsey, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Bonds. Delivery of the Bonds is anticipated to take place on or about November 1, 2019.

ROOSEVELT & CROSS, INC. AND ASSOCIATES

Dated: October 17, 2019

THE TOWNSHIP OF WASHINGTON,
IN THE COUNTY OF BERGEN, NEW JERSEY

$6,785,000 GENERAL BONDS OF 2019

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

Year	Principal Amount	Interest Rate	Yield	CUSIP**
2020	$750,000	2.00%	1.10%	940399HQ4
2021	750,000	3.00	1.15	940399HR2
2022	700,000	3.00	1.20	940399HS0
2023	655,000	4.00	1.22	940399HT8
2024	655,000	4.00	1.23	940399HU5
2025	655,000	4.00	1.28	940399HV3
2026	655,000	4.00	1.34	940399HW1
2027	655,000	3.00	1.60*	940399HX9
2028	655,000	3.00	1.70*	940399HY7
2029	655,000	2.00	2.00	940399HZ4

* Priced at the stated yield to the first optional redemption date of November 1, 2026 at a redemption price of 100%.

** CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

THE TOWNSHIP OF WASHINGTON,
IN THE COUNTY OF BERGEN, NEW JERSEY

MAYOR
Peter Calamari

TOWNSHIP COUNCIL
Michael DeSena, President
Dr. Steven Cascio, Vice President
Robert Bruno
Arthur Cumming
Michael Ullman

TOWNSHIP ADMINISTRATOR
Robert Tovo

TOWNSHIP CLERK
Susan Witkowski

CHIEF FINANCIAL OFFICER
Judy Curran

TOWNSHIP ATTORNEY
Kenneth G. Poller, Esquire
Ramsey, New Jersey

AUDITOR
Louis C. Mai CPA & Associates
Pompton Plains, New Jersey

BOND COUNSEL
Hawkins Delafield & Wood LLP
Newark, New Jersey

MUNICIPAL ADVISOR
Phoenix Advisors, LLC
Bordentown, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Township to give any information or to make any representations, 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. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. 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 the affairs of the Township since the date hereof.

The information which is set forth herein has been provided by the Township and by other sources, but the information provided by such other sources is not guaranteed as to accuracy or completeness by the Township. References in this Official Statement to the State of New Jersey statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of or exceptions to statements made herein. Copies of such above-mentioned documents may be inspected at the offices of the Township during normal business hours. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT
RELATING TO

THE TOWNSHIP OF WASHINGTON,
IN THE COUNTY OF BERGEN, NEW JERSEY
$6,785,000 GENERAL BONDS OF 2019
(BANK-QUALIFIED) (CALLABLE)

INTRODUCTION

This Official Statement (the "Official Statement"), which includes the cover page hereof and the appendices hereto, has been prepared by the Township of Washington, in the County of Bergen (the "Township"), in the State of New Jersey (the "State") and provides certain information regarding the financial and economic condition of the Township in connection with the sale of the Township's $6,785,000 General Bonds of 2019 (the "Bonds"). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and its distribution and use in connection with the sale of the Bonds have been authorized by the Township.

This Official Statement contains specific information relating to the Bonds including their general description, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

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

DESCRIPTION OF THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Bonds will be dated the date of delivery thereof. The Bonds will bear interest at the interest rates per annum stated on the inside front cover page hereof, payable May 1 and November 1 of each year until maturity, commencing May 1, 2020 (each, an "Interest Payment Date"). The Bonds will mature on November 1 in the years and in the principal amounts set forth on the inside front cover page hereof.

Denominations and Place of Payment

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates. The Bonds will be issued in registered form and bond certificates for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), and registered in the name of its nominee, Cede & Co. (see the subcaption "Book-Entry System" below). Principal of and interest on the Bonds will be paid by the Township, or its designee, in its capacity as paying agent (the "Paying Agent") to the registered owners of the Bonds as of each April 15 and October 15 (whether or not a business day) immediately preceding the respective Interest Payment Dates (the “Record Dates”). So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Paying Agent directly to DTC or its nominee, which will in turn remit such payments to DTC participants, which will in turn remit such payments to the beneficial owners of the Bonds. See the subcaption “Book-Entry System” below. Purchases of the Bonds will be made in book-entry form, in the denomination of $5,000 each or integral multiples of $1,000 in excess thereof. Purchasers will not receive certificates representing their beneficial ownership interests in Bonds purchased, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance is expected to be confirmed by an initial transaction statement stating the details of the Bonds purchased. So long as Cede & Co. is the registered owners of the Bonds, as nominee of DTC, references herein (except under the captions “TAX MATTERS” and “SECONDARY MARKET DISCLOSURE”) to the registered owners shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. See the subcaption “Book-Entry System” below.

Redemption

Optional Redemption

The Bonds maturing prior to November 1, 2027 are not subject to redemption at the option of the Township prior to their stated maturities. The Bonds maturing on or after November 1, 2027 are redeemable at the option of the Township, in whole or in part, on any date, in any order of maturity and by lot within a single maturity, on or after November 1, 2026, at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed, plus in each case accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption shall be given by first-class mail, postage prepaid, to the registered owners of the Bonds or portions thereof to be redeemed, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of any proceedings for the redemption of Bonds. If notice of redemption shall have been given as aforesaid, the Bonds or portions thereof specified in said notice shall become due and payable at the redemption price on the redemption date therein designated and if, on the redemption date, moneys for payment of the redemption price of all the Bonds to be redeemed, together with the interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds shall cease to accrue and become payable. Less than all of a Bond in a denomination in excess of $5,000 may be so redeemed, and in such case, upon the surrender of such Bond, there shall be issued to the registered owner thereof, without charge therefor, for the unredeemed balance of the principal amount of such Bond, Bonds of like series, designation, maturity and interest rate in any of the authorized denominations. So long as DTC (or any successor thereto) acts as securities depository for the Bonds, notice of redemption shall be sent to such securities depository, in the manner prescribed by such securities depository and shall not be sent to the beneficial owners of the Bonds. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Township; the Bonds to be redeemed having the same maturity shall be selected by DTC in accordance with its regulations.

Book-Entry System

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

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

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

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

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

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

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

Principal, redemption price and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect 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 Direct Participant or Indirect Participant and not of DTC, the Paying Agent or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

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

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

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

Discontinuance of Book-Entry System

In the event that the book-entry system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions shall apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of the Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township/Paying Agent; (ii) the transfer of any Bonds may be registered on the books maintained by the Township/Paying Agent for such purposes only upon the surrender thereof to the Township/Paying Agent together with the duly executed assignment in form satisfactory to the Township/Paying Agent; and (iii) for every exchange or registration of transfer of Bonds, the Township/Paying Agent may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date next preceding an Interest Payment Date.

AUTHORIZATION AND PURPOSE

The Bonds 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 (N.J.S.A. §40A:2-1, et seq.) (the "Local Bond Law"). The Bonds are authorized by bond ordinances adopted by the governing body of the Township and by a resolution adopted by the governing body of the Township on September 3, 2019. Such bond ordinances were published in full, or in summary, after their adoption along with a statement to the effect that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the accompanying bond ordinance 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 barred from questioning the sale, execution or delivery of such obligations.

Proceeds of the Bonds will be used to: (i) refund, on a current basis, the bond anticipation notes of the Township originally issued in the aggregate principal amount of $5,630,000, dated August 1, 2019 and maturing November 1, 2019 (the "Prior Notes"); and (ii) permanently finance the cost of various capital improvements in and by the Township in the amount of $1,620,000, including the costs associated with the issuance of the Bonds. The following table sets forth certain information with respect to the bond ordinances authorizing the Bonds, including the amount of Bond proceeds used to refund the Prior Notes and for new money.

Ordinance Number	Purpose	Prior Notes Being Refunded	Amount of New Money
#99-7, as supplemented by #05-1	Purchase of equipment	$18,519	$0
#99-12	Purchase of equipment and renovation of the firehouse	15,989	0
#07-4	Improvement of the storm water drainage system	8,436	0
#12-06	Acquisition of new equipment for use by the Fire Department	7,667	0
#12-12	Acquisition of new and additional vehicular equipment	82,567	0
#12-13	Improvement to Memorial Field	131,033	0
#13-06	Improvement of various roads	639,640	0

Ordinance Number	Purpose	Prior Notes Being Refunded	Amount of New Money
#13-07	Improvement of Colonial Boulevard	16,067	0
#13-11	Various improvements or purposes	162,803	0
#13-12	Improvement of the municipal complex site	77,244	0
#13-20	Various improvements or purposes	94,976	0
#14-11	Installation of new fencing at Memorial Field	41,915	0
#14-13	Various improvements or purposes	91,348	0
#15-04	Improvement of Memorial Field	137,876	0
#15-07	Improvement of various roads	644,277	0
#15-09	Acquisition of new and additional vehicular equipment	655,416	0
#16-02	Various improvements or purposes	910,575	0
#17-03	Improvement of various roads	570,000	0
#17-04	Various improvements or purposes	75,024	0
#18-06	Various improvements or purposes	1,237,000	0
#98-10, as amended by #98-15	Improvement of municipal property	11,628	0
#19-17	Various improvements or purposes	0	1,620,000
	Total:	$5,630,000	$1,620,000
	Grand Total:		**$7,250,000**

SECURITY AND SOURCE OF PAYMENT

The Bonds are valid and legally binding obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Township without limitation as to rate or amount; provided, however, that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases. See "BONDHOLDERS' REMEDIES IN THE EVENT OF DEFAULT" and "MUNICIPAL BANKRUPTCY" herein.

SUMMARY OF CERTAIN STATUTORY PROVISIONS RELATING TO MUNICIPAL AND COUNTY DEBT AND FINANCIAL REGULATION

Set forth below is a summary of various statutory provisions and requirements relevant to the Township's debt and financial regulation and budget process. This summary does not purport to be complete, and reference should be made to the statutes referred to for a complete statement of the provisions thereof.

Legal Framework

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 financed and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of such projects. Generally, all bonds and notes issued by a local unit are general full faith and credit obligations.

Debt Limit

The authorized bonded indebtedness of a local unit is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3½%), in the case of a municipality, and two percent (2%), in the case of a county, of its average equalized valuation basis. The average equalized valuation basis of a local unit is set by statute as the average for the last three (3) 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.

Exceptions to Debt Limit - Extensions of Credit

Except for the funding of certain notes, the authorization of certain bonds for municipal utility purposes, if the utilities are self-liquidating, and certain formula allowances, the debt limit of a local unit may be exceeded only with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs of the State (the "Local Finance Board"), a State regulatory agency. If all or any part of a proposed debt authorization would exceed its debt limit, a local unit must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of a local unit or substantially reduce the ability of a local unit to meet its obligations or to provide essential public improvements or services, or makes other statutory determinations, approval is granted.

Short-Term Financing

Pursuant to the Local Bond Law, a local unit may sell short-term 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. Any such note is designated a "bond anticipation note". Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as the same may be amended and supplemented, creating such capital expenditure. Bond anticipation notes, which are full faith and credit obligations of the local unit, may be issued for a period not exceeding one (1) year and may be renewed from time to time for a period that does not exceed one (1) year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original note, provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which these notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

Assessment Bonds

Assessment bonds may be issued pursuant to the Local Bond Law in annual serial installments with the first principal payment due within two (2) years and the final principal payment due within twenty (20) years of an issue's date. No principal payment may be larger than a prior year's principal payment.

Refunding Bonds

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, temporary emergency appropriations, advance funding of pension obligations as part of an early retirement program offered by the State, the actuarial liabilities of a non-State administered public employee pension system, amounts owing to others for taxes levied and for paying the cost of issuance of refunding bonds. The Local Finance Board must consent to the authorization for the issuance of refunding bonds and approve the maturity schedule thereof; provided, however, that the issuance of refunding bonds to realize debt service savings on outstanding obligations does not require Local Finance Board approval when authorized by conditions set forth in rules and regulations of the Local Finance Board and upon a resolution adopted by a two-thirds (⅔) vote of the full membership of the governing body of the local unit.

Tax Anticipation Notes

Tax anticipation notes may be issued pursuant to the Local Budget Law (as hereinafter defined). The issuance of tax anticipation notes is limited in amount by law to collectively thirty percent (30%) of the tax levy plus thirty percent (30%) of realized miscellaneous revenues of the next preceding fiscal year. Tax anticipation notes must be paid in full within one hundred and twenty (120) days of the close of the fiscal year in which they were issued.

School Debt Subject to Voter Approval

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

The Local Budget Law

The foundation of the State local finance system is the annual cash basis budget. Under N.J.S.A. §40A:4-1 et seq. (the "Local Budget Law"), every local unit must adopt an operating budget in the form required by the Division of Local Government Services in the Department of Community Affairs of the State (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget cannot be finally adopted until it is certified by the Director of the Division (the "Director"), or in the case of a local unit's examination of its own budget, such budget cannot be finally adopted until a local examination certificate has been approved by the chief financial officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director or, in the case of local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of preceding year, (d) reserve for uncollected taxes and (e) other reserves and nondisbursement items. Anticipated tax revenues are limited to the same proportion as actual cash collections or to the total levy in the previous year, and the reserve amount must be factored into the budget to make up for the expected shortfall in actual collections. Anticipated non-tax revenues are limited to the amount actually realized the previous year unless the Director permits higher levels of anticipation should there be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary 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 that year, then such excess (deficit) must be raised in the succeeding year's budget.

Each municipality is required to forward to the County Board of Taxation (the "County Board") a certified copy of its operating budget, as adopted, not later than April 10 of the then current fiscal year. In the event that the County Board has not received a copy of the budget resolution or other evidence showing the amount to be raised by taxation for the purposes of a taxing district, the Director shall transmit to the County Board a certificate setting forth the amount required for the operation of the local unit for that fiscal year. The operating budget of the preceding year shall constitute and limit the appropriations for the then current year with suitable adjustments for debt service, other mandatory charges and changes in revenues, but excluding the amount to be raised by taxes for school purposes where required to be included in the municipal budget. The certificate shall be prepared by using the revenues and appropriations appearing in the adopted budget of the preceding year with suitable adjustments to include, without limitation: (a) any amounts required for principal and interest of indebtedness falling due in the fiscal year and (b) any deferred charges, including a deficit, if any, or statutory expenditures required to be raised in the fiscal year. See the subcaption "Tax Assessment and Collection Procedure" below.

Appropriations Not Required for Payments on Debt

It is not necessary to have an appropriation in order to release money for debt service on obligations. N.J.S.A. §40A:4-57 states that "no officer, board, body or commission shall, during any fiscal year, expend money (<u>except to pay notes, bonds or interest thereon</u>), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose" (emphasis added).

Appropriation Caps

Chapter 89 of the New Jersey Laws of 1990 extended and amended Chapter 203 of the New Jersey Laws of 1986 and Chapter 68 of the New Jersey Laws of 1976 (N.J.S.A. §40A:4-45.3), commonly referred to as the "CAP Law". The CAP Law places limits on county tax levies and municipal expenditures. This limitation is commonly referred to as a "CAP". The actual calculation of the CAP is somewhat complex and the actual CAP computations are prepared by the Division and distributed to each municipality. In addition to the CAP increase in expenditures, other increases allowable include increases funded by increased service fees, proceeds from the sale of municipal assets and increased expenditures mandated by State and federal laws. Appropriations for items excluded from the CAP computation, including debt service requirements, may be set at any necessary level and are not subject to the CAP. The CAP may be exceeded if approved by referendum of the voters of the municipality.

In summary, in determining the CAP for each budget year, the prior year's total general appropriations are reduced by certain statutory-type appropriations with the resulting balance multiplied by two and one-half percent (2½%) or the cost-of-living adjustment (the rate of annual percentage increase, rounded to the nearest half-percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, computed and published quarterly by the United States Department of Commerce) (the "Cost-of-Living Adjustment"), whichever is less, thereby producing the basic CAP, which then may be increased by certain known increases in revenues and State or federal expenditures mandated after July 18, 1976. A municipality may, by the adoption of an ordinance, elect to increase its final appropriations by a percentage up to, but not to exceed, three and one-half percent (3½%). A municipality may, by referendum, increase its final appropriations by a higher percentage rate.

Property Tax Levy Cap

Chapter 44 of the Pamphlet Laws of 2010 imposed restrictions upon the allowable annual increase in the tax levy. In general, municipalities have their tax levies limited to a two percent (2%) increase. The tax levy is subject to certain adjustments, including the sum of new ratables. In addition, the following exclusions are added to the calculation of the adjusted tax levy: increases in amounts required to be raised by taxation for capital expenditures, including debt service as defined by law; increases in pension contributions and accrued liability for pension contributions in excess of two percent (2%); increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of two percent (2%) of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The law also authorizes a municipality to submit public questions to the voters for approval (by affirmative vote of at least fifty percent (50%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

Miscellaneous Revenues

A provision in the Local Budget Law (N.J.S.A. §40A:4-26) provides that: "[n]o 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".

In addition, budget amendments must be approved by the Director, except federal and State categorical grants-in-aid contracts may be realized for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year. However, grant revenue is generally not realized 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 property taxes. N.J.S.A. §40A:4-29, which governs the anticipation of delinquent tax collections, provides that: "[t]he 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".

N.J.S.A. §40A:4-41 provides, with regard to current taxes, that: "[r]eceipts 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 the preceding fiscal year".

This provision and N.J.S.A. §40A:4-40 require that an additional amount, commonly known or referred to as 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:

> The levy required to balance the budget, divided by the prior year's percentage of current tax collection (or lesser percent) levied, will equal the total taxes to be levied for the current fiscal year.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey authorizes any municipality to sell its "total property tax levy" to the highest responsible bidder therefor in accordance with the procedures and limitations set forth therein.

Upon the filing of certified adopted budgets by (i) a local governmental unit, (ii) a local and/or a regional school district, (iii) the county in which the local governmental unit is situated and (iv) any special improvement districts within the local governmental unit, the current year's tax rate is struck by a county's board of taxation based upon the amount of taxes required in each taxing district to fund the respective budgets.

Emergency Appropriations/Deferral of Current Expenses

Emergency appropriations made under N.J.S.A. §40A:4-46, after the adoption of the budget and the determination of the tax rate, may be authorized by a local unit. However, with minor exceptions set forth below, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained.

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

Under the CAP Law, emergency appropriations aggregating less than three percent (3%) of the previous year's final current operating appropriations may be raised in the portion of the local unit's budget outside the CAP if approved by at least two-thirds (⅔) of the members of the governing body and the Director. Emergency appropriations that aggregate more than three percent (3%) of the previous year's final current operating appropriations must be raised within the CAP. Emergency appropriations for debt service, capital improvements, the local unit's share of federal or State grants and other statutorily permitted items are outside the CAP.

Budget Transfers

Budget transfers provide a local unit with a degree of flexibility and afford a control mechanism over expenditure needs. Transfers between major appropriation accounts are prohibited by N.J.S.A. §40A:4-58 until the last two (2) months of the fiscal year. Appropriation reserves may also be transferred during the first three (3) months of the year to the previous year's budget (N.J.S.A. §40A:4-59). Both types of transfers require a two-thirds (⅔) vote of the full membership of the governing body. However, no transfers may be made (a) to appropriations for contingent expenses, deferred charges or emergency appropriations or (b) from appropriations for contingent expenses, deferred charges, cash deficits of the preceding year, reserve for uncollected taxes, down payments, the capital improvement fund or interest and redemption charges. Although budget transfers among subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Municipal Public Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Capital Budget

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than the next ensuing six (6) years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next three (3) or six (6) years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or by the annual operating budget if the items were detailed.

Fiscal Year Adjustment Law

Chapter 75 of the Pamphlet Laws of 1991, signed into law on March 28, 1992, requires certain municipalities and permits all other municipalities to adopt the State fiscal year in place of the existing calendar fiscal year (N.J.S.A. §40A: 4-3.1). Municipalities that change fiscal years must adopt a six (6) month transition budget for January to June. Since expenditures would be expected to exceed revenues primarily because State aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the law authorizes the issuance of fiscal year adjustment bonds to fund the one time deficit for the six (6) month transition budget (N.J.S.A. §40A:2-51.2). The law provides that the deficit in the six (6) month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six (6) month transition budget. Notes issued in anticipation of fiscal year adjustment bonds, including renewals, can only be issued for up to one (1) year unless the Local Finance Board permits the municipality to renew them for a longer period of time. The Local Finance Board must confirm the actual deficit experienced by the municipality. The municipality then may issue fiscal year adjustment bonds to finance the deficit on a permanent basis. The purpose of the law is to assist municipalities that are heavily dependent on State aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year. While the law does not authorize counties to change their fiscal years, it does provide that counties with cash flow deficits may issue fiscal year adjustment bonds as well.

State Supervision

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law (as hereinafter defined) which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

Tax Assessment and Collection Procedure

A local governmental unit is the entity responsible for the levying and collection of taxes on all taxable property within its borders, including the tax levies for the county and the school district. The levying of taxes is for a fiscal year, which starts July 1 and ends June 30. The collection of taxes to support a local governmental unit's current budget requirement is based upon a calendar year, January 1 to December 31.

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated. The taxes for municipal, local and regional school districts and a county cover the current calendar year. Turnover of the tax moneys by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year with any balance transferred by June 30 (the end of the school district's fiscal year). A municipality remits one hundred percent (100%) of the county taxes, payable quarterly on the fifteenth days of February, May, August and November.

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the municipality's local school district and the county, the tax rate is struck by the County Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, the levying of taxes and the collection of taxes are set forth in N.J.S.A. §54:4-1 et seq. Special taxing districts are permitted for various special services rendered to the properties located within the special districts.

Tax bills are sent in June of the current fiscal year. Taxes are payable in four (4) quarterly installments on the first days of February, May, August and November. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter (¼) or one-half (½) of the full tax levied for municipal, county and school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first $1,500 of the delinquency and eighteen percent (18%) per annum on any amount in excess of $1,500. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of $10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency. These penalties and interest rates are the highest permitted under State statutes. Delinquent taxes open for one (1) year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

State statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. Prior to the first day of February in each year, a municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board on or before the first day of April of the current tax year for its review. The County Board has the authority after a hearing to increase, decrease 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 believes the petition was unsatisfactorily reviewed by the County Board, appeal of the decision may be made to the Tax Court of New Jersey for further hearing. Tax Court of New Jersey appeals tend to take several years to conclude by settlement or trial and any losses in tax collections from prior years, after an unsuccessful trial or by settlement, are charged directly to operations or with the permission of the Local Finance Board, may be refinanced, generally over a three (3) to five (5) year period.

The Local Fiscal Affairs Law

N.J.S.A. §40A:5-1 et seq. (the "Local Fiscal Affairs Law") regulates the nonbudgetary financial activities of local governments. 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 and all constituent boards, agencies and commissions.

An independent examination of the local unit's accounts must be performed annually by a State licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvements of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of its completion.

A local unit's funds are invested strictly in accordance with the provisions of the Local Fiscal Affairs Law, in particular N.J.S.A. §40A:5-12.1. A local unit is not authorized to invest funds in derivative products or reverse repurchase agreements.

Basis of Accounting

The accounting policies applicable to local governmental units have been prescribed by the Division. The following is a summary of the significant policies:

Basis of Accounting - A modified accrual basis of accounting is followed, with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from the State. Expenditures are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created on December 31 of each year and recorded as liabilities, except for amounts which may be cancelled 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 or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Fixed Assets - Property and equipment purchased through the Current Fund and the General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized.

A local unit finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund.

Expenditures are comprised of those made for general purposes, certain expenditures made from restricted federal, State and private grants, certain federal or State mandated expenditures, deferred charges, debt service and capital improvements. Budgeted expenditures for general purposes include payments made primarily in support of a local unit's various departments.

BONDHOLDERS' REMEDIES IN THE EVENT OF DEFAULT

Neither the Bonds nor the proceedings with respect thereto specifically provide any remedies to the bondholders if the Township defaults in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the bondholders upon the occurrence of such default. Upon any default in the payment of the principal of or interest on a Bond, a bondholder could, among other things, seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the Township to levy and collect a tax upon all taxable property within the Township, without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds as the same shall come due. The mandamus remedy, however, may be impractical and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies. See the caption "MUNICIPAL BANKRUPTCY" herein.

MUNICIPAL BANKRUPTCY

Any county, municipality, school district or other political subdivision of the State has the power to file a petition with any United States court or courts in bankruptcy under the federal bankruptcy act for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts, provided that the approval of the Municipal Finance Commission of New Jersey has been obtained. The powers of the Municipal Finance Commission of New Jersey have been vested in the Local Finance Board.

Bankruptcy proceedings by the Township could have adverse effects on the bondholders including (1) delay in the enforcement of their remedies, (2) subordination of their claims to those supplying goods and services to the Township after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (3) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The federal bankruptcy act contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors, such as the holders of general obligation indebtedness or the Bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the federal bankruptcy act cannot be predicted and may be significantly affected by judicial interpretation.

The above references to the federal bankruptcy act are not to be construed as an indication that the Township expects to resort to the provisions of the federal bankruptcy act or that, if it did, such action would be approved by the Municipal Finance Commission.

NO DEFAULT

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

ABSENCE OF MATERIAL LITIGATION

In the opinion of the Township Attorney, Kenneth G. Poller, Esquire, Ramsey, New Jersey (the "Township Attorney"), no litigation of any nature is now pending or, to his knowledge, threatened restraining or enjoining the issuance or delivery of the Bonds or the levy or collection of any taxes to pay the interest on or principal of the Bonds, or in any manner questioning the authority or proceedings for the issuance of the Bonds or for the levy or collection of said taxes, or relating to the Bonds or affecting the validity thereof or the levy or collection of said taxes, and neither the corporate existence or boundaries of the Township nor the title of any of the present officers thereof to their respective offices is being contested, and no authority or proceedings for the issuance of the Bonds has or have been repealed, revoked or rescinded. A signed statement to that effect will be supplied upon delivery of the Bonds. In the opinion of the Township Attorney, there is no litigation pending or, to his knowledge, threatened against the Township which if adversely decided would have a material adverse effect on the financial condition of the Township or which is not otherwise adequately covered by Township insurance.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Township, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Township in connection with the Bonds, and Bond Counsel has assumed compliance by the Township with certain provisions and procedures set forth in the Arbitrage and Use of Proceeds Certificate of the Township to be delivered in connection with the issuance of the Bonds.

In addition, in the opinion of Bond Counsel to the Township, under existing statutes, interest on the Bonds is not included in gross income under the New Jersey Gross Income Tax Act.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. By executing its Arbitrage and Use of Proceeds Certificate to be delivered concurrently with the delivery of the Bonds, the Township will certify that, to the extent it is empowered and allowed under applicable law, it will comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

SECONDARY MARKET DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (“Rule 15c2-12”), the Township has undertaken to provide, on or before the first day of the tenth calendar month following the close of each fiscal year while the Bonds are outstanding, commencing with the fiscal year ending December 31, 2019, for filing with the Municipal Securities Rulemaking Board (the “MSRB”), on an annual basis, financial and operating information of the type hereinafter described and included in this Official Statement, which is referred to herein as “Annual Information”, together with the annual financial statements of the Township prepared in accordance with the accounting practices prescribed by the Division, which is a basis of accounting principles generally accepted in the United States of America to meet the requirements of the State. In addition, the Township has undertaken, for the benefit of the holders of the Bonds, to provide to the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the specified event, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”).

The Annual Information with respect to the Township means annual information concerning the Township which consists of financial and operating data of the Township of the type included in this Official Statement relating to the following: (i) property tax levies and collections; (ii) assessed value of taxable property; (iii) property tax rates; and (iv) outstanding debt.

The Notices include notices of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls (other than mandatory sinking fund redemptions), if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township; (13) the consummation of a merger, consolidation or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation (as defined in Rule 15c2-12) of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar items of a financial obligation of the Township, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Township, any of which reflect financial difficulties.

The sole and exclusive remedy for breach or default under the undertaking to provide continuing disclosure described above is an action to compel specific performance of the undertaking of the Township, and no person, including any holder of the Bonds, may recover monetary damages thereunder under any circumstances. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the undertaking, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The undertaking, however, may be amended or modified without consent of the holders of the Bonds under certain circumstances set forth in the undertaking. Copies of the undertaking when executed by the Township upon the delivery of the Bonds will be on file at the office of the Township Clerk.

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: (i) audited financial information for the fiscal year ending December 31, 2015; and (ii) operating data for the fiscal year ending December 31, 2015. Additionally, the Township previously failed to file late filing notices in connection with its untimely filings of: (i) audited financial information; and (ii) operating data, all as described above. Such notices of late filings have since been filed with the MSRB's Electronic Municipal Market Access Dataport. The Township appointed Phoenix Advisors, LLC in July of 2019 to serve as continuing disclosure agent.

CREDIT RATING

S&P Global Ratings, acting through Standard & Poor's Ratings Services LLC (the "Rating Agency") has assigned a rating of "AA+" to the Bonds.

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

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by Roosevelt & Cross, Inc. and Associates, New York, New York at a price of $7,259,831.22. The underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside front cover page, and such public offering yields may be changed, from time to time, by the underwriter without prior notice.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as municipal advisor to the Township (the "Municipal Advisor") with respect to the issuance of the Bonds. 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 a financial advisory firm and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters relating to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Hawkins Delafield & Wood LLP, Newark, New Jersey, Bond Counsel to the Township, whose approving opinion will be delivered with the Bonds substantially in the form set forth in Appendix C hereto. Certain legal matters will be passed upon for the Township by the Township Attorney.

FINANCIAL STATEMENTS

The financial statements of the Township for the year ended December 31, 2018 are presented in Appendix B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by Louis C. Mai CPA & Associates, Pompton Plains, New Jersey, independent certified public accountants (the "Auditor"), as stated in their Independent Auditors' Report appearing in Appendix B hereto. See "APPENDIX B - Financial Statements of the Township".

PREPARATION OF OFFICIAL STATEMENT

Phoenix Advisors, LLC assisted in the preparation of this Official Statement with information obtained from the Township and other sources, including publicly available sources, considered reliable, but Phoenix Advisors, LLC does not make any warranty or other representation with respect to the accuracy and completeness of such information.

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

Hawkins Delafield & Wood LLP and the Township Attorney have not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, express no opinion with respect thereto.

The Chief Financial Officer of the Township will confirm to the Underwriter, by certificate signed by the Chief Financial Officer, that to the knowledge of the Chief Financial Officer the descriptions and statements relating to the Township herein, as of the date of this Official Statement and as of the date of delivery of the Bonds, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such descriptions and statements, in light of the circumstances under which they were made, not misleading.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Judy Curran, Chief Financial Officer, 350 Hudson Avenue, Washington, New Jersey 07676, (201) 666-8804.

MISCELLANEOUS

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

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

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

THE TOWNSHIP OF WASHINGTON,
IN THE COUNTY OF BERGEN, NEW JERSEY

By: /s/ Judy Curran
Judy Curran
Chief Financial Officer

APPENDIX A

GENERAL INFORMATION REGARDING THE TOWNSHIP

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INFORMATION REGARDING THE TOWNSHIP[1]

The following material presents certain economic and demographic information of the Township of Washington (the "Township"), in the County of Bergen (the "County"), State of New Jersey (the "State").

Size and Geographical Location

The Township is located in the north-central part of the County and is situated between the Village of Ridgewood and the Boroughs of Westwood, Hillsdale, Paramus, and Ho-Ho-Kus. The Township is approximately 16 miles from New York City. The terrain is high and well drained. The total area of the Township is approximately 3.25 square miles.

Characteristics of the Community

The Township is a predominantly residential suburban community with most residences being owner occupied, single-family house or townhouse-type dwellings. The scarcity of land combined with the favorable tax rate has resulted in high land values. There is no manufacturing or other industry in the Township, and very little undeveloped land. The Township has, however, a central business district and some professional and commercial offices.

Transportation

The Township is in close proximity to New Jersey Transit which offers direct rail service to Hoboken. From there, service is available to New York City via Port Authority Trans Hudson Railroad (PATH). There is express bus transportation to New York City and additional bus services to Paterson, Newark, and other nearby cities.

Government

The Township form of government is Mayor-Council under the Faulkner Act. The Mayor serves as Chief Executive and Administrative Officer of the Township and is elected every four (4) years. The Township Council is made up of five (5) council members who are elected at large for four-year overlapping terms. Council meetings are open to the public and are held in the Township's Council Chambers on the first and third Monday of each month.

Board of Health

The Township's Board of Health provides health care services for the Township and three (3) other municipalities through an inter-local Joint Health Services Contract.

Recreation

The Department of Recreation offers numerous recreational activities for its residents. The Township sponsors football, basketball, softball, cheerleading, summer recreation, wrestling, teen

[1] Source: The Township, unless otherwise indicated.

center, special need program and lacrosse. All programs are sponsored by the Township through budget appropriations.

Library

The Township, under the direction of a Library Board of Trustees, operates its own library, housed in a structure of its own. It continually increases its volumes for the needs of its residents. Through the Bergen County Cooperative Library System, the residents of the Township have access to the collections of other libraries within the County.

Municipal Facilities

The Department of Municipal Facilities maintains the Township streets and roads, parks, buildings and grounds. To make sure the above are maintained properly, the Township updates the equipment on a constant basis along with an active preventative maintenance program.

Sanitation

Garbage is collected by a private sanitation company on a weekly and semi-weekly basis. In 1992, the Township enacted a program whereby garbage collections are billed on per bag basis. Residents pay for their own collection directly to the private sanitation company.

The Township is fully sewered and a member of the Bergen County Utilities Authority. Recyclables are collected semi-monthly by a private recycling company. The cost of providing and maintaining the sewer and recycling services are included in the Township's municipal budget.

Protection

The Township is served by a police department consisting of police officers of various ranks, inclusive of the Chief of Police and detectives. The Township's volunteer fire company provides firefighting services to Township residents.

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State 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.

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

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which 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.

Employment and Unemployment Comparisons

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

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
Township				
2018	4,604	4,450	154	3.3%
2017	4,639	4,461	178	3.8%
2016	4,699	4,505	194	4.1%
2015	4,711	4,499	212	4.5%
2014	4,675	4,438	237	5.1%
County				
2018	472,001	455,773	16,228	3.4%
2017	475,448	456,948	18,500	3.9%
2016	478,787	458,743	20,044	4.2%
2015	479,276	456,727	22,549	4.7%
2014	477,459	451,477	25,982	5.4%
State				
2018	4,422,900	4,239,600	183,400	4.1%
2017	4,518,838	4,309,708	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 Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2017)

	Township	County	State
Median Household Income	$128,750	$91,572	$76,475
Median Family Income	139,577	112,099	94,337
Per Capita Income	51,898	46,601	39,069

Source: US Bureau of the Census, 2017 American Community Survey 5-Year Estimates

Population

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

	Township		County		State	
Year	Population	% Change	Population	% Change	Population	% Change
2017 Estimate	9,393	3.20%	948,406	4.78%	9,005,644	2.43%
2010	9,102	1.83	905,116	2.38	8,791,894	4.49
2000	8,938	-3.32	884,118	7.12	8,414,350	8.85
1990	9,245	-3.19	825,380	-2.37	7,730,188	4.96
1980	9,550	-9.71	845,385	-5.77	7,365,001	2.75

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

Largest Taxpayers

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

Taxpayers	2018 Assessed Valuation	% of Total Assessed Valuation
Washington Town Center, LLC	$10,139,200	0.62%
Washington Town Center, LLC	5,988,300	0.37%
Binghamton/Washington Tennis Club	5,798,500	0.36%
TJ Realty, LLC	5,465,000	0.34%
Ormon, LLC	3,539,000	0.22%
Washington Town Center, LLC	2,638,800	0.16%
Washington Town Center, LLC	2,617,700	0.16%
Grover City, LLC	2,049,700	0.13%
Individual Taxpayer # 1	1,974,400	0.12%
Individual Taxpayer #2	1,388,300	0.09%
Total	$41,598,900	2.56%

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

Comparison of Tax Levies and Collections

Year	Tax Levy	Current Year Collection	Current Year % of Collection
2018	$38,462,667	$38,136,664	99.15%
2017	37,757,415	37,408,483	99.08%
2016	37,408,731	36,982,461	98.86%
2015	36,776,001	36,391,753	98.96%
2014	35,888,975	35,450,691	98.78%

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

Year	Amount of Tax Title Liens	Amount of Delinquent Tax	Total Delinquent	% of Tax Levy
2018	$15,084	$243,469	$258,553	0.67%
2017	11,877	305,812	317,689	0.84%
2016	6,286	384,475	390,761	1.04%
2015	2,472	322,878	325,350	0.88%
2014	1,062	382,918	383,980	1.07%

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

Year	Amount
2018	$70,950
2017	70,950
2016	70,950
2015	70,950
2014	70,950

Source: Annual Audit Reports of the Township

Tax Rates per $100 of Net Valuations Taxable and Allocations

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

Year	Municipal	Regional School	County	Total
2019	$0.602	$1.556	$0.271	$2.429
2018	0.551	1.503	0.271	2.325
2017	0.551	1.502	0.272	2.325
2016	0.540	1.470	0.260	2.270
2015	0.555	1.426	0.251	2.232

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

Valuation of Property

Year	Aggregate Assessed Valuation of Real Property	Aggregate True Value of Real Property	Ratio of Assessed to True Value	Assessed Value of Personal Property	Equalized Valuation
2019	$1,623,957,700	$1,802,544,824	90.09%	$719,264	$1,803,264,088
2018	1,623,237,700	1,800,596,450	90.15	740,345	1,801,336,795
2017	1,619,467,400	1,793,231,536	90.31	973,490	1,794,205,026
2016	1,616,679,400	1,741,548,422	92.83	972,363	1,742,520,785
2015	1,617,638,100	1,740,893,349	92.92	1,030,412	1,741,923,761

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

Classification of Ratables

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

Year	Vacant Land	Residential	Farm	Commercial	Industrial	Apartments	Total
2019	$7,236,400	$1,569,503,300	$2,000	$47,216,000	$0	$0	$1,623,957,700
2018	9,235,900	1,564,636,800	0	49,365,000	0	0	1,623,237,700
2017	9,429,400	1,560,673,000	0	49,365,000	0	0	1,619,467,400
2016	8,167,400	1,559,767,100	0	48,744,900	0	0	1,616,679,400
2015	8,224,800	1,560,619,000	0	48,794,300	0	0	1,617,638,100

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

Financial Operations

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

Summary of Current Fund Budget

Anticipated Revenues	**2015**	**2016**	**2017**	**2018**	**2019**
Fund Balance	$1,325,000	$1,110,000	$1,200,000	$2,150,000	$1,500,000
Miscellaneous Revenues	1,738,733	1,782,057	1,686,944	1,777,958	1,909,658
Receipts from Delinquent Taxes	350,000	323,000	350,000	307,523	248,909
Amount to be Raised by Taxes for Support of Municipal Budget	9,555,799	9,344,477	8,930,999	8,958,398	9,786,732
Total Revenue:	$12,969,532	$12,559,534	$12,167,943	$13,193,879	$13,445,299
Appropriations					
General Appropriations	$9,338,476	$8,956,338	$8,559,860	$8,947,676	$9,619,848
Operations	1,619,533	1,567,091	1,607,611	1,649,017	1,653,476
Deferred Charges and Statutory Expenditures	56,000	96,356	62,041	177,937	3,775
Capital Improvement Fund	155,000	55,450	5,000	560,000	560,000
Municipal Debt Service	937,794	1,021,570	1,053,447	1,084,249	893,200
Reserve for Uncollected Taxes	862,729	862,729	879,984	775,000	715,000
Total Appropriations:	$12,969,532	$12,559,534	$12,167,943	$13,193,879	$13,445,299

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

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

Fund Balance - Current Fund

Year	**Balance 12/31**	**Utilized in Budget of Succeeding Year**
2018	$4,118,257	$1,500,000
2017	5,259,265	1,909,658
2016	4,918,143	1,200,000
2015	1,772,523	1,110,000
2014	2,712,049	1,325,000

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2018

General Purpose Debt	
Serial Bonds	$440,000
Bond Anticipation Notes	6,000,000
Bonds and Notes Authorized but Not Issued	2,826,042
Other Bonds, Notes and Loans	0
Total:	$9,266,042
Regional School District Debt	
Serial Bonds	$8,777,527
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	278
Total:	$8,777,805
Self-Liquidating Debt	
Serial Bonds	$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	0
Total:	$0
TOTAL GROSS DEBT	**$18,043,847**
Less: Statutory Deductions	
General Purpose Debt	$15,212
Regional School District Debt	8,777,805
Self-Liquidating Debt	0
Total:	$8,793,017
TOTAL NET DEBT	**$9,250,830**

Source: Annual Debt Statement of the Township

Overlapping Debt (as of December 31, 2018)[2]

Name of Related Entity	Related Entity Debt Outstanding	Township Percentage	Township Share
Regional School District	$18,791,000	46.71%	$8,777,805
County	885,978,291	1.01%	8,920,706
Net Indirect Debt			$17,698,512
Net Direct Debt			9,250,830
Total Net Direct and Indirect Debt			**$26,949,342**

Debt Limit

Average Equalized Valuation Basis (2016, 2017, 2018)	$1,778,458,803
Permitted Debt Limitation (3 1/2%)	62,246,058
Less: Net Debt	9,250,830
Remaining Borrowing Power	$52,995,228
Percentage of Net Debt to Average Equalized Valuation	0.520%
Gross Debt Per Capita based on 2010 population of 9,102	$1,982
Net Debt Per Capita based on 2010 population of 9,102	$1,016

Source: Annual Debt Statement of the Township

Litigation

The status of pending litigation is included in the Notes to Financial Statements of the Township's annual audit report.

[2] Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

APPENDIX B

FINANCIAL STATEMENTS OF THE TOWNSHIP

TOWNSHIP OF WASHINGTON

Financial Statements
with Additional Financial Information

December 31, 2018

(With Independent Auditor's Report Thereon)

TOWNSHIP OF WASHINGTON

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LOUIS C. MAI CPA & ASSOCIATES
P.O. Box 624
Pompton Plains, N.J. 07444
Phone: 973-492-2524
Fax: 973-492-9515

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying regulatory basis balance sheets of the various funds and account groups of the Township of Washington, Bergen County, New Jersey as of December 31, 2018 and 2017, and the related regulatory basis statements of operations and changes in fund balances for the year then ended and the related and the related regulatory basis statements of revenues and statements of expenditures of the Current Fund for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey - regulatory basis. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles

As described in note 1 of the financial statements, these financial statements were prepared in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey- regulatory basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of the State of New Jersey.

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

Adverse Opinion on 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 Township of Washington, New Jersey, as of December 31, 2018 and the changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Washington, New Jersey, as of December 31, 2018 and 2017 and the related statement of operations and changes in fund balances for the year then ended and the related statement of revenues and statements of expenditures of the Current Fund for the year ended December 31, 2018 on the regulatory basis of accounting described in note 1.

Other Matters

Additional Financial Information

Our audit was conducted for the purpose of forming opinions on the regulatory financial statements that collectively comprise the Township's basic financial statements. The additional financial information included in the accompanying table of contents, is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the basic financial statements. Such information and schedules is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional financial information included in the accompanying table of contents is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Township of Washington's basic financial statements. The information included in the Supplementary Data and the General Comments and Recommendations as listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements. Accordingly, we do not express an opinion or provide any assurance on it. In addition, the DLGS requires that the Length of Service Award program (LOSAP) be included as unaudited in the regulatory basis financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2019 on our consideration of the Township'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 solely 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 Township of Washington's internal control over financial reporting and compliance.

Louis C. Mai CPA & Associates
Louis C. Mai

Louis C. Mai, Registered Municipal Accountant
No. CR00217

June 17, 2019

LOUIS C. MAI CPA & ASSOCIATES
P.O. Box 624 Phone: 973-492-2524
Pompton Plains, N.J. 07444 Fax: 973-492-9515

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

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

We have audited , in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying regulatory basis balance sheets of the various funds and account groups as of December 31, 2018 and 2017 of the Township of Washington, Bergen County, New Jersey, and the related regulatory basis statements of operations and changes in fund balances for the years then ended and the related and the related regulatory basis statements of revenues and statements of expenditures of the Current Fund for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 17, 2019, which report expressed an adverse opinion in accordance with accounting principles generally accepted in the United States of America and an unmodified opinion on the regulatory basis of accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Louis C. Mai CPA & Associates
Louis C Mai

Louis C. Mai, Registered Municipal Accountant
No. CR00217

June 17, 2019

FINANCIAL STATEMENTS

Exhibit A

TOWNSHIP OF WASHINGTON

Balance Sheet
Regulatory Basis

Current Fund

December 31, 2018 and 2017

Assets	**Ref.**		**2018**	**2017**
Cash - checking	A-4	$	7,509,623	11,040,298
Cash - Tax Collector	A-5		54,476	30
Cash - change fund	A-6		325	325
Grants receivable	A-12		209,125	82,262
Due from State of New Jersey - Senior Citizens' and Veterans' deductions	A-7		8,860	8,360
			7,782,409	11,131,275
Receivables and other assets with full reserves:				
Delinquent property taxes receivable	A-8		243,469	305,812
Tax title liens	A-9		15,084	11,877
Foreclosed property	A-10		70,950	70,950
Revenue accounts receivable	A-11		69,774	—
Prepaid Regional School Taxes	A-14		242,297	—
Due from:				
Other Trust Funds	A-13		54,775	54,775
General Capital Fund	A-13		—	7,971
Animal Control Fund	A-13		23,660	15,151
			720,009	466,536
Deferred charges:				
Overexpenditure of appropriation	A-24		11,590	29,612
Overexpenditure of appropriation reserve	A-24		413	—
Special emergency authorizations (40A-4:53)	A-24		—	56,000
			12,003	85,612
		$	8,514,421	11,683,423

Exhibit A

TOWNSHIP OF WASHINGTON

Balance Sheet
Regulatory Basis

Current Fund

December 31, 2018 and 2017

Liabilities, Reserves and Fund Balance	Ref.		2018	2017
Regular Fund:				
Liabilities:				
Appropriation reserves	A-3,A-15	$	1,219,500	718,702
Encumbrances payable	A-16		352,830	328,935
Tax overpayments	A-17		13,900	35,197
Prepaid taxes	A-18		241,200	2,926,441
Accounts paable	A-19		7,892	73,107
Due to:				
County for added taxes	A-20		10,105	9,574
General Capital Fund	A-13		132,366	—
Length of Service Award Program Fund	A-25		9,200	9,200
Appropriated Grant Reserves	A-21		97,242	273,843
Unappropriated Grant Reserves	A-22		48,410	44,662
Various reserves	A-23		1,543,510	1,534,796
			3,676,155	5,954,457
Reserve for receivables and other assets			720,009	466,536
Fund balance	A-1		4,118,257	5,262,430
			8,514,421	11,683,423

See accompanying notes to financial statements.

TOWNSHIP OF WASHINGTON

Statement of Operations and Changes in Fund Balance
Regulatory Basis

Current Fund

Years ended December 31, 2018 and 2017

		2018	2017
Revenue and other income realized:			
Fund balance utilized	$	2,150,000	1,200,000
Miscellaneous revenue anticipated		2,086,331	1,950,856
Receipts from delinquent taxes		306,540	379,027
Receipts from current taxes		38,136,664	37,058,483
Non-budget revenues		105,166	81,941
Other credits to income:			
Budget appropriations canceled			—
Unexpended balance of appropriation reserves		444,428	1,156,917
Interfunds returned		7,971	—
Grant reserves cancelled		53,917	—
Total income		43,291,017	41,827,224
Expenditures:			
Budget and emergency appropriations:			
Appropriations within "CAPS":			
Operations:			
Salaries and wages		4,688,058	4,588,130
Other expenses		3,268,245	3,087,844
Deferred charges and statutory expenditures		1,002,964	883,886
Appropriations excluded from "CAPS":			
Operations:			
Other expenses		1,649,016	1,607,611
Capital improvements		738,112	193,871
Municipal debt service		1,084,196	1,053,447
Deferred charges		177,937	62,041
County taxes		4,226,281	4,216,654
County open space tax		179,928	174,667
Amount due County for added and omitted taxes		10,105	9,574
Regional school taxes		25,007,177	24,346,646
Prepaid Regional school taxes		242,297	—
Interfunds advanced		—	54,777
Prior year senior citizens deductions cancelled		3,500	1,943
Prior year tax overpayments		9,022	—
Refund of prior year revenue		10,355	1,846
Total expenditures		42,297,193	40,282,937
Excess in revenue		993,824	1,544,287
Adjustments to income before surplus:			
Expenditures included above which are by statute deferred charges to budget of succeeding year - emergency appropriations		12,003	—
Statutory excess to fund balance		1,005,827	1,544,287
Fund balance, January 1		5,262,430	4,918,143
		6,268,257	6,462,430
Decreased by utilized as anticipated revenue		2,150,000	1,200,000
Fund balance, December 31	$	4,118,257	5,262,430

See accompanying notes to financial statements.

TOWNSHIP OF WASHINGTON

Statement of Revenues
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Budget	Realized	Excess (deficit)
Fund balance anticipated	$ 2,150,000	2,150,000	—
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	15,000	15,126	126
Other	2,500	3,838	1,338
Fees and permits			
Construction code official	130,000	151,149	21,149
Other	190,000	204,028	14,028
Fines and costs - municipal court	75,000	61,037	(13,963)
Interest and costs on taxes	75,000	72,517	(2,483)
Interest on investments and deposits	57,000	85,363	28,363
Cable television franchise fee	155,466	85,692	(69,774)
Sewer charges	9,440	34,739	25,299
Energy Receipts Tax (P.L. 1999, Ch 162 & 167)	713,525	713,525	—
State and Federal programs offset with appropriations			
Municipal Alliance on Alcoholism and Drug Abuse	9,876	9,876	—
Recycling tonnage grant	20,585	20,585	—
NJ DOT Mountain Avenue	178,112	178,112	—
Clean Communities Program	18,667	18,667	—
Uniform Fire Safety Act	12,000	17,495	5,495
Sale of recyclables	30,000	13,536	(16,464)
Cell tower	86,212	93,626	7,414
Police outside billings - Other Trust Fund	10,000	139,733	129,733
General Capital Surplus	121,937	121,937	—
Other Trust Fund - Town Day proceeds	45,000	45,000	—
Bergen County Municipal JIF Safety Award	750	750	—
	1,956,070	2,086,331	130,261
			(Continued)
Receipts from delinquent taxes	$ 307,523	306,540	(983)
Amount to be raised by taxes for support of municipal budget:			
Local Tax for Municipal Purposes including Reserve for Uncollected taxes	8,360,330	8,890,105	529,775
Minimum Library Tax	598,068	598,068	—
Total Amount to be Raised	8,958,398	9,488,173	529,775
Budget totals	$ 13,371,991	14,031,044	659,053
Non-budget revenues		105,166	
		$ 14,136,210	

Exhibit A-2

TOWNSHIP OF WASHINGTON

Statement of Revenues
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Budget		Realized	Excess (deficit)
Allocation of current tax collections:				
Revenue from collections		$	38,136,664	
Allocated to:				
School, County and Open Space taxes			29,423,491	
Balance for support of municipal budget			8,713,173	
Add appropriation reserve for uncollected taxes			775,000	
Amount for support of municipal budget		$	9,488,173	
Receipts from delinquent taxes:				
Delinquent tax collections		$	306,540	
		$	306,540	
Miscellaneous revenue not anticipated:				
Tree removal application fees		$	4,650	
FEMA reimbursements			16,610	
County snow plowing reimbursement			10,215	
Rental of Township property			12,900	
Property maintenace fees			3,446	
Miscellaneous			17,905	
Sale of assets			1,947	
Towing fees			3,948	
Insurance dividends			16,219	
Senior Citizen - administrative fees			1,830	
County reimbursement Open Space			13,629	
State imspection DMV Fees			1,867	
		$	105,166	

See accompanying notes to financial statements.

Exhibit A-3

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2018

		Appropriations			Expended			
		Budget	Transfers	Budget after modification	Paid or charged	Reserved	Canceled	Overexpended
General appropriations:								
Operations within "CAPS":								
Generl Government								
General Administration								
Salaries and wages	$	177,233	—	177,233	168,715	8,518	—	—
Other expenses		29,451	—	29,451	27,017	2,434	—	—
Maintenance and support of office equipment								
Maintenance and support - equipment		22,500	—	22,500	23,076	—	—	576
Mayor & Council								
Salaries and wages - Mayor		10,085	—	10,085	10,085	—	—	—
Other expenses - Mayor		3,200	—	3,200	2,269	931	—	—
Salaries and wages - Council		28,289	—	28,289	27,052	1,237	—	—
Other expenses - Council		15,700	—	15,700	12,860	2,840	—	—
Municipal Clerk								
Salaries and wages		100,230	—	100,230	102,372	—	—	2,142
Other expenses		17,145	—	17,145	16,170	975	—	—
Elections								
Salaries and wages		950	—	950	950	—	—	—
Other expenses		8,750	2,000	10,750	8,750	2,000	—	—
Financial Administration								
Salaries and wages		121,113	—	121,113	77,292	43,821	—	—
Other expenses								
Financial Services - Fees		17,000	—	17,000	10,430	6,570	—	—
Miscellaneous other		18,239	—	18,239	11,432	6,807	—	—
Audit Services								
Other expenses		34,000	—	34,000	34,000	—	—	—
Revenue Administration								
Salaries and wages		10,000	—	10,000	7,734	2,266	—	—
Other expenses		10,968	—	10,968	7,156	3,812	—	—
Tax Assessment Administration								
Salaries and wages		25,571	—	25,571	25,557	14	—	—
Other expenses		4,225	—	4,225	3,635	590	—	—

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Appropriations			Expended			
	Budget	**Transfers**	**Budget after modification**	**Paid or charged**	**Reserved**	**Canceled**	**Overexpended**
Legal Services							
Salaries and wages	$ 73,104	—	73,104	79,649	—	—	6,545
Other expenses							
Administration	—	—	—	—	—	—	—
Council	62,000	(2,000)	60,000	28,713	31,287	—	—
Tax appeals	12,500	—	12,500	—	12,500	—	—
Engineering Services							
Salaries and wages	1,250	—	1,250	1,250	—	—	—
Other expenses	58,000	—	58,000	47,636	10,364	—	—
Department of Public Affairs							
Salaries and wages	1,250	—	1,250	1,250	—	—	—
Other expenses	41,600	—	41,600	30,581	11,019	—	—
Cable Television Expense	7,000	—	7,000	6,813	187	—	—
Land Use Administration							
Planning Board							
Salaries and wages	10,710	—	10,710	8,329	2,381	—	—
Other exoense	18,525	—	18,525	14,457	4,068	—	—
Zoning Board of Adjustment							
Salaries and wages	25,739	—	25,739	25,697	42	—	—
Other expenses	4,450	—	4,450	3,974	476	—	—
Public Safety Functions							
Police Department							
Salaries and wages	3,038,307	—	3,038,307	2,931,728	106,579	—	—
Other expenses	67,500	—	67,500	55,642	11,858	—	—
Acquisition/Leasing of Police Vehicles	96,656	—	96,656	96,456	200	—	—
Community policing	2,500	—	2,500	2,499	1	—	—
Telephoe support system	5,986	—	5,986	6,011	—	—	25
Maintenance of desk record system	14,000	—	14,000	9,500	4,500	—	—
Police range rental	10,000	—	10,000	7,200	2,800	—	—
Computer software leasing	14,000	—	14,000	11,250	2,750	—	—
Police car cameras	4,000	—	4,000	3,184	816	—	—
Reverse 911 system	3,000	—	3,000	2,995	5	—	—
Police Dispatchers							
Salaries and wages	155,000	—	155,000	131,661	23,339	—	—

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Appropriations			Expended			
	Budget	**Transfers**	**Budget after modification**	**Paid or charged**	**Reserved**	**Canceled**	**Overexpended**
Office of Emergency Management							
Salaries and wages	$ 1,800	—	1,800	1,800	—	—	—
Other expenses	2,500	—	2,500	222	2,278	—	—
Aid to Volunteer Ambulance Company	45,090	—	45,090	45,090	—	—	—
Fire Department							
Salaries and wages	1,250	—	1,250	1,250	—	—	—
Other expenses	44,150	—	44,150	30,154	13,996	—	—
Clothing allowance	45,000	—	45,000	37,025	7,975	—	—
Physicals	1,500	—	1,500	753	747	—	—
Maintenance program	35,500	—	35,500	9,956	25,544	—	—
Equipment compliance	8,000	—	8,000	1,450	6,550	—	—
Uniform Fire Safety Code							
Other expenses	9,500	—	9,500	1,356	8,144	—	—
Fire Hydrant Service	150,592	1	150,593	144,497	6,096	—	—
Municipal Prosecutor							
Salaries and wages	7,825	—	7,825	7,025	800	—	—
Public Works Functions							
Department of Municipal Facilities							
Salaries and wages	624,257	—	624,257	582,161	42,096	—	—
Other expenses	92,700	—	92,700	89,551	3,149	—	—
Other Public Works Functions							
Street Sweeping	18,000	—	18,000	13,500	4,500	—	—
Recycling							
Salaries and wages	1,000	—	1,000	1,000	—	—	—
Other expenses	326,703	—	326,703	86,719	239,984	—	—
Buildings and Grounds							
Building Maintenance	37,000	—	37,000	36,866	134	—	—
Vehicle Maintenance							
Other expenses	152,500	—	152,500	82,297	70,203	—	—
Community Services Act	29,000	—	29,000	25,372	3,628	—	—
Health and Human Services							
Public Health Services							
Salaries and wages - Board of Health	5,383	—	5,383	4,951	432	—	—
Other expensees - Board of Health	37,911	—	37,911	37,360	551	—	—
Animal Control Serives							
Other expenses	13,000	—	13,000	13,000	—	—	—

Exhibit A-3

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Appropriations			Expended			
	Budget	**Transfers**	**Budget after modification**	**Paid or charged**	**Reserved**	**Canceled**	**Overexpended**
Recreation Services and Programs							
Salaries and wages	$ 75,303	—	75,303	68,164	7,139	—	—
Other expenses	140,595	—	140,595	106,224	34,371	—	—
Golden Seniors' Committee	22,000	—	22,000	20,653	1,347	—	—
Senior Activities	3,380	—	3,380	2,365	1,015	—	—
Maintenance of Parks							
Other expenses	42,100	—	42,100	41,430	670	—	—
Rehabilitation of Memorial Field	39,999	—	39,999	7,236	32,763	—	—
Other Common Operation Functions							
Celebration of Public Events	45,000	—	45,000	41,163	3,837	—	
Municipal Court							
Salaries and wages	52,312	—	52,312	46,980	5,332	—	—
Other expenses	6,750	—	6,750	3,976	2,774	—	—
Public Defender							
Other expenses	2,400	—	2,400	600	1,800	—	—
Insurance							
Liability Insurance (BJIF)	157,676	—	157,676	157,676	—	—	—
Workers Compensation Insurance (BJIF)	187,487	—	187,487	187,487	—	—	—
Employee Group Insurance	655,000	—	655,000	610,310	44,690	—	—
Unemployment	—	—	—	—	—	—	—
Code Enforcement and Administration							
Construction Officials							
Salaries and wages	131,410	—	131,410	113,799	17,611	—	—
Other expenses	4,676	—	4,676	4,622	54	—	—
Utility Expenses & Bulk Purchases							
Electricity	57,000	—	57,000	48,986	8,014	—	—
Street Lighting	60,000	—	60,000	45,806	14,194	—	—
Telephone	41,634	—	41,634	33,004	8,630	—	—
Water	11,000	—	11,000	8,858	2,142	—	—
Natural Gas	15,500	—	15,500	11,032	4,468	—	—
Gasoline	55,500	—	55,500	56,905	—	—	1,405
Landfill/Solid Waste Disposal							
Sanitary Landfill & Dump Fees	67,000	—	67,000	60,231	6,769	—	—
Total operations within "CAPS"	7,945,609	1	7,945,610	7,013,889	942,414	—	10,693
Contingent	—	—	—	—	—	—	—
Total operations including contingent-within "CAPS"	7,945,609	1	7,945,610	7,013,889	942,414	—	10,693

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Appropriations			Expended			
	Budget	**Transfers**	**Budget after modification**	**Paid or charged**	**Reserved**	**Canceled**	**Overexpended**
Detail:							
Salaries and wages	$ 4,679,371	—	4,679,371	4,426,451	261,607	—	8,687
Other expenses (including contingent)	3,266,238	1	3,266,239	2,587,438	680,807	—	2,006
	7,945,609	1	7,945,610	7,013,889	942,414	—	10,693
Deferred charges and statutory expenditures - municipal within "CAPS":							
Deferred Charges:							
Overexpenditure of Appropriations	29,612	—	29,612	29,612	—	—	—
Statutory Charges							
DCRP Pension	10,500	—	10,500	7,454	3,046	—	—
Social Security System (OASI)	160,000	—	160,000	160,897	—	—	897
Public Employees Retirement System	129,584	—	129,584	129,584	—	—	—
Police & Firemen's Retirement System	672,371	—	672,371	672,371	—	—	—
Total deferred charges and statutory expenditures - municipal within "CAPS"	1,002,067	—	1,002,067	999,918	3,046	—	897
Total general appropriations for municipal purposes within "CAPS"	8,947,676	1	8,947,677	8,013,807	945,460	—	11,590
Operations excluded from "CAPS" - mandated expenditures per N.J.S.A. 40A:4-45.3g:							
Maintenance - Free Public Library (Chapter 82, PL 1985):							
Other expenses	598,068	—	598,068	597,371	697	—	—
Length of Service Award Program (L.O.S.A.P.)	95,000	—	95,000	90,000	5,000	—	—
Bergen County Utilities Authority - Contractual							
Operating	600,480	—	600,480	600,480	—	—	—
Debt Service	223,872	—	223,872	223,872	—	—	—
Other Municipalities - Contractual	80,000	—	80,000	37,442	42,558	—	—
Public and private programs offset by revenues:							
Recycling Tonnage Grant	20,585	(1)	20,584	—	20,584	—	—
Clean Communities program	18,667	—	18,667	187	18,480	—	—
Municipal Alliance Grant							
State Share	9,876	—	9,876	1,736	8,140	—	—
Local Match	2,469	—	2,469	2,000	469	—	—
Total operations-excluded from "CAPS"	$ 1,649,017	(1)	1,649,016	1,553,088	95,928	—	—

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Appropriations			Expended			
	Budget	**Transfers**	**Budget after modification**	**Paid or charged**	**Reserved**	**Canceled**	**Overexpended**
Detail:							
Other expenses	1,649,017	(1)	1,649,016	1,553,088	95,928	—	—
	1,649,017	(1)	1,649,016	1,553,088	95,928	—	—
Capital improvements excluded from "CAPS":							
Capital Improvement Fund	550,000	—	550,000	550,000	—	—	—
NJ DOT - Mountain Avenue	178,112	—	178,112	—	178,112		—
Reserve for Ambulance	10,000	—	10,000	10,000	—	—	—
Total capital improvements excluded from "CAPS"	738,112	—	738,112	560,000	178,112	—	—
Municipal debt service excluded from "CAPS":							
Payment of bond principal	807,000	—	807,000	807,000	—	—	—
Payment of bond anticipation notes	140,337	—	140,337	140,337	—	—	—
Interest on bonds	41,500	—	41,500	41,447	—	53	—
Interest on notes	95,412	—	95,412	95,412	—	—	—
Total municipal debt service excluded from "CAPS"	1,084,249	—	1,084,249	1,084,196	—	53	—
Deferred charges - municipal - excluded from "CAPS":							
Emergency Authorization			—				
Special Emergency Authorizations - 3 Years	56,000	—	56,000	56,000	—	—	—
Deferred charges to future taxation - unfunded							
Ordinance 06-09	110,856	—	110,856	110,856	—	—	—
Ordinance 13-11	11,081	—	11,081	11,081	—		—
Total deferred charges - municipal - excluded from "CAPS"	177,937	—	177,937	177,937	—	—	—
Total general appropriations excluded from "CAPS"	3,649,315	(1)	3,649,314	3,375,221	274,040	53	—
Subtotal general appropriations	12,596,991	—	12,596,991	11,389,028	1,219,500	53	11,590
Reserve for uncollected taxes	775,000	—	775,000	775,000	—	—	—
Total general appropriations	$ 13,371,991	—	13,371,991	12,164,028	1,219,500	53	11,590

Original budget	$	13,193,879
Added by NJSA 40A:4-87 (CH 159)		178,112
	$	13,371,991

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Appropriations			Expended			
	Budget	Transfers	Budget after modification	Paid or charged	Reserved	Canceled	Overexpended
Analysis of paid or charged							
Cash disbursed				$ 10,822,403			
Encumbrances payable				340,676			
Deferred Charges				85,612			
Due to General Capital				140,337			
Reserve for uncollected taxes				775,000			
				$ 12,164,028			

See accompanying notes to financial statements.

Exhibit B

TOWNSHIP OF WASHINGTON

Balance Sheet
Regulatory Basis

Trust Funds

December 31, 2018 and 2017

Assets	**Ref.**	**2018**	**2017**
Animal Control Fund			
Cash	B-1	$ 37,099	28,471
Cash - change fund		25	25
		37,124	28,496
Other Trust Funds:			
Cash	B-1	2,175,562	2,584,168
Payroll deductions payable (deficit)	B-9	—	1,406
		2,175,562	2,585,574
Unemployment Compensation Fund - cash	B-1	219,443	221,009
Length of Service Award Program Fund (**UNAUDITED)**			
Investments		2,029,289	2,121,948
Due from Current Fund		9,200	9,200
		2,038,489	2,131,148
		$ 4,470,618	4,966,227

Liabilities and Reserves	**Ref.**	**2018**	**2017**
Animal Control Fund			
Due to Current Fund	B-7	$ 23,660	15,151
Due to State of New Jersey	B-3	12	—
Reserve for Animal Control Fund expenditures	B-2	13,452	13,345
		37,124	28,496
Other Trust Funds:			
Reserve for:			
Escrow and performance deposits	B-4	1,002,341	932,837
Insurance settlements	B-5	26,319	276,864
Mt Laurel senior housing	B-8	17,842	17,259
Payroll deductions payable (deficit)	B-9	5	—
Police private detail billings	B-10	17,645	951
Due to Current Fund	B-7	54,775	54,775
Various reserves	B-11	1,056,635	1,302,888
		2,175,562	2,585,574
Unemployment Compensation Fund -			
Reserve for Unemployment Insurance Claims	B-12	219,443	221,009
		219,443	221,009
Length of Service Award Program Fund (**UNAUDITED)**			
Reserve for Investments in Length of Service Award Program		2,038,489	2,131,148
		$ 4,470,618	4,966,227

See accompanying notes to financial statements.

Exhibit C

TOWNSHIP OF WASHINGTON

Balance Sheet
Regulatory Basis

General Capital Fund

December 31, 2018 and 2017

	Ref.		2018	2017
Assets				
Cash	C-2,C-3	$	2,820,825	1,699,933
Grants receivable	C-14		255,000	266,081
Due from Current Fund	C-4		132,366	—
Deferred charges to future taxation funded	C-5		440,000	1,247,000
Deferred charges to future taxation unfunded	C-6		8,826,042	7,840,234
		$	12,474,233	11,053,248
Liabilities, Reserves and Fund Balance				
Contracts payable	C-9	$	252,542	462,373
Bond anticipation notes	C-11		6,000,000	4,770,579
Improvement authorizations:				
Funded	C-8		1,027,386	529,959
Unfunded	C-8		4,501,337	3,758,101
Due to Current Fund	C-4		—	7,971
Reserve for payment of debt	C-10		4,131	4,131
Reserve for preliminary costs	C-15		5,000	5,000
Reserve for ambulance	C-16		10,000	50,000
General serial bonds payable	C-12		440,000	1,247,000
Capital Improvement Fund	C-7		101,564	14,564
Fund balance	C-1		132,273	203,570
		$	12,474,233	11,053,248

There were bonds and notes authorized but not issued at December 31, 2018 and 2017 of $2,826,042 and $3,112,908 respectively (Exhibit C-13).

See accompanying notes to financial statements.

Exhibit C-1

TOWNSHIP OF WASHINGTON

Statement of Fund Balance
Regulatory Basis

General Capital Fund

Years ended December 31, 2018 and 2017

		2018	2017
Balance, Beginning of year	$	203,570	287,928
Increased by:			
Cancellation of funded improvement authorization		—	163,940
Premium on sale of notes		50,640	38,834
		50,640	202,774
		254,210	490,702
Decreased by:			
Appropriated to fund improvement authorizations		—	287,132
Anticipated revenue Current Fund		121,937	—
		121,937	287,132
Balance, End of year	$	132,273	203,570

See accompanying notes to financial statements.

Exhibit F

TOWNSHIP OF WASHINGTON

Statement of General Fixed Assets
Regulatory Basis

General Fixed Asset Account Group

December 31, 2018 and 2017

		2018	**2017**
Land	$	11,383,900	11,383,900
Buildings		2,637,529	2,637,529
General equipment and machinery		5,494,571	5,494,571
Total fixed assets	$	19,516,000	19,516,000

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

The accounting policies of the Township of Washington, State of New Jersey (the Township) conform to the accounting principles applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The following is a summary of the significant policies.

Reporting Entity

The financial statements of the Township include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township do not include the operations of the Board of Education, Volunteer Fire Department, Ambulance and Rescue Services or Free Public Library.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Township, the accounts of the Township are maintained in accordance with the principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. The operation of each fund is accounted for with a separate set of self balancing accounts that comprise its assets, liabilities reserves, fund balance, revenues and expenditures, as appropriate.

Fund Types

Current Fund – is used to account for all revenues and expenditures applicable to the general operations of Township departments and agencies. Federal and state grants are included in the current fund.

Trust Funds – are used to account for assets held by the Township in a trustee capacity or as an agent for individuals or other governmental agencies. Funds held by the Township which have restrictions placed on the use of such funds are recorded in the Trust Funds.

General Capital Fund – is used to account for financial resources to be used for the acquisition of general capital facilities. The major resources are derived from the sale of serial bonds and bond anticipation notes.

General Fixed Assets Account Group – is used to account for all fixed assets purchased by the current and general capital funds.

Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township of Washington and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

Basis of Accounting

The Township follows the following accounting policies:

Revenues

Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and state grants are realized as revenue when anticipated in the Township 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.

Expenditures

Current Fund, General Capital Fund and Utility Fund 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 31 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 bonds and notes are provided on a cash basis; interest on general capital indebtedness is on the cash basis. Trust Fund expenditures are accounted for on the cash basis.

Disbursements for Current Fund and General Capital Fund inventory type items are considered expenditures at the time of purchase. Prepaid expenses are not recorded. The Township's share of contributions for fringe benefits, such as retirement plans, accrued vacation leave, litigation settlements and certain professional fees are accounted for on the cash basis.

Had the Township's financial statements been prepared under generally accepted accounting principles, appropriation reserves would not be recorded; revenues susceptible of accrual would have been reflected without offsetting reserves; Federal grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase; and encumbrances would not be considered as expenditures. Taxes collected on behalf of the county and school district and the related payment to those entities would not be reflected in operations. Deferred charges and improvement authorizations would not be recorded as assets and liabilities in the General Capital Fund. The Division of Local Government Services, Department of Community Affairs, State of New Jersey does not require the management’s discussion and analysis, required supplemental information or government wide financial statements required by generally accepted accounting principles to be presented.

Foreclosed Property

Real property acquired for taxes is recorded in the Current Fund at assessed valuation when such property is acquired and is fully reserved. Under GAAP property acquired for taxes would be recorded in the general fixed assets at net realizable value

Interfund Receivables

Interfund receivables created by cash transfers from the Current Fund are recorded with offsetting reserves created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in other funds are not offset by reserves.

Deferred Charges to Future Taxation Funded and Unfunded

Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced. Under GAAP deferred charges to future taxation would not be recorded and proceeds of debt issued would be recognized as revenue

Fixed Assets

Current Fund and General Capital Fund

Property and equipment purchased by the Current Fund and the General Capital Fund are recorded as expenditures at the time of purchase. Fixed assets are capitalized at cost in the General Fixed Assets Account Group.

Use of Estimates

The preparation of financial statements requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Retirement Systems

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems (retirement systems) which have been established by State statute: the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the State of New Jersey.

Police and Firemen's Retirement System

Police and Firemen's Retirement Systems (PFRS)--is a cost-sharing multiple-employer contributory defined benefit plan which 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 substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

Public Employees' Retirement System

Public Employees' Retirement System (PERS)--is a cost-sharing multiple-employer contributory defined benefit plan which was established as of January 1, 1955, under the provision N.J.S.A. 43:15A to provide retirement, death and disability benefits, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program, herein referred to as 'DCRP', was established July 1, 2007 under the provisions of Chapters 92 and 103, P.L. 2007. Individuals eligible for membership in the DCRP include local officials who are elected or appointed on or after July 1, 2007; and employees enrolled in the PERS on or after July 1, 2007 who earn salary in excess of established "maximum compensation" limits.

A local elected official is any individual who holds elected public office. Officials elected on or after July 1, 2007 will only be enrolled in DCRP. Elected officials already enrolled in PERS prior to July 1, 2007 based on elected office will remain a PERS member while serving in that same elected office. Any break in service or election to a different elected office will automatically enroll the elected official in DCRP. If a retired member of another State-administered retirement system is elected to office, that elected official can choose to either continue receiving retirement benefits from the former employment or suspend such benefits and participate in DCRP.

A local appointed official is any individual appointed by the governor, including those requiring advice and consent of the Senate, or an individual appointed in a similar manner by the governing body of a local public entity. On or after July 1, 2007, a newly appointed official who does not have an existing PERS account will only be enrolled in the DCRP. Appointed officials already enrolled in PERS prior to July 1, 2007 will remain a PERS member while serving in that same appointed office.

An appointed official is permitted to join or remain in PERS if that appointed official holds a professional license or certificate to perform and is serving in any of the following capacities: Certified Health Officer, Tax Collector, Chief Financial Officer, Construction Code Official, Qualified Purchasing Agent, Tax Assessor, Municipal Planner, Registered Municipal Clerk, Licensed Uniform Subcode Inspector, or Principal/Certified Public Works Manager.

Additional minimum DCRP eligible criteria for a newly elected or appointed official are the same as for a PERS position. However, in the case of DCRP, eligible officials can elect an irrevocable waiver of their participation when earning less than $5,000 annually.

Eligible PERS members are enrolled in the DCRP when annual salary exceeds the maximum compensation limit. This may occur upon enrollment into the PERS when an annual base salary is reported on the enrollment application that will exceed the maximum compensation; or when PERS member's annual salary is increased to where it will exceed the maximum compensation and it is reported by the employer to the Division of Pensions and benefits.

Enrolled members contribute 5.5% of the base salary to a tax-deferred investment account established with Prudential Financial, which administers the DCRP for the Division of Pensions and Benefits. Members enrolled due to income levels in excess of maximum compensation limits only contribute based on that amount in excess. Member contributions are matched by a 3% employer contribution.

Newly eligible and enrolled members that have existing DCRP accounts or are active or vested members of another State-administered retirement system are immediately vested in DCRP. Conversely, those officials not qualifying for immediate vesting in DCRP will become fully vested upon commencement of their second year of membership. In such case that there is no eligible second year of membership, all employee and employer contributions will be refunded to the appropriate contributing parties.

DCRP members may elect to receive all or a portion of the account in a lump-sum distribution, or as a fixed term or life annuity. There is no minimum retirement age under the DCRP. Any distributions of mandatory contributions will automatically render the member retired. Lump-sum cash distributions to members under the age of 55 are limited to the member's contributions and earnings. Employer matching contributions and earnings are only available after the age of 55. A member may begin collecting an annuity or take a cash distribution at any time after termination of employment, but will no longer be eligible to participate in any State-administered retirement system upon a return to public employment in New Jersey.

DCRP members are covered by employer-paid life insurance, payable to their designated beneficiaries, in the amount of 1 ½ times the annual base salary on which DCRP contributions were based. This benefit continues for up to two years if on an approved leave of absence without pay for personal illness. Life insurance may also be available to members upon retirement at an amount reduced to 3/16 of the annual base salary on which DCRP contributions were based who qualify by being 60 or older with 10 years of participation in DCRP or any age with 25 years of participation. In the case of members enrolled due to income levels in excess of maximum compensation limits, years of participation in either scenario would also include participation in PERS.

DCRP members are eligible employer-paid long term disability coverage after one year of participation. Eligibility occurs after six consecutive months of total disability. Members would receive a regular monthly income benefit up to 60% of the base salary on which DCRP contributions were based during 12 months preceding the onset of the disability, offset by any other periodic benefit the member may be receiving. Benefits will be paid so long the member remains disabled or until the age of 70. Benefits terminate should the member begin receiving retirement annuity payments.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of several State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Pension Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

According to State statutes, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds and trust. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an addition 1% phased-in over 7 years; PFRS active member rates increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates will increase in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be a least 1.5% of salary.
- In addition, this legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funding Policy
Contribution Requirements:

The contribution policy for PFRS and PERS is set by New Jersey State statutes and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members of PFRS contribute at a uniform rate of 10.0% of base salary, as defined. Members of PERS contribute at a uniform rate of 7.42% of base salary, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PFRS and PERS.

Township Contributions:
The Township's required contributions were as follows:

		2018	2017	2016	2015	2014
PERS	$	135,569	129,489	126,424	138,169	166,445
PFRS	$	752,067	579,53	534,771	559,157	553,973
DCRP	$	7,454	7,425	2,676	2,370	2,500

GASB 68 Disclosure in accordance with Division of Local Government Services Local Finance Notice 2015-24

The amount of the Township's contribution is certified each year by PERS and PFRS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Specific information on actuarial assumptions and rates of return can be found at **www.state.nj.us/treasury/pensions/annrprts.shtml.**

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS.

PERS

	2018	2017	2016
Covered Employee Payroll	$1,019,492	$1,027,938	$1,035,856
Total Payroll	4,419,906	4,294,302	4,430,534
Actuarial Contribution Requirements	135,569	148,994	135,420
Total Contributions	211,229	221,739	209,792
Employer's Share	135,569	148,994	135,420
% of Covered Payroll	13.30%	14.48%	13.07%
Employee's Share	75,660	72,745	74,372
% of Covered Payroll	7.42%	7.26%	7.18%

PFRS	2018	2017	2016
Covered Employee Payroll	$2,573,080	$2,559,139	$2,440,496
Total Payroll	4,419,906	4,294,302	4,430,534
Actuarial Contribution Requirements	752,067	554,741	510,688
Total Contributions	1,009,375	810,655	754,737
Employer's Share	752,067	554,741	510,688
% of Covered Payroll	29.23%	21.68%	20.93%
Employee's Share	257,308	255,914	244,049
% of Covered Payroll	10.00%	10.00%	10.00%

Assumptions

The total PERS and PFRS pension liability for June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 using an actuarial experience study for the period July 1, 2011 to June 30, 2014. The pension liability was rolled forward to June 30, 2018. The actuarial valuation used an inflation rate of 2.25%, projected salary increases through 2026 from of 1.65% to 4.15% for PERS and 2.10% to 8.98% for PFRS based on age and thereafter 2.65% to 5.15% for PERS and 3.10% to 9.98% for PFRS based on age and an investment rate of return of 7.00%.

The discount rate used to measure the total pension liability was 5.66% and 5.00% for PERS and 6.51 and 6.14% for PFRS as of June 30, 2018 and 2017 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 PERS and PFRS fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30. 2046 and June 30, 2062, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and 2062, respectively, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability. More information on mortality rates and other assumptions, and investment policies, can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The following presents the Township's proportionate share of the PERS net pension liability calculated using the discount rate of 5.66% and 5.00% as of June 30, 2018 and 2017, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

Sensitivity of the Township's Proportionate Share of the PERS Local Share Net Pension Liability to Changes in the Discount Rate

	At 1% decrease (4.00%)	At current discount rate (5.00%)	At 1% increase (6.00%)
2017	$4,887,144	$3,939,441	$3,141,887

	At 1% decrease (4.66%)	At current discount rate (5.66%)	At 1% increase (6.66%)
2018	$3,374,281	$2,683,571	$2,104,109

The following presents the Township's proportionate share of the PFRS net pension liability calculated using the discount rate of 6.51% and 6.14% as of June 30, 2018 and 2017, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

Sensitivity of the Township's Proportionate Share of the PFRS Local Share Net Pension Liability to Changes in the Discount Rate

	At 1% decrease (5.14%)	At current discount rate (6.14%)	At 1% increase (7.14%)
2017	$15,453,516	$11,728,691	$8,668,323

	At 1% decrease (5.51%)	At current discount rate (6.51%)	At 1% increase (7.51%)
2018	$13,931,669	$10,409,384	$7,504,141

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

To facilitate the separate (sub) actuarial valuations, The Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2018 and 2017 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2018 and 2017, respectively.

Following is the total of the Township's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2018.

	PERS	PFRS
Net Pension Liabilities	$2,683,571	$10,409,384
Deferred Outflow of Resources	586,270	1,945,617
Deferred Inflow of Resources	1,665,850	3,074,503
Pension Expense	(16,962)	83,503
Contributions Made After Measurement Date	—	—

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2018 and 2017. The Township's proportionate share of the collective net pension liability as of June 30, 2018 and 2017 was .013629% and .01692% for PERS and .076926% and .07597% for PFRS respectively.

At June 30, 2018, the amount determined as the Township's proportionate share of the PERS net pension liability was $2,683,571. For the year ended June 30, 2018 the Township recognized PERS pension expense of $(16,962). At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	$442,208	$858,063
Difference between expected and actual experience	51,176	13,837
Net Difference Between Projected and Actual Investment Earnings	—	25,172
Net Change in Proportions	92,886	768,778
Net Actual Less Proportionate Share of Contributions	—	—
Total Contributions and Proportionate Share of Contributions after the Measurement Date	—	—
	$586,270	$1,665,850

At June 30, 2018, the amount determined as the Township's proportionate share of the PFRS net pension liability was $10,409,384. For the year ended June 30, 2018 the Township recognized PFRS pension expense of $83,503. At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	$893,506	$2,667,745
Differences between expected and actual experience	105,902	43,076
Net Difference Between Projected and Actual Investment Earnings	—	56,949
Net Change in Proportions	946,209	306,733
Net Actual Less Proportionate Share of Contributions	—	—
Total Contributions and Proportionate Share of Contributions after the Measurement Date	—	—
	$1,945,617	$3,074,503

Long-Term Expected Rate of Return

The arithmetic mean return on the portfolio 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 the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table.

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

(3) Municipal Debt

Summary of Municipal Debt
(Excluding Current and Utility Operating Debt and Type I School Debt)

		2018	2017	2016
Issued:				
General - bonds and notes	$	6,440,000	6,017,579	6,366,437
Total issued		6,440,000	6,017,579	6,366,437
Authorized but not issued:				
General - bonds and notes		2,826,042	3,112,908	475,022
Total authorized but not issued		2,826,042	3,112,908	475,022
Total bonds and notes issued and authorized but not issued	$	9,266,042	9,112,908	6,841,459

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 .52%.

		Gross Debt	Deductions	Net Debt
Regional school district debt	$	8,777,805	8,777,805	—
General debt		9,266,042	4,131	9,261,911
	$	18,043,847	8,781,936	9,261,911

Net debt of $9,261,911 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of $1,778,458,802 equals .52%.

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

3-1/2% of equalized valuation basis (municipal)	$62,246,058
Net debt	9,261,911
Remaining borrowing power	$52,984,147

This a summary of bonded debt changes for the years ended December 31, 2017 and 2018:

	Dec. 31, 2016	Increases	Deductions	Dec. 31, 2017
General Capital Fund	2,062,000	—	815,000	1,247,000
	$ 2,062,000	—	815,000	1,247,000

	Dec. 31, 2017	Increases	Deductions	Dec. 31, 2018
General Capital Fund	1,247,000	—	807,000	440,000
	$ 1,247,000	—	807,000	440,000

Bond debt service requirements at December 31, 2018 were as follows;

Year Ended December 31,	Principal	Interest
2019	$440,000	13,200
	$440,000	13,200

(4) Bond Anticipation Notes

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must continue to be paid if the notes are to be renewed beyond the third anniversary date of the original issuance.

The changes in outstanding bond anticipation notes for the years ended December 31, 2018 and 2017 are as follows:

		Dec. 31, 2017	Increases	Decreases	Dec. 31, 2018
General Capital Fund		4,770,579	1,413,010	183,589	6,000,000
	$	4,770,579	1,413,010	183,589	6,000,000

		Dec. 31, 2016	Increases	Decreases	Dec. 31, 2017
General Capital Fund		4,304,437	570,000	103,858	4,770,579
	$	4,304,437	570,000	103,858	4,770,579

(5) Fund Balances Appropriated

Fund balances appropriated and included as anticipated revenue in the 2019 budget is as follows:

Current Fund	$ 1,500,000

(6) Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the Township Current Fund had the following deferred charges to be raised in the 2019 or subsequent budgets.

		Balance, Dec. 31, 2018	2019 Budget Appropriation
Current Fund:			
Overexpenditure of appropriation reserves	$	413	—
Overexpenditure of appropriation		11,590	5,045

(7) Deferred Compensation Plans

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary to future years. Individuals are one hundred percent vested. The plan, which began formal operations on November 13, 1985, is funded solely from voluntary employee payroll deductions. Distribution is available to employees upon termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely property and rights of the individual contributors and are not subject to the claims of the Township's general creditors.

The Lincoln National Insurance Company, Fort Wayne, Indiana was chosen to serve as the plan's trustee.

(8) Accrued Sick and Vacation Benefits

By contract some employees are entitled to accrue unused sick pay, which may be taken as time off or paid at a later date upon absence. It is estimated that the current cost of such unpaid compensation approximates $427,222 and $481,425 for the years ended December 31, 2018 and 2017 respectively. This amount, in accordance with state accounting requirements, is not reported either as an expenditure or liability. The Township has $456,834 reserved for this at December 31, 2018.

(9) Contingencies

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2018. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. Funding of any ultimate liability would be provided for in succeeding years' budgets or through a refunding bond ordinance which would allow the Township to fund these liabilities over a number of years.

The Township is also involved in suits in the normal course of business. These cases, if decided against the Township, would be paid by its insurance carrier. The Township expects such amounts, if any, to be immaterial.

The Township participates in numerous Federal and State of New Jersey grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Township has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at December 31, 2018 may be impaired. In the opinion of the Township, there are no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

(10) Risk Retention Program

The Township participates in a joint insurance fund that provides coverage for its automobile, general liability and workers' compensation exposures property, fire, water, utility, boiler and machinery, and employee fidelity. Various deductibles, limits, and coinsurance provisions apply to these policies.

(11) Fixed Assets

The Township records assets with a useful life in excess of five years and with a value over $5,000 as a fixed asset. The accounts are adjusted for dispositions and abandonment’s. Depreciation is not recorded.

Fixed assets used in governmental operation (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (“Infrastructure”) general fixed assets consisting of certain improvement other than building, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized.

The Township's fixed assets are summarized as follows:

		Balance Dec 31, 2016	Additions	Dispositions	Balance Dec. 31, 2017
General Fixed Assets:					
Land	$	11,383,900	—	—	11,428,900
Buildings		2,637,529	—	—	2,637,529
General equip./ machinery		5,330,986	266,036	102,451	5,494,571
		19,352,415	266,036	102,451	19,516,000

		Balance Dec 31, 2017	Additions	Dispositions	Balance Dec. 31, 2018
General Fixed Assets:					
Land	$	11,383,900	—	—	11,428,900
Buildings		2,637,529	—	—	2,637,529
General equip./ machinery		5,494,571	—	—	5,494,571
		19,516,000	—	—	19,516,000

(12) Interfund Balances

The Township has interfund balances at December 31, 2017 and 2018 as follows:

	2017		2018	
	Due From	Due To	Due From	Due To
Current Fund:				
Other Trust Fund	$ 54,775		$ 54,775	
Animal Control Fund	15,151		23,660	
General Capital Fund	7,971			132,366
LOSAP Fund		9,200		9,200
Other Trust Fund				
Current Fund		54,775		54,775
Animal Control Fund:				
Current Fund		15,151		23,660
General Capital Fund:				
Current Fund		7,971	132,366	
LOSAP Fund				
Current Fund	9,200		9,200	

Interfunds are created when one fund receives payment due to another fund or it pays expenses of the other fund prior to reimbursement.

(13) Volunteer Length of Service Award Plan (Unaudited)

The Township established a Volunteer Length of Service Award Plan (LOSAP) on behalf of the volunteer firefighters, rescue workers, emergency medical services and ambulances services. The Township contributions to the LOSAP are vested after five years of service and are not taxable to the volunteers until receipt of such funds by the volunteer due to retirement, termination after vesting, death or disability or unforeseeable emergency. Lincoln National Insurance Company, Fort Wayne, Indiana was chosen to serve as the plan's trustee. All amounts contributed under the plan are recorded in the LOSAP Fund and shall remain the assets of the Township and are subject to the claims of the Township's general creditors until distributed to the participants.

Township activity for the three years ending December 31, 2018 is as follows:

		January 1	Contributions	Distributions	Fees/tax	Gain/(Loss)	December 31
2018	$	2,121,948	90,000	47,769	7,764	(127,126)	2,029,289
2017	$	1,746,910	87,500	33.822	2,817	324,176	2,121,948
2016		1,583,280	87,500	37,218	2,750	116,098	1,746,910
2015		1,499,494	101,250	22,000	2,450	6,987	1,583,280

The total value of plan assets at December 31, are determined by the trustees.

(14) Cash

Cash and cash equivalents include amounts on deposit, and short term investments with original maturities of three months or less from the date of acquisition.

Deposits

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes (GUDPA) require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

> The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.
>
> In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.
>
> All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party. As of December 31, 2018, the Township's bank deposits are insured or covered by the State's Government Unit Deposit Protection Act.

(15) Taxes Receivable, Tax Title Liens

In accordance with the accounting principles prescribed by the State of New Jersey, taxes receivable and tax title liens are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible.

Taxes for the Township are levied annually in June and are payable February 1, May 1, August 1, and November 1. The taxes are liens on the property as of the billing date.

(16) Subsequent Events

There have been no other events subsequent to December31, 2018 that require disclosure in the financial statements

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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Hawkins Delafield & Wood LLP

A NEW YORK LIMITED LIABILITY PARTNERSHIP

ONE GATEWAY CENTER
NEWARK, NJ 07102
WWW.HAWKINS.COM

NEWARK
NEW YORK
WASHINGTON
HARTFORD
LOS ANGELES
SACRAMENTO
SAN FRANCISCO
PORTLAND
ANN ARBOR

C. STEVEN DONOVAN
ROBERT H. BEINFIELD
ERIC J. SAPIR
CHARLES G. TOTO
KRISTINE L. FLYNN
DAVID S. HANDLER

November 1, 2019

Township Council of The
Township of Washington, in the
County of Bergen, New Jersey

Ladies and Gentlemen:

We have acted as bond counsel to The Township of Washington, in the County of Bergen, a municipal corporation of the State of New Jersey, situate in the County of Bergen (the "Township"), and have examined a record of proceedings relating to the issuance by the Township of $6,785,000 General Bonds of 2019 (the "Bonds"). The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, and as provided by a resolution of the Township Council of the Township, entitled: "Resolution providing for the combination of certain issues of bonds of the Township of Washington, in the County of Bergen, New Jersey, into a single issue of General Bonds aggregating $7,250,000 in principal amount", adopted September 3, 2019 and the bond ordinances referred to therein.

The Bonds are dated November 1, 2019, and bear interest from their dated date at the rates per annum (payable semi-annually on each May 1 and November 1 until maturity, commencing May 1, 2020) and mature on November 1 in the years and in the respective principal amounts set forth below:

Year	**Principal Amount**	**Interest Rate**	**Year**	**Principal Amount**	**Interest Rate**
2020	$750,000	2.00%	2025	$655,000	4.00%
2021	750,000	3.00	2026	655,000	4.00
2022	700,000	3.00	2027	655,000	3.00
2023	655,000	4.00	2028	655,000	3.00
2024	655,000	4.00	2029	655,000	2.00

The Bonds maturing prior to November 1, 2027 are not subject to redemption prior to their stated maturities at the option of the Township. The Bonds maturing on or after November 1, 2027 are subject to redemption prior to their stated maturities at the option of the Township upon notice as described in the Resolution in whole or in part on any date, in any order of maturity, and by lot within a maturity if less than all the Bonds of such maturity are to be redeemed, on or after November 1, 2026 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements to be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of the Township delivered in connection with the issuance of the Bonds which contains provisions and procedures regarding compliance with the requirements of the Code. By said Arbitrage and Use of Proceeds Certificate, the Township has certified that, to the extent it is empowered and allowed under applicable law, it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds is excludable from gross income under Section 103 of the Code. In rendering this opinion we have assumed that the Township will comply with the provisions and procedures set forth in its Arbitrage and Use of Proceeds Certificate.

In our opinion, the Bonds are valid and legally binding obligations of the Township and, unless paid from other sources, are payable from ad valorem taxes levied upon all the taxable property within the Township without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in our opinion, under existing statutes, interest on the Bonds is not included in gross income under the New Jersey Gross Income Tax Act.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Township other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to the purchaser of the Bonds.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We have examined an executed bond of said issue and, in our opinion, the form of said bond and its execution are regular and proper.

Very truly yours,

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