NEW ISSUE	**SERIAL BONDS**
Book-Entry-Only	**Ratings: 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 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 that may be imposed 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 WARREN, NEW JERSEY

$3,650,000 GENERAL BONDS OF 2022

Dated: Date of Delivery	**Due: August 15, as shown on the inside front cover**

The $3,650,000 General Bonds of 2022 (the "Bonds") of the Township of Washington, in the County of Warren, 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 February 15 and August 15 in each year until maturity or earlier redemption, if any, commencing February 15, 2023. Principal or redemption price, if any, 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 February 1 and August 1 (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 and certain other conditions. Delivery of the Bonds is anticipated to take place on or about August 25, 2022.

ROOSEVELT & CROSS AND ASSOCIATES, INC.

Dated: August 9, 2022

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

$3,650,000 GENERAL BONDS OF 2022

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

Year	Principal Amount	Interest Rate	Price or Yield	Year	Principal Amount	Interest Rate	Price or Yield
2023	$200,000	4.000%	1.65%	2030	$265,000	3.000%	2.45%*
2024	210,000	4.000	1.75	2031	270,000	3.000	2.60*
2025	220,000	4.000	1.80	2032	280,000	3.000	2.75*
2026	230,000	3.000	1.90	2033	295,000	3.000	2.90*
2027	240,000	3.000	2.00	2034	305,000	3.000	100.00
2028	245,000	3.000	2.15	2035	315,000	3.125	100.00
2029	255,000	3.000	2.30	2036	320,000	3.250	100.00

* Priced to the August 15, 2029 optional call date.

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

MAYOR

Robert Klingel

DEPUTY MAYOR

Mark Rossi

TOWNSHIP COMMITTEE

Ralph Fiore
Michael J. Kovacs
George Willan

ADMINISTRATOR

Peter H. deBoer, Jr.

CHIEF FINANCIAL OFFICER

Eileen Parks

TOWNSHIP CLERK

Ann Kilduff

TOWNSHIP ATTORNEY

Lavery, Selvaggi, Abromitis & Cohen, P.C.
Hackettstown, New Jersey

AUDITOR

Nisivoccia LLP
Mount Arlington, New Jersey

BOND COUNSEL

Hawkins Delafield & Wood LLP
Newark, 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 WARREN, NEW JERSEY

$3,650,000 GENERAL BONDS OF 2022

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 Warren (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 $3,650,000 General Bonds of 2022 (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 has 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 cover page hereof, payable February 15 and August 15 of each year until maturity or earlier redemption, commencing February 15, 2023 (each, an "Interest Payment Date"). The Bonds will mature on August 15 in the years and in the principal amounts set forth on the inside 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 February 1 and August 1 (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 August 15, 2030 are not subject to redemption at the option of the Township prior to their stated maturities. The Bonds maturing on or after August 15, 2030 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 August 15, 2029, 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 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 Standard & Poor'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** and **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 affect 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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 July 19, 2022. 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. The proceeds of the Bonds, together with funds on hand, will be used to: (a) refund on a current basis bond anticipation notes of the Township maturing on August 26, 2022, and (b) pay the costs associated with the issuance of the Bonds.

Ordinance Number	Purpose	Amount
2014-04	Construction of DPW storage facility	$219,230
2016-05	Acquisition of vehicular equipment	45,820
2017-07	Acquisition of dump truck	153,596
2018-05	Various improvements	444,354
2020-04	Acquisition of equipment	257,000
2021-12	Various improvements	2,330,000
2021-13	Acquisition of lands	200,000

SECURITY AND SOURCE OF PAYMENT

The Bonds will be general obligations of the Township. All taxable real property within the Township is subject to the levy of *ad valorem* taxes to pay the Bonds and the interest thereon, 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.

COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Department of Health and Human Services declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods and the temporary reprieve to certain at-risk inmates. The Township expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The COVID-19 pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide.

As of December 31, 2021, the Township's finances and operations had certain reduced revenue streams due to the COVID-19 pandemic; however, the overall finances and operations of the Township have not been materially and adversely affected due to the COVID-19 outbreak. The finances and operations of the Township may be materially and adversely affected going forward as a result of the COVID-19 pandemic through reduced or delayed revenue streams, which include the collection of property taxes, which is the Township's primary revenue source for supporting its budget. The Township cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain facilities, or costs to operate remotely and support Township functions and critical government actions during an outbreak, or any resulting impact such costs could have on the Township operations. The degree of any such impact to the Township operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 pandemic, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what additional actions may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises $1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to $1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes $350 billion in relief funds to public entities, such as the Township. The Township received $332,479.67 from the Plan. The deadline to spend the funds is December 31, 2024.

Generally, according to the Plan, the allowable use of the funds to be provided to the Township include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Township that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Township prior to the emergency; and (d) to make necessary investments in water, sewer or broadband infrastructure.

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 or 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 school district debt limit and the remaining borrowing capacity of the municipality, the State Commissioner of Education and the Local Finance Board must approve the proposed 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 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 February 150 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 (2.5%) 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 rate up to, but not to exceed, three and one-half percent (3.5%). 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 will 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 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 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 for 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 Generals, 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 appropriation or (b) from appropriations for contingent expenses, deferred charges cash deficit 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, Township 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 Township. 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 15th day of February, May, August and November of each year. 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 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 generally charged to operations based on budgeted amounts. 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 New Jersey Local Finance Board.

Bankruptcy proceedings by the Township could have adverse effects on the bondholders bond 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, Michael B. Lavery of Lavery, Selvaggi, Abromitis & Cohen, P.C., Hackettstown, 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 is 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, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion after the issue date to reflect any future action, taken or not taken, any fact or circumstance that may come to its attention, or any change in law or interpretation thereof, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action hereafter 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.

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 month after the close of each fiscal year while the Bonds are outstanding, commencing with the fiscal year ended December 31, 2022, 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 generally accepted accounting principles as modified by governmental accounting standards and mandated State statutory principles as in effect from time to time for municipalities. 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

Appendix B to 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 (5) 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, operating data for the fiscal year ending December 31, 2017. The Township has appointed Phoenix Advisors, LLC to serve as continuing disclosure agent to ensure timely filings.

CREDIT RATING

S&P Global Ratings, acting through Standard & Poor's Ratings Services LLC ("S&P") has assigned a rating of "AA" to the Bonds. This rating reflects only the view of S&P and an explanation thereof may be obtained only from S&P. Certain information and materials, including information and materials not included in this Official Statement, were furnished by the Township to S&P. Generally, S&P bases its ratings on the information and materials so furnished and on its investigations, studies and assumptions.

There is no assurance any such rating will remain in effect for any given period of time or that any such rating will not be revised downward, suspended or withdrawn entirely by a rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision, suspension or withdrawal of a rating may have an adverse effect on the market price or the marketability of the Bonds. The Township has not undertaken any responsibility to oppose any such downward revision, suspension or withdrawal of a rating.

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by Roosevelt & Cross and Associates, Inc. (the "Underwriter") at a price of $3,683,026.05.

The Underwriter intends to offer the Bonds to the public initially at the offering prices set forth on the 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 prices lower than the public offering prices set forth on the cover page, and such public offering prices may be changed, from time to time, by the Underwriter without prior notice.

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 as of December 31, 2021, have been audited by Nisivoccia LLP, independent certified public accountants, as stated in their Independent Auditors' Report and Compilation Letter appearing in Appendix B hereto. Certain information extracted from the audited and compiled financial statements of the Township is included in Appendix B hereto.

PREPARATION OF OFFICIAL STATEMENT

Nisivoccia LLP, assisted in the preparation of this Official Statement with information obtained from the Township and other sources, including publicly available sources, considered reliable, but Nisivoccia LLP, does not make any warranty or other representation with respect to the accuracy and completeness of such information. Nisivoccia LLP, takes responsibility for the audited and unaudited financial information set forth in Appendix B hereto to the extent specified in their Independent Auditors' Report or Compilation Letter set forth in Appendix B hereto.

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.

Upon request, the Chief Financial Officer of the Township will confirm to the purchasers of the Bonds, 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, 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 Eileen Parks, Chief Financial Officer, Municipal Building, 211 Route 31 North, Washington, New Jersey 07882.

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

By: */s/ Eileen Parks*

Eileen Parks
Chief Financial Officer

APPENDIX A

DESCRIPTION OF
TOWNSHIP OF WASHINGTON
TOGETHER WITH CERTAIN ECONOMIC
AND
DEBT INFORMATION

APPENDIX A
TABLE OF CONTENTS

Township of Washington

General Information

The Township, founded in 1849, is a rural community comprised of approximately 17.9 square miles situated east of Phillipsburg and the Delaware River, west of Hackettstown and northwest of Clinton, in southern Warren County. Washington Township has managed to preserve much of its natural character and rural charm despite development pressures, which today makes Washington Township one of the more desirable communities in Warren County.

The Township is 17.9 square miles, with 40 miles of roadways, 2,467 homes and approximately 6,492 residents. Many working residents commute by car to major cities east of Warren County, due to the close proximity to major interstates (I80, I78 and Rt. 31).

Type of Government

The Township government consists of a five-member Township Committee. The Township Committee members are elected for a three-year term. The Mayor and Deputy Mayor are selected by the Township Committee. The Township employs approximately 90 full-time and part-time personnel.

Township Officials

Administrator

Peter H. deBoer, Jr. was appointed Administrator in 2009. Mr. deBoer oversees the daily operations of the Township.

Municipal Clerk

Ann Kilduff was appointed Municipal Clerk in 2018 and is responsible for the daily operations of the Clerk's office.

Chief Financial Officer

Eileen Parks was appointed Chief Financial Officer, in 2020 and is responsible for the maintenance of the Township's finances.

Land Development

The Township is a suburban community of predominantly single family detached owner-occupied homes. The average assessed value on houses in Washington Township is approximately $250,000.00.

Of the total land area of 17.9 square miles or 11,456 acres, approximately 3,060 acres, is residential and approximately 900 acres is non-residential. Of the remaining 7,496 acres there are already 1,395 acres preserved as Open Space and in the Highlands Preservation Area. Furthermore, the NJ Department of Corrections owns 8.55 acres, the

Washington Township Board of Education owns 25 acres in this area and Warren Hills Regional High School owns 60.7 acres. Most of the remaining acreage is vacant and/or is farmland with limited development potential.

Redevelopment Areas

In 2016, the Washington Township Committee adopted a resolution declaring approximately 65.63 acres as an "area in need of redevelopment" and includes a Payment-in-Lieu-of-Taxes (PILOT) consisting of a total of approximately 629 dwelling units and 90,000 square feet of commercial/retail space in phases.

In 2022, the Washington Township Committee adopted a resolution declaring approximately 125.59 acres as an "area in need of redevelopment" for dwelling units, commercial/retail space and/or other considerations including a PILOT.

Educational Facilities

The Washington Township Board of Education (the "Board) operates two elementary schools, Port Colden for first through third grade and Brass Castle for Kindergarten and fourth through sixth grade. The Board is composed of seven members elected on a staggered basis for three-year terms, governs the operations of the school district. The Board is the policy making body and appoints the Superintendent of Schools who is responsible for the educative process and business operation of the school district.

In addition, children from the grades of 7 through 12 attend the Warren Hills Regional School Board of Education (the "Regional Board").The Regional Board is composed of nine members elected on a staggered basis for three-year terms, governs the operations of the school district. The Regional Board is the policy making body and appoints the Superintendent of Schools who is responsible for the educative process and business operation of the school district.

Health Care Facilities

Hospital services are available at Hackettstown Regional Medical Center in Hackettstown, Warren Hospital in Phillipsburg, and Hunterdon Medical Center in Flemington. All hospitals offer medical care in modern facilities.

Serving the Township is the Washington First Aid Squad with approximately 20 volunteer and 12 employed members and 4 ambulances, 1 Rescue Unit, and 1 antique.

Municipal Services

Police

The Police Department consists of a Chief of Police, a captain, 2 lieutenants, up to 6 sergeants, 6 School Resource Officers with 1 substitute, 18 patrol officers and 2 civilian personnel. The Police Department is also responsible for patrolling the Borough of Washington and the Township of Oxford.

Fire

Fire protection is furnished by the Washington Township Fire District # 1 using the Washington Township Volunteer Fire Department with an active base of approximately 30 members. There are two fire stations which house the following equipment: a command vehicle, a tanker, two pumpers, a brush truck, and 1 support/rescue vehicle.

Recreational Facilities

The coordination and supervision of most of the Township's recreational programs are under the direction of the Recreation Committee. There is one municipal park in the Township. Meadow Breeze Park provides over 80 acres of playing fields for baseball, softball, soccer, lacrosse and football. The park also has a picnic pavilion, 2 playgrounds, walking trails, volleyball courts, and basketball courts.

In addition to the park the Township owns over 600 acres of passive open space property which include hiking trails.

The Township has had in place an open space tax which currently collects two cents per $100 of assessed value for acquisition and maintenance of open space property.

Retirement Systems

All permanent or qualified Township employees are enrolled in one of two retirement systems depending upon their employment status. These systems were established by acts of the State legislature. Benefits, contributions, means of funding and the manner of administration are set by the State. The Division of Pensions within the Treasury Department of the State is the Administrator of the funds with the benefit and contribution level set by the State. The township is enrolled in the Public Employees' Retirement System and the Police and Fireman's Retirement System.

<u>Public Employees' Retirement System</u>

The Public Employees' Retirement System (PERS) include approximately 23 permanent employees. PERS is evaluated every year. Employee rates for contribution are normally determined by the rate applicable at the time of employment.

<u>Police and Fireman's Retirement System</u>

All 27 Police personnel are covered under the Police and Fireman's Retirement System (PFRS).

The following schedule sets for the retirement benefits paid by the Township for the past five years from the Township's Current Fund.

Current Fund:

	2021	2020	2019	2018	2017
PFRS	$389,494	$348,686	$338,697	$308,838	$320,493
PERS	188,973	162,534	160,555	154,374	145,655
OASI*	234,348	212,121	224,983	196,624	212,166
	$812,815	$723,340	$724,235	$659,836	$678,313

* Social Security

Source: The Township's Audited Financial Statements

Liability Insurance

The Township is currently insured through the Statewide Insurance Fund.

Collective Bargaining Representation

The Policemen's Benevolent Association represents 27 police officers. The current police contract expires December 31, 2025.

CURRENT FUND REVENUE SOURCES

Year	Budget Requirement	Revenue Surplus Appropriated	Realized Miscellaneous Revenues	Realized Receipts From Delinquent Taxes	Realized Amount To Be Raised By Taxation	Excess
2021	$ 11,411,128	$ 570,000	$ 5,480,874	$ 718,766	$ 5,210,750	$ 569,262
2020	11,179,577	570,000	5,293,810	589,349	5,098,390	371,971
2019	10,706,019	620,000	4,609,003	585,619	5,047,323	155,927
2018	10,272,229	279,000	4,988,174	631,458	4,806,143	432,547
2017	10,330,426	900,000	4,526,626	447,381	4,476,803	20,384

Source: The Township's Audited Financial Statements.

CURRENT FUND BALANCES AND AMOUNTS UTILIZED IN SUCCEEDING YEAR'S BUDGET

		Utilized in Succeeding Year's Budget	
Year	Balance 31-Dec-21	Amount	Percent
2021	$ 1,408,075	$ 738,000	52.41%
2020	660,879	570,000	86.25%
2019	416,767	570,000	136.77%
2018	667,513	620,000	92.88%
2017	322,152	279,000	86.61%

Source: The Township's Audited Financial Statements.

TAX INFORMATION
As of December 31 for Years Shown

Tax Collection Procedure

The Township is the political entity responsible for the levying and collection of taxes on all taxable property within its borders, including the tax levies for the county, school districts, municipality and fire district. The levying of taxes is for a fiscal year which for the school districts starts July 1 and ends June 30. The fiscal year for the county, municipality and fire district starts on January 1 and ends December 31.

The taxes for the municipality, county, school districts and fire district cover the current calendar year. Turnover of the tax monies by the municipality to the school districts are based on the schools' needs and are generally made on a monthly basis throughout the year. The municipality remits county taxes, payable quarterly on the 15th day of February, May, August, and November. The municipality remits fire district taxes four times a year.

Property taxes are levied as of January 1. The tax levy is divided into two billings. The first or preliminary billing is an estimate of the current year's levy based upon one half of the prior year's taxes. The second or final billing reflects the current year's tax rate along with any changes in assessment from the previous year. The final tax bill is usually mailed on or before June 14th along with the preliminary billing for the subsequent year. The preliminary billing is divided into two due dates; February 1 and May 1. The final billing is also divided into two due dates; August 1 and November 1.

A ten-day grace period is granted before the taxes are considered delinquent and the imposition of interest charges. Delinquent payments are subject to an interest penalty of 8% of the first $1,500 of delinquency and 18% on amounts exceeding $1,500. Unpaid taxes at the end of the year in excess of $10,000 are subject to an additional 6% penalty. Unpaid taxes of the prior year are a lien and will be placed into a tax sale in accordance with state statutes. Tax sale certificates are subsequently subject to foreclosure proceedings in order to enforce collection of delinquent taxes or acquire title to the property.

TAX RATES, TAX LEVIES, & TAX COLLECTIONS

Tax Rate Apportionment Per $100 of Assessed Valuation

Year	Municipal Purpose	Municipal Open Space	County Purpose	County Open Space	District School	Tax Rate
2021	$ 0.75	$ 0.02	$ 0.67	$ 0.02	$ 0.97	$ 3.77
2020	0.73	0.02	0.66	0.03	0.95	3.71
2019	0.72	0.02	0.67	0.03	0.93	3.68
2018	0.69	0.02	0.66	0.03	0.91	3.59
2017	0.64	0.02	0.69	0.04	0.89	3.56

Source: Warren County Board of Taxation

PROPERTY VALUATIONS

Real Property Net Assessed Valuations by Classification

Classification	2021	2020	2019	2018	2017
Residential	$554,709,808	$555,632,808	$555,469,808	$556,398,608	$556,977,408
Apartment	1,685,900	1,685,900	1,685,900	1,685,900	1,685,900
Farm	30,704,500	30,270,800	29,928,200	29,595,300	28,908,600
Commercial	82,543,268	82,543,268	80,528,968	80,465,968	78,268,768
Industrial	3,523,300	3,523,300	3,573,300	3,573,300	3,573,300
Vacant Land	12,816,500	13,806,700	10,168,100	12,816,000	10,670,500
Subtotal	$685,983,276	$687,462,776	$681,354,276	$684,535,076	$680,084,476
Exempt					
Public	41,307,448	61,381,448	42,181,348	40,812,148	40,929,348
Other	20,518,600	19,891,100	21,662,200	19,935,800	18,659,400
Total	$747,809,324	$768,735,324	$745,197,824	$745,283,024	$739,673,224

Source: Property Value Classification for years shown.

Net Assessed and Equalized Property Valuations

Classification	2021	2020	2019	2018	2017
Net Assessed Valuation:					
Real Property	$685,983,276	$687,462,776	$681,354,276	$684,535,076	$680,084,476
Personal Tangible Property	44,294,849	37,009,220	27,196,104	14,310,566	20,796,542
Total	$730,278,125	$724,471,996	$708,550,380	$698,845,642	$700,881,018
Percent Increase	0.80%	2.25%	1.39%	-0.29%	-3.34%
Equalized Valuation:					
Equalized Ratio	93.87%	99.24%	98.93%	98.43%	101.36%
Equalized Valuation	$777,935,219	$730,023,124	$716,234,916	$710,024,973	$691,494,129
Percent Increase/(Decrease)	6.56%	1.93%	0.87%	2.68%	-0.96%

Source: County of Warren Abstract of Ratables for years shown.

TAX LEVY APPORTIONMENT

Year	Municipal Purpose	Municipal Open Space	County Purpose	County Open Space	District School	Regional School	Added Tax Levy	Special Dist Tax	Total
2021	$ 5,125,204	$ 137,317	$ 4,960,731	$ 143,795	$6,648,685	$ 8,259,493	$ 18,385	$ 570,277	$ 25,863,886
2020	5,010,577	137,537	4,919,982	181,118	6,489,777	8,199,856	10,363	556,772	25,505,983
2019	4,887,056	136,271	4,895,088	177,781	6,342,919	8,096,633	31,260	545,083	25,112,092
2018	4,711,612	137,442	4,897,331	209,654	6,218,548	7,900,631	22,357	534,695	24,632,270
2017	4,375,166	137,025	5,074,088	280,352	6,079,320	7,836,169	115,133	524,399	24,421,653

Source: The Township's Audited Financial Statements.

TAX COLLECTION EXPERIENCE

	Current Levy Collection			Delinquent Taxes	Total Taxes	Percent of Current
Year	Tax Levy	Amount	Percent	Collected	Collected	Levy
2021	$25,863,886	$25,174,377	97.32%	$ 631,761	$25,806,137	99.78%
2020	25,505,983	24,827,227	97.34%	472,284	25,299,511	99.19%
2019	25,112,092	24,485,749	97.51%	528,886	25,014,635	99.61%
2018	24,632,270	23,931,598	97.16%	589,311	24,520,908	99.55%
2017	24,421,653	23,654,734	96.86%	439,274	24,094,009	98.66%

Source: The Township's Audited Financial Statements.

MUNICIPAL PURPOSE TAX LEVY

Year	Municipal Purpose Tax Levy	Current Tax Collection	Delinquent Tax Levy Collection	Total Collected	Reserve For Uncollected Taxes
2021	$ 5,125,204	$ 5,210,750	$ 631,761	$ 5,842,511	$ 756,671
2020	5,010,577	5,098,390	472,284	5,570,674	756,205
2019	4,887,056	5,047,323	528,886	5,576,210	755,350
2018	4,711,612	4,806,143	589,311	5,395,454	772,846
2017	4,375,166	4,476,803	439,274	4,916,077	753,422

Source: The Township's Audited Financial Statements.

TAX TITLE LIENS AND DELINQUENT TAXES

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percent of Tax Levy
2021	$ 630,505	$ 602,783	$ 1,233,288	4.77%
2020	689,907	633,463	1,323,370	5.19%
2019	762,489	511,518	1,274,007	5.07%
2018	650,611	579,719	1,230,329	4.99%
2017	1,040,510	683,677	1,724,187	7.06%

Source: The Township's Audited Financial Statements.

TAX TITLE LIENS

Year	Balance January 1,	Transferred From Taxes Receivable	Interest and Costs on Tax Sale	Property Acquired For Taxes	Balance December 31,
2021	$ 689,907	$ 92,684	$ 28,358	$ 180,445	$ 630,505
2020	762,489	149,373	32,066	254,021	689,907
2019	650,611	158,350	10,262	56,733	762,489
2018	1,040,510	195,470	62,967	648,337	650,611
2017	906,985	132,979	6,413	5,868	1,040,510

Source: The Township's Audited Financial Statements.

FORECLOSED PROPERTY

Year	Balance January 1,	Foreclosed Tax Liens	Adjustment to Assessed Valuation	Property Sold by Municipality	Gain/ Loss	Balance December 31,
2021	$ 825,400	$ 90,337	$ 23,163			$ 938,900
2020	524,200	136,239	164,961			825,400
2019	524,200					524,200
2018	108,200	606,179	494,121	$ (201,775)	$ (482,525)	524,200
2017	114,800		(6,600)			108,200

Source: The Township's Audited Financial Statements.

MAJOR REAL PROPERTY TAXPAYERS

Taxpayer	2021 Assessed Taxpayer Valuation
Hawke Pointe	$12,025,600
Asbury Farms (Including Golf Course)	7,489,468
Washington Shopping Center, Incorporated	6,541,500
Desapio Properties, LLC.	3,376,800
Johnson Family Holdings LLC.	3,342,700
ED Mark 31 LLC, (Rossi)	3,243,900
Fitzgibbon, Smith & Smith	3,134,900
Prime Shortage	2,291,700
I.C. Washington Inc. - Eckerd Drug	1,875,400
Witte Holdings LLC.	1,805,100
Total Assessed Valuation	$45,127,068
Percent of Township's Total Real Property Assessed Valuation	6.58%

Source: The Township's Tax Assessor.

COMPARISON OF MUNICIPAL TAX LEVY TO DEBT SERVICE REQUIREMENT

Year	Municipal Purpose Tax Levy	Debt Service Requirement	Percent of Debt Service to Tax Levy
2021	$ 5,125,204	$ 1,015,167	19.81%
2020	5,010,577	1,027,992	20.52%
2019	4,887,056	1,024,582	20.97%
2018	4,711,612	989,222	21.00%
2017	4,375,166	997,033	22.79%

Source: The Township's Audited Financial Statements.

DEBT INFORMATION

The Township's debt incurring capacity is limited to by statute to 3.50% of its statutory equalized valuation. The levy of taxes to pay annual debt service requirements is not limited by any State statute or law.

The following schedules set forth information on the amounts of debt issued and outstanding, debt authorized but not issued debt, annual debt service requirements, and overlapping debt. After the date noted above, the debt information and statistics noted below may vary from the figures shown because of either a reduction or an increase in the amounts of debt for each of the political entities noted.

STATUTORY DEBT INFORMATION
(As of December 31, 2021)

	Gross Debt	Deductions	Net Debt
School Purpose:			
Bonds and Notes Issued	$10,974,000		
Less Deductions		$10,974,000	
Net Debt for School Purpose			$ -0-
Municipal Purpose:			
General Purpose:			
Bonds and Notes Issued	8,425,978		
Green Trust Loan			
Authorized but Not Issued	-0-		
Less Deductions		27,961	
Net Debt for General Purpose			8,398,017
Total Gross Statutory Debt	$19,399,978		
Total Statutory Deductions		$11,001,961	
Total Net Statutory Debt			$ 8,398,017

Source: The Township's Audited Financial Statements.

STATUTORY BORROWING POWER
(As of December 31, 2021)

Equalized Valuation (1)	$	741,397,753
Statutory Borrowing Power (2)	$	25,948,921
Statutory Net Debt		8,398,017
Statutory Remaining Borrowing Power	$	17,550,904
Ratio:		
Statutory Net Debt to Equalized Valuation		1.13%

(1) Average for the years 2021, 2020, and 2019, as calculated by the State.
(2) 3.50% of State Equalized Valuation.
Source: The Township's Audited Financial Statements

AUTHORIZED BUT NOT ISSUED DEBT
(As of December 31, 2021)

General Improvements	$ 8,398,014

Source: The Township's Audited Financial Statements

TEMPORARY DEBT ISSUED AND OUTSTANDING
(As of December 31, 2021)

Purpose	Interest Rate	Maturity Date	Amount Outstanding
General:			
General Purpose	1.00%	8/26/2022	$ 3,727,978
Total Temporary Debt Outstanding			$ 3,727,978

Source: The Township's Audited Financial Statements.

PERMANENT DEBT ISSUED AND OUTSTANDING
(As of December 31, 2021)

Purpose:	Interest Rate	Final Maturity Date	Amount Outstanding
General:			
General Purpose	3.00-4.75%	5/22/22-33	$ 4,698,000
Total Permanent Debt Issued and Outstanding			$ 4,698,000

Source: The Township's Audited Financial Statements

SCHEDULE OF DEBT SERVICE OF OUTSTANDING BONDS - PRINCIPAL
(As of December 31, 2021)

Year	General
2022	$ 753,000
2023	440,000
2024	455,000
2025	470,000
2026	480,000
2027	495,000
2028	505,000
2029	545,000
2030	555,000
	$ 4,698,000

Source: The Township's Audited Financial Statements

DIRECT AND OVERLAPPING DEBT ISSUED AND OUTSTANDING
(As of December 31, 2021)

	Direct Debt		Direct and Overlapping Debt	
	Gross	**Net**	**Gross**	**Net**
Direct Debt:				
General Purpose	$ 8,425,978	$ 8,398,017	$ 8,425,978	$ 8,398,017
Overlapping Debt:				
Warren County (1)	-0-	-0-	168,084	84,042
School District	10,974,000	-0-	10,974,000	-0-
Gross Direct Debt	$ 19,399,978			
Net Direct Debt		$ 8,398,017		
Gross Direct and Overlapping Debt			$ 19,568,062	
Net Direct and Overlapping Debt				$ 8,482,059

(1) The Township's Share (6.44%) is obtained from the County.

DEBT RATIOS

	Direct Debt		Direct and Overlapping Debt	
	Gross	**Net**	**Gross**	**Net**
Per Capita (1)	$ 3,047	$ 1,319	$ 3,074	$ 1,332
Equalized Valuation (2)	2.62%	1.13%	2.64%	1.14%

(1) 2020 Census Population figure (6,366)
(2) 2021 Equalized Valuation as prepared by the County of Warren is $ 741,397,753.

Sources: The Township's Audited Financial Statements and the various political sub-divisions noted above.

APPENDIX B

FINANCIAL STATEMENTS

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TOWNSHIP OF WASHINGTON

COUNTY OF WARREN

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

TOWNSHIP OF WASHINGTON
FINANCIAL STATEMENTS
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FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

Mount Arlington, NJ
Newton, NJ
Bridgewater, NJ
973.298.8500
nisivoccia.com
Independent Member
BKR International

Independent Auditors' Report

The Honorable Mayor and Members
of the Township Committee
Township of Washington, NJ

Report on the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Township of Washington, in the County of Warren (the "Township") as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Township as of December 31, 2021 and 2020, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

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 section of our report, the accompanying 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 each fund and account group of the Township as of December 31, 2021 and 2020, or the changes in financial position where applicable thereof for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Mount Arlington, New Jersey
July 5, 2022

NISIVOCCIA LLP

Nisivoccia LLP

John J. Mooney
Registered Municipal Accountant No. 560
Certified Public Accountant

TOWNSHIP OF WASHINGTON
CURRENT FUND
COMPARATIVE BALANCE SHEET

	December 31, 2021	2020	2019
ASSETS			
Regular Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	$ 2,818,638.73	$ 2,470,665.39	$ 1,628,914.00
Change Fund - Collector	100.00	100.00	100.00
Total Cash and Cash Equivalents	2,818,738.73	2,470,765.39	1,629,014.00
Due from State of New Jersey:			
Veterans and Senior Citizens Deductions	9,058.98	8,014.70	7,514.70
	2,827,797.71	2,478,780.09	1,636,528.70
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	602,782.82	633,463.00	511,518.45
Tax Title Liens Receivable	630,504.88	689,907.21	762,488.99
Property Acquired for Taxes - Assessed Valuation	938,900.00	825,400.00	524,200.00
Revenue Accounts Receivable	2,564.04	2,011.07	169,511.48
Prepaid Fire District Taxes		4,911.03	2,653.58
Due from:			
Federal and State Grant Fund	25,123.77	51,323.77	15,630.00
Other Trust Funds	5,014.84	7,065.22	6,598.46
Open Space Trust Fund	5,608.37		
Other Trust Funds - Tax Sale Premiums		34,200.00	48,100.00
General Capital Fund	10,546.58		
Payroll	7,080.68	6,303.04	6,303.04
Total Receivables and Other Assets With Full Reserves	2,228,125.98	2,254,584.34	2,047,004.00
Total Regular Fund	5,055,923.69	4,733,364.43	3,683,532.70
Federal and State Grant Fund:			
Cash and Cash Equivalents	449,514.54	18,827.52	7,671.49
Federal and State Grants Receivable	579,011.10	533,139.63	395,956.60
Total Federal and State Grant Fund	1,028,525.64	551,967.15	403,628.09
TOTAL ASSETS	$ 6,084,449.33	$ 5,285,331.58	$ 4,087,160.79

TOWNSHIP OF WASHINGTON
CURRENT FUND
COMPARATIVE BALANCE SHEET

	December 31, 2021	December 31, 2020	December 31, 2019
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	$ 432,347.13	$ 762,686.87	$ 289,392.39
Encumbered	63,049.19	124,578.51	102,592.13
Total Appropriation Reserves	495,396.32	887,265.38	391,984.52
Prepaid Taxes	207,841.72	247,029.41	230,550.25
Tax Overpayments	19,433.41	33,114.25	18,293.82
Due to Other Trust Funds:			
Open Space		6,250.22	3,712.97
Storm Recovery Trust Fund	50,000.00		
Tax Sale Premiums	8,600.00		
Due to General Capital Fund		39,522.95	45,023.77
Due to State of New Jersey:			
Marriage License Fees	125.00	175.00	150.00
Due to Borough of Washington	1,228.37	1,228.37	594.00
Due to Township of Oxford	91.68		96.34
Prepaid School Resource Officer		25,015.40	
County Taxes Payable	4,464.09	1,663.64	7,983.28
County Taxes Payable - PILOT Fees	11,614.44		
Local School District Taxes Payable	152,885.00	73,430.00	
Regional High School Taxes Payable	306,713.55	223,801.33	57,861.31
Reserve for:			
Tax Maps	2,300.00	2,300.00	2,300.00
Third Party Liens	23,573.84	20,296.17	
Tax Title Lien Payment Plan	84,283.00	84,283.00	40,000.00
Sale of Municipal Assets	51,171.87	172,526.00	209,026.00
	1,419,722.29	1,817,901.12	1,007,576.26
Reserve for Receivables and Other Assets	2,228,125.98	2,254,584.34	2,047,004.00
Fund Balance	1,408,075.42	660,878.97	628,952.44
Total Regular Fund	5,055,923.69	4,733,364.43	3,683,532.70
Federal and State Grant Fund:			
Appropriated Reserves	607,634.60	498,623.38	374,411.89
Unappropriated Reserves	395,767.27	2,020.00	13,586.20
Due Current Fund	25,123.77	51,323.77	15,630.00
Total Federal and State Grant Fund	1,028,525.64	551,967.15	403,628.09
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	$ 6,084,449.33	$ 5,285,331.58	$ 4,087,160.79

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Year Ended December 31, 2021	2020	2019
Revenue and Other Income Realized			
Fund Balance Utilized	$ 570,000.00	$ 570,000.00	$ 620,000.00
Miscellaneous Revenue Anticipated	5,214,764.05	5,108,044.44	4,429,991.59
Receipts from:			
Delinquent Taxes	718,765.55	589,348.98	585,619.45
Current Taxes	25,174,376.52	24,827,226.95	24,485,749.08
Nonbudget Revenue	266,109.56	185,765.19	179,011.83
Other Credits to Income:			
Increase in Local Deferred School Tax			212,185.00
Cancellation of Tax Overpayments	14,264.76		
Interfunds and Other Receivables Returned	40,606.82	70,328.46	75,635.42
Unexpended Balance of Appropriation Reserves	693,043.33	257,068.54	150,385.96
Total Income	32,691,930.59	31,607,782.56	30,738,578.33
Expenditures			
Budget Appropriations:			
Municipal Purposes	10,654,436.74	10,423,314.11	9,950,532.60
County Taxes	5,100,061.65	5,099,436.46	5,064,885.91
Amount Due County for Added and Omitted Taxes	4,464.09	1,663.64	7,983.28
Special District Taxes	570,277.00	556,771.55	545,083.42
Local School District Taxes	6,648,685.00	6,489,777.00	6,342,919.00
Regional High School Taxes	8,259,493.00	8,199,856.00	8,096,633.00
Municipal Open Space Tax	137,316.66	137,537.25	136,270.86
Interfunds and Other Receivables Advanced		92,588.99	
Refund of Prior Year Revenue			10,176.87
Prepaid Special District Taxes		4,911.03	2,653.58
Total Expenditures	31,374,734.14	31,005,856.03	30,157,138.52
Excess in Revenue	1,317,196.45	601,926.53	581,439.81
Fund Balance			
Balance January 1	660,878.97	628,952.44	667,512.63
	1,978,075.42	1,230,878.97	1,248,952.44
Decreased by:			
Utilized as Anticipated Revenue	570,000.00	570,000.00	620,000.00
Balance December 31	$ 1,408,075.42	$ 660,878.97	$ 628,952.44

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON
CURRENT FUND
COMPARATIVE STATEMENT OF REVENUE

	2021		2020		2019	
	Budget After Modification	Realized	Budget After Modification	Realized	Budget After Modification	Realized
Fund Balance Anticipated	$ 570,000.00	$ 570,000.00	$ 570,000.00	$ 570,000.00	$ 620,000.00	$ 620,000.00
Total Miscellaneous Revenue	5,115,923.63	5,214,764.05	5,013,999.93	5,108,044.44	4,613,962.74	4,429,991.59
Receipts from Delinquent Taxes	600,000.00	718,765.55	585,000.00	589,348.98	585,000.00	585,619.45
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes	5,125,204.26	5,210,750.43	5,010,577.41	5,098,390.11	4,887,056.40	5,047,323.43
Nonbudget Revenue		266,109.56		185,765.19		179,011.83
	$ 11,411,127.89	$ 11,980,389.59	$ 11,179,577.34	$ 11,551,548.72	$ 10,706,019.14	$ 10,861,946.30
Origional Budget	11,269,650.53		10,958,712.39		10,673,248.52	
Added by NJSA 40A:4-87	141,477.36		220,864.95		32,770.62	
	11,411,127.89		11,179,577.34		10,706,019.14	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON
CURRENT FUND
COMPARATIVE STATEMENT OF EXPENDITURES

	For the Years Ended December 31,								
	2021			2020			2019		
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved
Operations for Municipal Purposes:									
Salaries and Wages	$ 3,160,989.98	$ 2,976,434.39	$ 184,555.59	$ 3,093,812.58	$ 2,811,859.53	$ 281,953.05	$ 2,839,861.00	$ 2,782,421.95	$ 57,439.05
Other Expenses	6,288,279.60	6,064,774.99	223,504.61	6,134,509.92	5,692,592.71	441,917.21	5,894,564.32	5,663,042.64	231,521.68
Capital Improvements	190,000.00	165,713.07	24,286.93	167,000.00	128,183.39	38,816.61	169,525.00	169,093.34	431.66
Debt Service	1,015,187.00	1,015,167.16		1,028,049.77	1,027,991.67		1,024,719.00	1,024,582.28	
Expenditures							22,000.00	22,000.00	
Total Operations for for Municipal Purposes	10,654,456.58	10,222,089.61	432,347.13	10,423,372.27	9,660,627.30	762,686.87	9,950,669.32	9,661,140.21	289,392.39
Reserve for Uncollected Taxes	756,671.31	756,671.31		756,205.06	756,205.06		755,349.82	755,349.82	
	$ 11,411,127.89	$ 10,978,760.92	$ 432,347.13	$ 11,179,577.33	$ 10,416,832.36	$ 762,686.87	$ 10,706,019.14	$ 10,416,490.03	$ 289,392.39
Adopted Budget	$ 11,269,650.53			$ 10,958,712.38			$ 10,673,248.52		
Added by N.J.S.A. 40A:4-87	141,477.36			220,864.95			32,770.62		
	$ 11,411,127.89			$ 11,179,577.33			$ 10,706,019.14		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON

COMPARATIVE BALANCE SHEET - TRUST FUNDS

	December 31, 2021	December 31, 2020	December 31, 2019
ASSETS			
Animal Control Fund:			
Cash and Cash Equivalents	$ 415.07	$ 3,526.63	$ 5,922.63
	415.07	3,526.63	5,922.63
Open Space Trust Fund:			
Cash and Cash Equivalents	4,267.27	8,108.27	8,092.02
Due From Current Fund		6,250.22	3,712.97
Deferred Charges -			
Overexpended Trust Fund - Open Space Trust	1,341.10		
	5,608.37	14,358.49	11,804.99
Other Trust Funds:			
Cash and Cash Equivalents	1,551,890.76	1,424,936.49	1,313,641.52
Due to Current Fund - Tax Sale Premium	8,600.00		
Due From Current Fund - Storm Recovery Trust Fund	50,000.00		
	1,610,490.76	1,424,936.49	1,313,641.52
TOTAL ASSETS	$ 1,616,514.20	$ 1,442,821.61	$ 1,331,369.14
LIABILITIES AND RESERVES			
Animal Control Fund:			
Due to State of New Jersey	$ 4.80	$ 4.80	$ 4.80
Reserve for Animal Control Fund Expenditures	410.27	3,521.83	5,917.83
	415.07	3,526.63	5,922.63
Open Space Trust Fund:			
Due to Current Fund	5,608.37		
Reserve for Open Space		14,358.49	11,804.99
	5,608.37	14,358.49	11,804.99
Other Trust Funds:			
Due to Current Fund - Other Trusts	5,014.84	7,065.22	6,598.46
Due to Current Fund - Tax Sale Premium		34,200.00	48,100.00
Due to State of New Jersey - UCC Fees	4,822.60	4,822.60	1,790.90
Reserve for:			
Encumbrances- Developers Escrow	12,805.00	12,805.00	1,307.50
Engineering Trust		77,218.81	28,312.56
Affordable Housing	9,487.50	2,764.00	2,764.00
Tax Sale Premiums	204,300.00	161,500.00	147,600.00
Uniform Construction Code Trust	193,166.24	58,021.45	43,332.08
Storm Recovery Trust Fund	55,939.91	25,939.91	25,939.91
Escrow Deposits	1,098,691.26	1,032,889.36	1,006,330.11
Parking Offense Adjudication Act	124.25	124.25	122.25
Payment in Lieu of Taxes - Administration Fees	506.21	1,002.14	
Recreation Trust	25,432.95	6,383.75	1,243.75
Anti-Drug and Violence Trust	200.00	200.00	200.00
Total Other Trust Funds	1,610,490.76	1,424,936.49	1,313,641.52
TOTAL LIABILITIES AND RESERVES	$ 1,616,514.20	$ 1,442,821.61	$ 1,331,369.14

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	December 31, 2021	2020	2019
ASSETS			
Cash and Cash Equivalents	$ 2,309,271.04	$ 375,082.92	$ 180,209.42
Due from Current Fund		39,522.95	45,023.77
Deferred Charges to Future Taxation:			
Funded	4,698,000.00	5,440,987.43	6,192,251.80
Unfunded	3,727,978.00	1,259,500.00	1,033,376.00
TOTAL ASSETS	$ 10,735,249.04	$ 7,115,093.30	$ 7,450,860.99
LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes Payable	$ 3,727,978.00	$ 1,259,500.00	$ 1,033,376.00
Serial Bonds Payable	4,698,000.00	5,423,000.00	6,126,000.00
Loans Payable		17,987.43	66,251.80
Improvement Authorizations:			
Funded	10,000.00	121,140.00	121,140.00
Unfunded	1,730,822.84	42,283.84	43,198.13
Due Current Fund	10,546.58		
Reserve for Encumbrances	405,914.75	157,772.00	
Reserve to Pay Debt Service	27,960.58	10,523.74	5,008.77
Capital Improvement Fund	124,026.29	82,886.29	55,886.29
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	$ 10,735,249.04	$ 7,115,093.30	$ 7,450,860.99

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

NOT APPLICAPLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET

	December 31, 2021	2020	2019
ASSETS			
Land/Site Improvements	$ 6,276,920.00	$ 6,276,920.00	$ 6,276,920.00
Buildings	5,316,830.00	5,330,785.00	5,330,785.00
Machinery and Equipment	4,045,988.00	3,735,120.00	4,034,697.00
TOTAL ASSETS	$ 15,639,738.00	$ 15,342,825.00	$ 15,642,402.00
RESERVES			
Reserve for General Fixed Assets	$ 15,639,738.00	$ 15,342,825.00	$ 15,642,402.00
TOTAL RESERVES	$ 15,639,738.00	$ 15,342,825.00	$ 15,642,402.00

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Washington include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Washington, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Washington do not include the operations of the Volunteer Fire and First Aid Squads.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Washington conform to the accounting practices applicable to municipalities, which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Washington accounts for its financial transactions through the following separate funds:

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

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

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

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

General Fixed Assets Account Group - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "Basis of Accounting".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is recognized in the Current Fund when it is budgeted and in the General Capital Fund when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Other amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.

2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.

3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the 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

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Township of Washington's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned not when awarded or budgeted, inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, and the Township's net pension and OPEB liabilities and related deferred inflows and outflows would be recorded.

D. Deferred Charges to Future Taxation – The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, or by collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by loans or by capital leases.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid, where applicable.

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include (Cont'd)

Grants Receivable - Grants receivable represent the total grant award less amounts collected to date. Because the amount of grant funds to be collected is dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets – General fixed assets are recorded at cost, except for land which is recorded at historical value, and buildings, which are recorded at historical value. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the Current Fund and the General Capital Fund. The values recorded in the General Fixed Assets Account Group and the Current and General Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current operating, and the Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance the general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township’s full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

On October 18, 2016, the Township issued refunding bonds of $4,800,000 to refund $4,930,000 of the outstanding General Obligation Bonds of 2010. As a result of the refunding, the Township will realize a total of $178,830.58 in cash savings over the life of the bond issue. On a net present value basis, the savings equate to $179,928.99 or 3.7% of the bonds refunded.

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt

	December 31, 2021	2020	2019
Issued:			
General:			
Serial Bonds Payable	$ 4,698,000.00	$ 5,423,000.00	$ 6,126,000.00
Bond Anticipation Notes Payable	3,727,978.00	1,259,500.00	1,033,376.00
Green Acres Loans Payable		17,987.43	66,251.80
Total Issued	8,425,978.00	6,700,487.43	7,225,627.80
Less: Reserve to Pay Debt Service	27,960.58	10,523.74	5,008.77
Net Bonds and Notes Issued and Authorized but not Issued	$ 8,398,017.42	$ 6,689,963.69	$ 7,220,619.03

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 1.133%.

	Gross Debt	Deductions	Net Debt
Regional School District Debt	$ 10,974,000.00	$ 10,974,000.00	
General Debt	8,425,978.00	27,960.58	$ 8,398,017.42
	$ 19,399,978.00	$ 11,001,960.58	$ 8,398,017.42

Net Debt $8,398,017.42 divided by Average Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, $741,397,753= 1.133%.

Borrowing Power Under N.J.S. 40A:2-5 As Amended

3-1/2% Average Equalized Valuation of Real Property	$ 25,948,921.36
Net Debt	8,398,017.42
Remaining Borrowing Power	$ 17,550,903.94

The foregoing information is in agreement with the annual debt statement as filed by the Chief Financial Officer.

Note 2: Long-Term Debt (Cont'd)

The Township's debt issued and outstanding on December 31, 2021 is described as follows:

General Capital Serial Bonds

Type	Maturities of Bonds Outstanding	Rate	Amount
General Obligation	10/15/22	4.75%	$ 318,000.00
Bond Refunding	5/1/22-30	3.00%-4.00%	4,380,000.00
			$ 4,698,000.00

General Capital Bond Anticipation Notes

Purpose	Final Maturity Date	Interest Rate	Balance Outstanding Dec. 31, 2021
Purchase of Property	8/26/2022	1.00%	$ 219,230.00
Acquisition of Vehicular Equipment	8/26/2022	1.00%	123,798.00
Acquisition of Dump Truck	8/26/2022	1.00%	153,596.00
Various Improvements	8/26/2022	1.00%	444,354.00
Acquisition of Equipment	8/26/2022	1.00%	257,000.00
Various Improvements	8/26/2022	1.00%	2,330,000.00
Acquisition of Land	8/26/2022	1.00%	200,000.00
			$ 3,727,978.00
Total Debt Issued and Outstanding			$ 8,425,978.00

Schedule of Annual Debt service for principal and interest on the serial bonds payable for the next five years and thereafter:

Calendar Year	Principal	Interest	Total
2022	$ 753,000.00	$ 170,480.00	$ 923,480.00
2023	440,000.00	142,250.00	582,250.00
2024	455,000.00	128,825.00	583,825.00
2025	470,000.00	112,600.00	582,600.00
2026	480,000.00	93,600.00	573,600.00
2027-2030	2,100,000.00	172,400.00	2,272,400.00
	$ 4,698,000.00	$ 820,155.00	$ 5,518,155.00

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Outstanding – Current and Prior Years:

Current Year:	Balance 12/31/2020	Additions	Retirements	Balance 12/31/2021
Bond Anticipation Notes:				
General Capital Fund	$ 1,259,500.00	$ 3,727,978.00	$ 1,259,500.00	$ 3,727,978.00
Serial Bonds:				
General Capital Fund	5,423,000.00		725,000.00	4,698,000.00
Green Acres Loans Payable:				
General Capital Fund	17,987.43		17,987.43	
	$ 6,700,487.43	$ 3,727,978.00	$ 2,002,487.43	$ 8,425,978.00

Prior Year:	Balance 12/31/2019	Additions	Retirements	Balance 12/31/2020
Bond Anticipation Notes:				
General Capital Fund	$ 1,033,376.00	$ 1,259,500.00	$ 1,033,376.00	$ 1,259,500.00
Serial Bonds:				
General Capital Fund	6,126,000.00		703,000.00	5,423,000.00
Green Acres Loans Payable:				
General Capital Fund	66,251.80		48,264.37	17,987.43
	$ 7,225,627.80	$ 1,259,500.00	$ 1,784,640.37	$ 6,700,487.43

Note 3: Fund Balance Appropriated

Fund balance at December 31, 2021, which is appropriated and included in the adopted budget as anticipated revenue in the Current Fund for the year ending December 31, 2022, is $738,000.00.

Note 4: School Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

Local District School Tax and Regional High School Tax have been raised and liabilities deferred by statutes (under provisions of C.63, P.L. 1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Local District School Tax		Regional High School Tax	
	Balance 12/31/2021	Balance 12/31/2020	Balance 12/31/2021	Balance 12/31/2020
Balance of Tax	$ 3,324,343.00	$ 3,244,888.00	$ 4,407,029.05	$ 4,324,116.83
Deferred	3,171,458.00	3,171,458.00	4,100,315.50	4,100,315.50
Tax Payable	$ 152,885.00	$ 73,430.00	$ 306,713.55	$ 223,801.33

Note 5: Pension Plans

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability well be paid by the employer in level annual payments over a period of 15 years beginning, with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to $188,973.46 for 2021.

The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2020, the Township's liability was $2,851,703 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Township's proportion was 0.01749%, which was an increase of 0.0006% from its proportion measured as of June 30, 2019. The Township rolled the net pension liability as of June 30, 2020 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS) valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include June 30, 2020 pension information in the Notes to the Financial Statements as the June 30, 2021 pension information has not been released as of the date of this audit.

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

For the year ended December 31, 2021, the Township recognized actual pension expense in the amount of $188,973.46.

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

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 real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments determine the total pension liability.

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate (Cont'd)

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2020	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	$ 3,581,866	$ 2,851,703	$ 2,220,462

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

Note 5: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members.

The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning, with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

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

However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

Township contributions to PFRS amounted to $389,494.14 for the year ended December 31, 2021. During the fiscal year ended June 30, 2020, the State of New Jersey contributed $121,372 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of $178,756.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2020, the Township's liability for its proportionate share of the net pension liability was $10,163,324. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Township's proportion was 0.0786%, which was an increase of 0.0026% from its proportion measured as of June 30, 2019. The Township has rolled forward the net pension liability as of June 30, 2020 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS) valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include June 30, 2020 pension information in the Notes to the Financial Statements as the June 30, 2021 pension information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is $1,577,302 as of June 30, 2020. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the State's proportion was 0.0786%, which was an increase of .0026% from its proportion measured as of June 30, 2019 which is the same proportion as the Township's.

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Township's Proportionate Share of the Net Pension Liability	$	10,163,324
State's Proportionate Share of the Net Pension Liability Associated with the Township		1,577,302
Total Net Pension Liability	$	11,740,626

For the year ended December 31, 2021, the Township recognized total pension expense of $389,494.14.

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 15.25% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2010 Safety Employee Mortality Table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted Retiree mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2020 are summarized in the following table:

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

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments determine the total pension liability.

Note 5: Pension Plans (Cont'd)

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

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2020	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	$ 15,612,616	$ 11,740,626	$ 8,524,642

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

Note 6: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of $10,000 at December 31 of the current year. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Note 6: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	2021	2020	2019
Tax Rate	$ 3.767	$ 3.709	$ 3.680
Apportionment of Tax Rate:			
County	0.669	0.663	0.665
County Library	0.054	0.053	0.054
Open Space - County	0.021	0.027	0.026
Open Space - Municipal	0.020	0.020	0.020
Local District School	0.969	0.945	0.930
Regional High School	1.204	1.192	1.188
Municipal	0.747	0.728	0.717
Fire District	0.083	0.081	0.080
Assessed Valuations:			
2021	$ 730,278,125		
2020		$ 724,471,996	
2019			$ 708,550,380

Comparison of Tax Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

		Currently	
Year	Tax Levy	Cash Collections	Percentage of Collection
2021	$ 25,863,886	$ 25,174,377	97.33%
2020	25,505,983	24,827,227	97.33%
2019	25,112,092	24,485,749	97.50%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 7: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less. Investments are stated at cost, which approximates market. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash,

Note 7: Cash and Cash Equivalents (Cont'd)

cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed below and on the following page.

Custodial Credit Risk – The Township's policy with respect to custodial credit risk requires that the Township ensures that Township funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit.

In addition to the above collateral requirement, if 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, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

Investments

New Jersey statutes permit the Township to purchase the following types of securities:

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

Note 7: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

(4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

(8) Agreements for the repurchase of fully collateralized securities if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2021, cash and cash equivalents of the Township of Washington consisted of the following:

	Cash On Hand	Checking Accounts	Total
Current Fund	$ 100.00	$ 2,818,638.73	$ 2,818,738.73
Federal and State Grant Fund		449,514.54	449,514.54
Animal Control Fund		415.07	415.07
Open Space Trust Fund		4,267.27	4,267.27
Other Trust Funds		1,551,890.76	1,551,890.76
General Capital Fund		2,309,271.04	2,309,271.04
	$ 100.00	$ 7,133,997.41	$ 7,134,097.41

Note 7: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

During the year ended December 31, 2021, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2021 was $7,134,097.41 and the bank balance was $7,983,493.22.

Note 8: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township of Washington is currently a member of the Statewide Insurance Fund (the "Fund"). The fund provides its members with Liability, Property and Workers' Compensation and Employer Liability Insurance. The Fund is risk-sharing public entity risk pool that is an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund is elected.

As a member of the Fund, the Town could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Funds' liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The December 31, 2021 audit report for the Fund is not filed as of the date of this audit. Selected, summarized financial information for the Fund as of December 31, 2020 is as follows:

	Statewide Insurance Fund Dec. 31, 2020
Total Assets	$ 50,426,242
Net Position	$ 17,737,333
Total Revenue	$ 25,141,173
Total Expenses	$ 22,716,618
Change in Net Position	$ 2,424,555
Members Dividends	$ -0-

Note 8: Risk Management (Cont'd)

Financial statements for the Fund are available at the office of the Fund's Executive Director:

Statewide Insurance Fund
One Sylvan Way
Parsippany, New Jersey 07054
(862) 260-2050

New Jersey Unemployment Compensation Insurance – The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Township is required to remit employee withholdings to the State on a quarterly basis. All of the Township's claims are paid by the State.

Note 9: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2021:

Fund	Interfund Receivable	Interfund Payable
Current Fund	$ 46,293.56	$ 58,600.00
Federal and State Grant Fund		25,123.77
Other Trust Fund	58,600.00	5,014.84
Open Space Trust Fund		5,608.37
General Capital Fund		10,546.58
	$ 104,893.56	$ 104,893.56

The interfund due from the Other Trust Fund due to the Current Fund consisted of interest earned. The interfund due from the Federal and State Grant Fund to the Current Fund consisted of funds paid by Current Fund on behalf of the Federal and State Grant Fund. The Open Space interfund receivable is the added and omitted levy due from Current Fund. Lastly, the interfund between General Capital Fund and Current Fund is the interest due to Current Fund net of a General Capital Fund bond anticipation note premium, and a budgeted capital improvement fund appropriation not turned over to the General Capital Fund.

Note 10: Commitments and Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

Note 11: Accrued Sick and Vacation Benefits

The Township does not permit employees to accrue unused vacation and sick pay for periods longer than one year. Employees are permitted to carry over a limited number of sick and vacation days, however those days are to be used in the following fiscal year or the employee forfeits them. There is no payout to be made by the Township should an employee retire before using the carried over days. As a result, the Township has no accrued liability.

Note 12: Deferred Compensation

The Township offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, which are administered by Met Life and Lincoln Financial, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

Note 13: Open Space Trust Fund

The Township established an Open Space Trust Fund in 1998. The Township has levied a tax equal to two cents per $100 of total Township assessed real property valuation. The tax has remained two cents since the approval by the voters to establish the open space tax. The intention of the municipality is to use this funding to offset the debt issued to acquire open space property in the Township. The funds are being held in the Open Space Fund Reserve on the Other Trust Funds balance sheet. The reserve balances in this account at the end of 2021 and 2020 were $0 and $14,358.49, respectively.

Note 14: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

Note 15: Fixed Assets

The following schedule is a summarization of the general fixed assets for the years ended December 31, 2021 and 2020:

	Balance December 31, 2020	Additions	Deletions/ Adjustments	Balance December 31, 2021
Land/Site Improvements	$ 6,276,920.00			$ 6,276,920.00
Buildings	5,330,785.00		$ 13,955.00	5,316,830.00
Machinery and Equipment	3,735,120.00	$ 743,791.00	432,923.00	4,045,988.00
	$ 15,342,825.00	$ 743,791.00	$ 446,878.00	$ 15,639,738.00

	Balance December 31, 2019	Additions	Deletions/ Adjustments	Balance December 31, 2020
Land/Site Improvements	$ 6,276,920.00			$ 6,276,920.00
Buildings	5,330,785.00			5,330,785.00
Machinery and Equipment	4,034,697.00	$ 58,278.00	$ 357,855.00	3,735,120.00
	$ 15,642,402.00	$ 58,278.00	$ 357,855.00	$ 15,342,825.00

Note 16: Tax Abatements

GASB requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.

As of December 31, 2021, The Township provides a tax abatement to an urban renewal entity formed and qualified to do business under the provision of the Long Term Tax Exemption Law of 1992 (N.J.S.A. 40A:20-1) (the “Law”) and a resolution of the governing body dated August 15, 2017 and an agreement dated August 15, 2017. In consideration of the full abatement of taxes, the urban renewal entity is required to pay to the Township an annual service charge. The annual service charge made by the urban renewal entity will be equal to 25% of the annual gross revenue for years one through five, 25% of the annual gross revenue for years six through ten, 35% of annual gross revenue for years eleven through twenty-one, and 40% of annual gross revenue for years twenty-two through thirty derived from each residential rental and retail/commercial rental unit as detailed in the tax abatement agreement. From the annual service charge paid by the Entity, the Township shall annually remit 5% of the payment received to the County of Warren in accordance with the provisions of N.J.S.A 40A:20-12. The tax abatement provided under the agreement shall be terminated when the urban renewal entity or its successors and the development cease to remain subject to the provisions of the Law or a period of not more than 30 years from the effective date of the tax exemption, whichever event occurs first.

Note 16: Tax Abatements (Cont'd)

All disputes between the parties arising out of this Agreement shall be resolved by binding arbitration by a single arbitrator in accordance with the rules of the American Arbitration Association for commercial arbitrations.

The Township recognized revenue in the amount of $183,920.63 from this annual service charge or payment in lieu of taxes which is recorded as a miscellaneous revenue anticipated in the Current Fund. The taxes which would have been paid on this property for 2021 without the abatement would have been $222,494.00 of which $46,322.72 would have been for the local municipal tax and the municipal open space tax.

Note 17: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2021, the Township had the following deferred charges:

	Balance Dec. 31, 2021	Required 2022 Budget Appropriation
Deferred Charge - Overexpended Trust Fund- Open Space Trust	$ 1,341.10	$ 1,341.10

The appropriation in the 2022 budget is not less than that required by statute.

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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

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

ONE GATEWAY CENTER,
24TH FLOOR
NEWARK, NJ 07102
WWW.HAWKINS.COM

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

August 25, 2022

Township Committee of The
Township of Washington,
in the County of Warren, New Jersey

Ladies and Gentlemen:

We have acted as bond counsel to The Township of Washington, in the County of Warren, a municipal corporation of the State of New Jersey, situate in said County of Warren (the "Township"), and have examined a record of proceedings relating to the issuance by the Township of its $3,650,000 General Bonds of 2022 (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 Committee of the Township, entitled: "Resolution providing for the combination of certain issues of bonds of the Township of Washington, in the County of Warren, New Jersey, into a single issue of General Bonds aggregating $3,650,000 in principal amount", adopted July 19, 2022 and the bond ordinances referred to therein.

The Bonds are dated the date hereof, and bear interest from their dated date at the rates per annum (payable semi-annually on each February 15 and August 15 until maturity or earlier redemption, commencing February 15, 2023) and mature on August 15 in each year and in the respective principal amounts set forth below:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2023	$200,000	4.000%	2030	$265,000	3.000%
2024	210,000	4.000	2031	270,000	3.000
2025	220,000	4.000	2032	280,000	3.000
2026	230,000	3.000	2033	295,000	3.000
2027	240,000	3.000	2034	305,000	3.000
2028	245,000	3.000	2035	315,000	3.125
2029	255,000	3.000	2036	320,000	3.250

The Bonds maturing prior to August 15, 2030 are not subject to redemption prior to maturity at the option of the Township. The Bonds maturing on and after August 15, 2030 are subject to redemption prior to maturity at the option of the Township in whole or in part, 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 any date on or after August 15, 2029, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued, if any, 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 imposed 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, in our opinion, the form of said bond and its execution are regular and proper.

Very truly yours,

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