

**NEW ISSUE  
BOOK-ENTRY ONLY**

**Rating: S&P “AA+”  
(See “RATING” herein)**

*In the opinion of Bond Counsel, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the “Code”) applicable to the Bonds and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals. Under the laws of the State of New Jersey, as enacted and construed on the date of the original delivery of the Bonds, interest on the Bonds and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.*

**\$14,958,000\***  
**TOWNSHIP OF JACKSON**  
**IN THE COUNTY OF OCEAN, NEW JERSEY**  
**GENERAL OBLIGATION BONDS, SERIES 2020**  
**(BOOK-ENTRY-ONLY) (CALLABLE)**

**Dated: Date of Delivery**

**Due: February 1, as shown on the inside front cover**

The \$14,958,000\* aggregate principal amount of General Obligation Bonds, Series 2020 (the “Bonds”) are general obligations of the Township of Jackson, County of Ocean, State of New Jersey (the “Township”), for which the full faith and credit of the Township are pledged. The Township is authorized and required by law to levy ad valorem taxes on all taxable property within the Township without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The Bonds will be issued in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book entry form, in the denomination of \$5,000 or any integral multiple thereof, except that any amount of Bonds maturing in any one year in excess of the largest principal amount thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2021, at such rates of interest, as shown on the inside front cover page hereof, until maturity or earlier redemption. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Township or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the Township to the registered owner thereof as of the Record Dates (as defined herein).

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”), various bond ordinances duly adopted by the Township Council on the dates set forth herein, and by a resolution duly adopted by the Township Council on January 14, 2020.

The proceeds of the Bonds will be used to: (i) refund, on a current basis, the Township’s \$6,667,321 bond anticipation notes, dated February 13, 2019 and maturing February 13, 2020; (ii) refund, on a current basis, the Township’s \$4,372,000 bond anticipation notes, dated August 6, 2019 and maturing February 13, 2020; (iii) provide \$3,918,679 in new money to finance various capital improvements; and (iv) pay the costs associated with the issuance of the Bonds.

The Bonds will constitute general obligations of the Township for the payment of the principal of and interest on which the full faith, credit and taxing power of the Township is available, and all the taxable real property within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for such purposes.

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**

The Bonds are offered when, as and if received by the purchaser and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by GluckWalrath LLP, Red Bank, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, serves as Municipal Advisor to the Township in connection with the issuance of the Bonds. It is expected that the Bonds, in definitive form, will be available for delivery on or about February 12, 2020.

**BIDS FOR THE BONDS, IN ACCORDANCE WITH THE FULL NOTICE OF SALE FOR THE BONDS,  
WILL BE RECEIVED ON JANUARY 30, 2020.**

\* Preliminary, subject to change.

This is a Preliminary Official Statement and the information contained herein is subject to completion, amendment or other change without notice. The securities described herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

**\$14,958,000\***  
**TOWNSHIP OF JACKSON**  
**IN THE COUNTY OF OCEAN, NEW JERSEY**  
**GENERAL OBLIGATION BONDS, SERIES 2020**  
**(BOOK-ENTRY-ONLY) (CALLABLE)**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS\*\***

<b><u>Maturity</u></b> <b><u>(February 1)</u></b>	<b><u>Principal*</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP**</u></b>
2021	\$1,103,000	%	%	468895__
2022	1,100,000			468895__
2023	1,100,000			468895__
2024	1,100,000			468895__
2025	1,100,000			468895__
2026	1,125,000			468895__
2027	1,150,000			468895__
2028	1,175,000			468895__
2029	1,200,000			468895__
2030	1,200,000			468895__
2031	1,200,000			468895__
2032	1,200,000			468895__
2033	1,205,000			468895__

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\* Preliminary, subject to change.

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

**TOWNSHIP OF JACKSON  
IN THE COUNTY OF OCEAN, NEW JERSEY  
95 W. VETERANS HIGHWAY  
JACKSON, NJ 08527  
(732) 928-1200**

**MAYOR**  
Michael Reina

**TOWNSHIP COUNCIL**  
Barry Calogero, Council President  
Alexander Sauickie III, Council Vice-President  
Kenneth J. Bressi  
Andrew Kern  
Martin Flemming

**TOWNSHIP ADMINISTRATOR**  
Terence Wall

**CHIEF FINANCIAL OFFICER**  
Sharon Pinkava

**TAX COLLECTOR**  
Michael W. Campbell

**TOWNSHIP CLERK**  
Janice Kisty

**TOWNSHIP ATTORNEY**  
Dasti, Murphy, McGuckin, Ulaky, Koutsouris & Connors  
Forked River, New Jersey

**AUDITOR**  
Holman Frenia Allison, P.C.  
Toms River, New Jersey

**BOND COUNSEL**  
GluckWalrath LLP  
Red Bank, New Jersey

**MUNICIPAL ADVISOR**  
Phoenix Advisors, LLC  
Bordentown, New Jersey

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

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

This document does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this document. If given or made, such other information or representations must not be relied upon as having been authorized by the Township.

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**OFFICIAL STATEMENT  
OF  
TOWNSHIP OF JACKSON  
IN THE COUNTY OF OCEAN, NEW JERSEY**

**RELATING TO  
\$14,958,000\*  
GENERAL OBLIGATION BONDS, SERIES 2020  
(BOOK-ENTRY-ONLY) (CALLABLE)**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Jackson (the “Township”), in the County of Ocean (the “County”), New Jersey (the “State”), in connection with the sale and issuance of \$14,958,000\* aggregate principal amount of General Obligation Bonds, Series 2020 (the “Bonds”).

**THE BONDS**

**General Description**

The Bonds will be dated the date of delivery and will mature on February 1 in each of the years and in the principal amounts as shown on the inside front cover page hereof. The interest on the Bonds will be payable semi-annually beginning February 1, 2021 and on each August 1 and February 1 thereafter. The record dates for the Bonds is each preceding January 15 and July 15, respectively (the “Record Dates”). The Bonds will be issued in book-entry form only.

The Bonds are general obligations of the Township and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and interest thereon. The Township is obligated to levy *ad valorem* taxes upon all of the taxable property within the Township for the payment of principal of and interest on the Bonds without limitation as to rate or amount.

**Optional Redemption**

The Bonds maturing prior to February 1, 2028 are not subject to optional redemption. The Bonds maturing on or after February 1, 2028 shall be subject to redemption at the option of the Township, in whole or in part, on any date on or after February 1, 2027 at a price of 100% of the principal amount being redeemed (the “Redemption Price”), plus unpaid accrued interest to the date fixed for redemption.

**Notice of Redemption**

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed Bond Registrar. So long as DTC (the “Depository Trust Company”) (or any successor thereto) acts as securities depository for the Bonds (“Securities Depository”), such Notice of Redemption shall be sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice

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\* Preliminary, subject to change.

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; within a maturity the Bonds to be redeemed shall be selected by the Securities Depository in accordance with its procedures.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

**Authorization for the Issuance of the Bonds**

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”), and are authorized by various bond ordinances duly adopted by the Township Council on the dates set forth in the chart on the following page and published and approved as required by law, and by a resolution duly adopted by the Township Council on January 14, 2020.

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such 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 all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel period has concluded as of the date of this Official Statement.

**Purpose of the Bonds**

Proceeds of the Bonds are being used to: (i) refund, on a current basis, the Township’s \$6,667,321 bond anticipation notes, dated February 13, 2019 and maturing February 13, 2020 (the “February Prior Notes”); (ii) refund, on a current basis, the Township’s \$4,372,000 bond anticipation notes, dated August 6, 2019 and maturing February 13, 2020 (the “August Prior Notes”, and together with the February Prior Notes, the “Prior Notes”); (iii) provide \$3,918,679 in new money to finance various capital improvements; and (iv) pay the costs associated with the issuance of the Bonds.

The purposes for which the Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Township, which bond ordinances are described in the following table by ordinance number, description and the amount of the Prior Notes being refunded with the proceeds of the Bonds. The bond ordinances are:

<b>Ordinance No.</b>	<b>Purpose</b>	<b>Amount of Prior Notes Being Refunded</b>	<b>New Money</b>
17-16	Various Capital Improvements and the Acquisition of Various Capital Equipment.	\$2,282,000	\$0
09-17	Various Capital Improvements and the Acquisition of Various Capital Equipment.	2,090,000	0
26-18	Acquisition of a New Radio System.	6,183,550	0
18-18	Various Capital Improvements and the Acquisition of Various Capital Equipment.	483,771	0

19-18, as amended by 05-19	Various Road/Drainage and Sidewalk Improvements.	0	1,543,750
22-19	Various Capital Improvements and the Acquisition of Various Capital Equipment and Reappropriating Excess Bond Proceeds.	<u>0</u>	<u>2,374,929</u>
	<b>Sub-Total:</b>	<u>\$11,039,321</u>	<u>\$3,918,679</u>
	<b>Total Proceeds:</b>		<u>\$14,958,000</u>

**Payment of Bonds**

The Bonds are general obligations of the Township for which the full faith and credit of the Township will be pledged. The Township is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Township for the payment of principal of and interest on Bonds without limitation as to rate or amount. See “SECURITY FOR THE BONDS.”

**Denominations and Place of Payment**

The Bonds are issuable only as fully registered bonds without coupons, and when issued will be in the form of one certificate per maturity and will be registered in the name of Cede & Co., as registered owner and nominee for DTC. DTC will act as Securities Depository for the Bonds. Purchase of the Bonds will be made in book entry form, in the denomination of \$5,000 each or any integral multiple thereof, except where necessary denominations of \$1,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. See “Book-Entry-Only System” herein.

**SECURITY FOR THE BONDS**

The Bonds are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Bonds. The Township is required by law to levy *ad valorem* taxes on all taxable real property in the Township for the payment of the principal, redemption premium, if any, of and the interest on the Bonds, without limitation as to rate or amount.

**The Township**

The Township, primarily a residential community, is located in the northern part of the County. See Appendix “A” for general information regarding the Township.

**BOOK-ENTRY-ONLY SYSTEM**

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



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

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 or its designated Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds, if any, 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 its designated Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Township, or the Township's designated Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or its designated Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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.

**NEITHER THE TOWNSHIP NOR ITS DESIGNATED PAYING AGENT WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.**

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

## **Discontinuance of Book-Entry Only System**

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township or its designated paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Township, or its designated paying agent, together with the duly executed assignment in form satisfactory to the Township, or its designated paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Township or its designated paying agent, may make a charge sufficient to reimburse 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 Dates.

## **MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

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

The Local Bond Law governs the issuance of bonds to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds issued by the Township are general full faith and credit obligations.

### **Debt Limits**

The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As shown in Appendix "A", the Township has not exceeded its statutory debt limit as of December 31, 2018.

### **Exceptions to Debt Limits - Extensions of Credit**

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township, without approval of the Local Finance Board, to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the

amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

### **Short Term Financing**

The Township may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for one year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

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

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may 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 determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

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. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the

preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed 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 ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

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.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

Additionally, legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension

contributions in excess of 2%, certain increases in health care over 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

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

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 over the next ensuing six 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 six 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 from the annual operating budget if the terms were detailed.

### **Tax Appeals**

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Township 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 Tax Board on or before the April 1 for review. The County Board of Taxation has the authority after a hearing to 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 feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

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

This law regulates the non-budgetary financial activities of local governments. 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 or commissions.

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local units financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for each local unit is on file with the Clerk and is available for review during business hours.

### **School Debt Subject to Voter Approval**

State law permits local school districts, upon approval of the voters in a Type II school district, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the constituent municipality. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the constituent municipality, the State Commissioner

of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

## **TAX MATTERS**

### **Federal Income Taxes**

The Internal Revenue Code of 1986, as amended (the “Code”) imposes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Township has covenanted to comply with the provisions of the Code applicable to the Bonds, and has covenanted not to take any action or permit any action that would cause the interest on the Bonds to be included in gross income under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference for purposes of the alternative minimum tax imposed by the Code on individuals. Bond Counsel will not independently verify the accuracy of those certifications and representations.

Assuming the Township observes its covenants with respect to compliance with the Code, GluckWalrath LLP, Bond Counsel to the Township, is of the opinion that, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of Bonds, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals. See “Certain Federal Tax Considerations” below.

### **State Taxes**

In the opinion of Bond Counsel, under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Bonds, interest on the Bonds and any gains from the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act.

### **Original Issue Premium**

The initial public offering price of the Bonds may be greater than the stated redemption price thereof at maturity (the “Premium Bonds”). The difference between the initial public offering price for the Premium Bonds and the stated redemption price at maturity is “original issue premium.” For federal income tax purposes original issue premium is amortizable periodically over the term of the Premium Bonds through reductions in the holder’s tax basis for the Premium Bonds for determining gain or loss from sale or redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Bonds rather than creating a deductible expense or loss. Purchasers of the Bonds should consult their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of the Premium Bonds.

### **Original Issue Discount**

The initial public offering price of certain Bonds may be less than the stated redemption price thereof at maturity (each a “Discount Bond”). The difference between the initial public offering price for any such Discount Bond and the stated redemption price at maturity is “original issue discount.” For federal income tax purposes, original issue discount on a Discount Bond accrues to the original holder of the Discount Bond over the period of its maturity based on the constant yield method compounded annually as

interest with the same tax exemption and alternative minimum tax status (if applicable) as regular interest. The accrual of original issue discount increases the holder's tax basis in the Discount Bond for determining taxable gain or loss on the maturity, redemption, prior sale or other disposition of a Discount Bond. Purchasers of the Bonds should consult their tax advisors for an explanation of the accrual rules for original issue discount and any other federal, state or local tax consequences of the purchase of Bonds with original issue discount.

### **Certain Federal Tax Considerations**

Ownership of the Bonds may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Bonds. The nature and extent of the tax benefit to a taxpayer of ownership of the Bonds will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Bonds should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Bonds.

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption "TAX MATTERS." Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

### **Backup Withholding**

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the IRs in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

### **Changes in Law and Post-Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This impact could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of interest on the Bonds from gross income of the owners thereof for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding such matters.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the



interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of counsel other than Bond Counsel.

### **Section 265 Qualification**

The Code denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which must be so designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

The Township is not designating the Bonds as qualified for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations under Section 265 of the Code.

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

### **LEGALITY FOR INVESTMENT**

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

### **CONTINUING DISCLOSURE**

Pursuant to the requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Township will deliver concurrently with the delivery of the Bonds a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix "C" (the "Form of Continuing Disclosure Certificate"). The Township has covenanted for the benefit of the Bondholders, in accordance with the provisions of the Form of Continuing Disclosure Certificate, to provide or cause to be provided, in accordance with the requirements of the Rule, certain financial information and operating data to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access System ("EMMA") dataport or to any other designated nationally recognized municipal securities information repository (the "National Repository") and to the appropriate State information depository, if any (as defined in the Form of Continuing Disclosure Certificate). The Township has also covenanted in the Form of Continuing Disclosure Certificate to provide notices of the occurrence of certain enumerated events.

The Township has previously entered into continuing disclosure undertakings under the Rule for its own obligations and obligations of the Jackson Township Municipal Utilities Authority ("JTMUA"). While the Township has filed its financial information and operating data in each of the past five (5) years, as required by the Rule, certain information, specifically "Building Permits", required in some, but not all, of the Township's and JTMUA's continuing disclosure agreements, was not included in the operating data for the years ended December 31, 2014, 2015 and 2016. A separate filing, along with the required notices, have since been filed on EMMA containing the required information. The Township appointed Phoenix

Advisors, LLC, Bordentown, New Jersey in December of 2014 to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations.

## **LITIGATION**

Upon delivery of the Bonds, the Township shall furnish a certificate of Dasti, Murphy, McGuckin, Ulaky, Koutsouris & Connors, Forked River, New Jersey (the "Township Attorney"), dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending, except as noted immediately below in this section, or to the Township Attorney's knowledge, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Township or adversely affect the power of the Township to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds and notes, which has not been disclosed in this Official Statement.

The Township is currently in litigation in two related federal civil rights cases wherein an adverse result could have an impact on the Township's finances. The Township likely has sufficient insurance coverage for each of these two claims; however, the potential damages are incapable of being ascertained at this time. In addition, the Township has recently received notice that the Department of Justice that it may institute its' own civil claim against the Township asserting violations of Federal Housing Law and religious discrimination.

## **MUNICIPAL BANKRUPTCY**

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Notes, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors' rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers

of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

### **CERTAIN REFERENCES**

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the Ordinances of the Township and the Bonds and all references to other material not purported to be quoted in full are only brief, generalized descriptions thereof, do not purport to be complete, and are in all respects subject to and qualified in their entirety by express reference to the complete provisions thereof. Copies of the Ordinances will be furnished by the Township on request.

All estimates and assumptions herein are believed to be reasonable, but no warranty, guaranty or other representation is made that such estimates or assumptions will be realized or are correct. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

### **CERTIFICATION OF OFFICIAL STATEMENT**

The Township hereby states that the descriptions and statements herein relating to the Township are true and correct in all material respects and, upon request, it will confirm to the purchasers of the Bonds, by certificates signed by an official of the Township, that to their knowledge such descriptions and statements, as of the date hereof, and as of closing, 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 the statements herein, in light of the circumstances under which they were made, not misleading.

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

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

### **RATING**

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

An explanation of the significance of such rating may be obtained from the Rating Agency at 55 Water Street, New York, New York, 10041. The rating is not a recommendation to buy, sell or hold the Bonds and there is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating by the Rating Agency may have an adverse effect on the market price of the Bonds.

## **UNDERWRITING**

The Bonds have been purchased from the Township at a public sale by \_\_\_\_\_ (the "Underwriter") at a price of \$\_\_\_\_\_ (the "Purchase Price"). The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Purchase Price reflects the par amount of the Bonds plus a bid premium of \$\_\_\_\_\_.

## **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Township with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of GluckWalrath LLP, Red Bank, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix "D". Certain legal matters will be passed on for the Township by the Township Attorney.

## **FINANCIAL STATEMENTS**

Appendix "B" contains certain audited financial data of the Township for the Township's fiscal year ending December 31, 2018. The audited financial data was extracted from the report prepared by Holman Frenia Allison, P.C., Toms River, New Jersey (the "Auditor"), to the extent and for the period set forth in their report appearing in Appendix "B". The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial statements appearing in Appendix "B" hereto) and, accordingly, will express no opinion with respect thereto.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Township's Chief Financial Officer, 95 W. Veterans Highway, Jackson, New Jersey 08527, telephone (732) 928-1200, or the Township's Municipal Advisor, Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey, telephone (609) 291-0130.

## MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds 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.

**TOWNSHIP OF JACKSON, IN THE  
COUNTY OF OCEAN, NEW JERSEY**

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Sharon Pinkava,  
Chief Financial Officer

Dated: January \_\_, 2020

**APPENDIX A**  
**GENERAL INFORMATION REGARDING THE TOWNSHIP**

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

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

### **General Information**

The Township was incorporated in 1844 by an act of the State legislature. Through this action, the area now known as “Jackson” emanated from the Townships of Upper Freehold, Freehold and Dover and was made a separate municipality. The Township received its name in honor of former President Andrew Jackson.

The Township is approximately 100.4 square miles and is the largest municipality in the County and the third largest municipality in the State. The Township is located inland, in the northwestern portion of the County and is bordered to the north by the Townships of Millstone, Freehold and Howell (in the County of Monmouth), to the west by the Townships of Upper Freehold (in the County of Monmouth) and Plumsted (in the County), to the south by the Township of Manchester (in the County) and to the east by the Townships of Toms River and Lakewood (in the County).

Prior to 1950, many portions of the Township were undeveloped and agriculture was the mainstay of the Township’s economy, including traditional farming, poultry farming and cranberry cultivation. However, with the opening of the Garden State Parkway and improvements to Federal, State and County highways and roadways after 1950, residential development increased and commercial development soon thereafter. For several decades, the County's population and development has increased and is among the fastest of all counties in the State. The Township has experienced a growth in its ratables as a result of the increase in residential and commercial development. Today, the Township is one of fastest growing municipalities in the State and is primarily a residential and commuter community, with its residents commuting to the New York-northern New Jersey metropolitan area and the Greater Philadelphia metropolitan area.

The Township is located south of the New York-northern New Jersey metropolitan area and to the east of the Greater Philadelphia metropolitan area, each respectively being approximately 60 miles and 50 miles from the Township. The Township is located along or near major transportation corridors to the south of the New York-northern New Jersey metropolitan area and to the east of the Greater Philadelphia metropolitan area. The Township is traversed by Interstate 195, which proceeds easterly to the Garden State Parkway which proceeds north to the New York-northern New Jersey metropolitan area and south to Atlantic City and Cape May. Interstate 195 also proceeds westerly to Interstate 95 (the New Jersey Turnpike) which is a major beltway serving the eastern seaboard of the United States.

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

## **Type of Government**

As of July 1, 2006, the Township adopted the Mayor-Council form of government under the Faulkner Act, and is governed by a Mayor and five-member Township Council elected at-large in nonpartisan elections. Council members serve four-year terms on a staggered basis, with either two or three seats coming up for election in even years. The Mayor is elected directly by the voters to a four-year term of office that comes up for election during the same year that two council seats are up for vote. The Council selects a President and a Vice President from among its members. Until 2006, the Township was governed under the Township form of government with a five-member Township Committee, whose members were elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis, with one or two seats coming up for election each year.

## **Pension and Retirement Systems**

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

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

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

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89,



P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

**Employment and Unemployment Comparisons**

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

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Township</u></b>				
2018	29,242	28,141	1,101	3.8%
2017	29,395	28,131	1,264	4.3%
2016	29,456	28,050	1,406	4.8%
2015	29,165	27,521	1,644	5.6%
2014	29,129	27,133	1,996	6.9%
<b><u>County</u></b>				
2018	266,971	255,456	11,515	4.3%
2017	268,234	255,361	12,873	4.8%
2016	267,872	253,889	13,983	5.2%
2015	265,397	248,986	16,411	6.2%
2014	264,480	244,949	19,531	7.4%
<b><u>State</u></b>				
2018	4,422,900	4,239,600	183,400	4.1%
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%

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

**Income (as of 2017)**

	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$88,063	\$65,771	\$76,475
Median Family Income	103,449	82,380	94,337
Per Capita Income	37,160	33,312	39,069

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

**Population**

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

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2017 Estimate	57,073	4.04%	597,943	3.71%	9,005,644	2.43%
2010	54,856	28.12	576,567	12.85	8,791,894	4.49
2000	42,816	28.84	510,916	17.94	8,414,350	8.85
1990	33,233	29.59	433,203	25.19	7,730,188	4.96
1980	25,644	40.32	346,038	65.99	7,365,001	2.75

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

**Largest Taxpayers**

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

<u>Taxpayers</u>	<u>2019 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Six Flags Theme Park, Inc.	\$113,072,796	1.67%
CPG Partners LP	77,016,800	1.13%
Gardens at Jackson 21 LLC	33,888,000	0.50%
GM Prospect Pointe LLC	31,500,000	0.46%
Healthcare Reit Inc.	27,431,000	0.40%
Jackson Plaza Associates	20,220,800	0.30%
Centro NP LLC	16,250,000	0.24%
Meridian Health Realty Corp	15,605,100	0.23%
Cardinale & Jackson Crossing	12,576,200	0.19%
Bartley Associates, LLC	12,475,500	0.18%
<b>Total</b>	<b><u>\$360,036,196</u></b>	<b><u>5.30%</u></b>

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

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

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2018	\$161,192,721	\$158,928,545	98.60%
2017	156,848,376	154,686,183	98.62%
2016	153,289,435	151,261,683	98.68%
2015	149,966,664	147,776,001	98.54%
2014	145,604,219	143,352,212	98.45%

Source: Annual Audit Reports of the Township

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

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2018	\$3,357,833	\$1,814,820	\$5,172,653	3.21%
2017	2,995,943	1,732,508	4,728,451	3.01%
2016	2,737,303	1,777,235	4,514,538	2.95%
2015	2,557,868	1,841,605	4,399,473	2.93%
2014	2,335,043	1,909,409	4,244,452	2.92%

Source: Annual Audit Reports of the Township

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

<b><u>Year</u></b>	<b><u>Amount</u></b>
2018	\$6,306,200
2017	6,306,200
2016	6,306,200
2015	6,306,200
2014	6,306,200

Source: Annual Audit Reports of the Township

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

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

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>	<u>Total</u>
2019	\$0.506	\$1.373	\$0.463	\$2.342
2018	0.498	1.331	0.454	2.283
2017	0.493	1.303	0.431	2.227
2016	0.483	1.292	0.418	2.193
2015	0.474	1.269	0.411	2.154

Source: Abstract of Ratables and State of New Jersey – Property Taxes; User-Friendly Budget of the Township

## **Valuation of Property**

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2019	\$6,782,654,132	\$7,813,217,523	86.81%	\$6,964,614	\$7,820,182,137
2018	6,754,692,131	7,642,783,583	88.38	7,026,896	7,649,810,479
2017	6,721,629,455	7,425,573,857	90.52	7,372,103	7,432,945,960
2016	6,679,353,655	6,941,030,505	96.23	7,769,092	6,948,799,597
2015	6,660,930,120	6,682,983,967	99.67	8,244,360	6,691,228,327

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

## **Classification of Ratables**

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2019	\$147,129,300	\$5,866,070,020	\$27,114,611	\$575,465,701	\$44,485,200	\$122,389,300	\$6,782,654,132
2018	150,563,200	5,853,408,520	28,264,611	573,372,000	44,262,300	104,821,500	6,754,692,131
2017	155,729,300	5,835,677,920	26,478,600	568,468,735	43,953,400	91,321,500	6,721,629,455
2016	160,251,900	5,796,690,420	26,795,900	567,759,535	44,200,900	83,655,000	6,679,353,655
2015	167,254,100	5,768,918,720	24,710,800	570,689,000	44,202,500	85,155,000	6,660,930,120

Source: Abstract of Ratables and State of New Jersey – Property Value Classification; User-Friendly Budget of the Township

## Financial Operations

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

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

<u>Anticipated Revenues</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fund Balance Utilized	\$2,650,000	\$2,999,000	\$2,785,000	\$3,703,000	\$3,703,000
Miscellaneous Revenues	7,209,956	6,516,281	6,563,331	7,016,107	6,835,668
Receipts from Delinquent Taxes	1,400,000	1,350,000	1,250,000	1,100,000	1,250,000
Amount to be Raised by Taxation	<u>30,330,789</u>	<u>30,927,428</u>	<u>31,800,458</u>	<u>32,354,550</u>	<u>33,001,310</u>
Total Revenue:	<u>\$41,590,745</u>	<u>\$41,792,709</u>	<u>\$42,398,789</u>	<u>\$44,173,657</u>	<u>\$44,789,979</u>
<u>Appropriations</u>					
General Appropriations	\$33,439,010	\$34,676,098	\$35,416,298	\$36,838,408	\$37,872,092
Operations (Excluded from CAPS)	635,323	490,647	439,540	488,239	440,880
Deferred Charges and Statutory Expenditures	915,277	4,026	327	0	0
Judgments	105,000	105,000	0	0	0
Capital Improvement Fund	110,000	110,000	110,000	450,000	110,000
Municipal Debt Service	3,746,048	3,759,416	3,768,696	3,685,213	3,743,693
Reserve for Uncollected Taxes	<u>2,640,087</u>	<u>2,647,522</u>	<u>2,663,929</u>	<u>2,711,798</u>	<u>2,623,314</u>
Total Appropriations:	<u>\$41,590,745</u>	<u>\$41,792,709</u>	<u>\$42,398,790</u>	<u>\$44,173,657</u>	<u>\$44,789,979</u>

Source: Annual Adopted Budgets of the Township

## Current Fund Balance

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

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$11,451,713	\$3,703,000
2017	9,775,979	3,703,000
2016	7,314,404	2,785,000
2015	5,247,501	2,999,000
2014	3,987,051	2,650,000

Source: Annual Audit Reports of the Township

**Township Indebtedness as of December 31, 2018**

<b>General Purpose Debt</b>	
Serial Bonds	\$15,455,000
Bond Anticipation Notes	4,372,000
Bonds and Notes Authorized but Not Issued	2,109,503
Other Bonds, Notes and Loans	<u>271,337</u>
Total:	\$22,207,839
<b>Local School District Debt</b>	
Serial Bonds	\$61,640,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>973</u>
Total:	\$61,640,973
<b>Self-Liquidating Debt</b>	
Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$0
<b>TOTAL GROSS DEBT</b>	<b><u><u>\$83,848,812</u></u></b>
Less: Statutory Deductions	
General Purpose Debt	\$4,091,841
Local School District Debt	61,640,973
Regional School District Debt	0
Self-Liquidating Debt	<u>0</u>
Total:	\$65,732,814
<b>TOTAL NET DEBT</b>	<b><u><u>\$18,115,999</u></u></b>

Source: Annual Debt Statement of the Township

**Overlapping Debt (as of December 31, 2018)<sup>2</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Township Percentage</u></b>	<b><u>Township Share</u></b>
Local School District	\$61,640,973	100.00%	\$61,640,973
Jackson Municipal Utilities Authority	9,576,029	100.00%	9,576,029
County Utilities Authority	122,793,754	4.01%	4,924,030
County	486,423,834	7.48%	<u>36,361,815</u>
Net Indirect Debt			\$112,502,847
Net Direct Debt			<u>18,115,999</u>
Total Net Direct and Indirect Debt			<b><u>\$130,618,845</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2016, 2017, 2018)	\$7,336,462,648
Permitted Debt Limitation (3 1/2%)	256,776,193
Less: Net Debt	<u>18,115,999</u>
Remaining Borrowing Power	<u>\$238,660,194</u>
Percentage of Net Debt to Average Equalized Valuation	0.247%
Gross Debt Per Capita based on 2010 population of 54,856	\$1,529
Net Debt Per Capita based on 2010 population of 54,856	\$330

Source: Annual Debt Statement of the Township

<sup>2</sup> Township percentage of County debt is based on the Township's share of total equalized valuation in the County. The Township's utilities authority debt is based on the Township's portion of total flow from each respective authority.

**APPENDIX B**  
**FINANCIAL INFORMATION REGARDING THE TOWNSHIP**



**TOWNSHIP OF JACKSON**

**AUDIT REPORT FOR THE YEAR  
ENDED DECEMBER 31, 2018**

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**TOWNSHIP OF JACKSON  
COUNTY OF OCEAN**

**PART I**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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HOLMAN | FRENIA  
ALLISON, P.C.

*Certified Public Accountants & Consultants*

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Council  
Township of Jackson  
Jackson, New Jersey

### Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Jackson as of December 31, 2018 and 2017, and the related statements of operations and changes in in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

### **Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

As discussed in Note 1 to the financial statements, the Township prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

### **Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township, as of December 31, 2018 and 2017, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2018 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### **Emphasis of Matter**

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, during the year ended December 31, 2018 the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, & 74. Our opinion is not modified with respect to this matter.

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

In accordance with Government Auditing Standards, we have also issued our report dated July 31, 2019 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**



Jerry W. Conaty  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 581

Toms River, New Jersey  
July 31, 2019

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HOLMAN | FRENIA  
ALLISON, P.C.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members  
of the Township Council  
Township of Jackson  
County of Ocean  
Jackson, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Jackson, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 31, 2019. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain

deficiencies in internal control, described in the accompanying schedule of financial statement findings that we consider to be a significant deficiency as Finding No. 2018-001.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of financial statement findings as Finding No. 2018-001.

We also noted certain other matters that are not required to be reported under Governmental Auditing Standards, that we reported to management in the accompanying letter of comments and recommendations section of this report as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### **Township of Jackson's Response to Findings**

The Township of Jackson's response to the findings identified in our audit is described in the accompanying schedule of financial statement findings. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

**HOLMAN FRENIA ALLISON, P.C.**



Jerry W. Conaty  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 581

Toms River, New Jersey  
July 31, 2019

**BASIC FINANCIAL STATEMENTS**

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**TOWNSHIP OF JACKSON  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

	REFERENCE	2018	2017
ASSETS			
Regular Fund:			
Cash -Treasurer	A-4	\$ 18,907,922.56	\$ 19,832,132.40
Cash - Change Fund	A	1,465.00	1,135.00
Due from State of New Jersey:			
Senior Citizen & Veteran Deductions	A-5	9,517.69	15,297.14
Total Regular Fund		<u>18,918,905.25</u>	<u>19,848,564.54</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	1,814,819.70	1,732,507.60
Tax Title Liens Receivable	A-7	3,357,833.01	2,995,943.38
Property Acquired for Taxes at Assessed Valuation	A-8	6,306,200.00	6,306,200.00
Revenue Accounts Receivable	A-9	32,504.07	37,857.26
Interfunds Receivable	A-29	1,189.21	17,599.48
Total Receivables & Other Assets With Full Reserves		<u>11,512,545.99</u>	<u>11,090,107.72</u>
Total Regular Fund, Receivables & Other Assets With Full Reserves		<u>30,431,451.24</u>	<u>30,938,672.26</u>
State & Federal Grants:			
Grants Receivable	A-31	255,199.51	147,049.02
Due from Current Fund	A-30	1,084,108.11	471,796.36
Total State & Federal Grants		<u>1,339,307.62</u>	<u>618,845.38</u>
Total Assets		<u>\$ 31,770,758.86</u>	<u>\$ 31,557,517.64</u>

**TOWNSHIP OF JACKSON  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

	REFERENCE	<u>2018</u>	<u>2017</u>
<b>LIABILITIES RESERVES &amp; FUND BALANCE</b>			
<b>Regular Fund:</b>			
<b>Liabilities:</b>			
Appropriation Reserves	A-3,A-10	\$ 2,187,619.08	\$ 2,062,135.87
Reserves for Encumbrances	A-12	1,383,951.00	1,243,167.54
Accounts Payable	A-11	462,709.36	419,909.75
Prepaid Taxes	A-13	811,065.83	3,767,751.28
Tax Overpayments	A-14	31,100.33	502,605.91
County Taxes Payable	A-15	69,159.46	148,672.62
Due State of New Jersey - Construction Fees	A-18	18,327.00	12,980.00
Due State of New Jersey - Marriage License Fees	A-19	1,700.00	1,450.00
Reserve for Revaluation Program	A-20	5,743.40	5,743.40
Reserve for Garden State Trust Fund	A-22	0.95	0.95
Reserve for State Board of Taxation Appeals	A-23	313,782.95	313,782.95
Reserve for Master Plan	A-24	23,106.23	23,106.23
Reserve Other	A-25	2,117.88	2,742.88
Reserve for COAH State Plan	A-26	915,250.00	915,250.00
Reserve for FEMA Reimbursements	A-27	56,727.20	66,933.15
Reserve for Police Cars	A-28	98,183.77	112,113.95
Reserve for Skate Park	A	2,118.00	2,118.00
Interfund Payable	A-29	1,084,530.02	472,121.36
		<u>7,467,192.46</u>	<u>10,072,585.84</u>
Total Liabilities			
Reserve for Receivables & Other Assets	A	11,512,545.99	11,090,107.72
Fund Balance	A-1	11,451,712.79	9,775,978.70
		<u>30,431,451.24</u>	<u>30,938,672.26</u>
Total Regular Funds			
<b>Federal &amp; State Grants:</b>			
Appropriated Reserves	A-32	568,988.66	546,184.90
Unappropriated Reserves	A-33	17,481.58	60,816.52
Reserves for Encumbrances	A-34	752,837.38	11,843.96
		<u>1,339,307.62</u>	<u>618,845.38</u>
Total State & Federal Grants			
		<u>\$ 31,770,758.86</u>	<u>\$ 31,557,517.64</u>
Total Liabilities, Reserves & Fund Balance			

**TOWNSHIP OF JACKSON**  
**CURRENT FUND**  
**STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

		2018	2017
Revenue & Other Income Realized:			
Fund Balance Utilized	A-2	\$ 3,703,000.00	\$ 2,785,000.00
Miscellaneous Revenue Anticipated	A-2	9,119,370.71	7,108,161.00
Receipts From Delinquent Taxes	A-2	1,571,974.85	1,339,819.32
Receipts From Current Taxes	A-2	158,928,545.16	154,686,183.07
Nonbudget Revenue	A-2	916,981.95	1,679,640.77
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	1,945,394.66	2,000,360.70
Cancelled Accounts Payable	A-11	158,376.70	8,193.13
Prior Year Senior Citizen Deductions Allowed	A-5	-	250.00
Prior Year Interfunds Liquidated	A-1	16,410.27	-
Cancellation of Grant Appropriation Reserves	A-29	36,531.30	33,331.38
Total Revenue & Other Income Realized		<u>176,396,585.60</u>	<u>169,640,939.37</u>
Expenditures:			
Operations Within "CAPS":			
Salaries and Wages	A-3	19,765,045.54	18,694,113.11
Other Expenses	A-3	12,085,159.35	12,044,354.42
Deferred Charges & Statutory Expenditures Within "CAPS"	A-3	4,988,203.08	4,677,830.64
Operations Excluded from "CAPS":			
Salaries and Wages	A-3	370,682.50	368,212.50
Other Expenses	A-3	1,156,937.97	349,430.59
Capital Improvements - Excluded from "CAPS":	A-3	450,000.00	110,000.00
Municipal Debt Service Excluded From "CAPS"	A-3	3,685,207.83	3,763,135.55
Deferred Charges - Municipal - Excluded From "CAPS"	A-3	-	326.70
Local District School Taxes	A-16	89,966,447.00	87,640,356.00
Fire District Taxes	A-17	6,404,942.00	6,160,152.00
County Taxes	A-15	30,689,790.76	29,046,948.97
Amount Due County for Added & Omitted Taxes	A-15	69,159.47	148,672.63
Municipal Open Space Taxes	A-21	1,355,404.55	1,352,748.88
Prior Year Interfunds Advanced	A-1	-	1,999.88
Prior Year Senior Citizen Deductions Disallowed	A-5	4,669.18	10,032.19
Cancellation of Grant Receivable	A-29	26,202.28	26,050.32
Total Expenditures		<u>171,017,851.51</u>	<u>164,394,364.38</u>
Statutory Excess to Fund Balance		5,378,734.09	5,246,574.99
Fund Balance January 1	A	<u>9,775,978.70</u>	<u>7,314,403.71</u>
Total		15,154,712.79	12,560,978.70
Decreased by: Utilized as Revenue	A-2	<u>3,703,000.00</u>	<u>2,785,000.00</u>
Balance December 31	A	<u><u>\$ 11,451,712.79</u></u>	<u><u>\$ 9,775,978.70</u></u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF JACKSON  
CURRENT FUND  
STATEMENT OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	ANTICIPATED BUDGET	ADDED PER N.J.S.40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 3,703,000.00	\$ -	\$ 3,703,000.00	\$ -
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	37,050.00	-	39,050.00	2,000.00
Other	30,000.00	-	31,459.00	1,459.00
Fees & Permits	160,000.00	-	247,710.06	87,710.06
Fines & Costs:				
Municipal Court	470,000.00	-	495,854.04	25,854.04
Interest & Cost on Taxes	380,000.00	-	380,530.96	530.96
Interest on Investments & Deposits	130,000.00	-	354,193.58	224,193.58
Housing & Commercial CCO's	150,000.00	-	99,200.00	(50,800.00)
Energy Receipts Taxes	3,352,149.00	-	3,352,149.00	-
Garden State Trust	56,290.00	-	56,290.00	-
Uniform Construction Code Fees	1,200,000.00	-	1,972,934.10	772,934.10
Shared Service Agreement - BOE	102,000.00	69,360.00	171,360.00	-
Clean Communities Program	-	106,770.16	106,770.16	-
Recycling Tonnage Grant	48,115.29	-	48,115.29	-
Municipal Alliance on Alcoholism & Drug Abuse	-	33,124.00	33,124.00	-
Safe & Secure Communities Program	-	28,805.00	28,805.00	-
Body Armor Replacement Grant-State	7,811.40	-	7,811.40	-
Cops in Shops/College Fall Initiative	4,400.00	-	4,400.00	-
Alcohol Education and Rehabilitation Fund	4,889.83	-	4,889.83	-
Drunk Driving Enforcement Fund	13,292.69	-	13,292.69	-
Drive Sober or Get Pulled Over - Statewide Crackdown	-	5,500.00	5,500.00	-
Distracted Driving Crackdown - Text	-	6,600.00	6,600.00	-
Handicapped Recreation Opportunities Grant	15,000.00	-	15,000.00	-
NJDOT Municipal Aid Program- Woodlane/New Central	-	775,000.00	775,000.00	-
OC Office of Senior Services Information Assistance	17,710.00	7,000.00	24,710.00	-
Bulletproof Vest Program	-	7,222.60	7,222.60	-
Reserve for Debt Service - General Capital Fund	550,000.00	-	550,000.00	-
Reserve for Recycling - Trust Other Fund	50,000.00	-	50,000.00	-
Cablevision Franchise Fee	237,399.00	-	237,399.00	-
<b>Total</b>	<b>7,016,107.21</b>	<b>1,039,381.76</b>	<b>9,119,370.71</b>	<b>1,063,881.74</b>
Receipts from Delinquent Taxes	1,100,000.00	-	1,571,974.85	471,974.85
Amount to be Raised by Support of Municipal Budget:				
Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	32,354,549.88	-	33,154,598.96	800,049.08
Budget Totals	44,173,657.09	1,039,381.76	47,548,944.52	2,335,905.67
Nonbudget Revenues	-	-	916,981.95	916,981.95
<b>Total</b>	<b>\$ 44,173,657.09</b>	<b>\$ 1,039,381.76</b>	<b>\$ 48,465,926.47</b>	<b>\$ 3,252,887.62</b>



**TOWNSHIP OF JACKSON  
CURRENT FUND  
STATEMENT OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**ANALYSIS OF REALIZED REVENUES**

Allocation of Current Tax Collections:	
Revenue From Collections	<u>\$ 158,928,545.16</u>
Net Revenue From Collections	158,928,545.16
Allocated to School, County, Municipal Open Space & Special Districts	<u>128,485,743.78</u>
Balance for Support of Municipal Budget Appropriations	30,442,801.38
Increased by Appropriation for Uncollected Taxes	<u>2,711,797.58</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 33,154,598.96</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 1,537,301.67
Tax Title Lien Collections	<u>34,673.18</u>
Total	<u><u>\$ 1,571,974.85</u></u>
Construction Code Official:	
Construction Code Official:	
Plumbing Fees & Permits	\$ 253,255.00
Electrical Fees & Permits	671,434.00
Building Inspector Fees & Permits	698,916.00
Fire Inspection Fees & Permits	83,210.00
TCO, CCO & COMM	45,767.00
Building Fines & Penalties	35,800.00
Misc Other	<u>184,552.10</u>
Total Construction Code Official	<u><u>\$ 1,972,934.10</u></u>
Other Fees & Permits:	
Public Works	\$ 49,650.00
Forester	6,120.00
Police Department	30,658.56
Zoning Board	34,390.00
Planning Board	103,181.50
Vital Statistics	<u>23,710.00</u>
Total Other Fees & Permits	<u><u>\$ 247,710.06</u></u>

**TOWNSHIP OF JACKSON  
CURRENT FUND  
STATEMENT OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**ANALYSIS OF NONBUDGET REVENUE**

Miscellaneous Revenue Not Anticipated:	
Administration Fees	\$ 326.00
Administrative Fee - Senior Citizen's & Veteran's	9,053.67
Auction Proceeds	138,038.85
Bid Fees	550.00
Clerk	10,774.60
Gas & Fuel Reimbursements	44,373.42
Insurance Reimbursement	24,861.29
Library Water	1,250.00
Miscellaneous	2,006.58
Motor Vehicle Inspection Fines	2,777.34
Non Sufficient Funds	200.00
Ocean County Rent of Polling Places	1,400.00
Ocean County Joint Insurance Fund 2017 Dividend	43,375.00
Planning & Zoning	1,028.32
Police Alarm Fines	2,645.00
Rental Registration	103,800.00
Resolution Fees	4,800.00
Shared Services	8,771.98
Subdivision Fees	9,798.80
Surcharge O/S Employment	167,035.00
Tax Collector Fees	121,317.05
Telephone Revenue	37,682.11
Tower Rental	100,355.04
Vacant Property Registration	80,500.00
Vending Machines	261.90
	<hr/>
Total Miscellaneous Revenue Not Anticipated	<u>\$ 916,981.95</u>

**TOWNSHIP OF JACKSON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS			EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
<b>OPERATIONS - Within "CAPS"</b>						
<b>General Government:</b>						
Administrative Executive:						
Salaries and Wages	\$ 276,084.00	\$ 282,754.52	\$ 282,597.09	\$ -	\$ 157.43	\$ -
Other Expenses	65,850.00	65,850.00	53,079.81	11,303.40	1,466.79	-
Township Council:						
Salaries and Wages	44,340.00	44,340.00	44,339.88	-	0.12	-
Other Expenses	850.00	850.00	207.76	240.00	402.24	-
Mayor:						
Salaries and Wages	29,500.00	29,500.00	29,499.96	-	0.04	-
Other Expenses	4,600.00	4,600.00	2,334.00	-	2,266.00	-
Human Services:						
Salaries and Wages	108,615.73	112,569.01	110,102.24	-	2,466.77	-
Other Expenses	13,151.00	13,151.00	9,150.83	1,591.49	2,408.68	-
Municipal Clerk:						
Salaries and Wages	275,908.00	286,995.22	265,422.44	-	21,572.78	-
Other Expenses	30,000.00	30,000.00	22,371.32	1,122.80	6,505.88	-
Election:						
Salaries and Wages	3,500.00	3,500.00	3,209.06	-	290.94	-
Other Expenses	6,000.00	6,000.00	6,000.00	-	-	-
Financial Administration:						
Salaries and Wages	337,486.00	350,291.37	325,710.61	-	24,580.76	-
Other Expenses	37,403.00	29,403.00	14,032.46	14,536.33	834.21	-
Audit Services:						
Other Expenses	45,800.00	45,800.00	-	45,800.00	-	-
Data Processing:						
Salaries and Wages	121,220.00	134,464.27	132,963.40	-	1,500.87	-
Other Expenses	30,000.00	35,200.00	29,140.45	447.48	5,612.07	-
Collection of Taxes:						
Salaries and Wages	294,903.00	303,264.58	298,546.17	2,139.37	2,579.04	-
Other Expenses	35,945.00	35,945.00	17,266.53	11,071.34	7,607.13	-

**TOWNSHIP OF JACKSON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Assessment of Taxes:						
Salaries and Wages	366,473.00	369,240.75	351,774.85	2,068.16	15,397.74	-
Other Expenses	17,710.00	17,710.00	9,588.85	7,413.48	707.67	-
Purchasing:						
Salaries and Wages	101,643.00	101,643.00	98,122.68	1,294.50	2,225.82	-
Other Expenses	34,811.88	34,811.88	29,422.77	3,315.65	2,073.46	-
Legal Services & Costs:						
Other Expenses	495,000.00	470,500.00	385,930.64	37,073.46	47,495.90	-
Engineering Services & Costs:						
Salaries and Wages	209,466.00	216,774.78	201,415.72	2,411.39	12,947.67	-
Other Expenses	133,150.00	133,150.00	61,327.95	49,227.86	22,594.19	-
Historical Commission:						
Other Expenses	100.00	100.00	-	-	100.00	-
Community Alliance-Alcoholism & Drugs:						
Salaries and Wages	1,140.00	1,140.00	-	-	1,140.00	-
Other Expenses	100.00	100.00	-	-	100.00	-
Mayor's Community Advisory Board:						
Other Expenses	50.00	50.00	-	-	50.00	-
Economic Development Advisory Board:						
Other Expenses	1,175.00	1,175.00	-	-	1,175.00	-
<b>Land Use Administration:</b>						
Planning/Zoning Boards:						
Salaries and Wages	225,480.90	229,683.93	225,905.62	1,604.32	2,173.99	-
Other Expenses	63,900.00	69,900.00	54,388.31	2,910.79	12,600.90	-
Maintenance of Tax Maps:						
Other Expenses	22,000.00	22,000.00	8,925.50	-	13,074.50	-
<b>Code Enforcement - Other:</b>						
Rent Leveling Board:						
Salaries and Wages	3,145.00	3,145.00	1,375.00	-	1,770.00	-
Other Expenses	50,000.00	50,000.00	33,132.55	4,270.85	12,596.60	-

**TOWNSHIP OF JACKSON**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Code Enforcement - Other:						
Salaries and Wages	312,793.00	314,359.78	280,018.69	1,352.52	32,988.57	-
Other Expenses	14,805.00	14,805.00	10,185.68	927.26	3,692.06	-
Commercial Building Standards:						
Salaries and Wages	12,000.00	12,000.00	10,000.00	-	2,000.00	-
Other Expenses	1,100.00	1,100.00	677.76	299.22	123.02	-
Unsafe Structures Committee						
Other Expenses	20,000.00	20,000.00	-	-	20,000.00	-
<b>Insurance:</b>						
General Liability	732,100.00	792,100.00	721,242.25	58,622.43	12,235.32	-
Workers Compensation	524,000.00	524,000.00	523,883.73	-	116.27	-
Employee Group Health	4,482,000.00	4,471,300.00	4,119,915.00	1,476.20	349,908.80	-
Health Benefit Waiver	42,240.00	42,240.00	34,320.00	-	7,920.00	-
Unemployment Trust Fund	10,000.00	10,000.00	-	-	10,000.00	-
<b>Public Safety Functions:</b>						
Police Department:						
Salaries and Wages	11,594,534.61	11,499,588.45	11,083,681.64	-	415,906.81	-
Other Expenses	658,830.47	758,830.47	562,679.88	155,212.03	40,938.56	-
Police Dispatch/911:						
Salaries and Wages	546,337.50	554,190.59	484,543.87	-	69,646.72	-
Emergency Management:						
Salaries and Wages	12,346.00	12,346.00	6,565.94	-	5,780.06	-
Other Expenses	21,000.00	21,000.00	2,222.96	14,999.41	3,777.63	-
Municipal Prosecutor:						
Other Expenses	50,000.00	50,000.00	36,666.63	3,333.36	10,000.01	-
Juvenile Conference Committee:						
Salaries and Wages	1,300.00	1,300.00	-	-	1,300.00	-
Other Expenses	25.00	25.00	-	-	25.00	-
<b>Public Works Functions:</b>						
Streets & Roads Maintenance:						
Salaries and Wages	1,532,751.80	1,464,284.54	1,410,867.82	3,832.58	49,584.14	-
Other Expenses	251,550.00	251,550.00	154,143.19	60,524.02	36,882.79	-

**TOWNSHIP OF JACKSON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Snow Removal:						
Other Expenses	459,000.00	459,000.00	458,462.25	537.75	-	-
Shade Tree Commission:						
Salaries and Wages	1,250.00	1,250.00	1,000.00	-	250.00	-
Other Expenses	9,050.00	9,050.00	4,276.50	-	4,773.50	-
Solid Waste Collection:						
Salaries and Wages	52,067.00	144,527.41	139,158.83	-	5,368.58	-
Other Expenses	570,300.00	570,300.00	521,634.22	47,396.00	1,269.78	-
Buildings & Grounds:						
Salaries and Wages	890,594.00	894,261.89	681,406.17	-	212,855.72	-
Other Expenses	271,773.00	271,773.00	174,806.25	83,535.11	13,431.64	-
Vehicle Maintenance:						
Salaries and Wages	408,202.00	414,446.53	371,086.57	-	43,359.96	-
Other Expenses	259,650.00	259,650.00	163,544.85	57,088.08	39,017.07	-
Community Services Act:						
Other Expenses	175,000.00	175,000.00	-	175,000.00	-	-
<b>Health &amp; Human Services Functions:</b>						
Public Health Services:						
Salaries and Wages	7,500.00	7,500.00	7,499.90	-	0.10	-
Other Expenses	1,200.00	1,200.00	344.00	-	856.00	-
Environmental Health Services-						
Environmental Commission:						
Salaries and Wages	1,300.00	1,300.00	1,050.00	-	250.00	-
Other Expenses	425.00	425.00	33.00	-	392.00	-
Animal Control Services:						
Salaries and Wages	142,469.00	146,173.24	135,680.19	-	10,493.05	-
Other Expenses	42,350.00	42,350.00	33,340.78	4,153.89	4,855.33	-
Going Green Committee:						
Other Expenses	100.00	100.00	-	-	100.00	-

**TOWNSHIP OF JACKSON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS			EXPENDED		
	BUDGET	BUDGET AFTER		PAID OR		CANCELLED
		MODIFICATION	CHARGED	ENCUMBERED	RESERVED	
<b>Parks &amp; Recreation Functions:</b>						
Recreation Services & Programs:						
Salaries and Wages	129,214.00	130,375.82	128,224.97	903.13	1,247.72	-
Other Expenses	11,800.00	11,800.00	6,953.45	4,724.48	122.07	-
Office for the Golden Age:						
Salaries and Wages	307,697.00	313,423.63	244,664.70	1,220.00	67,538.93	-
Other Expenses	24,975.00	24,975.00	21,292.14	1,898.06	1,784.80	-
Handicapped Committee:						
Salaries and Wages	29,745.00	29,745.00	10,370.84	-	19,374.16	-
Other Expenses	7,500.00	7,500.00	1,898.24	204.53	5,397.23	-
Park Maintenance:						
Other Expenses	22,500.00	22,500.00	19,186.10	1,800.00	1,513.90	-
<b>Municipal Court Functions:</b>						
Municipal Court:						
Salaries and Wages	368,403.00	370,474.39	305,781.57	-	64,692.82	-
Other Expenses	28,440.00	28,440.00	19,920.10	853.86	7,666.04	-
Public Defender:						
Other Expenses	8,000.00	8,000.00	8,000.00	-	-	-
<b>Other Common Operating Functions:</b>						
Salary & Wage Adjustment:						
Salaries and Wages	166,704.00	25,240.76	-	-	25,240.76	-
Postage & Photocopy:						
Other Expenses	70,700.00	70,700.00	54,963.23	1,730.40	14,006.37	-
Accumulated Leave Compensation-Sick Trust:						
Other Expenses	200,000.00	200,000.00	200,000.00	-	-	-
<b>Utility Expenses &amp; Bulk Purchases:</b>						
Electricity	494,000.00	480,000.00	279,918.62	178,963.13	21,118.25	-
Street Lighting	335,000.00	335,000.00	319,062.32	15,937.68	-	-
Telecommunication Costs	80,000.00	80,000.00	47,703.43	13,903.33	18,393.24	-
Natural Gas	120,000.00	120,000.00	83,285.25	35,980.18	734.57	-
Fuel & Petroleum Products	565,000.00	551,000.00	302,930.70	155,387.32	92,681.98	-
Water	1,000.00	1,000.00	-	-	1,000.00	-

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF JACKSON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			RESERVED	CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED			
<b>Landfill/Solid Waste:</b>							
Landfill/Solid Waste Disposal Costs:							
Other Expenses	227,000.00	227,000.00	190,020.37	31,922.38	5,057.25	-	
Legler Landfill - Postclosure Monitoring:							
Other Expenses	36,000.00	36,000.00	33,778.46	141.54	2,080.00	-	
<b>Uniform Construction Code-Appropriations Offset by Dedicated Revenues(NJAC5:23-4.17):</b>							
Construction Code Department:							
Salaries and Wages	948,933.00	958,951.08	867,234.34	7,937.41	83,779.33	-	
Other Expenses	69,150.00	69,150.00	42,909.53	10,172.00	16,068.47	-	
<b>Total Operations Including Contingent Within "CAPS"</b>	<b>31,850,204.89</b>	<b>31,850,204.89</b>	<b>28,430,321.36</b>	<b>1,331,811.96</b>	<b>2,088,071.57</b>	<b>-</b>	
<b>Detail:</b>							
Salaries and Wages	19,865,045.54	19,765,045.54	18,539,820.76	24,763.38	1,200,461.40	-	
Other Expenses	11,985,159.35	12,085,159.35	9,890,500.60	1,307,048.58	887,610.17	-	
<b>Deferred Charges &amp; Statutory Expenditures Municipal Within "CAPS":</b>							
Statutory Expenditures:							
Public Employees' Retirement System	930,110.38	930,110.38	930,110.38	-	-	-	
Social Security System (O.A.S.I.)	1,514,319.28	1,514,319.28	1,423,532.19	1,894.40	88,892.69	-	
Police & Firemen's Retirement System	2,530,291.00	2,530,291.00	2,530,291.00	-	-	-	
Defined Contribution Retirement Program	11,500.00	11,500.00	7,246.35	-	4,253.65	-	
Public Employees' Retirement System:							
Delayed Appropriation	1,704.00	1,704.00	1,704.00	-	-	-	
Police and Firemen's Retirement System:							
Delayed Appropriation	278.42	278.42	278.42	-	-	-	

The Accompanying Notes to the Financial Statements are an integral part of this Statement.



**TOWNSHIP OF JACKSON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Total Deferred Charges & Statutory Expenditures Within "CAPS"	4,988,203.08	4,988,203.08	4,893,162.34	1,894.40	93,146.34	-
Total General Appropriations for Municipal Purposes Within "CAPS"	36,838,407.97	36,838,407.97	33,323,483.70	1,333,706.36	2,181,217.91	-

**OPERATIONS - EXCLUDED FROM "CAPS"**

Service Contracts:

Sewer & Water Purposes - MUA

Implementation of 911 Emergency:

Salaries & Wages

Relocation Assistance:

Other Expenses

LOSAP

Recycling Tonnage Tax

Shared Service Agreement-BOE/Police SRO

Supplemental Fire Services Programs:

Fire District Tax Obligations

**Public & Private Programs Offset by Revenues:**

OC Office of Senior Services-Information Assistance:

Salaries and Wages

Other Expenses

Safe & Secure Communities Program

State of NJ Body Armor Grant

Drunk Driving Enforcement Fund

Matching Funds for Grants

Distracted Driving Crackdown

Alcohol Education and Rehabilitation

COPS in Shops Summer Shore Initiative

Drive Sober or Get Pulled Over

Federal Bureau of Justice Bulletproof Vest Partner

NJDOT Municipal Aid Grant

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF JACKSON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Handicapped Recreation Opportunities Grant:						
State Share	15,000.00	15,000.00	15,000.00	-	-	-
Local Share	3,000.00	3,000.00	3,000.00	-	-	-
Recycling Tonnage Grant	48,115.29	48,115.29	48,115.29	-	-	-
Total Operations Excluded from "CAPS"	488,238.71	1,527,620.47	1,470,974.66	50,244.64	6,401.17	-
Detail:						
Salaries and Wages	301,322.50	370,682.50	370,682.50	-	-	-
Other Expenses	186,916.21	1,156,937.97	1,100,292.16	50,244.64	6,401.17	-
Capital Improvements - Excluded from "CAPS":						
Capital Improvement Fund	450,000.00	450,000.00	450,000.00	-	-	-
Total Capital Improvement Excluded from "CAPS"	450,000.00	450,000.00	450,000.00	-	-	-
Municipal Debt Service - Excluded from "CAPS":						
Payment of Bond Principal	3,190,000.00	3,190,000.00	3,190,000.00	-	-	-
Interest on Bonds	473,825.00	473,825.00	473,825.00	-	-	-
Loan Repayment for Principal and Interest						
Jet Vac/Sweeper	21,387.83	21,387.83	21,382.83	-	-	5.00
Total Capital Improvements, Municipal Debt Service, Deferred Charges & Judgements Excluded from "CAPS"	3,685,212.83	3,685,212.83	3,685,207.83	-	-	5.00

**TOWNSHIP OF JACKSON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED CANCELLED
Total General Appropriations Excluded from "CAPS"	4,623,451.54	5,662,833.30	5,606,182.49	50,244.64	6,401.17 5.00
Subtotal General Appropriations	41,461,859.51	42,501,241.27	38,929,666.19	1,383,951.00	2,187,619.08 5.00
Reserve For Uncollected Taxes	2,711,797.58	2,711,797.58	2,711,797.58	-	- -
Total General Appropriations	\$ 44,173,657.09	\$ 45,213,038.85	\$ 41,641,463.77	\$ 1,383,951.00	\$ 2,187,619.08 \$ 5.00

Budget	\$ 44,173,657.09
Added by N.J.S. 40A:4-87	<u>1,039,381.76</u>
Total	<u>\$ 45,213,038.85</u>

Reserve for Uncollected Taxes	\$ 2,711,797.58
Appropriated Reserves for Federal & State Grants Refunds	1,092,521.97
Cash Disbursements	(1,156,025.10)
	<u>38,993,169.32</u>
Total	<u>\$ 41,641,463.77</u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF JACKSON  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

	REFERENCE	<u>2018</u>	<u>2017</u>
ASSETS			
Animal Control Trust Fund:			
Cash	B-4	<u>\$ 115,961.64</u>	<u>\$ 130,250.89</u>
Total Animal Control Trust Fund		<u>115,961.64</u>	<u>130,250.89</u>
Open Space Trust Fund:			
Cash	B-4	<u>4,797,099.11</u>	<u>4,172,884.03</u>
Total Open Space Trust Fund		<u>4,797,099.11</u>	<u>4,172,884.03</u>
Trust Other Funds:			
Cash	B-4	12,435,342.82	12,360,836.48
Interfund - Current Fund	A	421.91	-
Due from County of Ocean - Community Development Block Grant	B-8	<u>277,890.03</u>	<u>221,374.20</u>
Total Trust Other Funds		<u>12,713,654.76</u>	<u>12,582,210.68</u>
Length of Service Awards Program (LOSAP)			
Investments Held by Trustee	B-10	<u>114,399.98</u>	<u>116,553.25</u>
Total Assets		<u><u>\$ 17,741,115.49</u></u>	<u><u>\$ 17,001,898.85</u></u>

**TOWNSHIP OF JACKSON  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

	REFERENCE	<u>2018</u>	<u>2017</u>
<b>LIABILITIES &amp; RESERVES</b>			
Animal Control Trust Fund:			
Due to State of New Jersey	B-5	\$ 16.80	\$ 65.40
Due to Current Fund	A	-	15,061.67
Reserve for Animal Control Expenditures	B-6	<u>115,944.84</u>	<u>115,123.82</u>
Total Animal Control Trust Fund		<u>115,961.64</u>	<u>130,250.89</u>
Open Space Trust Fund:			
Reserve for Open Space	B-1	<u>4,797,099.11</u>	<u>4,172,884.03</u>
Total Open Space Trust Fund		<u>4,797,099.11</u>	<u>4,172,884.03</u>
Trust Other Funds:			
Various Reserves	B-9	12,712,465.55	12,579,997.87
Interfund - Current Fund	A	<u>1,189.21</u>	<u>2,212.81</u>
Total Trust Other Funds		<u>12,713,654.76</u>	<u>12,582,210.68</u>
Length of Service Awards Program (LOSAP)			
Reserve for LOSAP	B-11	<u>114,399.98</u>	<u>116,553.25</u>
Total Liabilities & Reserves		<u>\$ 17,741,115.49</u>	<u>\$ 17,001,898.85</u>

**TOWNSHIP OF JACKSON  
OPEN SPACE TRUST FUND  
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

		<u>2018</u>	<u>2017</u>
Revenue & Other Income Realized:			
Amount to be Raised by Taxation	B-2	\$ 1,352,343.81	\$ 1,345,833.37
Added & Omitted Levy	B-2	3,060.74	6,915.51
Miscellaneous Revenue Not Anticipated	B-2	31,541.12	19,867.43
		<u>1,386,945.67</u>	<u>1,372,616.31</u>
Expenditures:			
Development of Lands for Recreation & Conservation	B-3	5,830.59	14,543.25
Debt Service	B-3	756,900.00	776,987.50
		<u>762,730.59</u>	<u>791,530.75</u>
Statutory Excess to Fund Balance		624,215.08	581,085.56
Fund Balance January 1	B	<u>4,172,884.03</u>	<u>3,591,798.47</u>
Balance December 31	B	<u>\$ 4,797,099.11</u>	<u>\$ 4,172,884.03</u>

**TOWNSHIP OF JACKSON  
OPEN SPACE TRUST FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	ANTICIPATED BUDGET	REALIZED	EXCESS OR (DEFICIT)
Amount to be Raised by Taxation	\$ 1,352,343.81	\$ 1,352,343.81	\$ -
Added & Omitted Levy	-	3,060.74	3,060.74
Miscellaneous Revenue Not Anticipated	-	31,541.12	31,541.12
Total	<u>\$ 1,352,343.81</u>	<u>\$ 1,386,945.67</u>	<u>\$ 34,601.86</u>

**TOWNSHIP OF JACKSON  
OPEN SPACE TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
<b>Development of Lands for Recreation and Conservation:</b>					
Other Expenses	\$ 100,000.00	\$ 100,000.00	\$ 5,830.59	\$ -	\$ 94,169.41
Total Development of Lands for Recreation and Conservation	100,000.00	100,000.00	5,830.59	-	94,169.41
<b>Debt Service:</b>					
Payment of Bond Principal	650,000.00	650,000.00	650,000.00	-	-
Interest on Bonds	106,900.00	106,900.00	106,900.00	-	-
Total Debt Service	756,900.00	756,900.00	756,900.00	-	-
<b>Reserve for Future Use</b>	495,443.81	495,443.81	-	-	495,443.81
Total	\$ 1,352,343.81	\$ 1,352,343.81	\$ 762,730.59	\$ -	\$ 589,613.22



**TOWNSHIP OF JACKSON  
GENERAL CAPITAL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

ASSETS	2018	2017
Cash & Cash Equivalents	\$ 5,550,019.78	\$ 2,407,348.64
MUA Shared Services Agreement Receivable	-	395.00
Deferred Charges to Future Taxation:		
Funded	15,726,336.95	19,581,439.78
Unfunded	6,481,502.50	4,372,731.50
 Total Assets	 \$ 27,757,859.23	 \$ 26,361,914.92
<b>LIABILITIES, RESERVES &amp; FUND BALANCE</b>		
General Serial Bond	\$ 15,455,000.00	\$ 19,295,000.00
NJEIT Loans Payable	271,336.95	286,439.78
Bond Anticipation Notes	4,372,000.00	-
Improvement Authorizations:		
Funded	1,432,747.94	1,660,977.58
Unfunded	3,353,319.76	2,240,052.36
Reserve for Encumbrances	1,047,949.11	964,677.31
Capital Improvement Fund	426,385.08	574.08
Reserve for Debt Service - Open Space Bonds	1,203,770.57	1,753,770.57
Reserve for Debt Service - Other	78,070.22	43,135.22
Reserve for Fire Damage - Annex Building	3,217.61	3,226.03
Fund Balance	114,061.99	114,061.99
 Total Liabilities, Reserves & Fund Balance	 \$ 27,757,859.23	 \$ 26,361,914.92

There were bonds and notes authorized but not issued on December 31, 2018 of \$2,109,502.50 and on December 31, 2017 there was \$4,372,731.50.

**TOWNSHIP OF JACKSON  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2018 and 2017

\$ 114,061.99

**TOWNSHIP OF JACKSON  
PUBLIC ASSISTANCE FUND  
STATEMENTS OF ASSETS AND RESERVES - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
Cash & Cash Equivalents	<u>\$ 27,790.57</u>	<u>\$ 27,582.93</u>
Total Assets	<u><u>\$ 27,790.57</u></u>	<u><u>\$ 27,582.93</u></u>
RESERVES		
Reserve for Public Assistance	<u>\$ 27,790.57</u>	<u>\$ 27,582.93</u>
Total Reserves	<u><u>\$ 27,790.57</u></u>	<u><u>\$ 27,582.93</u></u>

**TOWNSHIP OF JACKSON  
GENERAL FIXED ASSETS ACCOUNT GROUP  
STATEMENTS OF GENERAL FIXED ASSETS  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
Land	\$ 56,320,100.00	\$ 56,970,100.00
Building & Building Improvements	49,798,905.00	49,798,905.00
Machinery & Equipment	<u>14,296,035.00</u>	<u>15,316,240.00</u>
 Total	 <u>\$ 120,415,040.00</u>	 <u>\$ 122,085,245.00</u>
<b>INVESTMENT IN FIXED ASSETS</b>		
Investment in Fixed Assets	<u>\$ 120,415,040.00</u>	<u>\$ 122,085,245.00</u>

**TOWNSHIP OF JACKSON  
PAYROLL FUND  
STATEMENTS OF ASSETS AND LIABILITIES - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
Cash	<u>\$ 3,888.11</u>	<u>\$ 5,114.73</u>
Total Assets	<u><u>\$ 3,888.11</u></u>	<u><u>\$ 5,114.73</u></u>
LIABILITIES		
Payroll Deductions Payable	<u>\$ 3,888.11</u>	<u>\$ 5,114.73</u>
Total Liabilities	<u><u>\$ 3,888.11</u></u>	<u><u>\$ 5,114.73</u></u>

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**TOWNSHIP OF JACKSON  
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**TOWNSHIP OF JACKSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 1. Summary of Significant Accounting Policies**

**Description of Financial Reporting Entity**

This report includes the financial statements of the Township of Jackson (the “Township”), within the County of Ocean, in the State of New Jersey and reflects the activities of the municipality which is under the control of the Mayor and Township Council. The financial statements of the Board of Education, First Aid Organization and Fire Districts are reported separately since their activities are administered by separate boards.

The Township’s governing body is also responsible for appointed the board members of the Jackson Municipal Utilities Authority, but the Township’s accountability for this organization does not extend beyond making the appointments.

**Component Units** - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

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

In accordance with the “Requirements”, the Township accounts for its financial transactions through the use of separate funds, which are described as follows:

**Current Fund** – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

**Trust Funds** – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

**Public Assistance Fund** – This fund accounts for receipt and disbursement of funds that provide assistance to certain residents of the Township.

**General Fixed Asset Account Group** – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

**TOWNSHIP OF JACKSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Payroll Fund** – This fund accounts for the receipt and disbursements of funds used to meet obligations to employees and payroll tax liability.

**Budgets and Budgetary Accounting** - The Township must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10<sup>th</sup> of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**Cash, Cash Equivalents and Investments** - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

*N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**TOWNSHIP OF JACKSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

**General Fixed Assets** – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

**Foreclosed property** – Foreclosed Property or “Property Acquired for Taxes” is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

**TOWNSHIP OF JACKSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Fund Balance** – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year’s budgets, with certain restrictions.

**Revenues** – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township’s budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township’s Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

**Property Tax Revenues** – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township’s annual budget, but also the amounts required in support of the budgets of the County of Ocean and the Township of Jackson School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10<sup>th</sup> of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Township of Jackson School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district July 1 to June 30.

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

**Reserve for Uncollected Taxes** – The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Township’s annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

**Expenditures** – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**TOWNSHIP OF JACKSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31<sup>st</sup> of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

**Long-Term Debt** - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

**Compensated Absences** – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**Recent Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncement effective for the current year did have a significant impact on the Township’s financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

**Note 2. Deposits and Investments**

The Township is governed by the deposit and investment limitations of New Jersey state law.

**Deposits**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Township’s deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However,

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 2. Deposits and Investments (continued)**

GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2018, the Township's bank balance of \$41,841,496.02 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 24,409,827.91
NJ Cash Management Fund	59.49
Uninsured and Uncollateralized	17,431,608.62
	\$ 41,841,496.02

**Investments**

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by generally accepted accounting principles. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

Under regulatory basis of accounting, investments are measured at cost in the Township's financial statements. However, had the financial statements been prepared in accordance with GAAP, the Township's fair value, hierarchy level and maturities of its investments at December 31, 2018 would be as followed:

	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2018</u>			<u>Investment Maturities (in Years)</u>
		<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>	<u>Less Than 1 Year</u>
<u>Investment type</u>					
Mutual Funds	\$ 81,844.92	\$ 81,844.92	\$ -	\$ 81,844.92	\$ 81,844.92
Fixed Account					
Investment Contract	32,555.06	-	32,555.06	32,555.06	32,555.06
	\$ 114,399.98	\$ 81,844.92	\$ 32,555.06	\$ 114,399.98	\$ 114,399.98
 <u>Fund</u>					
Trust Fund - LOSAP	\$ 114,399.98	\$ 81,844.92	\$ 32,555.06	\$ 114,399.98	\$ 114,399.98
	\$ 114,399.98	\$ 81,844.92	\$ 32,555.06	\$ 114,399.98	\$ 114,399.98

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 2. Deposits and Investments (continued)**

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. As of December 31, 2018, the Township's investments had the following ratings:

<u>Investment type</u>	<u>Standard &amp; Poor's</u>	<u>Moody's</u>
Mutual Funds	AAA	Aaa
Fixed Account		
Investment Contract	AAA	Aaa

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Township's investment policies place no limit in the amount the Township may invest in any one issuer. More than 5% of the Township's investments are in mutual funds and fixed account investment contract. These investments represent 100% of the Township's total investments.

**Note 3. Property Taxes**

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

**Comparison Schedule of Tax Rates**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 2.283</u>	<u>\$ 2.227</u>	<u>\$ 2.192</u>
Apportionment of Tax Rate:			
Municipal	0.478	0.473	0.462
Municipal Open Space	0.020	0.020	0.020
County General	0.454	0.431	0.419
Local School	1.331	1.303	1.291

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 3. Property Taxes (continued)**

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2018	\$ 6,761,719,027.00
2017	6,729,001,558.00
2016	6,687,122,747.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2018	\$ 161,192,721.46	\$ 158,928,545.16	98.59%
2017	156,848,375.95	154,686,163.07	98.62%
2016	153,289,434.50	151,261,683.46	98.67%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2018	\$ 3,357,833.01	\$ 1,814,819.70	\$ 5,172,652.71	3.21%
2017	2,995,943.38	1,732,507.60	4,728,450.98	3.01%
2016	2,737,303.00	1,777,235.27	4,514,538.27	2.95%

**Number of Tax Title Liens**

<u>Year</u>	<u>Number</u>
2018	155
2017	163
2016	155

The last tax sale was held on October 5, 2018.

**Note 4. Property Acquired By Tax Title Lien Liquidation**

The value of properties acquired by liquidation of tax title liens based on the last assessed valuation of such properties as of December 31, was as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 6,306,200.00
2017	6,306,200.00
2016	6,306,200.00



**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 5. Fund Balances Appropriated**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b>Current Fund:</b>			
2018	\$ 11,451,712.79	\$ 3,703,000.00	32.34%
2017	9,775,978.70	3,703,000.00	37.88%
2016	7,314,403.71	2,785,000.00	38.08%

**Note 6. Disaggregated Receivable and Payable Balances**

There are no significant components of receivable and payable balances reported in the financial statements.

**Note 7. Interfund Receivables, Payables and Transfers**

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2018:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
Current Fund	\$ 1,189.21	\$ 1,084,530.02
State and Federal Grant Fund	1,084,108.11	-
Trust Other Fund	421.91	1,189.21
	<u>\$ 1,085,719.23</u>	<u>\$ 1,085,719.23</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Current Fund	\$ 2,477,316.86	\$ 1,848,497.93
State and Federal Grant Fund	1,409,965.76	2,022,277.51
Animal Control Trust	-	15,061.67
Trust Other Fund	438,532.17	439,977.68
	<u>\$ 4,325,814.79</u>	<u>\$ 4,325,814.79</u>

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 7. Interfund Receivables, Payables and Transfers (continued)**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

**Note 8. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2018.

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
Land	\$ 56,970,100.00	\$ -	\$ (650,000.00)	\$ 56,320,100.00
Buildings and Improvements	49,798,905.00	-	-	49,798,905.00
Machinery & Equipment	15,316,240.00	1,058,336.00	(2,078,541.00)	14,296,035.00
	<u>\$ 122,085,245.00</u>	<u>\$ 1,058,336.00</u>	<u>\$ (2,728,541.00)</u>	<u>\$ 120,415,040.00</u>

**Note 9. Pension Obligations**

**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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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

**TOWNSHIP OF JACKSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 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.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. 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 will 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 will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2018, the Township's contractually required contribution to PERS plan was \$996,194.

**Components of Net Pension Liability** - At December 31, 2018, the Township's proportionate share of the PERS net pension liability was \$19,719,532. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers'

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

contributions for the year ended June 30, 2018. The Township's proportion measured as of June 30, 2018, was 0.1001525200% which was an increase of 0.0004686062% from its proportion measured as of June 30, 2017.

**A. Public Employees' Retirement System (PERS) (continued)**

**Collective Balances at December 31, 2018 and December 31, 2017**

	<u>12/31/2018</u>	<u>12/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 4,531,660	\$ 6,485,889
Deferred Inflows of Resources	6,707,145	4,853,096
Net Pension Liability	19,719,532	23,204,822
Township's portion of the Plan's total net pension Liability	0.10015%	0.09968%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2018, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2018 measurement date is \$1,320,061. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$996,194 to the plan in 2018.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 376,054	\$ 101,680
Changes of Assumptions	3,249,452	6,305,258
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	184,970
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	906,154	115,237
	<u>\$ 4,531,660</u>	<u>\$ 6,707,145</u>

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<b>Year Ending Dec 31,</b>	<b>Amount</b>
2019	\$ (69,104)
2020	(118,754)
2021	(482,441)
2022	(1,167,530)
2023	<u>(337,656)</u>
	<u>\$ (2,175,485)</u>

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year

**TOWNSHIP OF JACKSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**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 net pension liability calculated using the discount rate as disclosed above, 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 (4.66%) or 1-percentage-point higher (6.66%) than the current rate:



**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

	<b>1% Decrease <u>(4.66%)</u></b>	<b>Current Discount Rate <u>(5.66%)</u></b>	<b>1% Increase <u>(6.66%)</u></b>
Township's Proportionate Share of the Net Pension Liability	\$ 24,795,039	\$ 19,719,532	\$ 15,461,506

**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 PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, 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 if 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.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

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

contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2018, the State contributed an amount less than the actuarially determined amount. 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 of those retirement systems, 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 payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2018, the Township's contractually required contributions to PFRS plan was \$2,800,048.

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

**Net Pension Liability and Pension Expense** - At December 31, 2018 the Township's proportionate share of the PFRS net pension liability was \$38,755,556. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Township's proportion measured as of June 30, 2018, was 0.2864067548%, which was an increase of 0.0005041302% from its proportion measured as of June 30, 2017.

**Collective Balances at December 31, 2018 and December 31, 2017**

	<u>12/31/2018</u>	<u>12/31/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 4,763,241	\$ 8,132,992
Deferred Inflows of Resources	10,478,308	7,709,393
Net Pension Liability	38,755,556	44,137,838
Township's portion of the Plan's total net pension Liability	0.28641%	0.28590%

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2018, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2018 measurement date was \$3,556,702. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$2,800,048 to the plan in 2018.

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

At December 31, 2018, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 394,287	\$ 160,380
Changes of Assumptions	3,326,643	9,932,380
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	212,028
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	1,042,311	173,520
	\$ 4,763,241	\$ 10,478,308

**TOWNSHIP OF JACKSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

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

The Township will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<b>Year Ending</b>		
<b><u>Dec 31,</u></b>	<b><u>Amount</u></b>	
2019	\$	1,363,961
2020		(331,911)
2021		(2,534,592)
2022		(3,580,488)
2023		<u>(632,037)</u>
	<b>\$</b>	<b><u>(5,715,067)</u></b>

**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 non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Township is \$5,264,301 as of December 31, 2018. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The State’s proportion 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. The State’s proportion measured as of June 30, 2018 was 0.2864067548%, which was an increase of 0.0005041302% from its proportion measured as of June 30, 2017, which is the same proportion as the Township’s. At December 31, 2018, the Township’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 38,755,556
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>5,264,301</u>
	<b><u>\$ 44,019,857</u></b>

**TOWNSHIP OF JACKSON  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

At December 31, 2018, the State’s proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2018 measurement date was \$623,548.

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

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

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

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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.

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

**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 net pension liability calculated using the discount rate as disclosed above, 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 (5.51%) or 1-percentage-point higher (7.51%) than the current rate:

	<b>1% Decrease <u>(5.51%)</u></b>	<b>Current Discount Rate <u>(6.51%)</u></b>	<b>1% Increase <u>(7.51%)</u></b>
Township's Proportionate Share of the Net Pension Liability	\$ 51,869,502	\$ 38,755,556	\$ 27,863,292
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	7,045,614	5,264,301	3,784,767
	\$ 58,915,116	\$ 44,019,857	\$ 31,648,059

**Related Party Investments** - The Division of Pensions and Benefits does not invest in securities issued by the Township.

**Note 10. Postemployment Benefits Other Than Pensions**

**General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits’ (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or



**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 10. Postemployment Benefits Other Than Pensions (continued):**

3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Basis of Presentation**

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 10. Postemployment Benefits Other Than Pensions (continued):**

**Special Funding Situation**

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 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, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources 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 OPEB liability that is associated with the local participating employer.

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the Township is \$29,520,981.00 as of December 31, 2018. The OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The State's proportion of the OPEB liability associated with the Township was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2018 was 0.475084%, which was an increase of 0.011639% from its proportion measured as of June 30, 2017, which is the same proportion as the Township's. At December 31, 2018, the Township's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 10. Postemployment Benefits Other Than Pensions (continued):**

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township	29,520,981.00

At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the plan as of the June 30, 2018 measurement date was \$893,635.00.

**Note 11. Municipal Debt**

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Issued:</b>			
General:			
Bonds, Notes and Loans	\$ 20,098,336.95	\$ 19,581,439.78	\$ 28,936,326.00
Total Debt Issued	20,098,336.95	19,581,439.78	28,936,326.00
<b>Authorized but not issued:</b>			
General:			
Bonds, Notes and Loans	2,109,502.50	4,372,731.50	3,357,232.50
Total Authorized But Not Issued	2,109,502.50	4,372,731.50	3,357,232.50
<b>Total Gross Debt</b>	\$ 22,207,839.45	\$ 23,954,171.28	\$ 32,293,558.50
<b>Deductions:</b>			
General:			
Funds Temporarily Held			
to pay Bonds & Notes	1,281,840.79	1,796,905.79	7,757,905.79
Open Space Trust (40A:2-44h)	2,810,000.00	3,460,000.00	4,105,000.00
Total Deductions	4,091,840.79	5,256,905.79	11,862,905.79
<b>Total Net Debt</b>	\$ 18,115,998.66	\$ 18,697,265.49	\$ 20,430,652.71

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 11. Municipal Debt (continued)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 61,640,973.00	\$ 61,640,973.00	\$ -
General Debt	22,207,839.45	4,091,840.79	18,115,998.66
	\$ 83,848,812.45	\$ 65,732,813.79	\$ 18,115,998.66

Net Debt \$18,115,998.66 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$7,336,462,648.33, equals 0.247% New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2018 is calculated as follows:

<u>Borrowing Power Under N.J.S. 40A:2-6 as Amended</u>	
3 1/2% of Equalized Valuation Basis (Municipal)	\$ 256,776,192.69
Net Debt	18,115,998.66
Remaining Borrowing Power	\$ 238,660,194.03

**General Debt**

**A. Serial Bonds Payable**

On July 23, 2014, the Township issued \$5,845,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00% to 3.00% and mature in 2025.

On February 2, 2016, the Township issued \$7,100,000 of General Bonds. The General Refunding Bonds were issued at interest rates varying from 2.00% to 4.00% and mature in 2028.

During 2016, the Township issued \$5,858,000 of General Bonds. The General Obligation bonds were issued at interest rates varying from 2.00% to 4.00% and mature in 2023.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,485,000.00	\$ 446,125.00	\$ 3,931,125.00
2020	3,520,000.00	341,575.00	3,861,575.00
2021	1,875,000.00	217,275.00	2,092,275.00
2022	1,890,000.00	156,475.00	2,046,475.00
2023	1,980,000.00	115,950.00	2,095,950.00
2024-2028	2,705,000.00	177,512.50	2,882,512.50
	\$ 15,455,000.00	\$ 1,454,912.50	\$ 16,909,912.50

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 11. Municipal Debt (continued)**

**B. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2018:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	Balance December 31, 2018
Series 2018 A	8/7/2018	8/7/2019	2.75%	\$ 4,372,000.00
				<u>\$ 4,372,000.00</u>

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2018, the Township had \$2,109,502.50 in various General Capital bonds and notes authorized but not issued.

**D. Loans Payable**

New Jersey Environmental Infrastructure Trust

In 2017 the Township finalized one loan agreement with the State of New Jersey Department of Environmental Protection, pursuant to the 2017A-1 New Jersey Environmental Infrastructure Trust Financing Program.

The loan consists of two agreements, a Trust Loan Agreement of \$145,000 to be repaid over a 14 year period at interest rates ranging from 3.00% to 5.00%, and a no interest Fund Loan Agreement of \$148,175 to be repaid over a 14 year period. The proceeds of the loans are to provide for the acquisition of a Jet Vac and Sweeper for use by the Township.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 20,102.83	\$ 5,600.00	\$ 25,702.83
2020	20,102.83	5,100.00	25,202.83
2021	20,102.83	4,600.00	24,702.83
2022	20,102.83	4,100.00	24,202.83
2023	20,102.83	3,600.00	23,702.83
2024-2028	100,514.15	11,100.00	111,614.15
2029-2031	70,308.65	2,550.00	72,858.65
	<u>\$ 271,336.95</u>	<u>\$ 36,650.00</u>	<u>\$ 307,986.95</u>

**Summary of Principal Debt**

A summary of the changes in long-term and short term debt of the Township is as follows:

	Balance December 31, 2017	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, 2018	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 19,295,000.00	\$ -	\$ 3,840,000.00	\$ 15,455,000.00	\$ 3,485,000.00
Bond Anticipation Notes	-	4,372,000.00	-	4,372,000.00	4,372,000.00
Loans	286,439.78	-	15,102.83	271,336.95	20,102.83
	<u>\$ 19,581,439.78</u>	<u>\$ 4,372,000.00</u>	<u>\$ 3,855,102.83</u>	<u>\$ 20,098,336.95</u>	<u>\$ 7,877,102.83</u>

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 12. Deferred Compensation Salary Account**

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

**Note 13. Accrued Sick, Vacation and Compensation Time**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$2,913,963.14 at December 31, 2018.

The Township has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2018, the Township has reserved in the Other Trust Fund \$417,396.07 to fund compensated absences in accordance with NJSA 40A:4-39.

**Note 14. 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.

**Joint Insurance Pool**

The Township is a member of the Municipal Excess Liability Joint Insurance Fund. The Fund provides the Township with the following coverage

Worker's Compensation	\$ 1,700,000
General Liability	\$ 20,000,000
Employer's Liability	\$ 1,700,000
Auto Liability	\$ 300,000
Flood	\$ 100,000,000
Property/Boiler and Machinery	\$ 125,000,000
Public Officials Liability	\$ 2,000,000
Environmental Impairment Liability	\$ 1,000,000

Contributions to the Funds are payable in one installment and are based on actuarial assumptions determined by the Funds' actuaries. The Fund publishes its own financial report for the year ended December 31, 2018 which can be obtained on the Fund's website.

**TOWNSHIP OF JACKSON  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 14. Risk Management (continued)**

**New Jersey Unemployment Compensation Insurance**

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Reimbursement Method”. Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township’s unemployment trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 27,538.39	\$ 6,636.31	\$ 301,089.59
2017	26,451.98	5,830.69	280,187.51
2016	24,993.22	28,445.81	259,566.22

**Note 15. Contingencies**

Grantor Agencies

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2018 the Township estimates that no material liabilities will result from such audits.

Litigation

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

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses.

As of December 31, 2018 there were certain tax appeals on file against the Township related to 2015 through 2018 tax years. The Township has estimated the potential exposure to the Township from such appeals is approximately \$313,782.95

**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 16. Tax Abatements**

The Township is authorized by the New Jersey Housing and Mortgage Financing Act Law of 1983, N.J.S.A. 55:14K-1 et seq. (hereinafter “HMFA Law”), and a Resolution of the Council dated March 13, 2007, to enter into property tax abatement agreements for the purpose of attracting affordable housing. The exemption of the projects from real property taxation subject to this law shall not extend beyond the date on which the Agency Mortgage is paid in full, which according to the HMFA Law, may not exceed fifty (50) years.

For the year ended December 31, 2018, the Township abated property taxes totaling \$254,272.09 under this program, including the following tax abatement agreement that exceeded 10 percent of the total, which is the percentage the Township considers to be material for purposes of individual disclosure:

<u>Recipient</u>	<u>Purpose</u>	<u>Amount Abated</u>	<u>Pilot Billings</u>
Windsor Crescent LLC	Affordable Housing	\$ 254,272.09	\$ 78,882.94
		\$ 254,272.09	\$ 78,882.94

**Note 17. Length of Service Awards Program**

The Township’s length of service awards program (“LOSAP”) is reported in the Township’s trust fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents the of the Township come from contributions made solely by the governing body of the Township, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

**Contributions** - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The Township elected to contribute \$0.00 for the year ended December 31, 2018 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2018, the Township contributed a total of \$2,6214.68 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Township has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

**Participant Accounts** - Each participant’s account is credited with the Township’s contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account. The Township has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the



**TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 17. Length of Service Awards Program (continued)**

Township's creditors until distributed as benefit payments, are not available for funding the operations of the Township. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Lincoln Financial Group ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Township's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

**Vesting** - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

**Payment of Benefits** - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2018 payouts of \$-0- were made to vested participants.

**Forfeited Accounts** – During the year ended December 31, 2018, no accounts were forfeited.

**Plan Information** - Additional information about the Township's length of service awards program can be obtained by contacting the Plan Administrator.

**Note 18. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2018 and July 31, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the Township that would require disclosure.

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**APPENDIX C**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Jackson, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its \$ \_\_\_\_\_ General Obligation Bonds, Series 2020 (the "Bonds"). The Bonds are being issued pursuant to various bond ordinances (the "Ordinances") duly adopted by the Township Council of the Issuer (the "Council") and a resolution duly adopted by the Council on January 14, 2020 (the "Resolution"). The Bonds are dated their date of delivery. The Bonds shall mature on February 1 in the years 2021 through 2033, inclusive. The Issuer covenants and agrees as follows:

*Section 1. Purpose of the Disclosure Certificate.* This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

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

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

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

"Bondholder" shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

"Continuing Disclosure Information" shall mean: (i) the Annual Report; (ii) any notice required to be filed with the MSRB pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the MSRB pursuant to Section 3(b) hereof.

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

"EMMA" shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of the such issuers shall upload Continuing Disclosure Information to assist underwriters

in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"Official Statement" shall mean the Official Statement of the Issuer, dated January \_\_, 2020, relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Exchange Act, as the same may be amended from time to time.

"SEC Release" shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

"State" shall mean the State of New Jersey.

*Section 3. Provision of Annual Reports.*

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than September 30<sup>th</sup> of each year, commencing September 30, 2020 (for the fiscal year ending December 31, 2019), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for making available or providing the Annual Report, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to

the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided.

*Section 4. Content of Annual Reports.* The Issuer's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. The financial information and operating data set forth in Appendix A to the Official Statement under the following headings: "Largest Taxpayers", "Comparison of Tax Levies and Collections", "Delinquent Taxes and Tax Title Liens", "Property Acquired by Tax Lien Liquidation", "Tax Rates per \$100 of Net Valuations Taxable and Allocations", "Valuation of Property", "Classification of Ratables", "Summary of Current Fund Budget" (current year only), "Fund Balance – Current Fund" (current year only), "Township Indebtedness as of December 31, 2018" and "Debt Limit".

*Section 5. Reporting of Significant Events.*

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence 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 the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue

(IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;

7. modifications to rights of Bondholders, if material;
8. bond calls, 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 events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Bondholders, 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 Issuer, any of which reflect financial difficulties.

The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the final official statement (as defined in the Rule), (ii) the only open issue is which securities will be redeemed in the case of a partial redemption; (iii) notice of redemption is given to the Bondholders as required under the terms of the securities and (iv) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to the redemption by other prior optional redemptions or security purchases.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which the disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

*Section 6. Termination of Reporting Obligation.* The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

*Section 7. Dissemination Agent.* The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

*Section 8. Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and



(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

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

*Section 9.* Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

*Section 10.* Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

*Section 11.* Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or wilful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

*Section 12.* Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: February \_\_, 2020

TOWNSHIP OF JACKSON, IN THE  
COUNTY OF OCEAN, NEW JERSEY

By: \_\_\_\_\_  
Sharon Pinkava, Chief Financial Officer

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Township of Jackson, in the County of Ocean, New Jersey

Name of Bond Issue: \$ \_\_\_\_\_ General Obligation Bonds, Series 2020

Date of Issuance: February \_\_, 2020  
(CUSIP Number: \_\_\_\_\_)

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated February \_\_, 2020. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_.

Dated \_\_\_\_\_, 20\_\_

TOWNSHIP OF JACKSON, IN THE  
COUNTY OF OCEAN, NEW JERSEY

By: \_\_\_\_\_  
Name:  
Title:

**APPENDIX D**  
**FORM OF BOND COUNSEL'S OPINION**



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**glucklaw.com**

**Reply to:**

Red Bank Office  
Meghan Ann Bennett  
Direct Dial: 732-530-8822  
Mbennett@glucklaw.com

*An opinion in substantially the following form  
will be delivered at Closing assuming no  
material changes in facts or law.*

February \_\_, 2020

Mayor and Members of the Township Council  
Township of Jackson  
Ocean County, New Jersey

**RE: Township of Jackson, County of Ocean, New Jersey  
\$ \_\_\_\_\_ General Obligation Bonds, Series 2020**

Dear Mayor and Council:

We have examined the record of proceedings relating to the issuance of \$ \_\_\_\_\_ General Obligation Bonds, Series 2020 (the “Bonds”), of the Township of Jackson, in the County of Ocean, a municipal corporation of the State of New Jersey (the “Township”). The Bonds are dated February \_\_, 2020 and mature on February 1st in each year in the principal amounts set forth in the table below. Interest on the Bonds, at the respective rates of interest set forth below, is payable semiannually on February 1st and August 1st of each year, commencing on February 1, 2021, until maturity.

<u>Maturity</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Maturity</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>
2021	\$	%	2028	\$	%
2022			2029		
2023			2030		
2024			2031		
2025			2032		
2026			2033		
2027					

The Bonds are subject to redemption prior to maturity as set forth in the Official Statement.

The Bonds are issued in fully registered form without coupons and are transferable as provided therein and are of various denominations and are numbered consecutively upwards. We have examined each bond as executed, and, in our opinion, their form and execution are regular and proper.

The Bonds are authorized pursuant to the Local Bond Law of the State of New Jersey (*N.J.S.A. 40A:2-1 et seq.*) and are issued pursuant to a Bond Resolution adopted by the Township on January 14, 2020 (the “Bond Resolution”), and by virtue of various Bond Ordinances finally adopted by the Township as identified in the Bond Resolution (collectively, the “Bond Ordinances”). The Bonds are being issued to: (i) currently refund and permanently finance the principal of the Township’s \$6,667,321 bond anticipation notes, dated February 13, 2019 and maturing February 13, 2020; (ii) currently refund and permanently finance the principal of the Township’s \$4,372,000 bond anticipation notes, dated August 6, 2019 and maturing February 13, 2020; (iii) permanently finance the cost of various general improvements to be undertaken in and by the Township, including various road/drainage and sidewalk improvements, and various capital improvements and the acquisition of various capital equipment; and (iv) pay costs of issuance and delivery of the Bonds.

In forming our opinion, we have examined certified copies of the Bond Ordinances, Bond Resolution and related proceedings. We also have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate, including the Arbitrage and Use of Proceeds Certificate of the Township dated the date of the Bonds (the “Arbitrage Certificate”) for the purpose of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Bonds, on a certificate of the Township executed by the Mayor, Clerk, and Chief Financial Officer. We have not reviewed and are not passing upon any statistical or financial data or other information relating to the Township which may have been provided to any purchaser or prospective purchaser of the Bonds.

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest thereon will be and will remain excluded from gross income pursuant to Section 103 of the Code. The Township has provided the Arbitrage Certificate which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Arbitrage Certificate, the Township has certified to the effect that it expects to be able to, and will, comply with the provisions and procedures set forth therein and that to the extent authorized by law will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds is not includible in gross income under Section 103 of the Code. In rendering this opinion, we have assumed compliance by the Township with the covenants contained in the Bonds and the statements contained in the Arbitrage Certificate that are intended to comply with the provisions

of the Code relating to actions to be taken by the Township in respect of the Bonds after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the Bonds. These covenants and statements relate to, *inter alia*, the use of proceeds of the Bonds and the property financed or refinanced thereby and the rebating to the United States Treasury of specified arbitrage earnings, if required. We have assumed that the Township will comply with the provisions of the Arbitrage Certificate. Furthermore, we take no responsibility for the continuing review or verification as to the satisfaction of the requirements under the Code, or any similar or related legislation when enacted or amended, for compliance by the Township therewith.

Based upon and subject to the foregoing we are of the opinion that:

1. The Bonds are valid and legally binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of the Bonds and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights in general, from time to time in effect and by equitable principles, whether considered at law or in equity.

2. Interest on the Bonds and any gain from the sale thereof are not includible in gross income under the New Jersey Gross Income Tax Act.

3. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals by the Internal Revenue Code of 1986, as amended (the "Code"). Interest on a Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

The opinions set forth herein are given solely for the benefit of the original purchaser of the Notes and the addressee hereof and may not be relied on by any other person or entity without our express prior written consent. This opinion is rendered on the basis of federal law and the laws of the State of New Jersey as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of any financial or other information relating to the Township furnished in connection with the sale of the Notes and make no representation that we have independently verified any such information. The opinions set forth herein are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,