

This is a Preliminary Official Statement "deemed final" within the meaning of and with the exception of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Township will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

NEW ISSUE – Book-Entry-Only

RATINGS: Standard & Poor's: "AA-" (Bonds)  
Standard & Poor's: "SP-1+" (Notes)  
(See "RATINGS" herein)

## PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 18, 2018

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Township of Mount Holly, County of Burlington, New Jersey ("Township") with certain tax covenants described herein, under existing law, interest on the Bonds (as hereinafter defined) and the Notes (as hereinafter defined) is not excluded from gross income for federal income tax purposes. Interest on the Bonds and the Notes and any gain from the sale thereof is not includable in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.

**\$3,913,000**  
**TOWNSHIP OF MOUNT HOLLY**  
**County of Burlington, New Jersey**  
**TAXABLE REDEVELOPMENT GENERAL OBLIGATION BONDS, SERIES 2018**  
**(Callable)**

**\$2,251,000**  
**TOWNSHIP OF MOUNT HOLLY**  
**County of Burlington, New Jersey**  
**TAXABLE BOND ANTICIPATION NOTES OF 2018, SERIES A**  
**(Non-Callable)**

**Dated: Date of Delivery**

**Bonds Due: November 1, as shown on inside front cover**  
**Notes Due: November 6, 2019**

The Township of Mount Holly, County of Burlington, New Jersey ("Township") is issuing: (i) \$3,913,000 aggregate principal amount of its Taxable Redevelopment General Obligation Bonds, Series 2018 ("Bonds"); and (ii) \$2,251,000 principal amount of its Taxable Bond Anticipation Notes of 2018, Series A ("Notes"). The Bonds and the Notes shall each be issued in fully registered book-entry-only form without coupons.

The principal of the Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the Bonds in the offices of \_\_\_\_\_, as paying agent for the Bonds ("Paying Agent"). The principal of the Notes shall be paid on the maturity date thereof upon presentation and surrender of the Notes in the offices of the Chief Financial Officer or the Township's hereafter designated paying agent, if any. Interest on the Bonds is payable semi-annually on May 1 and November 1 ("Interest Payment Dates"), commencing May 1, 2019 in each year until maturity or earlier redemption thereof. Interest on the Notes will be payable upon the maturity date thereof. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions set forth herein. The Notes are not subject to redemption prior to the stated maturity dates thereof.

Upon initial issuance, the Bonds and the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds and the Notes. So long as Cede & Co. is the registered owner of the Bonds and the Notes, payments of principal of and interest on the Bonds will be made by the Paying Agent, and payments of principal and interest on the Notes will be made by the Township or its hereafter designated paying agent, if any, directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as hereinafter defined) which will, in turn, remit such payments to the Beneficial Owners (as hereinafter defined) of the Bonds and the Notes. Purchasers will not receive certificates representing their ownership interest in the Bonds or the Notes purchased. For so long as any purchaser is a Beneficial Owner of a Bond or Note, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Bond or Note.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2008-11 and 2009-15 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Township Council ("Township Council") and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Council on October 10, 2018; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October \_\_, 2018.

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law; (ii) bond ordinance 2010-17 ("Note Ordinance"), duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October \_\_, 2018.

The Bonds are being issued by the Township to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and equipment authorized by the Bond Ordinances by the repayment at maturity of certain bond anticipation notes heretofore issued by the Township; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds. See "PURPOSE OF THE ISSUE" herein.

The Notes are being issued by the Township to provide funds which will be used to: (i) temporarily finance the costs of various capital improvements and equipment authorized by the Note Ordinance by the repayment at maturity of certain taxable bond anticipation notes heretofore issued by the Township; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Notes. See "PURPOSE OF THE ISSUE" herein.

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Bonds and the Notes. The Bonds are general obligations of the Township payable as to principal and interest from *ad valorem taxes* that shall be levied upon all taxable real property within the Township without limitation as to rate or amount. The Notes are general obligations of the Township and are issued in anticipation of the issuance of bonds and, if not paid from the proceeds of such bonds or other funds, are payable ultimately from *ad valorem taxes* that shall be levied upon all taxable real property within the Township without limitation as to rate or amount.

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

The Bonds and the Notes are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by Florio Perrucci Steinhart & Cappelli LLC, Cherry Hill, New Jersey, Solicitor to the Township. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as Municipal Advisor to the Township in connection with the issuance of the Bonds and the Notes. It is anticipated that the Bonds and the Notes in definitive form will be available for delivery, in immediately available funds, through DTC in New York, New York on or about November 7, 2018.

## MATURITY SCHEDULES

**\$3,913,000**

### TAXABLE REDEVELOPMENT GENERAL OBLIGATION BONDS, SERIES 2018

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
		%	%			%	%
2019	\$103,000			2032	\$165,000		
2020	100,000			2033	170,000		
2021	105,000			2034	175,000		
2022	110,000			2035	185,000		
2023	115,000			2036	190,000		
2024	120,000			2037	195,000		
2025	125,000			2038	200,000		
2026	130,000			2039	200,000		
2027	135,000			2040	200,000		
2028	140,000			2041	200,000		
2029	145,000			2042	200,000		
2030	150,000			2043	200,000		
2031	155,000						

**\$2,251,000**

### TAXABLE BOND ANTICIPATION NOTES OF 2018, SERIES A

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity Date</u>
\$2,251,000	%	%	November 6, 2019

**THE TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, NEW JERSEY**

**MAYOR**

Jason Jones

**TOWNSHIP COUNCIL**

Richard DiFolco

Lew Brown

Betty Sykes

Jules Thiessen

Deputy Mayor

Council Member

Council Member

Council Member

**ADMINISTRATOR**

Josh Brown

**TOWNSHIP CLERK**

Nikima S. Muller

**CHIEF FINANCIAL OFFICER**

Denise Muchowski

**TOWNSHIP SOLICITOR**

Florio Perrucci Steinhardt & Cappelli LLC,  
Cherry Hill, New Jersey

**TOWNSHIP AUDITOR**

Mercadien, P.C.  
Certified Public Accountants  
Princeton, New Jersey

**BOND COUNSEL**

Parker McCay P.A.  
Mount Laurel, 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 and the Notes other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Township. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by any underwriter 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 Official Statement 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 Official Statement to laws, rules, regulations, bond ordinances, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the office of the Township Clerk during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds or the Notes 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 Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or any underwriter.

Upon issuance, the Bonds and the Notes will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, State, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

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

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## OFFICIAL STATEMENT

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**\$3,913,000**

**TOWNSHIP OF MOUNT HOLLY, COUNTY OF BURLINGTON, NEW JERSEY  
TAXABLE REDEVELOPMENT GENERAL OBLIGATION BONDS, SERIES 2018  
(Callable)**

**\$2,251,000**

**TOWNSHIP OF MOUNT HOLLY, COUNTY OF BURLINGTON, NEW JERSEY  
TAXABLE BOND ANTICIPATION NOTES OF 2018, SERIES A  
(Non-Callable)**

### INTRODUCTION

This Official Statement, including the cover page and Appendices hereto, is to provide certain information relating to the issuance by the Township of Mount Holly, County of Burlington, New Jersey ("Township") of its: (i) \$3,913,000 aggregate principal amount of Taxable Redevelopment General Obligation Bonds, Series 2018 ("Bonds"); and (ii) \$2,251,000 principal amount of its Taxable Bond Anticipation Notes of 2018, Series A ("Notes").

### AUTHORIZATION FOR THE BONDS AND THE NOTES

#### Bonds

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2008-11 and 2009-15 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Township Council ("Township Council") and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Council on October 10, 2018; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October \_\_, 2018.

#### Notes

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law; (ii) bond ordinance 2010-17 ("Note Ordinance"), duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October \_\_, 2018.

### PURPOSE OF THE ISSUES

#### Bonds

The Bonds are being issued by the Township to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and equipment authorized by the

Bond Ordinances by the repayment at maturity of a portion of certain bond anticipation notes heretofore issued by the Township ("Prior Notes"), all as more particularly described in Table I below; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

### Notes

The Notes are being issued, together with other available funds of the Township, to: (i) temporarily finance the costs of various capital improvements and equipment authorized by the Note Ordinance by the repayment at maturity of the Prior Notes, all as more particularly described in Table II below; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

The improvements to be permanently financed with the proceeds of the Bonds and to be temporarily financed with the proceeds of the Notes include the following:

**TABLE I – BONDS**

<b>Ordinance Number</b>	<b>Purpose</b>	<b>Bonds/Notes Authorized</b>	<b>Notes Outstanding</b>	<b>Bonds to be Issued</b>
2008-11	Acquisition of Property for the Gardens Redevelopment Project	\$2,500,000	\$2,046,000	\$2,046,000
2009-15	Acquisition of Property for the Gardens Redevelopment Project	2,000,000	1,867,000	1,867,000
<b>Total</b>		<b>\$4,500,000</b>	<b>\$3,913,000</b>	<b>\$3,913,000</b>

**TABLE II – NOTES**

<b>Ordinance Number</b>	<b>Purpose</b>	<b>Bonds/Notes Authorized</b>	<b>Notes Outstanding</b>	<b>Notes to be Issued</b>
2010-17	Acquisition of Property for the Gardens Redevelopment Project	\$2,500,000	\$2,341,000	\$2,251,000
<b>Total</b>		<b>\$2,500,000</b>	<b>\$2,341,000</b>	<b>\$2,251,000</b>

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## DESCRIPTION OF THE BONDS AND THE NOTES

### General

#### Bonds

The Bonds will be issued in the aggregate principal amount of \$3,913,000.

The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on May 1 and November 1 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing May 1, 2019, in each year until maturity or earlier redemption thereof. Individual purchases of the Bonds may be made in the principal amount of \$5,000, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS AND THE NOTES--Book-Entry-Only System" below. The Bonds will mature on November 1 in the years and in the principal amounts, all as shown on the inside front cover page of this Official Statement.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of \_\_\_\_\_, as paying agent for the Bonds ("Paying Agent"). Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Paying Agent, as of the close of business on the fifteenth (15th) day of the calendar month immediately preceding an Interest Payment Date (each a "Record Date").

#### Notes

The Notes will be issued in the principal amount of \$2,251,000 in fully registered book-entry-only form in denominations of \$5,000, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes. The Notes shall bear interest at the rate of \_\_\_\_\_ and \_\_\_\_\_ one-hundredths per centum (\_\_\_\_%) per annum, calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Notes will be dated November 7, 2018 and will mature on November 6, 2019. Payment of the principal of and interest on the Notes will be paid at maturity.

So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the Bonds or the Notes, payments of the principal of and interest on the Bonds and the Notes will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Bonds and the Notes is the responsibility of the DTC

Participants and not the Paying Agent, the Township, or its hereafter designated paying agent for the Notes, if any.

## **Redemption Provisions**

### Bonds

The Bonds maturing on and after November 1, 2029 are subject to redemption prior to their stated maturity dates at the option of the Township, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Township shall determine and within any such maturity by lot) on any date on or after November 1, 2028, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be redeemed at his or her last address, if any, appearing on the registration books of the Paying Agent. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC or any successor, and will not be sent to the beneficial owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any participant or any failure of a participant to notify any beneficial owner of the Bonds shall not affect the validity of any proceedings for the redemption of Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bond or portion thereof to be redeemed shall cease to accrue and be payable.

### Notes

The Notes are **not** subject to redemption prior to their stated maturity dates.

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

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds and the Notes, payment of principal and interest, and other payments on the Bonds and the Notes to DTC Participants or Beneficial Owners (as each such term is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and the Notes 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.

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

The DTC will act as securities depository for the Bonds and the Notes. The Bonds and the Notes 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 for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. One fully-registered Note certificate will be issued in the principal amount of each series of the Notes, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all the Bonds and the Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds and the Notes 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 and the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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 or the Notes 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, the Paying Agent, or its hereafter designated paying agent for the Notes, if any, as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and the Notes are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds and the Notes, 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, the Paying Agent, or its hereafter designated paying agent for the Notes, if any, 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, the Paying Agent, or its hereafter designated paying agent for the Notes, if any, 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, the Paying Agent, or its hereafter designated paying agent for the Notes, if any, 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 and the Notes at any time by giving reasonable notice to the Township, the Paying Agent, or its hereafter designated paying agent for the Notes, if any. Under such circumstances, in the event that a successor depository is not obtained, Bond and 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, 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 neither the Township nor the Underwriters (as hereinafter defined) take any responsibility for the accuracy thereof.

**NEITHER THE TOWNSHIP, THE PAYING AGENT, NOR ITS HEREAFTER DESIGNATED PAYING AGENT FOR THE NOTES, IF ANY, 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 THE BENEFICIAL OWNERS.**

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

#### **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 and the Notes, the following provisions would apply: (i) the Bonds and the Notes may be exchanged for an equal principal amount of Bonds and Notes in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the Township, the Paying Agent, or any hereinafter designated paying agent for the Notes; (ii) the transfer of the Bonds and the Notes may be registered on the books maintained by the Township, the Paying Agent, or any hereinafter designated paying agent for the Notes, for such purposes only upon the surrender thereof to the Township, the Paying Agent, or any hereinafter designated paying agent for the Notes, together with the duly executed assignment in form satisfactory to the Township, the Paying Agent, or any hereinafter designated paying agent for the Notes; and (iii) for every exchange or registration of transfer of the Bonds and the Notes, the Township, the Paying Agent, or any hereinafter designated paying agent for the Notes, 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 for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds and the Notes. In such event, interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the Record Date, whether or not a business day. Interest on the Notes will be payable by check or draft, mailed on the maturity date of the Notes, to the registered owners thereof as of the close of business on the maturity date of the Notes.

## **SECURITY FOR THE BONDS AND THE NOTES**

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Bonds and the Notes. The Bonds are general obligations of the Township payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the Township without limitation as to rate or amount. The Notes are general obligations of the Township and are issued in anticipation of the issuance of bonds and, if not paid from the proceeds of such bonds or other funds, are payable ultimately from *ad valorem* taxes that shall be levied upon all taxable real property within the Township without limitation as to rate or amount.

The Township may pledge only its own credit and taxing power in respect of the Bonds and the Notes, and has no power to pledge the credit or taxing power of the State or any other political subdivision thereof, nor shall the Bonds and the Notes be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of or interest on the Bonds and the Notes.

## **GENERAL INFORMATION REGARDING THE TOWNSHIP**

### **General**

General information concerning the Township, including economic, financial, demographic and other relevant data, is set forth in Appendix "A" to this Official Statement.

### **Financial**

Appendix "B" to this Official Statement contains certain audited financial data of the Township for the year ending December 31, 2017. Mercadien P.C., Princeton, New Jersey has consented to the inclusion of their report in this Official Statement. Copies of the complete reports of audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

## **CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT**

### **Local Bond Law**

**General** - The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy *ad valorem* taxes upon all taxable property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements

being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

**Debt Limits** - The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to two percent (3.50%) of its equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The Township, including the issuance of the Bonds and the Notes, will not exceed its three and one half percent (3.50%) debt limit.

**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 make certain other statutory determinations, approval may be granted.

In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for purposes in an amount not exceeding two-thirds (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** – When approved by bond ordinance, the Township may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The Notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the Notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the Notes are issued.

**Bonds** – Bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of bonds.

## **Local Fiscal Affairs Law**

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey State Statutes, as amended and supplemented ("Local Fiscal Affairs Law"), governs audits, auditors, public moneys and financial statements of local governmental units, including the Township.

Each local unit is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six months after the close of its fiscal year by either a Registered Municipal Accountant or, by agreement with the Director ("Director") of the Division of Local Government Services ("Division") in the Department of Community Affairs, by qualified employees of the Division.

An independent examination of the Township's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2017 is on file with the Township Clerk and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the Chief Financial Officer of the local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units (and, for the fiscal year ending December 31, 2017, the extended date of February 26, 2018) and August 10 for June 30 fiscal year end local units.

## **Local Budget Law**

The Local Budget Law, Chapter 4 of Title 40A of the State states, as amended and supplemented ("Local Budget Law"), governs the budgeting and appropriation of funds by local governmental units.

The Local Budget Law requires local governmental units to adopt a "cash basis" budget in such form that there will be sufficient cash collected to meet all debt service requirements, necessary operations of the local governmental units for the fiscal year and any mandatory payments required to be met during the fiscal year.

No budget shall be adopted unless the Director shall have previously certified their approval thereof.

Each local governmental unit must include in its budget an appropriation for the payment of debt service. The Director is required to examine such appropriation to determine whether it is properly set forth, in addition to determining whether all estimates of revenue contained in the budget are reasonable, accurate and correctly stated.

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised



and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a local unit to increase its overall appropriations, it does not limit the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on the Bonds and the Notes. The Cap Law provides that a local unit shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; 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.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010 (S-29R1), which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 *et seq.*), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, *N.J.S.A.* 40A:4-45-46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on its bonds or notes, including the Bonds and the Notes.

### **Special Emergency Notes**

Under the provisions of *N.J.S.A.* 40A:4-53, a municipality may adopt an ordinance authorizing special emergency appropriations at any time during the year for certain purposes set forth therein. Such purposes include, among other things, the payment of contractually obligated

severance liabilities, the preparation of an approved tax map and the preparation and execution of a complete program of revaluation of real property. After the adoption of said ordinance, the municipality shall, by 2/3 vote of the full governing body, adopt a resolution, pursuant to *N.J.S.A.* 40A:4-55, setting forth the amount appropriated and authorizing the issuance of "Special Emergency Notes". Such notes may be renewed from time to time, but at least 1/5 of all such notes, and the renewals, shall mature and be paid in each year, so that all notes shall have matured and have been paid no later than the last day of the fifth year following the date of the emergency resolution. Special Emergency Notes do not require the approval of the Director of the Division of Local Government Services; however, the resolution authorizing the same must be filed with the Division.

## **Miscellaneous Revenues**

*N.J.S.A.* 40A:4-26 provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the [D]irector shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." Such determination may be made by the governing body and the chief financial officer in any year during which the local unit is subject to local examination.

No budget or amendment shall be adopted unless the Director has previously certified the approval of such anticipated revenues.

## **Real Estate Taxes**

**Receipts from Delinquent Taxes** - Revenues are permitted by *N.J.S.A.* 40A:4-29 to be anticipated in the annual budget for collection of delinquent taxes of prior years. The maximum amount permitted to be anticipated is determined by applying the collection rate of the prior year's delinquent taxes to the total amount of delinquent taxes outstanding at the beginning of the current year.

**Current Year Tax Levy and Reserve for Uncollected Taxes** - The current year's taxes to be levied are determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets, if any, together with the amount of an appropriation required to be included in the annual municipal budget entitled "Reserve for Uncollected Taxes", less the total of anticipated revenues. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the current year's budget protects the municipality from taxes currently unpaid. The "Reserve for Uncollected Taxes" is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year, the average of the previous three years in accordance with P.L. 2000, c. 126, or the previous year collection percentage after reducing the previous year levy by tax appeal judgments of the county tax board pursuant to R.S.54:3-21 et seq., or the State tax court pursuant to R.S.54:48-1 et seq. in accordance with Chapter 56 of P.L. 2010.

*N.J.S.A. 40A:4-41* provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year."

Another provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required for all current budget appropriations and school and county taxes of the current fiscal year. The reserve requirement is calculated as follows:

$$\frac{\text{Levy Required for Current Budget,} \\ \text{School and County Taxes}}{\text{Prior Year's Percentage of Current} \\ \text{Tax Collections (or Lesser \%)}} = \text{Total Taxes to be Levied}$$

### **Deferral of Current Expenses**

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair, or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three years; and tax map preparations, revision of ordinances, revaluations, master plan preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, and payments of accumulated sick and vacation time which may be amortized over five years.

### **Budget Transfers**

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

### **Capital Budget**

In accordance with the Local Budget Law, each local unit shall prepare and adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. Every local unit which adopts a capital budget must also adopt a three (3) year capital program unless the local unit's population exceeds 10,000 where a six (6) year capital program is required.

## **Related Constitutional and Statutory Provisions**

In the general election of January 2, 1976, as amended by the general election of January 6, 1984, the following Article 8, Section 1, Paragraph 7, with respect to a state income tax, was added to the State Constitution:

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

A progressive state income tax is currently in effect in the State.

The State Constitution may only be amended after: (i) approval of a proposed amendment by three-fifths (3/5) of all of the members of each house of the State Legislature and approval by a majority vote in a statewide referendum; or (ii) approval in two successive legislative years by a majority of all of the members of each house and approval by a majority vote in a statewide referendum. Amendments failing to receive voter approval may not be resubmitted for voter approval before the third succeeding general election after such disaffirmance.

## **Rights and Remedies of Owners of Notes**

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

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

The Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. The Commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The

Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors and the readjustment of debts under the Federal Municipal Bankruptcy Act. Such Act permits municipalities to have access to Bankruptcy court for protection against suits by bondholders and creditors.

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

### **Limitation of Remedies Under Federal Bankruptcy Code**

The rights and remedies of the registered owners of the Bonds and the Notes are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a petition for relief in a Bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the local unit's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE TOWNSHIP EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE BONDS AND THE NOTES.

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS 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.

## **TAXATION**

### **Procedure for Assessment and Collection of Taxes**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures

equitable treatment to like property owners. The last complete revaluation of property within the Township was in 2010, effective for the 2011 tax year.

Upon the filing of certified adopted budgets by the Township and the County of Burlington ("County"), the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in *N.J.S.A. 54:4-1 et seq.* Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. Tax liens retained by the Township are periodically assigned to the Township Solicitor for "in rem foreclosures" in order to acquire title to these properties.

### **Tax Appeals**

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the New Jersey Board of Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase 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 Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

## **TAX MATTERS**

### **Federal**

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, interest on the Bonds and the Notes is not excluded from gross income for federal income tax purposes.

### **New Jersey**

Bond Counsel is also of the opinion that interest on the Bonds and the Notes and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

## **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the United States Congress and in the New Jersey legislature that, if enacted, could alter or amend the Federal and New Jersey tax matters referred to above or adversely affect the market value or marketability of the Bonds and the Notes. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, such proposals would apply to obligations issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Bonds and the Notes.

PROSPECTIVE PURCHASERS OF THE BONDS AND THE NOTES SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE BONDS AND THE NOTES AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

## **LITIGATION**

To the knowledge of the Township's Solicitor, Florio Perrucci Steinhardt & Cappelli LLC, Cherry Hill, New Jersey ("Solicitor") there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds and the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds and the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Bonds and the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending or threatened that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

## **RATINGS**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P"), has assigned a rating of "AA-" to the Bonds and a rating of "SP-1+" to the Notes.

Explanations of the significance of the ratings may be obtained from S&P at 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. Such ratings reflect only the views of S&P. There is no assurance that the ratings mentioned above will remain in effect for any given period of time, or that it might not be lowered or withdrawn entirely by the rating agency, if in its judgment circumstances so warrant. Neither the Underwriters (as defined herein), nor the Township has undertaken any responsibility

either to bring to the attention of the holders of the Bonds or the Notes any proposed change in or withdrawal of a rating of the Bonds or the Notes or to oppose any such proposed change or withdrawal. Any such downward change in or withdrawal of a rating might have an adverse effect on the market price or marketability of the Bonds and the Notes.

### **PREPARATION OF OFFICIAL STATEMENT**

The Township hereby states that the descriptions and statements herein and in the Appendices attached hereto, including financial and statistical statements, are true and correct in all material respects, and it will confirm the same to the purchasers of the Bonds and the Notes by certificates signed by various officers and officials of the Township upon issuance and delivery of the Bonds and the Notes.

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

The Township compiled Appendix "A" from information obtained from various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto.

Parker McCay, P.A. 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 under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

Mercadien P.C., Princeton, New Jersey, only takes responsibility for the financial statements, appearing in Appendix "B" hereto.

### **UNDERWRITING**

The Bonds have been purchased from the Township at a public sale by \_\_\_\_\_, as underwriter ("Bonds Underwriter"), pursuant to a Certificate of Determination and Award, dated October \_\_, 2018.

The Notes have been purchased from the Township at a public sale by \_\_\_\_\_, as underwriter ("Notes Underwriter" and together with the "Bonds Underwriter", the "Underwriters"), pursuant to a Certificate of Determination and Award, dated October \_\_, 2018.

The Underwriters have purchased the Bonds and the Notes in accordance with the Notices of Sale prepared in connection with the Bonds and the Notes. The Bonds and the Notes are being offered for sale at the yields set forth on the inside front cover page of this Official Statement. The Underwriters are each obligated to purchase all of the Bonds and the Notes if any of the Bonds or the Notes are purchased.



The Underwriters intend to offer the Bonds and the Notes to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters may offer and sell the Bonds and the Notes to certain dealers (including dealers depositing bonds and notes into investment trusts) at yields higher or prices lower than the public offering yield or prices set forth on the inside front cover page of this Official Statement, and such public offering yields or prices may be changed, from time to time, by the Underwriters without prior notice.

### **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 institutions, building and loan associations, investment companies, and other persons carrying on Banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds and notes of the Township, including the Bonds and the Notes, and such bonds and notes are authorized security for any and all public deposits.

### **NO DEFAULT**

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

### **MUNICIPAL ADVISOR**

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

### **CONTINUING DISCLOSURE**

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Township has undertaken to file notice of certain enumerated events, pursuant to a Continuing Disclosure Agreement for the Bonds and the Notes in the forms attached as Appendix "D" to this Official Statement.

Within five (5) years immediately preceding the date of this Official Statement, the Township previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements, adopted budgets for fiscal years ended December 31, 2013 and 2014. Additionally, the Township previously failed to file late filing notices in connection with

its untimely filings of its adopted budgets, as described above. Such notices of late filings have since been filed with EMMA. The Township appointed Phoenix Advisors, LLC in March of 2013 to serve as continuing disclosure agent to the Township.

## **LEGAL MATTERS**

The legality of the Bonds and the Notes will be subject to the approving legal opinions of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township ("Bond Counsel"). Such opinions will be printed on or accompany the Bonds and the Notes and provide, *inter alia*, that the Bonds and the Notes are valid and 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 without limitation as to rate or amount for the payment of the Bonds and the Notes and interest thereon. The enforceability of rights or remedies with respect to the Bonds and the Notes may be limited by Bankruptcy, insolvency, or other law affecting creditors' rights or remedies heretofore or hereinafter enacted. Certain legal matters will be passed upon for the Township by the Solicitor.

Bond Counsel has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement (except to the extent, if any, as specifically stated herein) and will express no opinion relating thereto.

The various legal opinions to be delivered concurrently with the delivery of the Bonds and the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Township of Mount Holly, 23 Washington Street, Mount Holly, New Jersey 08060, attention Denise Muchowski, Chief Financial Officer, telephone number (609) 845-1100, or Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, attention Sherry L. Tracey, Senior Managing Director, telephone number (609) 291-0130.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth merely as opinions and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement, which may have been made verbally or in writing, is to be construed as a contract with, or a covenant for the benefit of, the holders of the Bonds or the Notes. 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 the Bonds or the Notes made hereunder shall, under any circumstances, create any implication that there has

been no change in the affairs of the Township since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

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

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

**TOWNSHIP OF MOUNT HOLLY, NEW JERSEY**

By: \_\_\_\_\_  
**DENISE MUCHOWSKI,**  
**Chief Financial Officer**

**Dated: October \_\_, 2018**

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## **APPENDIX A**

### **CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP OF MOUNT HOLLY**

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## **INFORMATION REGARDING THE TOWNSHIP**

The following material presents certain economic and demographic information of the Township of Mount Holly (“Township”) in the County of Burlington (“County”) in the State of New Jersey (“State”).

### **History**

The history of the Township predates the American Revolution by nearly 100 years. The greater portion of the land was first called Bridgetown and is now called Mount Holly, where John Cripps, a passenger on the Kent, arrived at Burlington, New Jersey in 1677, with his only son Nathaniel Cripps, and Edward Gaskill. “The Mount” is the outstanding feature of the topography measuring 185 feet above sea level, while the altitude downtown at the intersection of High and Mill Streets is only 15 feet. John Cripps built the first house, probably north of the Mount, but the town actually developed near the Rancocas Creek and the mills which used the creek’s water power. The town played an important role in the War for Independence as it was the scene of an important skirmish - the Battle of Iron Works Hill in 1776. In addition, the New Jersey Legislature met here in 1779 when Trenton was threatened and the Township became the temporary State Capital for a short time.

### **Location and Character**

The Township, which is the county seat, is located in the north central portion of the County, approximately twenty miles northeast of the City of Philadelphia, Pennsylvania. With a land area of approximately 29 square miles, the Township is primarily a residential community within the Delaware Valley, a tri-state region composed of eleven counties in the States of New Jersey, Pennsylvania, and Delaware. This region is a closely integrated economic and social unit, with an approximate population of 5.5 million people. It is a major transportation center, combining one of the largest port facilities in the world with extensive rail, air, and interstate highway systems.

Philadelphia, Camden, and Trenton are all less than an hour’s drive away. The Atlantic shore points and resort area are within easy traveling distance to the northeast, east, and southeast. The New York Metropolitan Area is only an hour’s drive.

### **Township Organization**

The Council-Manager form of government governs the Township. The Township Council has oversight and policy making functions, with the Township Manager acting as the chief executive officer, responsible for the day-to-day functions. Council elects the mayor for a one-year term, with each member of council serving four-year staggered terms.

### **Transportation**

The Township is accessible by County Route 541, County Route 537, and State Highway Route 38. Exit five (5) of the New Jersey Turnpike is located two (2) miles north on County Route 541. Interstate Highway 295 is accessible from the north, west, and southwest within five (5) to ten (10) minute drives.

Public transportation is available by two bus routes provided by New Jersey Transit. The routes have direct accessibility to Camden, north to Burlington, and east as far as Asbury Park.

### **Economic Undertaking**

The Township has determined to undertake a Redevelopment Project consisting of the acquisition of various parcels of real property in the Township, together with the demolition of any improvements thereon, as part of the Township's West End Redevelopment Plan ("Redevelopment Plan"). Located within the West End Redevelopment Area ("Redevelopment Area") is the Mount Holly Gardens ("Gardens"), a residential neighborhood originally comprised of three hundred seventy-nine (379) attached housing units built in the early 1950's. Over the past thirty years, the number of owner occupied housing units in the Gardens declined to the point that the majority of the housing units were renter occupied and owned largely by absentee landlords. This has had a destabilizing effect on the development and has resulted in declined building maintenance and property up-keep. The Redevelopment Area also includes a commercial area which is located north of and adjacent to the Gardens. This land is vacant and underutilized.

The goal of the Redevelopment Plan is to create an attractive, safe and cohesive residential neighborhood that provides a variety of housing options that meet the needs of the community and to provide opportunities for commercial establishments that will serve the immediate area and the larger community.

In order to proceed with the implementation of the Redevelopment Plan, the Township entered in to a redevelopment agreement ("Redevelopment Agreement") with Keating Urban Partners, LLC ("Keating").

In order to complete the redevelopment of the area in accordance with the goals of the Redevelopment Plan, the Township began a process to acquire all the units in the Gardens, necessitating the relocation of its residents. The Township began this process several years ago. The Township's decision to select the Gardens complex is reflective of an opportunity to restore an aging and blighted residential complex to an attractive and functional market rate housing complex by substantial property investments from public/private cooperation. The Redevelopment Plan currently includes approximately five hundred twenty (520) units of mixed-income housing and an approximate 54,000 square feet commercial area.

On February 27, 2012, the Township introduced several ordinances, which allow the Township to move forward with the redevelopment of the Redevelopment Area through the sale and redevelopment of the vacant commercial area located north of the Gardens. These ordinances authorize the sale of this land for \$1,526,903 and the redevelopment of the land into an apartment complex containing 228 apartment units with shared recreational amenities such as a clubhouse and a swimming pool. Closing occurred in the fall of 2012. Future costs for acquisition of the remaining Gardens units and relocation of its residents will be borne by Keating, thereby significantly limiting future Township debt in the implementation of the Redevelopment Plan. This area is considered Phase 1 of the Redevelopment Area.

Phase 3 of the Redevelopment Area includes 32 townhomes and is expected to be completed by December 31, 2018. The Township received a total of \$1,073,098 for this parcel.



The Township is continuing to make every effort to move forward with the redevelopment of phases 2 and 4. Phase 2 is expected to include 96 apartments, 92 townhomes, and 12,000 square feet of commercial space. Phase 2 is projected to be completed by early 2020 with respect to the residential component and late 2020 with respect to the commercial component. Phase 4 is expected to include 100 townhomes is projected to begin in early 2020.

As part of the Redevelopment Plan the Township is required to acquire existing homes and provide new replacement housing for twenty (20) families. As of December 31, 2017, the Township has acquired four (4) of these properties which represent a mortgages receivable balance of approximately \$78,000.

### **Utility Authority**

Water and Sewer Services for the Township are provided by The Mount Holly Municipal Utilities Authority (“Authority”). The Township entered into a service agreement with the Authority in 1978.

### **Public Safety**

The Police Department provides 24-hour service to the residents of the Township.

### **Education**

The Mount Holly Township School District (“District”) is one of 643 school districts in the State of New Jersey and one of 42 school districts in the County. The District provides education to students in grades Pre-K through 8 living in the Township.

An elected five-member Board of Education (“Board”) serves as the chief policy maker for the District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of District tax money. The Superintendent is the Chief Executive Officer of the District, responsible to the Board for total educational and support operations. The Business Administrator/Board Secretary is the Chief Financial Officer of the District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds, and investing idle funds as permitted by New Jersey law.

Students in grades 9 through 12 in the District attend the Rancocas Valley Regional High School with four (4) other local communities, Hainesport, Westampton, Eastampton, and Lumberton.

### **Retirement Systems**

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

## **Pension Information**

Employees, who are eligible to participate in a pension plan, are enrolled in the Public Employees' Retirement System ("PERS") or the Police and Firemen's Retirement System ("PFRS"), Department of the State of New Jersey. The State Division of Pensions annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost.

## **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 of New Jersey:

	<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>				
2017	4,714	4,444	270	5.7%
2016	4,686	4,410	276	5.9%
2015	4,675	4,332	343	7.3%
2014	4,654	4,247	407	8.7%
2013	4,668	4,186	482	10.3%
<b><u>County</u></b>				
2017	234,179	224,582	9,597	4.1%
2016	233,255	222,869	10,386	4.5%
2015	232,623	220,189	12,434	5.3%
2014	230,681	215,869	14,812	6.4%
2013	234,288	216,371	17,917	7.6%
<b><u>State</u></b>				
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%
2013	4,548,569	4,173,815	374,738	8.2%

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 2016)**

	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$61,578	\$80,034	\$73,702
Median Family Income	79,750	96,430	90,757
Per Capita Income	32,365	38,137	37,538

Source: US Bureau of the Census, 2016 American Community Survey 5-Year Estimates

### **Population**

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

	<b><u>Township</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
<b><u>Year</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2016 Estimate	9,526	-0.10%	449,284	0.12%	8,958,013	1.89%
2010	9,536	-11.11	448,734	5.98	8,791,894	4.49
2000	10,728	0.84	423,394	7.17	8,414,350	8.85
1990	10,639	-1.65	395,066	8.97	7,730,188	4.96
1980	10,818	-14.91	362,542	12.20	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:

<b><u>Taxpayers</u></b>	<b><u>2017 Assessed Valuation</u></b>	<b><u>% of Total Assessed Valuation</u></b>
Levine Properties LLC	\$12,967,000	2.02%
Virtua Memorial Hospital	12,330,600	1.92%
Mount Holly Associates	10,576,100	1.65%
Verizon	8,042,868	1.25%
Mount Holly Equities	6,494,400	1.01%
Alaimo, Richard A	4,179,300	0.65%
Amcor Flexibles, Inc.	3,605,200	0.56%
Public Storage Inc	2,349,700	0.37%
FRIA Properties, LLC	2,054,500	0.32%
Mill Race, Inc	1,911,200	0.30%
<b>Total</b>	<b><u>\$64,510,868</u></b>	<b><u>10.05%</u></b>

Source: School District CAFR & 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>
2017	\$18,466,949	\$18,334,882	99.28%
2016	18,049,251	17,962,051	99.52%
2015	17,817,886	17,741,249	99.57%
2014	17,228,420	17,097,719	99.24%
2013	17,077,664	16,936,682	99.17%

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>
2017	\$148,182	\$20,444	\$168,626	0.91%
2016	103,575	7,951	111,526	0.62%
2015	111,997	1,944	113,941	0.64%
2014	101,976	3,941	105,917	0.61%
2013	85,736	6,797	92,533	0.54%

Source: Annual Audit Reports of the Township

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

<b><u>Year</u></b>	<b><u>Amount</u></b>
2017	\$490,805
2016	490,805
2015	490,805
2014	490,805
2013	490,805

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 the past five (5) years.

<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>Local School</u></b>	<b><u>Regional School</u></b>	<b><u>County</u></b>	<b><u>Fire District</u></b>	<b><u>Total</u></b>
2018	\$0.791	\$1.307	\$0.364	\$0.380	\$0.097	\$2.939
2017	0.746	1.279	0.361	0.381	0.096	2.863
2016	0.733	1.230	0.362	0.376	0.096	2.797
2015	0.733	1.167	0.362	0.380	0.096	2.738
2014	0.718	1.130	0.349	0.349	0.091	2.637

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

### **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
2018	\$637,236,100	\$615,508,645	103.53%	\$5,930,958	\$621,439,603
2017	635,895,800	602,788,754	105.99	5,875,968	608,664,722
2016	639,197,200	593,222,459	107.75	5,622,546	598,845,005
2015	641,280,800	585,751,553	109.48	5,439,973	591,191,526
2014	644,700,100	587,105,091	109.81	5,502,557	592,607,648

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 past five (5) years.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2018	\$11,360,300	\$504,134,200	\$7,100	\$94,165,800	\$8,136,400	\$19,432,300	\$637,236,100
2017	11,546,600	502,288,700	7,100	94,484,700	8,136,400	19,432,300	635,895,800
2016	11,543,000	506,972,300	7,100	93,068,400	8,136,400	19,470,000	639,197,200
2015	11,853,500	508,003,300	7,100	93,835,500	8,136,400	19,445,000	641,280,800
2014	12,135,700	511,597,700	7,100	92,450,900	8,286,200	20,222,500	644,700,100

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

## **Financial Operations**

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

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

<b><u>Anticipated Revenues</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Fund Balance Utilized	\$306,300	\$375,000	\$579,750	\$700,000	\$760,000
Miscellaneous Revenues	4,251,730	4,773,662	4,598,282	3,993,777	5,786,818
Receipts from Delinquent Taxes	16,851	16,851	16,851	16,851	7,636
Amount to be Raised by Taxation	<u>4,671,565</u>	<u>4,745,283</u>	<u>4,732,812</u>	<u>4,813,168</u>	<u>5,092,304</u>
Total Revenue:	<u>\$9,246,446</u>	<u>\$9,910,796</u>	<u>\$9,927,695</u>	<u>\$9,523,796</u>	<u>\$11,646,758</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$7,042,856	\$7,389,704	\$7,344,200	\$7,862,120	\$8,324,182
Operations (Excluded from CAPS)	519,584	708,318	928,003	130,211	1,769,396
Deferred Charges and Statutory Expenditures	239,073	227,591	189,629	0	0
Capital Improvement Fund	125,000	159,300	152,800	157,318	153,285
Municipal Debt Service	1,105,225	1,218,646	1,121,987	1,179,136	1,154,871
Transferred to Board of Education	67,611	67,611	67,266	68,211	68,610
Reserve for Uncollected Taxes	<u>147,097</u>	<u>139,626</u>	<u>123,810</u>	<u>126,800</u>	<u>176,414</u>
Total Appropriations:	<u>\$9,246,446</u>	<u>\$9,910,796</u>	<u>\$9,927,695</u>	<u>\$9,523,796</u>	<u>\$11,646,758</u>

Source: Annual Adopted Budgets of the Township

## **Fund Balance**

	<b><u>Fund Balance - Current Fund</u></b>	
	<b><u>Balance</u></b>	<b><u>Utilized in Budget</u></b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2017	\$1,766,405	\$760,000
2016	1,665,969	700,000
2015	1,549,272	579,750
2014	933,253	375,000
2013	1,058,378	306,300

Source: Annual Audit Reports of the Township

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

### **General Purpose Debt**

Serial Bonds	\$10,000,000
Bond Anticipation Notes	6,776,500
Bonds and Notes Authorized but Not Issued	3,212,000
Other Bonds, Notes and Loans	<u>59,883</u>
Total:	\$20,048,383

### **Local School District Debt**

Serial Bonds	\$6,444,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$6,444,000

### **Regional School District Debt**

Serial Bonds	\$12,793,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$12,793,000

### **Self-Liquidating Debt**

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

### **TOTAL GROSS DEBT**

**\$39,285,383**

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	6,444,000
Regional School District Debt	12,793,000
Self-Liquidating Debt	<u>0</u>
Total:	\$19,237,000

### **TOTAL NET DEBT**

**\$20,048,383**

Source: Annual Debt Statement of the Township

**Overlapping Debt (as of December 31, 2017)**

<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	\$6,444,000	100.00%	\$6,444,000
Regional School District	12,793,000	13.53%	1,730,654
Mount Holly MUA	32,002,284	100.00%	32,002,284
County	710,395,975	1.29%	<u>9,193,956</u>
Net Indirect Debt			\$49,370,894
Net Direct Debt			<u>20,048,383</u>
Total Net Direct and Indirect Debt			<b><u>\$69,419,277</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2015, 2016, 2017)	\$593,920,922
Permitted Debt Limitation (3 1/2%)	20,787,232
Less: Net Debt	<u>20,048,383</u>
Remaining Borrowing Power	<u>\$738,849</u>
Percentage of Net Debt to Average Equalized Valuation	3.376%
Gross Debt Per Capita based on 2010 population of 9,536	\$4,120
Net Debt Per Capita based on 2010 population of 9,536	\$2,102

Source: Annual Debt Statement of the Township

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<sup>1</sup> Township percentage based on the Township's share of total equalized valuation in the County.



**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS  
OF THE TOWNSHIP OF MOUNT HOLLY**

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**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON,  
STATE OF NEW JERSEY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY DATA**

December 31, 2017

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

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## **INDEPENDENT AUDITORS' REPORT**

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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and Members  
of the Township Council  
Township of Mount Holly  
County of Burlington  
Mount Holly, New Jersey 08060

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

We have audited the accompanying financial statements – regulatory basis of the various funds and account group of the Township of Mount Holly, County of Burlington, State of New Jersey (the "Township"), as of and for the year ended December 31, 2017, and the related notes to 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 financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes 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.

### **Auditors' 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 requirements of audit 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 auditors' 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

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **Auditors' Responsibility (Continued)**

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note A of the financial statements, these financial statements are prepared by the Township on the basis of the financial reporting provisions 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 A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion**

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 each fund of the Township as of December 31, 2017, and the results of operations and changes in financial position for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fund and account group of the Township, as of December 31, 2017, and the results of operations and changes in financial position for the year then ended in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note A.

### **Report on Summarized Comparative Information**

We have previously audited the Township's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 10, 2017, in accordance with the financial reporting provisions described in Note A. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.




## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **Report on Supplementary and Other Information**

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

The supplementary information as listed in the table of contents has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



**Warren A. Broudy, CPA, CGFM, PSA, CGMA**  
**Registered Municipal Accountant**  
**License No. 554**

**MERCADIEN, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 29, 2018

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## **BASIC FINANCIAL STATEMENTS – REGULATORY BASIS**

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**A**

**CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**

December 31, 2017 and 2016

<u>ASSETS</u>	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
Regular Fund:			
Cash:			
Chief Financial Officer	A-4	\$2,615,354	3,030,314
Change Fund		750	750
Total Regular Fund		2,616,104	3,031,064
Due from State of New Jersey for Senior Citizen & Veteran Deductions		9,435	10,685
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-5	20,444	7,951
Tax Title Liens Receivable	A-6	148,182	103,575
Property Acquired for Taxes - Assessed Valuation	A-7	490,805	490,805
Property Maintenance Receivable	A-8	148	278
Revenue Accounts Receivable	A-9	20,190	15,037
Interfunds Receivable:			
Due From State and Federal Grants	A	348,816	390,188
Due From Animal Control Fund	B	133	4,343
Due From Trust Other	B	8,539	
Due From Payroll Fund	D	4,867	101,587
Due From General Capital Fund	C	3,158	1,645
Total Receivables & Other Assets With Full Reserves		1,045,282	1,115,409
Deferred Charges To Future Taxation:			
Overexpenditure of Appropriations	A-3	12,066	29,153
Total Deferred Charges		12,066	29,153
Subtotal		3,682,887	4,186,311
Federal & State Grant Fund:			
Cash	A-4	14,476	202,112
Federal & State Aid Receivable	A-13	1,281,193	1,828,462
Total Federal & State Grant Fund		1,295,669	2,030,574
Total Assets		\$4,978,556	6,216,885

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**A**

**CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE (CONTINUED)**

December 31, 2017 and 2016

<b><u>LIABILITIES, RESERVES &amp; FUND BALANCE</u></b>	<b><u>REFERENCE</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$503,235	477,544
Reserve for Encumbrances	A-3	48,635	140,338
Accounts Payable		16,600	17,668
Prepaid Taxes		282,352	55,290
Tax Overpayments		7,230	6,448
Due County for Added & Omitted Taxes		982	1,912
Local School Taxes Payable	A-11	1	677,205
Regional School Taxes Payable	A-12	5	5
Due to State of New Jersey - Marriage License Fees		525	310
Due to Mount Holly MUA		6,122	6,122
Interfunds Payable:			
Due to Trust Fund	B		6,578
Reserve for Master Plan		15,513	15,513
Total Liabilities		881,200	1,404,933
Reserves for Receivables & Other Assets	A	1,045,282	1,115,409
Fund Balance	A-1	1,756,405	1,665,969
Subtotal		3,682,887	4,186,311
Federal & State Grant Fund:			
Reserve for Encumbrances	A-14	50,542	112,928
Appropriated Reserves	A-14	883,787	1,525,802
Unappropriated Reserves	A-15	12,524	1,656
Due to Current Fund	A	348,816	390,188
Total Federal & State Grant Fund		1,295,669	2,030,574
Total Liabilities, Reserves & Fund Balance		\$4,978,556	6,216,885

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**A-1**

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**

Years Ended December 31, 2017 and 2016

	2017	2016
<b><u>REVENUE &amp; OTHER INCOME REALIZED</u></b>		
Fund Balance Utilized	\$700,000	579,750
Miscellaneous Revenue Anticipated	4,410,826	4,963,622
Receipts From Delinquent Taxes	5,138	24,772
Receipts From Current Taxes	18,334,882	17,962,050
Nonbudget Revenue	315,916	275,837
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	208,223	139,621
Interfund Liquidated	134,165	
Prior Year Accounts Payable Cancelled	1,068	1,293
Total Revenue & Other Income Realized	24,110,218	23,946,945
<b><u>EXPENDITURES</u></b>		
Budget & Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	3,801,761	3,636,040
Other Expenses	3,296,805	2,991,510
Deferred Charges & Statutory Expenditures	773,554	733,737
Operations Excluded From "CAPS":		
Salaries and Wages	50,000	140,000
Other Expenses	345,225	835,019
Capital Improvements	157,318	152,800
Municipal Debt Service	1,147,889	1,134,051
Deferred Charges & Statutory Expenditures		189,629
Transferred to Board of Education	68,211	67,266
County Taxes	2,449,115	2,417,948
Due County for Added & Omitted	982	1,912
Local District School Tax	8,247,912	7,929,557
Regional High School Taxes	2,327,728	2,335,813
Special Fire District Taxes	617,845	617,845
Senior Citizens & Veterans Deductions Disallowed	4,062	2,250
Grants Receivable Canceled	43,441	
Interfunds Created		94,274
Total Expenditures	23,331,848	23,279,651
Excess in Revenue to Fund Balance	778,370	667,294
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	12,066	29,153
Statutory Excess to Fund Balance	790,436	696,447
Fund Balance - Balance January 1	1,665,969	1,549,272
Decreased by: Utilization as Anticipated Revenue	700,000	579,750
Balance December 31	\$1,756,405	1,665,969

See notes to financial statements.

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**A-2**

**CURRENT FUND  
STATEMENT OF REVENUES**

Year Ended December 31, 2017

	ANTICIPATED BUDGET	SPECIAL N.J.S.40:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$700,000		700,000	
<b>MISCELLANEOUS REVENUES</b>				
Licenses - Alcoholic Beverages	23,000		23,388	388
Licenses - Other	16,500		13,785	(2,715)
Fees & Permits	265,000		361,605	96,605
Municipal Court Fines & Costs	284,000		212,476	(71,524)
Interest & Costs on Taxes	95,000		82,728	(12,272)
Interest on Investments & Deposits	9,000		37,685	28,685
Housing Inspection Fees	112,500		127,550	15,050
Consolidated Municipal Property Tax Relief	232,877		221,233	(11,644)
Energy Receipts Tax	1,285,654		1,278,772	(6,882)
Clean Communities Grant		18,954	18,954	
Community Forestry Grant		3,000	3,000	
Urban Enterprise Zone	83,300		83,300	
Small Cities CDBG - High Street Improvements		232,749	232,749	
Statewide Insurance Fund Safety Grant		4,222	4,222	
Body Armor Replacement Program		2,187	2,187	
Alcohol Education & Enforcement Grant	1,656		1,656	
Bulletproof Vest Grant		2,581	2,581	
ANJEC Open Space Stewardship		1,320	1,320	
Recycling Tonnage Grant	11,705		11,705	
Mount Holly Memorial Health Alliance Donation	220,000		220,000	
County Rental of Parking Lots	98,203		98,203	
State Rental of Parking Lots	7,800		13,207	5,407
Construction Code Office - Indirect Costs	38,900		38,900	
Payment in Lieu of Taxes:				
Mt. Holly Sewerage Authority	308,000		308,000	
Strouber	85,000		159,368	74,368
Presbyterian Homes	10,000		13,300	3,300
Children's Home	30,000		20,000	(10,000)
Regency Park	125,000		133,935	8,935
Fermoor	310,000		342,603	32,603

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**A-2**

**CURRENT FUND  
STATEMENT OF REVENUES (CONTINUED)**

Year Ended December 31, 2017

	ANTICIPATED BUDGET	SPECIAL N.J.S.40:4-87	REALIZED	EXCESS OR (DEFICIT)
<b>MISCELLANEOUS REVENUES</b>				
Service Contract - Mt. Holly MUA	30,000		30,000	
Rent - 14 King Street	40,000		40,000	
Contribution from Rancocas Valley Regional High School	93,750		93,750	
Contribution from Mt. Holly BOE	55,000		56,732	1,732
Cable TV Franchise Fee	121,932		121,932	
Total	3,993,777	265,013	4,410,826	152,036
Receipts from Delinquent Taxes	16,851		5,138	(11,713)
Amount to be Raised by Support of Municipal Budget	4,813,168		4,818,100	4,932
<b>Budget Totals</b>	9,523,796	265,013	9,934,064	145,255
Nonbudget Revenues			315,916	
<b>TOTAL REVENUES</b>	<b>\$9,523,796</b>	<b>265,013</b>	<b>10,249,980</b>	



**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**A-2**

**CURRENT FUND  
STATEMENT OF REVENUES (CONTINUED)**

Year Ended December 31, 2017

Allocation of Current Tax Collections:	
Revenue From Collections	\$18,334,882
Allocated to School, County & Fire District Taxes	<u>13,643,582</u>
 Balance for Support of Municipal Budget Appropriations	4,691,300
Increased by Appropriation - Reserve for Uncollected Taxes	<u>126,800</u>
 Amount for Support of Municipal Budget Appropriations	<u><u>\$4,818,100</u></u>
 Receipts from Delinquent Taxes:	
Taxes Receivable	\$4,203
Tax Title Lien Receivable	<u>935</u>
 Total	<u><u>\$5,138</u></u>

**ANALYSIS OF NONBUDGET REVENUE**

Miscellaneous Revenues Not Anticipated:	
Police Fees	\$6,923
Street Openings	210,458
Pilot Payments	21,110
Senior Citizens & Veterans Administrative Fee	1,774
FEMA	39,417
Miscellaneous	<u>36,234</u>
 Total	<u><u>\$315,916</u></u>

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**A-3**

**CURRENT FUND  
STATEMENT OF EXPENDITURES**

Year Ended December 31, 2017

<b>OPERATIONS</b>	<b>APPROPRIATIONS</b>		<b>EXPENDED</b>		<b>UNEXPENDED BALANCE CANCELED</b>	<b>OVER- EXPENDED</b>
	<b>BUDGET</b>	<b>BUDGET AFTER MODIFICATION</b>	<b>PAID OR CHARGED</b>	<b>RESERVED</b>		
<b>General Government:</b>						
Administrative & Executive:						
Salaries and Wages	\$148,100	148,100	145,000	3,100		
Other Expenses	119,250	109,250	98,137	11,113		
Mayor and Council:						
Salaries and Wages	15,000	15,000	15,000			
Other Expenses	500	500		500		
Township Clerk:						
Salaries and Wages	116,600	116,600	112,528	4,072		
Other Expenses	33,500	33,500	33,020	480		
Financial Administration:						
Salaries and Wages	90,000	70,000	67,443	2,557		
Other Expenses	41,300	33,300	26,015	7,285		
Audit Services	34,000	34,000	34,000			
Revenue Administration (Tax Collection):						
Salaries and Wages	153,491	137,491	136,147	1,344		
Other Expenses	33,100	33,100	30,455	2,645		
Assessment of Taxes:						
Salaries and Wages	15,600	15,600	15,300	300		
Other Expenses	28,400	8,400	2,403	5,997		
Legal Services & Costs:						
Other Expenses	195,000	200,000	172,008	27,992		
Engineering Services & Costs:						
Other Expenses	299,400	429,400	385,792	43,608		
Historical Preservation Committee:						
Other Expenses	3,000	3,000	1,218	1,782		
<b>Municipal Land Use Law (NJSA 40:55D-1):</b>						
Planning Board:						
Salaries and Wages	12,000	12,001	12,000	1		
Other Expenses	26,450	21,450	12,410	9,040		
<b>Code Enforcement and Administration:</b>						
Inspection of Housing:						
Salaries and Wages	89,500	83,599	79,025	4,574		
Other Expenses	3,000	3,000	1,621	1,379		
<b>Insurance:</b>						
Employee Group Health Insurance	767,250	717,250	553,507	163,743		
General Liability Insurance	226,344	226,344	220,601	5,743		
Workers' Compensation	195,858	195,858	195,858			
Medical Waiver	3,000	6,600	6,569	31		
<b>Public Safety:</b>						
Police:						
Salaries & Wages	2,400,843	2,425,843	2,404,590	21,253		
Other Expenses	154,178	154,178	138,417	15,761		
<b>Public Works Functions:</b>						
Streets & Road Maintenance:						
Salaries & Wages	505,333	485,333	480,237	5,096		
Other Expenses	50,900	64,900	63,413	1,487		

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**A-3**

**CURRENT FUND  
STATEMENT OF EXPENDITURES (CONTINUED)**

Year Ended December 31, 2017

	APPROPRIATIONS		EXPENDED		UNEXPENDED	OVER-
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED	EXPENDED
<b>OPERATIONS - Within "CAPS"</b>						
<b>Public Works Functions (continued):</b>						
Public Buildings & Grounds:						
Salaries & Wages	15,000	15,000	3,015	11,985		
Other Expenses	20,000	30,000	27,127	2,873		
Vehicle Maintenance:						
Other Expenses	50,000	35,000	27,037	7,963		
Other Public Works Functions:						
Other Expenses	550	550		550		
Special Emergency:						
Other Expenses						
<b>Health &amp; Welfare:</b>						
Animal Control Services:						
Other Expenses	13,000	13,000	10,870	2,130		
Community Drug Alliance Program:						
Other Expenses	2,200	2,200		2,200		
<b>Park &amp; Recreation Functions:</b>						
Recreation Services & Programs:						
Salaries & Wages	59,500	59,500	59,464	36		
Other Expenses	3,000	3,000	448	2,552		
Celebration of Public Events:						
Other Expenses	10,000	10,000	5,000	5,000		
<b>Municipal Court:</b>						
Municipal Court:						
Salaries and Wages	195,694	195,694	192,292	3,402		
Other Expenses	14,000	14,000	10,540	3,460		
Municipal Prosecutor:						
Salaries and Wages	22,000	22,000	22,000			
Public Defender:						
Other Expenses - Contractual	525	525		525		
<b>Utility Expenses &amp; Bulk Purchase:</b>						
Electricity	65,000	65,000	45,410	19,590		
Street Lighting	200,000	200,000	151,491	48,509		
Telecommunication Costs	30,000	32,000	29,809	2,191		
Water	6,000	6,000	4,713	1,287		
Gasoline	55,000	55,000	46,389	8,611		
<b>Landfill/Solid Waste:</b>						
Garbage & Trash Removal:						
Other Expenses	240,000	252,000	232,211	19,789		
Sanitary Landfill:						
Contractual	325,000	303,000	297,363	5,637		
<b>Unclassified:</b>						
Contingency	1,200	1,500	1,500			
Total Operations Within "CAPS"	7,088,566	7,098,566	6,609,393	489,173		
Total Operations Including Contingent Within "CAPS"	7,088,566	7,098,566	6,609,393	489,173		
Detail:						
Salaries and Wages	3,838,661	3,801,761	3,744,041	57,720		
Other Expenses (Including Contingent)	3,249,905	3,296,805	2,865,352	431,453		

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**A-3**

**CURRENT FUND  
STATEMENT OF EXPENDITURES (CONTINUED)**

Year Ended December 31, 2017

	APPROPRIATIONS		EXPENDED		UNEXPENDED	OVER-
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED	EXPENDED
<b>OPERATIONS - Within "CAPS"</b>						
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS":						
Statutory Expenditures:						
Overexpenditure of Appropriations	17,087	17,087	17,087			
Public Employees Retirement System	169,654	169,654	169,654			
Police & Fire Pension Fund	416,313	416,313	416,313			
Social Security System (O.A.S.I.)	150,000	150,000	141,744	8,256		
DCRP	5,500	5,500	2,996	2,504		
Unemployment Fund	15,000	15,000	14,739	261		
Total Deferred Charges & Statutory Expenditures	773,554	773,554	762,533	11,021		
Total General Appropriations for Municipal Purposes Within "CAPS"	7,862,120	7,872,120	7,371,926	500,194		
<b>Mandated Expenditures Excluded From "CAPS":</b>						
<b>Other Operations - Excluded From "CAPS"</b>						
Refund of Prior Year Revenue	29,304	29,304	29,304			
<b>Public and Private Programs Offset by Revenues:</b>						
Supplemental Fire Services	4,246	4,246	4,246			
NJ Urban Enterprise Zone:						
Police Patrol	50,000	50,000	50,000			
Administration	33,300	33,300	33,300			
Clean Communities Program		18,954	18,954			
NJDOT - High Street		232,750	232,750			
Body Armor Grant		2,187	2,187			
County Parks Grant		3,000	3,000			
Community Development Block Grant						
Alcohol Education and Rehab Grant	1,656	1,656	1,656			
Bulletproof Vest Program		2,581	2,581			
Insurance Fund Safety Grant		4,222	4,222			
ANJEC Open Space Grant		1,320	1,320			
Recycling Tonnage Grant	11,705	11,705	11,705			
Total Operations Excluded from "CAPS"	130,211	395,225	395,225			
Detail:						
Salary and Wages	50,000	50,000	50,000			
Other Expenses	80,211	345,225	345,225			
<b>Capital Improvements Excluded from "CAPS"</b>						
Capital Improvements:						
Public Works Equipment	69,810	69,810	69,810			
Police Vehicle - SUV	68,100	68,100	65,784	2,316		
Police Equipment	19,408	19,408	18,683	725		
Total Capital Improvements Excluded "CAPS"	157,318	157,318	154,277	3,041		

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**A-3**

**CURRENT FUND  
STATEMENT OF EXPENDITURES (CONTINUED)**

Year Ended December 31, 2017

OPERATIONS - Excluded from "CAPS"	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
Municipal Debt Service:						
Payment of Bond Principal	421,000	421,000	421,000			
Interest on Bonds	524,728	524,728	493,482		31,246	
Payment of Bond Anticipation Notes	90,000	90,000	90,000			
Interest on Notes	126,528	126,528	126,528			
Loan Repayment for Principal & Interest	16,880	16,880	16,879		1	
Total Municipal Debt Service	1,179,136	1,179,136	1,147,889		31,247	
Total General Appropriations - Municipal Purposes - Excluded From "CAPS"	1,466,665	1,731,679	1,697,391	3,041	31,247	
Subtotal General Appropriation Items	9,328,785	9,603,799	9,069,317	503,235	31,247	
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17 & 17.3)	68,211	68,211	68,211			
Reserve For Uncollected Taxes	126,800	126,800	126,800			
Total General Appropriations	\$9,523,796	9,798,810	9,264,328	503,235	31,247	
Budget		\$9,523,796				
Appropriation by 40A:4-87		265,014				
Total		\$9,788,810				
Deferred Charges:						
Overexpenditure of Appropriation			\$17,087			
Reserve for Uncollected Taxes			126,800			
Federal and State Grant Funds			361,675			
Encumbrances			48,635			
Refunds			(408,154)			
Disbursed			9,118,285			
Total			\$9,264,328			

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**B**

**TRUST FUNDS  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**

December 31, 2017 and 2016

<b><u>ASSETS</u></b>	<b>REFERENCE</b>	<b>2017</b>	<b>2016</b>
Dog License Fund:			
Cash - Chief Financial Officer	B-1	\$9,834	11,416
Total Dog License Fund		9,834	11,416
Other Funds:			
Cash - Chief Financial Officer	B-1	1,318,358	1,233,722
Due from Current Fund	B-7		6,578
Due from General Capital Fund	C		824
Forgivable Mortgage Receivable	B	1,530,619	1,816,106
Mortgage Receivable - Homeowners	B	79,496	90,357
Total Other Funds		2,928,473	3,147,587
Total Assets		<u>\$2,938,307</u>	<u>3,159,003</u>
<b><u>LIABILITIES &amp; RESERVES</u></b>			
Dog License Fund:			
Due to Current Fund	A	133	4,343
Due to State of New Jersey	B-6	312	312
Reserve for Dog Fund Expenditures	B-2	9,389	6,761
Total Dog License Fund		9,834	11,416
Other Funds:			
Due to Current Fund	A, B-7	8,539	
Due to State of New Jersey		46,343	51,660
Accounts Payable			824
Reserve for:			
Forgivable Mortgage Receivable	B	1,530,619	1,816,106
Mortgage Receivable - Homeowners	B	79,496	90,357
Tax Sale Premiums	B-4	604,000	656,900
Recreation Commission Funds	B-8	21,756	27,161
Law Enforcement Trust Fund	B-8	15,692	18,250
Federal & State Grants	B-8	19,214	19,214
Builder's Escrow	B-8	130,810	81,200
Recycling Program	B-8	7,582	6,214
Uniform Construction Code	B-5	95,208	208,456
Outside Police Services	B-8	115,441	56,822
Snow Removal	B-8	43,931	19,183
Public Defender	B-8	13,093	15,291
P.O.A.A. - Parking Fines	B-8	12,664	11,843
Redemption of Tax Sale Certificates	B-3	106,661	25,215
RCA Trust	B-8	47,279	12,696
Environmental Committee	B-8	680	730
Shade Tree	B-8	3,200	3,200
Trust Other	B-8		
Compensated Absences	B-8	26,265	26,265
Total Other Funds		2,928,473	3,147,587
Total Liabilities & Reserves		<u>\$2,938,307</u>	<u>3,159,003</u>

See notes to financial statements.

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**C**

**GENERAL CAPITAL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**

December 31, 2017 and 2016

<b><u>ASSETS</u></b>	<b><u>REFERENCE</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Cash & Investments	C-2, C-3	\$781,657	348,827
Deferred Charges to Future Taxation:			
Funded	C	10,059,883	9,876,088
Unfunded	C-4	9,988,500	9,481,000
Total Assets		<u>\$20,830,040</u>	<u>19,705,915</u>
<b><u>LIABILITIES, RESERVES &amp; FUND BALANCE</u></b>			
Encumbrances Payable	C-6		49,000
Due to Current Fund	A	\$3,158	1,645
Due to Trust Fund	B		824
Green Acres Loan Payable	C-9	59,883	75,088
Bond Anticipation Notes	C-7	6,776,500	6,344,000
Serial Bonds	C-8	10,000,000	9,801,000
Improvement Authorizations:			
Funded	C-6	69,044	62,652
Unfunded	C-6	3,753,104	3,211,997
Capital Improvement Fund	C-5	30,124	57,624
Fund Balance	C-1	138,227	102,085
Total Liabilities, Reserves & Fund Balance		<u>\$20,830,040</u>	<u>19,705,915</u>
Bonds and Notes Authorized But Not Issued	C-10	<u>\$ 3,212,000</u>	<u>3,137,000</u>

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**C-1**

**GENERAL CAPITAL FUND  
STATEMENTS OF FUND BALANCE**

Year Ended December 31, 2017

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Balance December 31, 2016	\$102,085
Increased by:	
Premium	<u>36,142</u>
Balance December 31, 2017	<u><u>\$138,227</u></u>



**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**D**

**PAYROLL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**

December 31, 2017 and 2016

<b><u>ASSETS</u></b>	<b><u>REFERENCE</u></b>	<b>2017</b>	<b>2016</b>
Cash - Chief Financial Officer	D-1	\$14,337	120,931
Total		<u>\$14,337</u>	<u>120,931</u>
 <b><u>LIABILITIES</u></b>			
Payroll Taxes Payable	D	\$9,470	19,344
Due to Current Fund	A	4,867	101,587
Total		<u>\$14,337</u>	<u>120,931</u>

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**E**

**GENERAL FIXED ASSETS GROUP  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**

December 31, 2017 and 2016

	2017	2016
<b>General Fixed Assets</b>		
Land	\$1,758,735	1,758,735
Buildings & Contents	9,058,947	8,992,860
Vehicles & Equipment	6,208,070	5,984,102
Total	<u>\$17,025,752</u>	<u>16,735,697</u>
 <b>Investment in General</b>		
Fixed Assets	<u>\$17,025,752</u>	<u>16,735,697</u>

## **NOTES TO FINANCIAL STATEMENTS**

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Financial Reporting Entity**

The Township of Mount Holly ("Township") is located in the County of Burlington, State of New Jersey. The governing body, the Township Committee, is comprised of five elected members who serve three-year terms.

The Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria to be used to determine which component units should be included in the financial statements of an oversight entity. The primary criterion for including activities within the reporting entity, as set forth in the Statement, is the degree of oversight responsibility maintained by the reporting entity. However, the State of New Jersey, Division of Local Government Services requires the financial statements of the Township to be presented separately. As such, the financial statements of the Township include each board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S.40/1:5-5.

**Description of Funds and Account Groups**

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

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

**Trust Fund** - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created, including dog license revenue and expenditures and sundry deposits held for satisfactory completion of specific work.

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

**Payroll Fund** - is used for the receipt and disbursement of funds used to meet obligations to employees and payroll tax liability.

**General Fixed Assets** - is used to account for fixed assets used in governmental operations.

**Basis of Accounting, Measurement Focus and Basis of Presentation**

The modified accrual basis of accounting is followed, with minor exceptions. Modifications from the accrual basis follow:

**Revenues** - Revenues are recorded as received in cash except for certain amounts, which may be due from the State of New Jersey or the Federal Government as grants. The amounts recorded as property taxes receivable and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality which are susceptible of accrual are recorded as receivables with offsetting reserves.

TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting, Measurement Focus and Basis of Presentation (Continued)**

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balance are automatically created on December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

**Property Taxes** - Property taxes are an enforceable lien on property as of January 1. Taxes are levied annually and are payable in quarterly installments on February 1, May 1, August 1 and November 1 of each year.

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

**Interfunds** - 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.

**Insurance** - Costs of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

**Accrued Sick and Vacation Time** - The Township allows employees to accrue vacation time. By contract and personnel policy employees may accrue sick time. The Township's payroll records do provide data on the number of hours accumulated. This amount is not reported as either an expenditure or liability.

**Inventories of 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 balance sheets.

**General Fixed Assets Account Group** - Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. No depreciation has been recorded. Fixed Assets acquired through grants in and/or contributed capitals have not been accounted for separately.

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting, Measurement Focus and Basis of Presentation (Continued)**

**Tax Appeals and Other Contingent Losses** - Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

**Budgets** - The governing body prepares and approves by resolution an operating and capital budget for the Current Fund, which is then submitted for certification to the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Upon the receipt of such certification and after a public hearing, the budget is then adopted by resolution. Transfers of budgeted amounts may be made by resolution of the Township Council subsequent to October 31 in the current budget year and up to March 31 of the following year.

Once adopted the Township may make emergency appropriations for purposes which are not known at the time the budget was adopted per N.J.S.A.40A:4-46. Also, the Township may make amendments to the budget for any special item of revenue made available by any public or private funding source per N.J.S.A.40A:4-8 7.

**Comparative Data** - Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data has not been presented in each of the statements because its inclusion would make the statements unduly complex and difficult to read.

**Departures from Generally Accepted Accounting Principles** -The accounting principles and practices followed by the Township differ in some respects, which in some instances may be material from generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved and recognized as revenue in the year of liquidation.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding year's operations.
- No provision is made for accumulated vested vacation and sick leave.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.
- Depreciation expense is not calculated on fixed assets. It was not practicable to determine the effect of such differences.
- Pension expenses are recorded on a cash basis as billed by the State of New Jersey. Thus, net pension liability and related deferred outflows and inflows are not recorded on the statement of assets, liabilities, reserves and fund balance.

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in accordance with accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**B. BONDS AND NOTES AUTHORIZED AND NOT ISSUED**

At December 31, 2017, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund - Bonds and Notes	<u>\$ 3,212,000</u>
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**C. CURRENT FUND BALANCE APPROPRIATED**

The following amounts of fund balance at December 31, 2017, were anticipated as revenue in the adopted 2018 budget:

	Balance December 31, 2017	Utilized 2018 Budget
Current Fund	<u>\$ 1,756,405.00</u>	<u>\$ 760,000.00</u>

**D. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2016	2017 Budget Appropriation	Balance to Succeeding Budget
Current Fund			
Over-expenditure of appropriation	<u>\$ 29,153</u>	<u>\$ 17,087</u>	<u>\$ 12,066</u>

**E. DEFERRED DISTRICT SCHOOL TAXES**

School taxes are raised on a calendar year basis for both the local and regional high school districts; therefore, school taxes cannot and have not been deferred as of December 31, 2017.

**TOWNSHIP OF MOUNT HOLLY**  
**COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

**F. CASH AND CASH EQUIVALENTS**

The Township is governed by the deposit limitations of New Jersey state law. The deposits held at December 31, 2017, and reported book balances are as follows:

Type Deposits	Book Balances
Demand Deposits	\$ 4,754,766
Total Deposits	<u>\$ 4,754,766</u>

Type	Book Balances
Reconciliation of Statement of Comparative Balance Sheets	
Current	\$ 2,616,104
Grant	14,476
Dog Trust	9,834
Other Trust	1,318,358
Payroll	14,337
General Capital	781,657
Total Reconciliation of Statement to Comparative Balance Sheets	<u>\$ 4,754,766</u>

**Custodial Credit Risk** — Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. The Township does have a deposit policy for custodial credit risk. As of December 31, 2017, the Township's bank balance of \$5,102,490 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the Township's Name Under GUDPA (see Note G)	4,852,490
Total	<u>\$ 5,102,490</u>



**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

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**G. GOVERNMENTAL UNIT DEPOSIT PROTECTION ACT (GUDPA)**

The Township has deposited cash in 2017 with an approved public fund depository qualified under the provisions of the Governmental Unit Deposit Protection Act. In addition to savings and checking accounts the Township invests monies in certificates of deposits.

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 authorities 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 GUDPA, a multiple financial institutional collateral pool, 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.

Each depository participating in the GUDPA system must pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million. The minimum 5% pledge applies to institutions that are categorized as "well capitalized" by federal banking standards. The percentage of the required pledge will increase for institutions that are less than "well capitalized."

No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of state and federal governments, insured securities and other collateral approved by the Department of Banking and Insurance. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged.

If a governmental depository fails and the FDIC insurance does not insure or pay out the full amount of public deposits, the collateral pledged to protect these funds would first be liquidated and paid out. If this amount is insufficient, other institutions holding public funds would be assessed pro rata up to 4% of their uninsured public funds. Although these protections do not constitute a 100% guarantee of the safety of all funds, no governmental unit under GUDPA has ever lost protected deposits.

TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

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**H. PENSION OBLIGATION**

**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 the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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 before age 62 with 25 or more years of service credit, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions** - The contribution policy for PERS is set by N.J.S.A. 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 fiscal year 2017, 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

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

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**H. PENSION OBLIGATION (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

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. Township contributions to PERS amounted to \$167,752 for 2017.

The employee contribution rate was 7.20% effective July 1, 2016, and increased to 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011, are being phased in over seven years effective on each July 1 to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

**Net Pension Liability and Pension Expense** - At December 31, 2017, the Township's proportionate share of the PERS net pension liability is valued to be \$4,488,613. The net pension liability was measured as of June 30, 2017. 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 June 30, 2016, to the measurement date of June 30, 2017. 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, 2017. The Township's proportion measured as of June 30, 2017, was .01928%, which was an increase of .0004% from its proportion measured as of June 30, 2016.

Balances at December 31, 2017 and December 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Actuarial valuation date	July 1, 2017	July 1, 2016
Net Pension Liability	\$ 4,488,613	\$ 5,592,540
Township's portion of the Plan's total		
Net Pension Liability	0.01928%	0.01888%

For the year ended December 31, 2017, the Township had an allocated pension expense of \$507,131.

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2017, measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases	
Through 2026	1.65 - 4.15%
	Based on Age
Thereafter	2.65 - 5.15%
	Based on Age

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**H. PENSION OBLIGATION (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for Male and Female active participants. Mortality Tables set back two years for males and seven 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 rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on 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 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability Mortality Table (set back 3 years for males and setback forward 1 year for females).

The actuarial assumptions used in the July 1, 2016, 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, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public 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 Estate	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%

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**H. PENSION OBLIGATION (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. 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 3.58% as of June 30, 2017, 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 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 one percentage point lower or one percentage point higher than the current rate:

	At 1% decrease (4.00%)	discount rate (5.00%)	At 1% increase (6.00%)
Local	\$ 5,568,429	4,488,613	3,588,992

**Pension Plan Fiduciary Net Position**

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

**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 [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.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.

TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

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**H. PENSION OBLIGATION (CONTINUED)**

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

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.

**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 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 2015, 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. Township contributions to PFRS amounted to \$416,313 for 2017.

The employee contributions for PFRS is ten percent of employees' annual compensation, as defined.

**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

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**H. PENSION OBLIGATION (CONTINUED)**

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

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.

**Net Pension Liability and Pension Expense** - At December 31, 2017, the Township's proportionate share of the PFRS net pension liability is valued to be \$8,629,734. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. 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, 2017. The Township's proportion measured as of June 30, 2017, was .03889%, which was a decrease of .00122% from its proportion measured as of June 30, 2016.

Balances at December 31, 2017 and December 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	July 1, 2017	July 1, 2016
Actuarial valuation date		
Net Pension Liability	\$ 8,629,734	\$ 9,753,768
Township's portion of the Plan's total		
Net Pension Liability	0.05589%	0.05106%

For the year ended December 31, 2017, the Township had an allocated pension expense of \$884,897.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$966,603 as of December 31, 2017. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. 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, 2017, was .05589%, which was a decrease of .00122% from its proportion measured as of June 30, 2016, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 8,629,734
State's Proportionate Share of the Net Pension Liability Associated with the Township	966,603
Total Net Pension Liability	<u>\$ 9,596,337</u>

TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

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**H. PENSION OBLIGATION (CONTINUED)**

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

For the year ended December 31, 2017, the Township's total allocated pension expense was \$118,237.

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2017, measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases Through 2016	2.10 - 8.98% Based on Age
Thereafter	3.10 - 9.98% Based on Age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement Mortality Tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary's modified 2014 projected scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016, 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, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017, are summarized in the following table:



**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**H. PENSION OBLIGATION (CONTINUED)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public 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 Estate	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%

**Discount Rate** - The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. 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 3.58% as of June 30, 2017, 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 and the non-employer contributing entity will be made on the average of the last five years of 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.

**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 one percentage point lower or one percentage point higher than the current rate:

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

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**H. PENSION OBLIGATION (CONTINUED)**

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

At 1% decrease (5.14%)	At current discount rate (6.14%)	At 1% increase (7.14%)
<u>\$ 12,643,964</u>	<u>9,596,337</u>	<u>7,092,365</u>

**Pension Plan Fiduciary Net Position**

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

**Defined Contribution Retirement Program**

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to New Jersey Division of Pension and Benefits not later than the fifth business day after the date on which the employee is paid for that pay period. As of December 31, 2017, the Township has paid \$2,996.

The Township currently has five employees enrolled in DCRP.

**I. PROPERTY TAXES**

Property taxes are an enforceable lien on the assessed property. Taxes are due on a quarterly basis on February 1, May 1, August 1 and November 1. All unpaid taxes become delinquent eight days after the above due dates. The Township bills and collects its own property taxes as well as the taxes levied by the other taxing bodies within the municipality. Property tax revenues are recognized when collected. A reserve for uncollected taxes is established in the current operating budget to the extent that their collectability is improbable.

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**J. INTERFUNDS, RECEIVABLES AND PAYABLES**

The composition of interfund balances as of December 31, 2017, is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 365,513	
Federal and State Grant Fund		\$ 348,816
General Capital Fund		3,158
Payroll Fund		4,867
Trust Fund - Animal Control		133
Trust Other Fund		8,539
Total Funds	<u>\$ 365,513</u>	<u>\$ 365,513</u>

**K. 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 and natural disasters. The Township maintains commercial insurance coverage for property, liability and surety bonds.

**L. GENERAL LONG-TERM DEBT**

During the year ended December 31, 2017, the following changes occurred in long-term debt including loans:

	<u>Balance December 31, 2016</u>	<u>Issued</u>	<u>Reduction</u>	<u>Balance December 31, 2017</u>
General Capital				
Serial Bonds	\$ 9,801,000	\$ 4,610,000	\$ 4,411,000	\$ 10,000,000
Green Acres Loan	75,088	-	15,205	59,883
Total	<u>\$ 75,088</u>	<u>\$ -</u>	<u>\$ 4,426,205</u>	<u>\$ 10,059,883</u>

**Permanently Funded Debt**

General Obligation Serial Bonds and Green Acres Loan as of December 31, 2017, consists of the following:

<u>Issued</u>	<u>Purpose</u>	<u>Maturities</u>	<u>Rate</u>	<u>Amount</u>
March 11, 2005	Green Acres Loan	2018 to 2021	2.00%	\$ 59,883
October 31, 2013	General Obligation	2018 to 2025	Various	1,040,000
October 31, 2013	General Taxable Bonds	2018 to 2038	Various	3,550,000
June 22, 2010	Acquisition of Property Gardens	2018 to 2020	Various	800,000
September 27, 2017	Refund Bond Series 2010	2018 to 2030	Various	4,610,000
				<u>\$ 10,059,883</u>

**TOWNSHIP OF MOUNT HOLLY**  
**COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

**L. GENERAL LONG-TERM DEBT (CONTINUED)**

**Debt Service Requirements**

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and five-year increments thereafter for Bonded Debt issued and outstanding:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 505,510	\$ 393,022	\$ 898,532
2019	520,822	373,677	894,499
2020	541,140	352,976	894,116
2021	562,411	335,915	898,326
2022	560,000	321,851	881,851
2023-2027	2,880,000	1,349,447	4,229,447
2028-2032	2,275,000	837,006	3,112,006
2033-2037	1,715,000	453,750	2,168,750
2038	<u>500,000</u>	<u>27,500</u>	<u>527,500</u>
Total	<u>\$ 10,059,883</u>	<u>\$4,445,144</u>	<u>\$14,050,027</u>

Bond Anticipation Notes issued as of December 31, 2017, are as follows:

<u>Interest</u>	<u>Purpose</u>	<u>Rate</u>	<u>Amount</u>
General Capital Fund	Acquisition of Various Properties	2.500%	\$ 2,046,000.00
General Capital Fund	Acquisition of Various Properties	2.500%	1,867,000.00
General Capital Fund	Acquisition of Various Properties	2.500%	2,341,000.00
General Capital Fund	Various Capital Improvements	2.000%	522,500.00
Total			<u>\$ 6,776,500.00</u>

New Jersey Statutes limit the debt of a municipality to 3.50% of the average of the last three preceding years' equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2017, was 3.376%. The Township's remaining borrowing power is .124%.

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**L. GENERAL LONG-TERM DEBT (CONTINUED):**

**Summary of Municipal Debt**

	2017	2016	2015
Issued -			
General - Bonds and Notes	\$16,836,383	16,220,088	16,727,993
Net Debt Issued	16,836,383	16,220,088	16,727,993
Authorized But Not Issued:			
General - Bonds & Notes	3,212,000	3,137,000	177,000
Net Debt	\$20,048,383	19,357,088	16,904,993

**Summary of Statutory Debt  
Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 3.376%.

	GROSS DEBT	DEDUCTIONS	NET DEBT
Regional School District	\$12,793,000	12,793,000	
Local School District	6,444,000	6,444,000	
General Debt	20,048,383		20,048,383
Total	\$39,285,383	19,237,000	20,048,383

Net debt, \$20,048,383, divided by Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$593,920,922 equals 3.376%.

**Equalized Valuation Basis:**

2017	\$602,788,754
2016	593,222,459
2015	585,751,553
Average	\$593,920,922

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**L. GENERAL LONG-TERM DEBT (CONTINUED)**

**CAPITAL LEASE OBLIGATIONS:**

At December 31, 2017, the Township had a capital lease agreement in effect for six police vehicles.

Capital Leases – Future minimum payments under a capital lease agreement for six police vehicles are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 54,228
2019	<u>54,228</u>
Total Minimum Lease Payments	108,456
Less: Amount Representing Interest	<u>7,980</u>
Present Value of Net Minimum Lease Payments	<u>\$100,476</u>

Lease payments under Capital leases for the years 2017 and 2016 were \$54,228 and 54,228 respectively.

**M. FIXED ASSETS**

The following schedule is a summarization of the changes in General Fixed Assets for the fiscal year ended December 31, 2017:

	Balance December 31, 2016	Additions	Balance December 31, 2017
Land	\$ 1,758,735		1,758,735
Building and Improvements	8,992,860	66,087	9,058,947
Vehicles and Equipment	5,984,102	223,968	6,208,070
Total	<u>\$ 16,735,697</u>	<u>290,055</u>	<u>17,025,752</u>

**N. DEFERRED COMPENSATION SALARY ACCOUNT**

The Township offers its employees a Deferred Compensation Plan created in accordance with Internal Revenue Code ("IRC") Section 457. The Plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants and their beneficiaries, and are held in a custodial account

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

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**N. DEFERRED COMPENSATION SALARY ACCOUNT (CONTINUED)**

as described in IRC Section 457 (g). Such amounts are part of a common fund held with the assets of other Section 457 plans.

All assets of the Plan are held by two independent administrators; Nationwide Retirement Solutions, Inc. and AXA Equitable.

**O. ACCRUED SICK AND VACATION TIME**

Township employees are entitled to paid vacation and sick time depending on their length of service with the Township. Vacation days not used during the year may be accumulated and carried forward for two years. Vacation days not used within this time period are forfeited. Vacation time unused at termination is reimbursed to the employee at their current rate of pay. Unused sick leave may be accumulated and carried forward to subsequent years. One-half of accrued sick time is reimbursed to employees only if they meet the requirements of retirement according to the Public Employees' Retirement System or Police and Firemen's Retirement System. Sick time is reimbursed to the employee at their current rate of pay up to a maximum of 62 to 65 days depending on their job classification.

The amount of accrual for compensated absences as of December 31, 2017, is as follows:

Vacation Time and Sick Time:

Employees Accrual	\$318,577
Township Share of Payroll Taxes	9,127

This liability has not been recorded in the financial statements. Actual payment and funding for compensated absences occurs through budget appropriation in the annual operating budget and only during the year the employee terminates or retires (pay-as-you-go basis).

**P. LITIGATION**

It is the Township's Counsel's opinion that there exists no litigation or contingent liability that may be pending against the Township that would have a material adverse effect on the financial position of the Township.

**Q. SERVICE AGREEMENT**

In 1978, the Township entered into a service agreement with the Mount Holly Municipal Utility Authority whereby the Township will pay the Authority any annual charges made and charged by the Authority in accordance with the service agreement. The annual charges made and to be charged by the Authority to and payable by the Township for or with respect to any fiscal year shall be the sum of money equal to any-deficiency in (a) the fund established by resolution or any other bond resolution for the payment of debt service and (b) any reserve fund for debt service below the bond's reserve requirement established therein. The Authority covenants that (a) the bond reserve requirement referred to above will not exceed the maximum annual debt service in any given year (excluding short-term debt) without the consent of the Township and (b) the requirements as to the payments of debt service therefrom and the priority of payments of

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

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**Q. SERVICE AGREEMENT (CONTINUED)**

revenues into various funds set forth in the resolution shall not be substantially altered or amended without the consent of the Township.

The Township will in each year make all budgetary and other provisions or appropriations necessary to provide for and authorize the payment by the Township to the Authority during each fiscal year of the estimated amount of the annual charges and the amount of any deficiency in prior annual charges (if any) stated in the certificate delivered in such fiscal year to the Township by the Authority.

The Authority will at all times take reasonable measures permitted by the act or otherwise by law to collect and enforce prompt payment of all service charges prescribed, fixed and charged in accordance with the 1978 service contract and the service agreement.

The Authority shall repay to the Township from the revenues collected by the Authority in the next succeeding fiscal year of the Authority, all monies by the Township to the Authority under the 1978 service contract, except service charges on property owned by the Township itself and including reasonable expenses of the Township. Such repayment shall be made without interest, except for any interest incurred by the Township in providing for such repayment. The 1978 service agreement states that failure by the Authority to make any such repayment shall not relieve the Township of the obligation to pay any annual charges, as described above.

In exchange for the service agreement, the Authority pays an annual sum of \$30,000 to the Township as a fee for the financial obligation accepted by the Township as long as the 1978 service agreement is in effect.

**R. ECONOMIC UNDERTAKING**

The Township has determined to undertake a Redevelopment Project consisting of the acquisition of various parcels of real property in the Township, together with the demolition of any improvements thereon, as part of the Township's West End Redevelopment Plan ("Redevelopment Plan"). Located within the West End Redevelopment Area ("Redevelopment Area") in the Mount Holly Gardens ("Gardens"), a residential neighborhood originally comprised of three hundred seventy-nine (379) attached housing units built in the early 1950s. Over the past thirty years, the number of owner-occupied housing units in the Gardens declined to the point that the majority of the housing units were renter occupied and owned largely by absentee landlords. This has had a destabilizing effect on the development and has resulted in declined building maintenance and property up-keep. The Redevelopment Area also includes a commercial area which is located north of and adjacent to the Gardens. This land is vacant and underutilized.

The goal of the Redevelopment Plan is to create an attractive, safe and cohesive residential neighborhood that provides a variety of housing options that meet the needs of the Mount Holly community and to provide opportunities for commercial establishments that will serve the immediate area and the larger community.



**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

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**R. ECONOMIC UNDERTAKING (CONTINUED)**

In order to proceed with the implementation of the Redevelopment Plan, the Township entered into a redevelopment agreement with Keating Urban Partners, LLC ("Keating").

In order to complete the redevelopment of the area in accordance with the goals of the Redevelopment Plan, the Township began a process to acquire all the units in the Gardens, necessitating the relocation of its residents. The Township began this process several years ago. The Township's decision to select the Gardens complex is reflective of an opportunity to restore an aging and blighted residential complex to an attractive and functional market rate housing Redevelopment Plan which includes approximately five hundred twenty (520) units of mixed-income housing and an approximate 54,000 square feet commercial area.

On February 27, 2012, the Township introduced several ordinances, which allow the Township to move forward with the redevelopment of the Redevelopment Area through the sale and redevelopment of the vacant commercial area located north of the Gardens. These ordinances authorize the sale of this land for \$1,526,903.00 and the redevelopment of the land into an apartment complex containing 228 apartment units with shared recreational amenities such as a clubhouse and a swimming pool. Closing occurred in the fall of 2012. Future costs for acquisition of the remaining Gardens units and relocation of its residents will be borne by Keating, thereby significantly limiting future Township debt in the implementation of the Redevelopment Plan. This area is considered Phase 1 of the Redevelopment Area.

The Township also has a second parcel of land for development of 60 townhouses. The Township received a total of \$1,073,098 for this parcel. As of December 31, 2017, the Township is continuing to make every effort to move forward with the redevelopment of phase 3.

As part of the Redevelopment Plan the Township is required to acquire existing homes and provide new replacement housing for twenty (20) families. As of December 31, 2017, the Township has acquired four (4) of these properties which represent a mortgages receivable balance of \$77,640.

**S. FORGIVABLE MORTGAGE RECEIVABLE**

The Township implemented a scattered site housing rehabilitation program for owner-occupied single family and renter-occupied unit homes throughout the Township in 2002. This program is open to low or moderate-income owner-occupants of single-family dwelling units. The dwelling unit must be certified as substandard and the occupant must be certified as income eligible.

The program provides funding and financial assistance that will be spent in a manner that is consistent with COAH rules. Rehabilitation funding shall be used to address deficiencies in major systems and bring each housing unit to code. Financial assistance will be available for repair or replacement of substandard conditions within the housing unit in order to correct code violations.

**TOWNSHIP OF MOUNT HOLLY  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

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**S. FORGIVABLE MORTGAGE RECEIVABLE (CONTINUED)**

Once the funding or financial assistance is given to the approved occupant the Township files the required lien on the owner-occupied property. The owner-occupants of the single-family homes that qualify will be required to repay the loan in full to the Township if they sell or vacate the unit within six years of the completion of work. Twenty-five percent of the loan shall be forgiven if the owner-occupant remains in the unit for seven (7) years after receiving the loan. Similarly, 25 percent of the loan shall be forgiven for each additional year the owner-occupant remains in the unit. Finally, after 10 years, the loan shall be forgiven. The amount of forgivable mortgage receivable as of December 31, 2017, is \$1,530,619.

**T. SUBSEQUENT EVENTS**

The agreement between the Township and CWA Local 1036 Union has expired on December 31, 2016, and is currently under negotiation.

## **APPENDIX C**

### **FORMS OF BOND COUNSEL OPINION**

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November 7, 2018

Mayor and Township Council  
of the Township of Mount Holly  
23 Washington Street  
Mount Holly, New Jersey

**RE: \$3,913,000 TOWNSHIP OF MOUNT HOLLY, COUNTY OF BURLINGTON,  
NEW JERSEY, TAXABLE REDEVELOPMENT GENERAL OBLIGATION  
BONDS, SERIES 2018**

---

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the Township of Mount Holly, County of Burlington, New Jersey ("Township") of its Taxable Redevelopment General Obligation Bonds, Series 2018 ("Bonds").

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2008-11 and 2009-15, each duly and finally adopted by the Township Council and published in accordance with applicable law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Township Council on October 10, 2018 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October \_\_, 2018 ("Award Certificate").

The Bonds are dated their date of issuance, mature on November 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the rates per annum below, payable semiannually on May 1 and November 1, commencing May 1, 2019, in each year until maturity or earlier redemption.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$103,000	%	2032	\$165,000	%
2020	100,000		2033	170,000	
2021	105,000		2034	175,000	
2022	110,000		2035	185,000	
2023	115,000		2036	190,000	
2024	120,000		2037	195,000	
2025	125,000		2038	200,000	
2026	130,000		2039	200,000	
2027	135,000		2040	200,000	
2028	140,000		2041	200,000	
2029	145,000		2042	200,000	
2030	150,000		2043	200,000	
2031	155,000				

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**



The Bonds are issued in fully registered book-entry-only form without coupons and are subject to redemption prior to their stated maturity dates as set forth therein.

The Bonds are being issued to provide funds which will be used to: (i) permanently finance the costs of various redevelopment projects and the acquisition of real property and other related costs by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Township; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

As the basis for the opinions set forth below, we have examined such matters of law as we have deemed necessary including, inter alia, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as previously amended, and as further amended pursuant to Public Law 115-97 ("Tax Cuts and Jobs Act"), signed into law on December 22, 2017 (as amended, the "Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinances, the Resolution, the Award Certificate and the other certifications, instruments, documents and opinions listed in the closing agenda prepared in connection with the settlement of the Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined.

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

1. The Bonds are legal, valid and binding obligations of the Township enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").
2. For the payment of principal of and interest on the Bonds, the Township has the power and is obligated, to the extent payment is not otherwise provided, to levy *ad valorem* taxes upon all taxable real property within the Township without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.
3. Interest on the Bonds will be includible for federal income tax purposes in the gross income of the owners thereof. Interest on the Bonds is included in net investment income.
4. Interest on the Bonds and any gain from the sale thereof are not includible in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, 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, any financial or other information which has been or may be supplied to purchasers of the Bonds.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State of New Jersey, as presently enacted and construed, and we



assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

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

This letter is being provided solely for the benefit of the Township and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

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**PARKER McCAY**

**Parker McCay P.A.**  
9000 Midlantic Drive, Suite 300  
P.O. Box 5054  
Mount Laurel, New Jersey 08054-1539

P: 856.596.8900  
F: 856.596.9631  
www.parkermccay.com

November 7, 2018

Mayor and Township Council  
of the Township of Mount Holly  
23 Washington Street  
Mount Holly, New Jersey

**RE: \$2,251,000 TOWNSHIP OF MOUNT HOLLY, COUNTY OF  
BURLINGTON, NEW JERSEY, TAXABLE BOND ANTICIPATION  
NOTES OF 2018, SERIES A**

---

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Notes") by the Township of Mount Holly, County of Burlington, New Jersey ("Township").

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinance 2010-17 ("Bond Ordinance"), duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October \_\_, 2018 ("Award Certificate").

The Notes are issued in [registered book-entry only] [bearer] form and are not subject to redemption prior to maturity. The Notes are issued in anticipation of the issuance of bonds to provide funds to temporarily finance the costs of the acquisition of certain real property within the Township. The Notes are dated November 7, 2018 and mature on November 6, 2019.

As the basis for the opinions set forth below, we have examined such matters of law as we have deemed necessary including, inter alia, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as previously amended, and as further amended pursuant to Public Law 115-97 ("Tax Cuts and Jobs Act"), signed into law on December 22, 2017 (as amended, the "Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinance, the Award Certificate and the other certifications, instruments, documents and opinions listed in the closing agenda prepared in connection with the settlement of the Notes.

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**

Mount Laurel, New Jersey | Hamilton, New Jersey | Atlantic City, New Jersey



In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, certifications, instruments and opinions examined.

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

1. The Notes are legal, valid and binding obligations of the Township enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

2. For the payment of principal of and interest on the Notes, the Township has the power and is obligated, to the extent payment is not otherwise provided, to levy ad valorem taxes upon all taxable real property within the Township without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

3. Interest on the Notes will be included for federal income tax purposes in the gross income of the owners thereof.

4. Interest on the Notes and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act.

We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the Notes.

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

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State of New Jersey, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

This letter is being provided solely for the benefit of the Township and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

## **APPENDIX D**

### **FORMS OF CONTINUING DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this 7th day of November, 2018 by and between the Township of Mount Holly, County of Burlington, New Jersey ("Township") and Phoenix Advisors, LLC, Bordentown, New Jersey ("Dissemination Agent"). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its Taxable Redevelopment General Obligation Bonds, Series 2018, in the aggregate principal amount of \$3,913,000 ("Bonds").

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 ("Exchange Act"), as it may be amended and supplemented from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds ("Rule").

**SECTION 2. Definitions.** Capitalized terms, not otherwise defined herein, shall, for purposes of this Disclosure Agreement, have the following meanings:

**"Annual Report"** shall mean the Township's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

**"Business Day"** shall mean any day other than a Saturday, Sunday or a day on which the Township or the Dissemination Agent is authorized by law or contract to remain closed.

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

**"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 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.

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

**"National Repository"** shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the SEC as a repository for purposes of the Rule.

**"Opinion of Counsel"** shall mean a written opinion of counsel expert in federal securities law acceptable to the Township.

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

### **SECTION 3. Provision of Annual Report.**

(a) The Township shall not later than 210 days after the end of its fiscal year (currently December 31) during which any of the Bonds remain Outstanding provide to the Dissemination Agent the Township's Annual Report prepared for the preceding fiscal year of the Township. Each Annual Report provided to the Dissemination Agent by the Township shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. 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) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the Township, shall submit the Annual Report received by it to the National Repository and thereafter shall file a written report with the Township certifying that the Annual Report has been provided pursuant to this Agreement, stating the date it was provided to the National Repository.

(c) If the Township fails to provide the Annual Report to the Dissemination Agent by the dates required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Township advising of such failure. Whether or not such notice is given or received, if the Township thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice to the National Repository in substantially the form attached as Exhibit "A" hereto.

**SECTION 4. Contents of Annual Report.** Annual Report shall mean: (i) the Township's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, dated October \_\_, 2018, audited by an independent certified public accountant, provided that the annual audited financial statements of the Township may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Township are included in the Annual Report; and (ii) the general financial information and operating data of the Township consistent with the information set forth in Appendix A to the Official Statement. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the New Jersey Department of Education as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

### **SECTION 5. Reporting of Significant Events.**

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Township shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13) or (14) of subsection (a) of this Section 5, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the Township to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Township.

**SECTION 6. Termination of Disclosure Agreement.** This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Township is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

**SECTION 7. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Township and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver (supported by an Opinion of Counsel) is: (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Township, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially

impair the interests of Bondholders. The Township shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

**SECTION 8. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Township from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Township chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 9. Default and Remedies.** In the event of a failure of the Township to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Bondholder may (and, at the written request of Bondholders of at least twenty-five percent (25%) of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Township to comply with this Disclosure Agreement shall be an action to compel performance. A failure of the Township to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds.

**SECTION 10. Notices.** All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

- (i) If to the Township:

Township of Mount Holly  
24 Washington Street  
Mount Holly, New Jersey 08060

- (ii) If to the Dissemination Agent:

Phoenix Advisors, LLC  
4 West Park Street  
Bordentown, New Jersey 08505  
Attention: Sherry L. Tracey, Managing Director

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 10 for the giving of notice.



**SECTION 11. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Township, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

**SECTION 12. Submission of Information to MSRB.** Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

**SECTION 13. Compensation.** The Township shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

**SECTION 14. Successors and Assigns.** All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Township, or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 15. Headings for Convenience Only.** The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

**SECTION 16. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 17. Severability.** If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

**SECTION 18. Governing Law.** This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

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**IN WITNESS WHEREOF**, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**TOWNSHIP OF MOUNT HOLLY, NEW JERSEY**

By: \_\_\_\_\_  
**DENISE MUCHOWSKI,**  
**Chief Financial Officer**

**PHOENIX ADVISORS, LLC, as Dissemination Agent**

By: \_\_\_\_\_  
**SHERRY L. TRACEY, Managing Director**

**EXHIBIT A**

**NOTICE TO THE NATIONAL REPOSITORY OF  
FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: Township of Mount Holly, County of Burlington, New Jersey

Name of Bond Issues Affected: \$3,913,000 Taxable Redevelopment General Obligation Bonds,  
Series 2018

Date of Issuance of the Affected Bond Issue: November 7, 2018

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated November 7, 2018, between the Township and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by \_\_\_\_\_].

Dated:

**PHOENIX ADVISORS, LLC,  
Dissemination Agent**

cc: Township

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## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this 7th day of November, 2018 by and between the Township of Mount Holly, County of Burlington, New Jersey ("Township") and Phoenix Advisors, LLC, Bordentown, New Jersey ("Dissemination Agent"). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its Taxable Bond Anticipation Notes of 2018, Series A, in the aggregate principal amount of \$2,251,000 ("Notes").

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Notes (collectively, the "Noteholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 ("Exchange Act"), as it may be amended and supplemented from time to time, including administrative or judicial interpretations thereof, as it applies to the Notes ("Rule").

**SECTION 2. Definitions.** Capitalized terms, not otherwise defined herein, shall, for purposes of this Disclosure Agreement, have the following meanings:

**"Business Day"** shall mean any day other than a Saturday, Sunday or a day on which the Township or the Dissemination Agent is authorized by law or contract to remain closed.

**"Continuing Disclosure Information"** shall mean any notice required to be filed with the National Repository pursuant to Section 3 hereof.

**"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 Notes, and other filers on behalf of 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.

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

**"National Repository"** shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the SEC as a repository for purposes of the Rule.

**"Opinion of Counsel"** shall mean a written opinion of counsel expert in federal securities law acceptable to the Township.

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

### **SECTION 3. Reporting of Significant Events.**

(a) This Section 3 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (7) modifications to the rights of Noteholders, if material;
- (8) Note calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Notes, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Township shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 3. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13) or (14) of subsection (a) of this Section 3, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the Township to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Township.

**SECTION 4. Termination of Disclosure Agreement.** This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes or when the Township is no longer an Obligated Person (as defined in the Rule) with respect to the Notes.

**SECTION 5. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Township and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver (supported by an Opinion of Counsel) is: (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Township, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of Noteholders. The Township shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

**SECTION 6. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Township from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. If the Township chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

**SECTION 7. Default and Remedies.** In the event of a failure of the Township to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Noteholder may (and, at the written request of Noteholders of at least twenty-five percent (25%) of the outstanding Notes and provision of indemnity and security for expenses satisfactory to it, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Township to comply with this Disclosure Agreement shall be an action to compel performance. A failure of the Township to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Notes.

**SECTION 8. Notices.** All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Township:

Township of Mount Holly  
23 Washington Street  
Mount Holly, New Jersey 08060  
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC  
625 Farnsworth Avenue  
Bordentown, New Jersey 08505  
Attention: Sherry L. Tracey, Senior Managing Director

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 8 for the giving of notice.

**SECTION 9. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Township, the Dissemination Agent and the Noteholders and nothing herein contained shall confer any right upon any other person.

**SECTION 10. Submission of Information to MSRB.** Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

**SECTION 11. Compensation.** The Township shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

**SECTION 12. Successors and Assigns.** All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Township, or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 13. Headings for Convenience Only.** The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

**SECTION 14. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 15. Severability.** If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.



**SECTION 16. Governing Law.** This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF**, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**TOWNSHIP OF MOUNT HOLLY, NEW JERSEY**

By: \_\_\_\_\_  
**DENISE MUCHOWSKI, Chief Financial Officer**

**PHOENIX ADVISORS, LLC, as Dissemination Agent**

By: \_\_\_\_\_  
**SHERRY L. TRACEY, Senior Managing Director**