

This Preliminary Official Statement and the information contained herein are subject to completion and amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. This Preliminary Official Statement is deemed final by the Township within the meaning and for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 11, 2018

In the opinion of Bond Counsel, interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the condition described in "TAX MATTERS" herein and interest on the Bonds is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the individual alternative minimum tax; however, under the Code, interest paid to certain corporate holders of the Bonds may indirectly be subject to the alternative minimum tax under circumstances described under "TAX MATTERS" herein. Interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof under the New Jersey Gross Income Tax Act. For a more complete discussion, see "TAX MATTERS" herein.

\$6,175,000\*
TOWNSHIP OF BORDENTOWN,
County of Burlington, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2018
(Callable)

Dated: Date of Delivery

Due: August 1, as shown below

The Township of Bordentown, County of Burlington, New Jersey ("Township") is offering \$6,175,000\* aggregate principal amount of its General Obligation Bonds, Series 2018 ("Bonds"). The Bonds shall be issued in fully registered book-entry only form without coupons. The principal of the Bonds shall be paid on the maturity dates thereof upon presentation and surrender of the Bonds in the office of The Bank of New York Mellon Trust Company, N.A., designated paying agent. Interest on the Bonds is payable initially on February 1, 2019 and semiannually thereafter on February 1 and August 1 ("Interest Payment Dates") in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates as described herein (see "Description of the Bonds - Redemption Provisions" herein).

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

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) certain bond ordinances of the Township described herein, each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Committee on June 25, 2018; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township in connection with the sale of the 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 for which obligations have been authorized, but not issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the Township payable as to principal and interest from ad valorem taxes to be levied upon all taxable real property in the Township without limitation as to rate or amount.

MATURITY SCHEDULE, INTEREST RATES AND YIELDS

Table with 8 columns: Maturity Date, Principal\*, Interest Rate, Yield, Year, Principal\*, Interest Rate, Yield. Rows list maturity dates from 2019 to 2026 and corresponding principal amounts and interest rates.

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 an informed investment decision.

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Saul Ewing Arnstein & Lehr LLP, Princeton, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by the Township's Solicitor, Eileen Fahey, Esquire, Moorestown, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery through DTC in New York, New York on or about August \_\_, 2018.

\* Preliminary, subject to change

**TOWNSHIP OF BORDENTOWN**  
**County of Burlington, New Jersey**

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**Mayor and Township Committee**

<b>Stephen Benowitz</b>	<b>Mayor</b>
<b>Eugene Fuzy</b>	<b>Deputy Mayor</b>
<b>James Kostoplis</b>	<b>Committeeperson</b>
<b>Kenneth Mason</b>	<b>Committeeperson</b>
<b>Eric Holliday</b>	<b>Committeeperson</b>

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**Chief Financial Officer/Tax Collector**  
**Jeff Elsasser**

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**Township Clerk**  
**Colleen M. Eckert**

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**Solicitor**  
**Eileen Fahey, Esq.**  
**Moorestown, New Jersey**

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**Auditor**  
**Bowman & Company LLP**  
**Voorhees, New Jersey**

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**Bond Counsel**  
**Saul Ewing Arnstein & Lehr LLP**  
**Princeton, New Jersey**

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**Municipal Advisor**  
**Phoenix Advisors, LLC**  
**Bordentown, New Jersey**

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The information which is set forth herein has been provided by the Township of Bordentown, County of Burlington, New Jersey ("Township"), The Depository Trust Company ("DTC") and by other sources which are believed to be reliable by the Township, but such information from other sources is not guaranteed as to accuracy or completeness by the Township or the Underwriter and is not to be construed as a representation of either the Township or the Underwriter. Certain general and financial information concerning the Township is contained in Appendices "A" and "B" to this Official Statement. Such information has been furnished by the Township.

Where the Constitution or statutes of the State of New Jersey are referred to, reference should be made to such Constitution or statutes for a complete statement of the matters referred to therein. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

No dealer, broker, salesperson or other person has been authorized by the Township or the Underwriter to give any information or to make any representations with respect to the Bonds 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 foregoing. 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 the affairs of the Township since the date hereof.

No quotations from or summaries or explanations of laws, rules, regulations, resolutions, agreements, reports and other documents contained herein purport to be comprehensive or definitive and any such statements contained herein are qualified in their entirety by references 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 obtained from the Township during normal business hours.

Upon issuance, the Bonds 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 or any other federal, state, municipal or other governmental entity, other than the Township will have passed upon the accuracy or adequacy of the Official Statement.

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 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.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS 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 the Official Statement, including the Appendices, must be considered in its entirety.

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## **OFFICIAL STATEMENT**

### **RELATING TO**

**\$6,175,000\***  
**TOWNSHIP OF BORDENTOWN,**  
**County of Burlington, New Jersey**  
**GENERAL OBLIGATION BONDS, SERIES 2018**  
**(Callable)**

### **INTRODUCTION**

The purpose of this Official Statement, including the cover page hereof and the Appendices attached hereto, is to provide certain information relating to the issuance by the Township of Bordentown, County of Burlington, New Jersey ("Township") of its \$6,175,000\* aggregate principal amount General Obligation Bonds, Series 2018 ("Bonds").

### **AUTHORIZATION FOR THE 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) the bond ordinances of the Township described below, each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Township Committee on June 25, 2018 (the "Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer in connection with the sale of the Bonds.

### **PURPOSE OF THE ISSUE**

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 for which obligations have been authorized, but not issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

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\* Preliminary, subject to change

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

**General Obligation Bonds (General Capital)**

<b>Ordinance Number</b>	<b>Purpose</b>	<b>Amount Authorized</b>	<b>Notes Outstanding</b>	<b>Bonds to be Issued</b>
2017-6	Repairs to Culvert under Orchard Avenue	\$737,500	\$0	\$737,500
2017-19	Various Capital Improvements, including Road and Street Improvements, Renovations to Municipal Buildings and General Equipment	1,380,000	\$0	1,380,000
2018-11, reappropriated from 2012-11	Equipment for Public Works Dept. and Police Department	67,617	\$0	67,500
2018-14	Various Capital Improvements, including Road and Street Improvements and Development of Recreational Facilities	3,990,000	\$0	3,990,000
<b>TOTAL</b>		<b>\$6,175,117</b>	<b>\$0</b>	<b>\$6,175,000</b>

**DESCRIPTION OF THE BONDS**

**Description**

The Bonds will be issued in the aggregate principal amount of \$6,175,000\*, and will mature on August 1 in the principal amounts shown on the cover hereof. The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the cover hereof. Interest on the Bonds will be payable semiannually commencing on February 1, 2019 and, thereafter, on February 1 and August 1 in each year until maturity or earlier redemption (each an "Interest Payment Date"). Individual purchases may be made in the principal amount of \$5,000 or any integral multiple thereof through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS--Book-Entry- Only System" below.

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 The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as 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 (15) day of the calendar month next preceding an Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner of the Bond as of the Regular Record Date, and shall be payable to the person who is the registered

\* Preliminary, subject to change

owner of the Bond at the close of business on a Special Record Date for the payment of such defaulted interest. Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than fifteen (15) days prior thereto. The notice setting forth the Special Record Date shall be mailed to the person in whose name the Bond is registered at the close of business on the fifth (5th) day next preceding the date of mailing of such notice.

### **Redemption Provisions**

The Bonds maturing on and after August 1, 2025 are subject to redemption prior to maturity at the option of the Township as a whole at any time or in part from time to time on or after August 1, 2024 in such order of maturity as the Township may direct at a redemption price equal to one hundred percent (100%) of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption.

### **Notice of Redemption**

Notice of redemption shall be given by mailing first class mail with postage pre-paid not less than twenty (20) 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 the Depository Trust Company ("DTC"), the securities depository for the Bonds 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. Any redemption notice given with respect to the Bonds may state that redemption is conditioned upon the deposit on or before the redemption date of the funds necessary to pay the redemption price of the Bonds being redeemed and such notice shall be of no force and effect unless such funds are so deposited.

### **Book-Entry-Only System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, 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 under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail



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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but neither the Township nor the Underwriter take any responsibility for the accuracy thereof.

THE TOWNSHIP AND THE TOWNSHIP'S DESIGNATED PAYING AGENT, IF ANY, CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS, OR (2) CONFIRMATION OF OWNERSHIP INTERESTS IN THE BONDS, OR (3) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE TOWNSHIP OR ITS PAYING AGENT, IF ANY, WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE BONDS WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ITS NOMINEE, OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON ANY BONDS; (3) THE DELIVERY BY DTC, ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED TO BE GIVEN TO THE BONDHOLDERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

## SECURITY FOR THE BONDS

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds shall be legal, valid and binding general obligations of the Township, and, unless paid from other sources, the Township shall levy *ad valorem* taxes upon all taxable property within the Township for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

The Township may pledge only its own credit and taxing power in respect of the Bonds, and has no power to pledge the credit or taxing power of the State of New Jersey ("State") or any other political subdivision thereof, nor shall the Bonds 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.

## CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY 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 three and one-half percent (3.5%) 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 indebtedness of the Township, including the issuance of the Bonds, will not exceed the Township's three and one-half percent (3.5%) 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.

**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.

**Refunding Bonds** – Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of refunding 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. The Local Finance Board must approve the authorization of the issuance of bonds or the local unit may issue such refunding bonds in accordance with the regulations promulgated by the Local Finance Board.

### **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.

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 New Jersey State Board of Accountancy and must be completed within six months after the close of its fiscal year. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the municipality'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 municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities.

### **Local Budget Law**

The Local Budget Law, Chapter 4 of Title 40A of the State, 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 his 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. While the revised "Cap Law" is more restrictive on the ability of a municipality 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. The Cap Law provides that a municipality 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, 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 limited exceptions and subject to certain adjustments.

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.

### **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 municipality 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, fire district and county taxes of the current fiscal year. The reserve requirement is calculated as follow:

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

**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.

## **Rights and Remedies of Owners of the Bonds**

The State Municipal Finance Commission Act, Chapter 27 of Title 52 of the State Statutes, as amended and supplemented ("Act"), provides that when it has been established, by court proceedings, that a municipality has defaulted for over sixty days in the payment of the principal of or interest on any of its outstanding bonds or notes, the Local Finance Board of the State Department of Community Affairs (which, pursuant to the Act, is constituted the Municipal Finance Commission and shall hereinafter be referred to as the "Commission") shall take control of the fiscal affairs of the defaulting municipality.

The Act provides that the Commission shall remain in control of the municipality until all bonds or notes of the municipality that have fallen due and all bonds or notes that will fall due within one year, and the interest thereon, have been paid, funded or refunded, or the payment thereof in cash shall have been adequately provided for by a cash reserve.

The Act empowers the Commission to direct the municipality to provide for the funding or refunding of notes or bonds of the municipality and the interest thereon, which the Commission shall have found to be outstanding and unpaid and to be due or become due. The Act further authorizes the Commission to bring and maintain an appropriate proceeding for the assessment, levy or collection of taxes by the municipality for the payment of principal or of interest on such indebtedness.

Under Article 6 of the Act, while the Commission functions in the municipality, no judgment, levy, or execution against the municipality or its property for the recovery of the amount due on any bonds, notes or other obligations of the municipality in the payment of which it has defaulted, shall be enforced unless otherwise directed by Court Order. However, Article 6 of the Act also provides that upon application of any creditor made upon notice to the municipality and the Commission, a court may vacate, modify or restrict any such statutory stay contained therein.

## **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 resulting in a decrease of the assessment ratio to its present level of 86.08%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last complete revaluation of property within the Township occurred in 2012.

Upon the filing of certified adopted budgets by the Township, the Fire Districts, the Regional School District, and the County, the tax rate is determined 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 mailed annually in June or July by the Township. The taxes for the third and fourth quarters, due August 1 and November 1, respectively, are adjusted to reflect the calendar years total tax liability. The taxes for the first and second quarters, due February 1 and May 1 of the succeeding year, are based upon one-half of the previous year's tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) per annum on any amounts in excess of \$1,500. These interest charges are the highest permitted under State Statutes. Additionally, a six percent (6%) penalty may be charged on any delinquency in excess of \$10,000 if not paid by the end of the year. Certain delinquent taxes are annually included in a tax sale in accordance with State Statutes. Tax liens are periodically assigned to the 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.

## **INFORMATION REGARDING THE TOWNSHIP OF BORDENTOWN**

### **General**

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

### **Financial Statements**

Appendix "B" to this Official Statement contains audited financial statements of the Township for the years ended December 31, 2017, 2016, 2015, 2014 and 2013. Copies of the complete Reports of Audit may be obtained upon request to the office of the Township's Chief Financial Officer.

## **MUNICIPAL BANKRUPTCY**

The undertakings of the Township should be considered with reference to Chapter 9 of the United States Bankruptcy Code ("Bankruptcy Code"), 11 U.S.C. Section 901 to 946. Under Chapter 9 of the Bankruptcy Code, a municipality, which is a political subdivision or public agency or instrumentality of the State, that is insolvent or unable to meet its debts may file a petition in a United States Bankruptcy Court ("Bankruptcy Court") to adjust the debt of the municipality. Chapter 9 of the Bankruptcy Code does not permit the municipality to liquidate its assets and distribute the proceeds of its assets to its creditors. Chapter 9 of the Bankruptcy Code permits a financially distressed municipality to seek protection from its creditors by staying the commencement or continuation of certain actions against the municipality while it formulates and negotiates a plan of adjustment of its debts which can be binding on a dissenting minority of creditors if it is acceptable to the majority of creditors. Should the Township file a petition in the Bankruptcy Court under Chapter 9 of the Bankruptcy Code prior to the payment in full of the principal and interest on the Bonds, the holders of the Bonds would be considered creditors and would be bound by the Township's plan of adjustment of its debt.

Reference should also be made to *N.J.S.A. 52:27-40 et seq.* which provides that any "political subdivision" of the State as defined therein, which includes the Township, has the power to file a petition with the Bankruptcy Court under Chapter 9 of the Bankruptcy Code provided the "political subdivision" has obtained approval of the Local Finance Board. Section 903 of the Bankruptcy Code, 11 U.S.C. Section 903, specifically provides that Chapter 9 of the Bankruptcy Code does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality.

**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 LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCES OF PAYMENT OF AND SECURITY FOR THE BONDS.**

### **LEGAL MATTERS**

The legality of the Bonds will be subject to the approving legal opinion of Saul Ewing Arnstein & Lehr LLP, Princeton, New Jersey, Bond Counsel to the Township ("Bond Counsel"). Such opinion will be printed on or accompany the Bonds and will be in substantially the form set forth in Appendix "C". Certain legal matters will be passed upon for the Township by the Township's Solicitor, Eileen Fahey, Esquire, Moorestown, New Jersey.

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 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.

### **TAX MATTERS**

#### **Tax Exemption - Opinion of Bond Counsel**

The Internal Revenue Code of 1986, as amended (the "Code") contains provisions relating to the tax-exempt status of interest on obligations issued by governmental entities which apply to the Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the Bonds and the rebate of certain investment earnings derived from such proceeds to the United States Treasury Department on a periodic basis. These and other requirements of the Code must be met by the Township subsequent to the issuance and delivery of the Bonds in order for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. The Township has made covenants to comply with such requirements.

In the opinion of Bond Counsel, interest [(including accrued original issue discount)] on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion of Bond Counsel is subject to the condition that the Township complies with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excluded from gross income. Failure to comply with certain of such requirements could cause the



interest on the Bonds to be so includable in gross income retroactive to the date of issuance of the Bonds. The Township has covenanted to comply with all such requirements. Interest on the Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the individual alternative minimum tax; however, under the Code, during tax years beginning before January 1, 2018, to the extent that interest on the Bonds is a component of a corporate holder's "adjusted current earnings," a portion of that interest may be subject to the corporate alternative minimum tax. On December 22, 2017, federal legislation titled "*An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018*" (the "Tax Cuts and Jobs Act") was enacted. The Tax Cuts and Jobs Act, amongst other things, repealed the corporate alternative minimum tax for tax years beginning after December 31, 2017.

In addition to the matters addressed below, prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral tax consequences to certain taxpayers, including but not limited to, foreign corporations, certain S corporations, financial institutions, recipients of social security and railroad retirement benefits and property or casualty insurance companies. Bond Counsel expresses no opinion regarding any other federal tax consequences relating to the Bonds or the receipt of interest thereon. **Prospective purchasers of the Bonds should consult their own tax advisors as to the impact of these other tax consequences.**

In the opinion of Bond Counsel, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof under the New Jersey Gross Income Tax Act.

Bond Counsel's opinion will be based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of delivery of the Bonds. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective.

### **Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations**

The Code, subject to limited exceptions not applicable to the Bonds, denies the interest deduction for indebtedness incurred or continued to purchase or carry tax-exempt obligations, such as the Bonds. With respect to banks, thrift institutions and other financial institutions, the denial to such institutions is one hundred percent (100%) for interest paid on funds allocable to the Bonds.

### **Accounting Treatment of Original Issue Discount and Amortizable Bond Premium**

The Bonds maturing on August 1, \_\_\_ are hereinafter referred to as the "Discount Bonds." In the opinion of Bond Counsel, the difference between the initial public offering price of the Discount Bonds set forth on the inside front cover page and the stated redemption price at maturity of each such Bond constitutes "original issue discount," all or a portion of which will, on the disposition or payment of such Bonds, be treated as tax-exempt interest for federal income tax purposes. Original issue discount will be apportioned to an owner of the Discount Bonds under a "constant interest method," which utilizes a periodic compounding of accrued interest. If an owner of a Discount Bond who purchases it in the original offering at the initial public offering price owns that Discount Bond to maturity, that Bondholder will not realize taxable gain for federal income tax purposes upon payment of the Discount Bond at maturity. An owner of a Discount Bond who purchases it in the original offering at the initial public offering price and who later disposes of the Discount Bond prior to maturity will be deemed to have accrued tax-exempt income in a manner described above; amounts realized in excess of the sum of the original offering price of such Discount Bond and the amount of accrued original issue discount will be taxable gain.

Purchasers of Discount Bonds should consult their tax own advisors with respect to the determination and treatment of original issue discount for federal income tax purposes and with respect to the state and local tax consequences of owning Discount Bonds.

The Bonds maturing on August 1, \_\_\_\_ are hereinafter referred to as the “Premium Bonds.” An amount equal to the excess of the initial public offering price of a Premium Bond set forth on the inside front cover page over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the purchaser’s basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Bonds should consult their own tax advisors with respect to the determination and treatment of original issue premium for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.]

### **Reportable Payments and Backup Withholding**

The payments of interest on the Bonds will be reported to the Internal Revenue Service by the payor on Form 1099 unless the Bondholder is an “exempt person” under Section 6049 of the Code. A Bondholder who is not an exempt person may be subject to “backup withholding” at a specified rate prescribed in the Code if the Bondholder does not file Form W-9 with the payor advising the payor of the Bondholder’s taxpayer identification number. Bondholders should consult with their brokers regarding this matter.

The payor will report to the Bondholders and to the Internal Revenue Service for each calendar year the amount of any “reportable payments” during such year and the amount of tax, if any, with respect to payments made on the Bonds.

**Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral federal and state income tax consequences. Such prospective purchasers should consult their own tax advisors as to the consequences of investing in the Bonds.**

## **CHANGES IN FEDERAL AND STATE TAX LAW**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the treatment of interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It cannot be predicted whether or in what form any such proposals may be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. In addition, regulatory or other actions are from time to time announced or proposed which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory or other actions will be implemented or whether the Bonds would be impacted thereby.

On December 22, 2017, the Tax Cuts and Jobs Act was enacted. The Tax Cuts and Jobs Act, amongst other things, reduced corporate income tax rates, changed individual income tax brackets, eliminated the federal alternative minimum tax imposed on corporations and amended the individual alternative minimum tax imposed on individuals to, among other things, increase the income thresholds for taxpayers that are subject to such tax, effective for tax years beginning after December 31, 2017.

Purchasers of the Bonds should consult their own tax advisors regarding the Tax Cuts and Jobs Act, any pending or proposed legislation, regulations or other potential changes in law. 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 Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulations or other potential changes in law.

## **LITIGATION**

To the knowledge of the Township's Solicitor, Eileen Fahey, Esquire, Moorestown, New Jersey ("Solicitor"), there is no litigation of any nature, pending or threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. Moreover, to the knowledge of the Solicitor, there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the Township or adversely affect the power to levy, collect and enforce the collection of taxes or other revenues for the payment of the Bonds, which has not been otherwise disclosed in this Official Statement. A certificate to such effect will be executed by the Solicitor and delivered at closing.

## **RATING**

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

Explanations of the significance of such bond rating may be obtained from the Rating Agency at 55 Water Street, New York, New York 10041. Such rating expresses only the views of the Rating Agency. There is no assurance that the rating will continue for any period of time or that the rating will not be revised or withdrawn. Any such revision or withdrawal of the rating may have an effect on the marketability and market price of the Bonds.

## **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey, served as municipal advisor ("Municipal Advisor") to the Township with respect to the issuance of the Bonds. This Official Statement has been prepared with the assistance of the Municipal Advisor. Information set forth in the Official Statement has been obtained from the Township and other sources which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

## **CONTINUING DISCLOSURE**

In accordance with the provisions of Rule 15c2-12 ("Rule"), as amended, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, the Township will, prior to the issuance of the Bonds, enter into an agreement substantially in the form set forth in Appendix "D" hereto.

The Township provides continuing disclosure in connection with previously issued and outstanding bonds pursuant to the Rule by providing required information electronically to the Electronic Municipal Market Access website, or such other nationally recognized municipal securities information repository, as required by the Municipal Securities Rulemaking Board.

The Township previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements, operating data for the fiscal years ending December 31, 2013 and 2014. Additionally, the Township acknowledges that it previously failed to file material event notices and late filing notices in connection with (i) its timely filings of annual financial information; (ii) a late debt service payment; and (iii) certain rating changes. Such notices of material events and late filings have been filed with EMMA as of the date of this Official Statement. The Township appointed Phoenix Advisors, LLC in December of 2016 to serve as continuing disclosure agent.

### **PREPARATION OF OFFICIAL STATEMENT**

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm same to the purchasers of the Bonds, by certificates signed by various Township officials dated the date of closing.

All other information has been obtained from sources that 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.

Saul Ewing Arnstein & Lehr LLP 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 – Tax Exemption – Opinion of Bond Counsel") and, accordingly, will express no opinion with respect thereto.

Bowman & Company LLP, Voorhees, New Jersey, compiled this Official Statement from information obtained from Township management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information. Bowman & Company LLP, Voorhees, New Jersey, does take responsibility for the financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Auditor's Report.

### **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 of the Township, including the Bonds, and such Bonds are authorized securities for any and all public deposits.

## NO DEFAULT

There is no record of default in the payment of the principal of or interest on any Bonds of the Township.

In one prior instance, due to a misaddressed payment notice from DTC, the Township failed to make an interest payment on its General Obligations Bonds dated February 26, 2009, on the February 15, 2013 interest payment date. The payment was remitted on February 25, 2013. The Township has since appointed a paying agent to ensure that all future payments will be made in a timely manner.

## UNDERWRITING

The Bonds have been purchased from the Township at a public sale by \_\_\_\_\_, ("Underwriter"). The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields or prices set forth on the cover page of this Official Statement.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at yields higher than the public offering yields set forth on the cover page of this Official Statement, and such yields may be changed, from time to time, by the Underwriter without prior notice.

## ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be directed to Jeffrey Elsasser, Chief Financial Officer, at (609) 298-2800, or to the Municipal Advisor at (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 as such and not as representations of fact, and no representation is made that any of 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 or agreement with the owners of the Bonds.

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 Township.

## TOWNSHIP OF BORDENTOWN, NEW JERSEY

By: \_\_\_\_\_  
JEFFREY ELSASSER, Chief Financial Officer

Dated: July \_\_, 2018

## **APPENDIX A**

### **General Information Concerning the Township**

## **INFORMATION REGARDING THE TOWNSHIP**

The following material presents certain economic and demographic information of the Township.

### **General Information**

The Township of Bordentown, in the County of Burlington (the "Township"), incorporated in 1852, is located in the center of New Jersey approximately seven miles from Trenton. The population according to the 2010 census is 11,367 with a land area of 10 square miles. The Township provides to its citizens the following services: public safety, sanitation, recreation, public improvements, planning and zoning and general administrative services.

### **Government Structure**

The Township is governed by an elected committee ("Committee") consisting of 5 members who serve three-year terms. The Mayor is chief executive officer of the Township and is annually appointed by the Committee at the beginning of each fiscal year. The functions of the Committee, as the governing body, are legislative.

Administrative responsibilities are assigned to the Township Administrator. The Committee establishes policy. The Administrator is responsible for the day-to-day operations of the Township and implementing and administering policy.

### **Fire Protection and Emergency Services**

The Township has two fire districts. Fire District No. 1 is located in the northern part of the Township encompassing approximately two square miles. Fire District No. 2 is centrally located and provides protection for seven and one-half square miles. Each district has one fire company, both with modern firefighting apparatus. District No. 2 also houses one ladder truck. The combined number of paid fire fighters is approximately 18 and there are approximately 20 volunteers.

District No. 2 mans a paid first aid squad with 8 full time Emergency Medical Technicians responding on a 24 hour basis. The squad also serves the City of Bordentown who provides and houses four ambulances.

Ambulance service is provided by a Township EMS ambulatory service by a full time and volunteer staff which also provides service to the Cities of Bordentown and Fieldsboro.

Hospital services for Township residents are provided by Capital Health Regional Medical Center and Saint Francis Medical Center located in Trenton, Virtua Memorial in Mount Holly, Lourdes Medical Center in Willingboro and the Robert Wood Johnson University Hospital in Hamilton. All offer excellent medical care in modern facilities. The renowned Deborah Heart and Lung Center located in Browns Mills is just twelve miles south of the Township. Additional medical facilities are available within a 30 minute drive to Philadelphia, PA and a 60 minute drive to New York City.

### **Library**

The Township participates in the Burlington County Library System which maintains a branch library in the heart of the City of Bordentown.

## **Police**

The Police Department consists of twenty-five full-time officers and 3 part-time officers. In addition, the Police Department is supported by one full-time secretary and one part-time secretary. The dispatch system is operated by the County of Burlington and is manned on a twenty-four hour basis.

The New Jersey State Police maintains a station and barracks within the Township and provides additional police services in the Township and on the major highways that traverse the Township.

## **Public Works**

The Department of Public Works has thirteen employees and one secretary that are supervised by a Director of Public Works. The Department of Public Works cleans, repairs and maintains streets, roads and storm drains, and maintains all parks, playgrounds and public areas. The collection and disposal of garbage, trash and other solid waste is provided for by contract with a private firm.

County and State roads running through the Township are maintained by the Burlington County Road Department, New Jersey State Department of Transportation and the New Jersey Turnpike Authority.

## **Recreation**

There are separate youth programs that operate independent of the Township that supervise a year round program of recreation and leisure time activities for children and adults. The Township Department of Public Works handles the scheduling of the park and field maintenance. Indoor and outdoor facilities are provided and operated by the Community District Alliance under the auspices of the Board of Education of the Regional School District.

A 6,500 square foot Senior Community Center is utilized by various groups for socials, meetings, dances and crafts. The Bordentown Township Senior's, a group of about 300 senior citizens, meet at the center twice a month and have an active itinerary of socials, trips and programs.

## **Municipal Open Space**

The Township has completed a multi-phased recreation enhancement program through a Municipal Open Space Tax. In 1999, the Township was successful in obtaining voter approval for a dedicated tax of \$.03 per \$100 of assessed valuation for the purpose of establishing an Open Space Trust. This funding, along with the Township's capital funding, allows the Township to maintain and operate six parks and playground areas totaling 94 acres including two large multi-use community parks.

## **Utilities**

Utilities are provided to Township residents by Verizon, Public Service Electric and Gas Company and Comcast Cable Television, all privately owned.

The Bordentown Sewerage Authority, of which the Township is a member, provides sanitary sewerage to most of the Township. A water supply and distribution system operated by the City of Bordentown as a water utility, supplies water to the developed areas of the Township and 80% of the Township as a whole. The water is pumped from deep wells and processed through a water treatment plant.



## Township Employees

	<u>2017</u>	<u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>2014</u>	<u>2013</u>
Permanent	57	63	54	54	54
Part-time	<u>12</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>
Total	<u>69</u>	<u>74</u>	<u>65</u>	<u>65</u>	<u>65</u>

## Employee Collective Bargaining Units

There are four collective bargaining units between the Township and certain of its employees, as follows:

The Bordentown Township Police Officers are covered by three contracts, one for the Sergeants, one for the Patrolmen, and one for the Command Staff. These three contracts cover all police officers except for the Chief, who has his own contract. Membership is limited to full-time law enforcement officers. The Command Staff and Sergeants contracts expire 12/31/19 and the Patrol Officers contract expires 12/31/21. The Chief's contract expires 12/31/21.

Public Works employees are represented by AFSCME and their contract expires December 31, 2021.

## Compensated Absences

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may not be accumulated and carried forward.

The Township compensates employees for unused sick leave upon termination or retirement. The current policy provides one compensated day for every two days accumulated. There is a maximum pay-out of fifty days pay, and is paid at the rate of pay upon termination or retirement. For additional information regarding compensated absences, see Appendix B: Financial Statements of the Township, Note 8 to Financial Statements.

## 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 employees are enrolled in either 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 Treasury, 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. The Township's share of pension costs in 2017, which is based upon the annual billings, received from the State, amounted to \$189,732 for PERS and \$459,229 for PFRS.

**Township Population(1)**

2010 Federal Census	11,367
2000 Federal Census	8,380
1990 Federal Census	7,683
1980 Federal Census	7,170
1970 Federal Census	7,303

**Selected Census 2016 Data for the Township (1)**

Median household income	\$86,173
Median family income	\$97,813
Per capita income	\$37,306

**Township Labor Force (2)**

The following table discloses annual average labor force data for the Township.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Township</b>					
Labor Force	6,842	6,801	6,665	6,354	6,399
Employed	6,604	6,554	6,376	6,017	5,979
Unemployed	238	247	289	337	420
Unemployment Rate	3.5%	3.6%	4.3%	5.3%	6.6%
<b>County</b>					
Labor Force	234,179	233,255	232,623	232,025	233,780
Employment	224,582	222,869	220,189	217,354	215,959
Unemployment	9,597	10,386	12,434	14,671	17,821
Unemployment Rate	4.1%	4.5%	5.3%	6.3%	7.6%
<b>State</b>					
Labor Force	4,518,800	4,530,800	4,543,800	4,513,600	4,528,500
Employment	4,309,700	4,305,500	4,288,800	4,209,700	4,157,600
Unemployment	209,100	225,300	255,000	303,900	370,800
Unemployment Rate	4.6%	5.0%	5.6%	6.7%	8.2%

**Building, Zoning and Development Codes**

The Township has established development regulations governing the size of lots for various types of construction. The land requirements are based on the type and nature of the building. The Township building codes conform to standards of the New Jersey Uniform Construction Code. These codes and other Municipal Codes are codified as basis for improved administration and regulation.

In August 1990, the Township, adopted a new land development and zoning ordinance under the Municipal Land Use Law. In this way, the Township is able to promote orderly development and to protect the character and maintain the stability of residential, business and manufacturing areas and secure and protect open space and recreation areas within the Township.

(1) Source: U.S. Department of Commerce, Bureau of Census.

(2) Source: New Jersey Department of Labor

## Building Permits Issued(1)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2018(2)	287	\$ 5,767,557
2017	737	24,359,123
2016	722	26,621,689
2015	652	33,696,789
2014	634	82,835,010
2013	629	22,485,132

## Tax Exemptions and Tax Abatements

In recent years, the Township has experienced success in expanding the commercial activity in the Township as a direct result of the dedicated efforts of the Township Committee and Administrative Staff. In addition to other features that make the Township attractive to commercial businesses, the Township has utilized New Jersey's Long Term Tax Exemption Law and Five-Year Exemption and Abatement Law to help make a variety of projects successful, including a warehouse distribution center and an upscale apartment complex. Financial agreements entered into with property owners in connection with these programs typically require payments in lieu of taxes to be made to the Township. In 2018, the Township anticipates receiving approximately \$1.9 million\* in such payments through these agreements. The Township shares a portion of the annual payments received with Burlington County and the Bordentown Regional School District.

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\* The Township is currently engaged in arbitration proceedings with a property owner relating to the calculation of annual service charge payments under the property owner's financial agreement. The amount in dispute in 2018 is approximately \$32,000 – such amount will increase at 3% on an annual basis until the conclusion of the financial agreement in 2045. The Township believes the property owner's challenge is without merit.

## GENERAL INFORMATION ON THE SCHOOL DISTRICT (3)

### Overview

The Bordentown Regional School District is a Type II (Grades Pre-K through 12<sup>th</sup>) regional school district consisting of the municipalities of the City of Bordentown, the Township of Bordentown, and the Borough of Fieldsboro (the "Constituent Municipalities"). Students from the New Hanover School District attend the existing Bordentown Regional High School on a tuition basis. The district operates five school buildings: three elementary schools, junior school, one middle school and a high school. The Bordentown Regional School District is located in the County of Burlington, New Jersey.

### Staff

The Superintendent of Schools is the chief administrative officer of the School District. The Board Secretary/Business Administrator oversees the Board's business functions and reports through the Superintendent to the Board. There are approximately 406 full-time employees of the Board, of which 230 are teaching professionals. The balances are administrative, facilities, pupil transportation and support personnel.

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(1) Source: Township Construction Official

(2) As of June 15, 2018

(3) Source: School District officials

**BORDENTOWN REGIONAL SCHOOL DISTRICT  
SCHOOL ENROLLMENTS (1)**

<b>Grade</b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>October 15, 2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Kindergarten: Full Day	174	153	166	209	198
1	148	156	179	200	173
2	144	175	189	170	190
3	169	183	145	187	178
4	179	136	185	180	193
5	134	175	177	194	162
6	181	179	187	166	171
7	181	187	166	174	157
8	186	164	178	156	159
9	158	171	144	153	145
10	173	139	151	143	149
11	136	151	148	152	157
12	151	145	155.5	154	142
Special Education	377	352	370	341	357
State Facility	<u>2</u>	<u>1</u>	<u>.5</u>	<u>1</u>	<u>1</u>
Totals	<u>2,493</u>	<u>2,467</u>	<u>2,541</u>	<u>2,580</u>	<u>2,532</u>
Bordentown Township Enrollment(2)	<u>1,921</u>	<u>1,901</u>	<u>1,956</u>	<u>1,976</u>	<u>1,959</u>

**PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY(1)**

<b><u>Name of School</u></b>	<b><u>Date Constructed</u></b>	<b><u>Grades</u></b>	<b><u>Enrollment Oct. 15, 2017</u></b>	<b><u>Functional Capacity</u></b>
Clara Barton Elementary	1953	PreK-3	240	346
Peter Muschal Elementary	1953	PreK-3	515	517
Mac Farland Intermediate	1924	4-5	387	334
Bordentown Regional Middle School	1965	6-8	626	545
Bordentown Regional High School	2006	9-12	<u>736</u>	<u>1,102</u>
Totals			<u>2,504</u>	<u>2,844</u>

(1) Source: School District officials

(2) Bordentown Township total enrollment figure is shown. Enrollment by grade is not available

## HIGHER EDUCATION FACILITIES

### **Rowan College at Burlington County**

Burlington County College ("College"), founded in October 1965, is a comprehensive, publicly supported, co-educational two-year institution developed under a program of the State Department of Higher Education and is fully accredited by the Middle State Association of Colleges and Secondary Schools,. It is sponsored by the Board of Chosen Freeholders who appoint nine of the twelve Board of Trustees. In June 2015, the College partnered with Rowan University and formally changed its name to Rowan College at Burlington County.

The partnership will enable students to pursue degrees on the Mount Laurel campus and provide automatic, conditional acceptance to Rowan University.

The College's campuses located in Pemberton Township, Mount Laurel Township, Willingboro and Mount Holly offer a full range of student services, university transfer degrees, associate degree programs, professional-technical career development programs and certifications in technology and management, as well as personal, cultural and recreational enrichment programs.

The Burlington ACT Center on the Pemberton Township Campus opened in March 2003. This facility offers individuals and corporate clients a broad array of job training courses, and has an approved testing center for an inventory of professional licenses and certifications.

College enrollment as of Spring 2017 consisted of 8,319 students. In addition, the College serves thousands of other County residents each semester through youth programs, the Learning Institute for Elders, customized training for local businesses, theatrical productions, guest speakers, and art exhibitions.

### **Burlington County Institute of Technology**

The Burlington County Institute of Technology ("B.C.I.T.") was created by the County Board of Chosen Freeholders in 1962 after a favorable referendum. B.C.I.T. is a vocational high school serving grades 9 through 12 which also provides all required academic training. In addition to the high school program, the B.C.I.T. operates an extensive adult post-secondary program. The thrust at B.C.I.T. is to make students academically and vocationally ready for employment and continuing education into the 21st century.

The current enrollment for the two campuses in Westampton and Medford is 2,016 students.

### **Burlington County Special Services School District**

The Burlington County Special Services School District ("B.C.S.S.S.D.") was created by the Burlington County Board of Chosen Freeholders in June, 1972. The B.C.S.S.S.D. is comprised of state of the art facilities located in the Townships of Westampton, Lumberton and Medford and programs are provided for (1) the orthopedically handicapped, the multiple handicapped, and the autistic; (2) elementary school students with severe emotional and social problems; (3) students ages fourteen through sixteen with educational needs, which are beyond the capabilities of existing local school boards and regions; and (4) trainable mentally retarded young people from ages fourteen to twenty-one.

The current enrollment for the B.C.S.S.S.D. is 590 students.

**CERTAIN TAX INFORMATION**

**TEN LARGEST TAXPAYERS (1)**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2018 Assessed Valuation</u>
WW Grainger, Inc	Warehouse/Distribution Center	\$18,204,900.00 *
Dunns Mill Road Retail LLC	Acme Shopping Center	14,700,000.00
Bordentown Investment LLC/ c/o Thomsom Tax & Accounting	Warehouse/Office Space	11,120,000.00 *
HPT PSC Properties Trust	Truck Stop	11,000,000.00 *
Mosholu Realty LLC	Apartments	11,000,000.00
Hedding Hotels, LLC	Hotel	7,539,500.00
Colfin 2015-4 Industrial Owner, LLC	Warehouse	6,800,000.00 *
Bordentown Realty LLC	Apartments	6,380,000.00
RT 206 Bordentown Realty LLC	Office Space	6,055,700.00
Laurel Run, LLC	Apartments	6,000,000.00

\* Property owner has filed an assessment appeal. The percentage of the Township's total Assessed Valuation represented by the appeals noted above is 4.07%.

**CURRENT TAX COLLECTIONS (2)**

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2017	\$39,047,533	\$38,475,211	98.53%	\$477,692	1.22%
2016	38,234,984	37,817,282	98.91	399,112	1.04
2015	37,418,378	36,517,398	97.59	859,720	2.30
2014	36,246,900	34,879,814	96.23	318,942	0.88
2013	35,560,199	34,442,130	96.86	987,142	2.78

**DELINQUENT TAXES (2)**

<u>Year</u>	<u>Outstanding</u>		<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
	<u>Jan 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2017	\$431,514		\$387,953	89.91%	\$ 6,882	\$4,461	\$32,218
2016	881,829		804,341	91.21	181	44,905	32,402
2015	349,189	\$14,210	309,661	85.21	3,455	28,175	22,108
2014	991,824	1,345	955,111	96.17	4,770	3,042	30,246
2013	453,233	5,143	448,294	97.80	5,399	-	4,683

(1) Source: Township Tax Assessor

(2) Source: Annual Reports of Audit, unless otherwise noted

**CERTAIN TAX INFORMATION (CONT'D)**

**TAX TITLE LIENS (1)**

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Balance Dec. 31</u>
2017	\$23,095	\$18,009	\$24,078	\$17,026
2016	33,815	10,416	21,136	23,095
2015	45,454	21,247	32,886	33,815
2014	27,032	21,333	2,911	45,454
2013	8,283	18,749	-	27,032

**FORECLOSED PROPERTY (1)(2)**

<u>Year</u>	<u>Balance Dec. 31</u>
2017	\$515,200
2016	515,200
2015	515,200
2014	515,200
2013	515,200

**NET ASSESSED VALUATIONS AND  
ANNUAL TAX RATES (4)**

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate (5)</u>				
		<u>Total</u>	<u>County</u>	<u>Regional School</u>	<u>Municipal</u>	<u>Municipal Open Space</u>
2018	\$1,157,607,035	---	---	---	---	---
2017	1,159,322,203	\$3.127	\$.466	\$2.090	\$.541	\$.030
2016	1,160,103,244	3.058	.450	2.038	.540	.030
2015	1,159,654,679	2.998	.450	1.978	.540	.030
2014	1,177,714,026	2.863	.416	1.873	.544	.030
2013	1,159,599,778	2.819	.414	1.826	.549	.030

- (1) Source: Annual Reports of Audit, unless otherwise noted
- (2) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services.
- (3) Information from Annual Compiled Financial Statement
- (4) Source: Township's Tax Assessor
- (5) Per \$100 of assessed valuation

**RATIO OF ASSESSED VALUATION TO TRUE VALUE  
AND TRUE VALUE PER CAPITA (1)**

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value Per Capita(2)</u>
2018	\$1,154,414,317	86.08%	\$1,341,094,699	\$117,981
2017	1,156,183,717	86.69	1,333,699,062	117,331
2016	1,156,887,862	89.80	1,288,293,833	113,336
2015	1,156,618,089	89.80	1,287,993,418	113,310
2014	1,174,554,031	88.98	1,320,020,264	116,127

**REAL PROPERTY CLASSIFICATION (3)**

<u>Year</u>	<u>Assessed Value</u>		<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Farm</u>
	<u>Land Use</u>	<u>Improvements</u>						
2018	\$1,154,414,317	\$38,222,725	\$858,120,773	\$190,043,430	\$31,303,789	\$34,707,800	\$2,015,800	
2017	1,156,183,717	42,441,925	857,230,173	188,835,830	30,786,689	34,707,800	2,181,300	
2016	1,156,887,862	34,563,000	856,370,143	195,968,230	31,785,689	34,707,800	3,493,000	
2015	1,156,618,089	30,989,400	856,847,870	197,933,630	32,639,389	34,707,800	3,500,000	
2014	1,174,554,031	31,600,800	851,703,725	219,945,806	34,548,800	34,707,800	2,047,100	

(1) Source: State of New Jersey, Department of Treasury, Division of Taxation

(2) Based upon the 2010 Federal Census of 11,367

(3) Source: Township's Tax Assessor



**TOWNSHIP OF BORDENTOWN  
STATEMENT OF INDEBTEDNESS(1)**

The following table summarizes the direct debt of the Township as of December 31, 2017 in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General and debt of the Regional School District. Deductions from gross debt to arrive at net debt include deductible regional school district debt as well as reserves for payment of debt and grant proceeds. The resulting net debt of \$25,135,035.00 represents 1.901% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Authorized But Not Issued	Gross Debt	Deductions			Net Debt
	Bonds	Notes			School Debt	Reserve for Pmt. of Debt	Grant Proceeds	
General	\$ 18,020,000		\$ 10,390,905	\$ 28,410,905		\$ 1,335,422	\$ 1,940,448	\$ 25,135,035
School District	24,980,496			24,980,496	\$ 24,980,496			
	<u>\$ 43,000,496</u>	<u>\$ -</u>	<u>\$ 10,390,905</u>	<u>\$ 53,391,401</u>	<u>\$ 24,980,496</u>	<u>\$ 1,335,422</u>	<u>\$ 1,940,448</u>	<u>\$ 25,135,035</u>

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(1) Annual Debt Statement, as of December 31, 2017

### DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2015, 2016 and 2017	\$1,321,884,988
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2015, 2016 and 2017	1.901%
2018 Net Valuation Taxable	\$1,157,607,035
2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$1,344,287,417
Gross Debt (2):	
As a percentage of 2018 Net Valuation Taxable	4.61%
As a percentage of 2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	3.97%
Net Debt (2):	
As a percentage of 2018 Net Valuation Taxable	2.17%
As a percentage of 2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.87%
Gross Debt Per Capita (3)	\$4,697
Net Debt Per Capita (3)	\$2,211

### TOWNSHIP BORROWING CAPACITY(1)

3.5% of Averaged (2015-17) Equalized Valuation of Real Property including Improvements (\$1,321,884,988.33)	\$46,265,975
Net Debt	<u>25,135,035</u>
Remaining Borrowing Capacity	<u><u>\$21,130,940</u></u>

### REGIONAL SCHOOL DISTRICT BORROWING CAPACITY (1)

4% of Average (2015-17) Equalized Valuation of Real Property including Improvements (\$1,725,030,978.66)	\$69,001,239
Regional School District Debt(4)	<u>32,599,000</u>
Remaining Borrowing Capacity	<u><u>\$36,402,239</u></u>

(1) As of December 31, 2017

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 11,367

(4) Debt portion allocated to the Township \$24,980,496

**TOWNSHIP OF BORDENTOWN  
OVERLAPPING DEBT  
AS OF DECEMBER 31, 2017**

	<u>DEBT ISSUED</u>			Net Debt		<b>Debt Auth. but not Issued</b>
	<u>Debt Outstanding</u>	<u>Deductions</u>		<u>Net Debt Outstanding</u>	<u>Allocated to the Issuer</u>	
County of Burlington:						
General						
Bonds	\$ 201,099,000	\$ 30,655,986	(1)	\$ 170,443,014	\$ 4,908,759	(2)
Notes	66,300,000			66,300,000	1,909,440	\$ 55,726,226
Loans	4,930,439			4,930,439	141,997	
Bonds Issued by Other Public Bodies						
Guaranteed by the County	323,415,000	323,415,000	(3)			
Solid Waste Utility	55,355,000	55,355,000				3,570,310
	<u>\$ 651,099,439</u>	<u>\$ 409,425,986</u>		<u>\$ 241,673,454</u>	<u>\$ 6,960,195</u>	<u>\$ 59,296,536</u>

- (1) Includes cash on hand, accounts receivable and County College Bonds paid with State Aid.
- (2) Such debt is allocated as a proportion of the Issuer's share of the total 2017 Net Valuations on which County taxes are apportioned, which is 2.88% .
- (3) Deductible in accordance with N.J.S. 40:37A-80.

**TOWNSHIP OF BORDENTOWN**  
**SCHEDULE OF LONG TERM DEBT SERVICE**

Period Ending Dec. 31	Existing Debt (1)								
	Series 2009		Series 2014 - G.O. Bonds		BCBC Ref. Series 2013		Series 2016 - G.O. Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 230,000	\$ 96,013	\$ 365,000	\$ 208,813	\$ 300,000	\$ 117,000	\$ 225,000	\$ 134,969	\$ 1,676,794
2019	230,000	88,250	375,000	201,413	315,000	102,000	230,000	131,544	1,673,206
2020	230,000	79,913	385,000	193,813	330,000	86,250	235,000	126,894	1,666,869
2021	230,000	71,000	395,000	186,013	345,000	69,750	245,000	122,094	1,663,856
2022	230,000	61,800	420,000	177,863	350,000	52,500	250,000	117,144	1,659,306
2023	230,000	52,600	440,000	168,988	350,000	35,000	255,000	112,094	1,643,681
2024	230,000	43,400	460,000	159,138	350,000	17,500	260,000	106,944	1,626,981
2025	230,000	34,200	525,000	146,088			365,000	100,694	1,400,981
2026	240,000	24,800	535,000	130,188			365,000	93,394	1,388,381
2027	250,000	15,000	545,000	113,988			370,000	86,044	1,380,031
2028	250,000	5,000	100,000	104,313			370,000	78,644	907,956
2029			110,000	101,163			375,000	70,959	657,122
2030			115,000	97,788			375,000	62,288	650,075
2031			125,000	94,031			380,000	51,900	650,931
2032			140,000	89,725			380,000	40,500	650,225
2033			150,000	84,825			385,000	29,025	648,850
2034			160,000	79,400			375,000	17,625	632,025
2035			175,000	73,100			50,000	11,250	309,350
2036			190,000	65,800			50,000	9,750	315,550
2037			210,000	57,800			55,000	8,175	330,975
2038			225,000	49,100			60,000	6,450	340,550
2039			245,000	39,700			60,000	4,650	349,350
2040			265,000	29,500			60,000	2,850	357,350
2041			290,000	18,400			65,000	975	374,375
2042			315,000	6,300					321,300
	<u>\$ 2,580,000</u>	<u>\$ 571,975</u>	<u>\$ 7,260,000</u>	<u>\$ 2,677,244</u>	<u>\$ 2,340,000</u>	<u>\$ 480,000</u>	<u>\$ 5,840,000</u>	<u>\$ 1,526,853</u>	<u>\$ 23,276,072</u>

(1) As of December 31, 2017

**TOWNSHIP OF BORDENTOWN**  
**SCHEDULE OF LONG TERM DEBT SERVICE**

Period Ending Dec. 31	Proposed Debt	
	Series 2018 - G.O. Bonds	
	Principal	Interest
2019	\$ 250,000	
2020	250,000	
2021	275,000	
2022	275,000	
2023	300,000	
2024	325,000	
2025	500,000	
2026	500,000	
2027	500,000	
2028	500,000	
2029	500,000	
2030	500,000	
2031	500,000	
2032	500,000	
2033	500,000	
	<u>\$ 6,175,000</u>	<u>\$ -</u>

**TOWNSHIP OF BORDENTOWN  
2018 MUNICIPAL BUDGET (1)**

**CURRENT FUND**

Anticipated Revenues:	
Fund Balance	\$ 1,215,000.00
Miscellaneous Revenues:	
Local Revenues	862,660.44
State Aid without Offsetting Appropriations	894,032.00
Dedicated Uniform Construction Code Fees	485,000.00
Shared Service Agreements	75,300.37
Additional Revenues	440,000.00
Public and Private Programs Offset with Appropriations	241,749.92
Other Special Items of Revenues	2,172,092.92
Receipts from Delinquent Taxes	462,500.00
Amount to be Raised by Taxation for Municipal Purposes	6,284,547.88
Total Appropriated Revenues	\$ 13,132,883.53
Appropriations:	
Within CAPS:	
Operations	\$ 8,277,320.41
Deferred Charges and Statutory Expenditures	1,120,993.55
Excluded from CAPS:	
Other Operations	318,537.00
Shared Service Agreements	75,300.37
Additional Appropriations Offset by Revenues	398,003.00
Public and Private Programs	262,553.92
Capital Improvements	420,000.00
Debt Service	1,676,793.78
Judgements	25.00
Reserve for Uncollected Taxes	583,356.50
Total Appropriations	\$ 13,132,883.53

**TOWNSHIP OF BORDENTOWN  
CAPITAL PROGRAM  
PROJECTS SCHEDULED FOR THE YEARS 2018 - 2023 (1)**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Bonds and Notes General</u>
Repair/Replacement/Maintenance of Streets and Roads	\$ 1,950,000.00	\$ 97,500.00	\$ 1,852,500.00
Public Works Equipment, Buildings & Improvements	350,000.00	17,500.00	332,500.00
Public Works Vehicles and Equipment	600,000.00	30,000.00	570,000.00
Municipal Complex Improvements	150,000.00	7,500.00	142,500.00
Police Tech & Equipment	355,000.00	17,750.00	337,250.00
OEM Emergency Lighting/Generators	70,000.00	3,500.00	66,500.00
Purchase of Land and Buildings	13,000,000.00	650,000.00	12,350,000.00
	\$ 16,475,000.00	\$ 823,750.00	\$ 15,651,250.00

(1) As originally introduced

**APPENDIX B**

Audited Financial Statements of the Township of Bordentown

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Township Committee  
Township of Bordentown  
Bordentown, New Jersey 08505

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

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Bordentown, in the County of Burlington, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended and the related notes to the financial statements, which collectively comprise the Township's basic financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in compliance with audit requirements as 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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**Opinions**

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

As described in note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Bordentown, in the County of Burlington, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, or the results of its operations and changes in fund balance for the years then ended.

*Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statements referred to previously, present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Bordentown, in the County of Burlington, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Respectfully submitted,

/s/BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

/s/Kirk N. Applegate  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees New Jersey  
June 22, 2018

**TOWNSHIP OF BORDENTOWN  
CURRENT FUND**

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

	As of December 31				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>					
Regular Fund:					
Cash--Treasurer	\$ 5,746,106	\$ 5,347,465	\$ 3,688,056	\$ 4,000,300	\$ 2,778,378
Cash--Change Fund	625	650	550	550	225
	<u>5,746,731</u>	<u>5,348,115</u>	<u>3,688,606</u>	<u>4,000,850</u>	<u>2,778,603</u>
Receivables and other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	509,911	431,514	881,829	349,189	991,825
Tax Title Liens Receivable	17,026	23,095	33,815	45,454	27,032
Property Acquired for Taxes-- Assessed Valuation	515,200	515,200	515,200	515,200	515,200
Prepaid Salaries			223,441		
Revenue Accounts Receivable	42,106	235,177	93,437	70,666	63,651
Interfunds Receivable	751,719		16,631	11,603	1,758
	<u>1,835,962</u>	<u>1,204,986</u>	<u>1,764,353</u>	<u>992,112</u>	<u>1,599,466</u>
Deferred Charges:					
Emergency Authorizations	-	190,010	-	-	-
Total Regular Fund	<u>7,582,693</u>	<u>6,743,111</u>	<u>5,452,959</u>	<u>4,992,962</u>	<u>4,378,069</u>
Federal and State Grant Fund:					
Federal and State Grants Receivable	478,668	187,477	9,895	85,074	186,000
Interfunds Receivable	397,452	223,960	195,578	139,838	139,144
Total Federal and State Grant Fund	<u>876,120</u>	<u>411,437</u>	<u>205,473</u>	<u>224,912</u>	<u>325,144</u>
Total Assets	<u>\$ 8,458,813</u>	<u>\$ 7,154,548</u>	<u>\$ 5,658,432</u>	<u>\$ 5,217,874</u>	<u>\$ 4,703,213</u>

(Continued)

**TOWNSHIP OF BORDENTOWN  
CURRENT FUND**

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

	As of December 31				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Regular Fund:					
Appropriation Reserves	\$ 934,254	\$ 481,887	\$ 430,692	\$ 370,245	\$ 403,675
Encumbrances Payable	214,380	204,612	285,840	221,861	144,023
Accounts Payable		85,967	173,298	131,718	132,068
Payroll Deductions Payable	22,163	40,629	40,767	48,662	90,244
Reserve for Special Funds	877,250	904,307	373,628	493,567	356,197
Prepaid Taxes	1,213,053	412,929	402,303	318,496	173,867
Tax Overpayments			11,272	25,364	5,256
Due to County for Added or Omitted Taxes	16,705	49,274	50,772	34,825	93,512
Due to County for PILOT	1,176		4,713		
Regional School Taxes Payable		66,695			
Interfunds Payable	418,550	314,982	282,579	337,720	449,347
Due State of New Jersey--					
SBI Fingerprinting	3,252	3,252	3,252	3,252	3,252
Senior Citizen's and Veteran's Deductions	34,361	33,860	35,861	35,541	30,346
Marriage License Fees	350	550	325	312	350
Training Fees for New Construction	17,857	11,267	21,747	24,062	9,356
	3,753,351	2,610,211	2,117,049	2,045,625	1,891,493
Reserve for Receivables and Other Assets	1,835,962	1,204,986	1,764,353	992,112	1,599,466
Fund Balance	1,993,380	2,927,914	1,571,557	1,955,225	887,110
<b>Total Regular Fund</b>	<b>7,582,693</b>	<b>6,743,111</b>	<b>5,452,959</b>	<b>4,992,962</b>	<b>4,378,069</b>
Federal and State Grant Fund:					
Unappropriated Reserves	14,294	14,951	2,521	46,910	21,657
Appropriated Reserves	859,914	386,421	202,879	171,083	294,787
Encumbrances Payable	1,912	10,065	73	6,919	8,700
<b>Total Federal and State Grant Fund</b>	<b>876,120</b>	<b>411,437</b>	<b>205,473</b>	<b>224,912</b>	<b>325,144</b>
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 8,458,813</b>	<b>\$ 7,154,548</b>	<b>\$ 5,658,432</b>	<b>\$ 5,217,874</b>	<b>\$ 4,703,213</b>

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

**TOWNSHIP OF BORDENTOWN**  
**CURRENT FUND**  
Statements of Operations and  
Changes in Fund Balance--Regulatory Basis

	For the Years Ended December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenue and Other Income Realized:</b>					
Fund Balance Utilized	\$ 2,000,000	\$ 1,250,000	\$ 1,393,500	\$ 452,000	\$ 400,000
Miscellaneous Revenues Anticipated	4,855,826	4,719,898	4,486,016	5,082,208	4,020,115
Receipts from Current Taxes	38,475,211	37,817,282	36,517,398	34,879,814	34,442,130
Receipts from Delinquent Taxes	412,031	825,477	342,547	958,022	448,294
Non-Budget Revenue	856,720	711,612	378,299	34,927	132,636
Other Credits to Income	658,632	562,473	177,203	276,520	147,626
<b>Total Income</b>	<b>47,258,420</b>	<b>45,886,742</b>	<b>43,294,963</b>	<b>41,683,491</b>	<b>39,590,801</b>
<b>Expenditures:</b>					
Operating	9,164,504	8,667,325	8,051,984	7,614,529	7,030,299
Deferred Charges and Statutory Expenditures	1,182,810	951,698	867,470	819,143	1,039,885
Capital Improvements	415,000	237,500	15,000	119,335	50,000
Debt Service	1,670,129	1,343,016	2,206,871	1,918,625	2,138,632
Judgments & Settlements		230,424			
County Taxes	5,403,007	5,253,943	5,255,325	4,924,731	4,878,054
Regional School District Taxes	24,232,263	23,648,092	22,945,978	22,062,084	21,178,007
Special District Taxes	3,041,456	2,961,108	2,713,783	2,640,829	2,495,847
Other Expenditures	1,083,785	177,289	228,720	64,100	3,503
<b>Total Expenditures</b>	<b>46,192,954</b>	<b>43,470,395</b>	<b>42,285,131</b>	<b>40,163,376</b>	<b>38,814,227</b>
Excess in Revenue	1,065,466	2,416,347	1,009,832	1,520,115	776,574
<b>Adjustments to Income Before Fund Balance:</b>					
Expenditures Included Above Which by Statute are Deferred to Following Year	-	190,010	-	-	-
Statutory Excess to Fund Balance	1,065,466	2,606,357	1,009,832	1,520,115	776,574
Fund Balance, January 1	2,927,914	1,571,557	1,955,225	887,110	510,536
	3,993,380	4,177,914	2,965,057	2,407,225	1,287,110
Decreased by:					
Utilized as Revenue	2,000,000	1,250,000	1,393,500	452,000	400,000
<b>Fund Balance December 31</b>	<b>\$ 1,993,380</b>	<b>\$ 2,927,914</b>	<b>\$ 1,571,557</b>	<b>\$ 1,955,225</b>	<b>\$ 887,110</b>

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

**TOWNSHIP OF BORDENTOWN**  
**TRUST AND OTHER FUNDS**  
Statements of Assets, Liabilities and Reserves--Regulatory Basis

	As of December 31				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>					
Animal Control Fund:					
Cash - Treasurer	\$ 7,836	\$ 19,779	\$ 28,877	\$ 27,636	\$ 15,245
Open Space Trust Fund:					
Cash - Treasurer	517,866	192,832	235,489	132,629	47,741
Interfunds Receivable		3,285	151	67,871	140,357
	<u>517,866</u>	<u>196,117</u>	<u>235,640</u>	<u>200,500</u>	<u>188,098</u>
Other Trust Funds:					
Cash - Treasurer	4,723,178	3,007,959	3,223,372	2,713,105	2,909,049
Accounts Receivable	32,888	193,756	58,953	26,853	12,830
Interfunds Receivable	21,800		86,850	126,966	169,846
	<u>4,777,866</u>	<u>3,201,715</u>	<u>3,369,175</u>	<u>2,866,924</u>	<u>3,091,725</u>
	<u>\$ 5,303,568</u>	<u>\$ 3,417,611</u>	<u>\$ 3,633,692</u>	<u>\$ 3,095,060</u>	<u>\$ 3,295,068</u>
<b>LIABILITIES AND RESERVES</b>					
Animal Control Fund:					
Interfund Payable	\$ 127	\$ 17,260	\$ 16,617	\$ 11,603	
Accounts Payable	1,897	463	132	346	\$ 80
Reserve for Animal Control	5,812	2,056	12,128	15,687	15,165
	<u>7,836</u>	<u>19,779</u>	<u>28,877</u>	<u>27,636</u>	<u>15,245</u>
Open Space Trust Fund:					
Encumbrances Payable	21,515	5,184	103,448	45,420	
Interfund Payable	297,871				
Reserve - Municipal Open Space	198,480	190,933	132,192	155,080	188,098
	<u>517,866</u>	<u>196,117</u>	<u>235,640</u>	<u>200,500</u>	<u>188,098</u>
Other Trust Funds:					
Accounts Payable	1,887	10,326	7,602	11,740	10,355
Encumbrances Payable	279,412	11,590	6,680		
Reserve for Special Funds	4,496,566	3,179,799	3,354,893	2,855,184	3,081,370
	<u>4,777,866</u>	<u>3,201,715</u>	<u>3,369,175</u>	<u>2,866,924</u>	<u>3,091,725</u>
	<u>\$ 5,303,568</u>	<u>\$ 3,417,611</u>	<u>\$ 3,633,692</u>	<u>\$ 3,095,060</u>	<u>\$ 3,295,068</u>

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

**TOWNSHIP OF BORDENTOWN  
TRUST - OPEN SPACE FUND**

Statements of Operations and Changes in Reserve for Future Use--Regulatory Basis

	For the Years Ended December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenue Realized:</b>					
Amount to be Raised by Taxation	\$ 349,089	\$ 351,316	\$ 351,295	\$ 355,829	\$ 354,653
Reserves Utilized	190,933	132,192	155,080	194,224	218,250
Miscellaneous Revenue	7,440	59,519	67,919	7,440	7,440
	<u>547,462</u>	<u>543,027</u>	<u>574,294</u>	<u>557,493</u>	<u>580,343</u>
<b>Expenditures:</b>					
Maintenance of Lands for Recreation and Conservation					61,500
Payment of Bond Principal	300,000	300,000	300,000	300,000	300,000
Reserve for Future Use	48,982	52,094	142,102	96,287	30,745
	<u>348,982</u>	<u>352,094</u>	<u>442,102</u>	<u>396,287</u>	<u>392,245</u>
Statutory Excess to Reserve for Future Use	198,480	190,933	132,192	161,206	188,098
<b>Reserve for Future Use:</b>					
Balance January 1	190,934	132,192	155,080	188,098	218,250
	<u>389,414</u>	<u>323,125</u>	<u>287,272</u>	<u>349,304</u>	<u>406,348</u>
Decreased by:					
Utilized as Revenue	190,934	132,192	155,080	194,224	218,250
Balance December 31	<u>\$ 198,480</u>	<u>\$ 190,933</u>	<u>\$ 132,192</u>	<u>\$ 155,080</u>	<u>\$ 188,098</u>

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

**TOWNSHIP OF BORDENTOWN  
GENERAL CAPITAL FUND**

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

	As of December 31				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>					
Cash and Investments	\$ 4,271,288	\$ 7,020,168	\$ 4,313,037	\$ 5,829,702	\$ 6,066,043
Interfunds Receivable		20,462		3,045	
Deferred Charges to Future Taxation:					
Funded	18,020,000	19,070,000	13,895,000	14,621,000	6,938,000
Unfunded	10,390,905	8,273,405	9,180,405	10,063,705	17,895,794
Grants Receivable	2,003,594	1,870,146	2,590,146	2,614,381	2,595,390
	<u>\$ 34,685,787</u>	<u>\$ 36,254,181</u>	<u>\$ 29,978,588</u>	<u>\$ 33,131,833</u>	<u>\$ 33,495,227</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
General Serial Bonds	\$ 18,020,000	\$ 19,070,000	\$ 13,895,000	\$ 14,621,000	\$ 6,938,000
Bond Anticipation Notes		553,000	1,450,000	2,333,300	9,934,000
Interfund Payable	455,003		15		64
Improvement Authorizations:					
Funded	1,843,551	3,048,832	678,126	2,895,348	287,906
Unfunded	10,212,356	8,194,273	9,044,130	9,154,152	12,697,474
Reserve for:					
Grants Receivable	1,940,448	1,807,000	2,527,000	2,118,000	2,395,390
Encumbrances	874,631	2,474,998	1,809,779	1,156,476	211,970
Reserve to Payment of Debt Service	1,335,422	999,202	435,162	729,181	883,766
Capital Improvement Fund	4,315	26,815	59,315	44,315	780
Fund Balance	61	80,061	80,061	80,061	145,877
	<u>\$ 34,685,787</u>	<u>\$ 36,254,181</u>	<u>\$ 29,978,588</u>	<u>\$ 33,131,833</u>	<u>\$ 33,495,227</u>

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

**TOWNSHIP OF BORDENTOWN**  
**BOND AND INTEREST ACCOUNT**  
 Statements of Assets, Liabilities and Reserves--Regulatory Basis

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	As of December 31				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>					
Cash - Treasurer	\$ -	\$ -	\$ -	\$ -	\$ 1,693
<b>LIABILITIES AND RESERVES</b>					
Interfunds Payable	\$ -	\$ -	\$ -	\$ -	\$ 1,693

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



**TOWNSHIP OF BORDENTOWN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Financial Reporting Entity** - The Township of Bordentown ("Township"), in the County of Burlington, incorporated in 1852, is located in the center of New Jersey approximately seven miles from Trenton. The population according to the latest census is 11,367 with a land area of 10 square miles. The Township provides to its citizens the following services: public safety, sanitation, recreation, public improvements, planning and zoning and general administrative services.

The Township is governed by an elected committee ("Committee") consisting of five members who serve three-year terms. The Mayor is chief executive officer of the Township and is annually appointed by the Committee at the beginning of each fiscal year. The functions of the Committee, as the governing body, are legislative.

Administrative responsibilities are assigned to the Township Administrator. The Committee establishes policy. The Administrator is responsible for the day-to-day operations of the Township and implementing and administering policy.

**Component Units** - The financial statements of the component units of the Township are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Bordentown Sewerage Authority  
954 Farnsworth Ave  
Bordentown, NJ 08505

Annual financial reports may be inspected directly at the office of the component unit during regular business hours.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

In accordance with the *Requirements*, the Township accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

**Current Fund** - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

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

**General Fixed Asset Group of Accounts** - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

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

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Cash, Cash Equivalents and Investments (Cont'd)** - N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("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. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

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

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

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

**General Fixed Assets** - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Foreclosed Property** - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

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

**Liens Sold for Other Governmental Units** - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

**Fund Balance** - Fund Balance included in the current fund represents amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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

**Property Tax Revenues** - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Burlington, Bordentown Regional School District and Township of Bordentown Fire Districts No. 1 and No. 2. Unpaid property taxes are subject to tax sale in accordance with the statutes.

**School Taxes** - The municipality is responsible for levying, collecting and remitting school taxes for the Bordentown Regional School District. Operations is charged for the Township's share of the amount required to be raised by taxation for the period from January 1 to December 31. The Township does not defer any school taxes.

**County Taxes** - The municipality is responsible for levying, collecting and remitting county taxes for the County of Burlington. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

**Fire District Taxes** - The municipality is responsible for levying, collecting, and remitting Fire District Taxes for Township of Bordentown Fire Districts No. 1 and No. 2. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**Appropriation Reserves** - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

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

**Compensated Absences** - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis.

**Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS), and additions to/deductions from PFRS' and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

**Note 2: CASH AND CASH EQUIVALENTS (CONT'D)**

As of December 31, 2017, the Township's bank balances of \$15,208,597.25 were exposed to custodial credit risk as follows:

Insured by FDIC	\$ 750,000.00
Insured by GUDPA	12,385,130.59
Uninsured and Uncollateralized	<u>2,073,466.66</u>
Total	<u>\$ 15,208,597.25</u>

**Note 3: PROPERTY TAXES**

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

**Comparative Schedule of Tax Rates**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Apportionment of Tax Rate:					
Municipal	\$0.541	\$0.540	\$0.540	\$0.544	\$0.549
Municipal Open Space	0.030	0.030	0.030	0.030	0.030
County	0.466	0.450	0.450	0.416	0.414
Regional School District	<u>2.090</u>	<u>2.038</u>	<u>1.978</u>	<u>1.873</u>	<u>1.826</u>
Total Tax Rate (1)	<u>\$3.127</u>	<u>\$3.058</u>	<u>\$2.998</u>	<u>\$2.863</u>	<u>\$2.819</u>
Special District Rates:					
Fire District No. 1	\$0.260	\$0.252	\$0.206	\$0.194	\$0.199
Fire District No. 2	0.220	0.213	0.203	0.194	0.179

(1) Excludes Special District Rates

**Assessed Valuation**

<u>Year</u>	<u>Assessed Valuation</u>
2017	\$ 1,159,322,203.00
2016	1,160,103,244.00
2015	1,159,654,679.00
2014	1,177,714,026.00
2013	1,159,599,778.00

**Note 3: PROPERTY TAXES (CONT'D)**

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years (Cont'd).

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy (Net of Appeals)</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 39,047,532.85	\$ 38,475,210.67	98.53%
2016	38,234,984.13	37,817,282.33	98.91%
2015	37,418,377.58	36,517,398.26	97.59%
2014	36,246,899.75	34,879,814.31	96.23%
2013	35,560,199.01	34,442,129.92	96.86%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 17,026.45	\$ 509,910.60	\$ 526,937.05	1.35%
2016	23,094.99	431,513.68	454,608.67	1.19%
2015	33,814.86	881,828.63	915,643.49	2.45%
2014	45,454.22	349,188.66	394,642.88	1.09%
2013	27,032.47	991,824.26	1,018,856.73	2.87%

The following comparison is made of the number of tax title liens receivable on December 31 of the last five years:

<u>Year</u>	<u>Number of Tax Title Liens Receivable</u>
2017	6
2016	4
2015	7
2014	5
2013	3

**Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 515,200.00
2016	515,200.00
2015	515,200.00
2014	515,200.00
2013	515,200.00

**Note 5: FUND BALANCES APPROPRIATED**

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

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 1,993,379.77	\$ 1,215,000.00	60.95%
2016	2,927,914.96	2,000,000.00	68.31%
2015	1,571,557.02	1,250,000.00	79.54%
2014	1,955,225.27	1,393,500.00	71.27%
2013	887,110.04	452,000.00	50.95%

**Note 6: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 751,718.49	\$ 418,550.62
Federal and State Grant Fund	397,452.26	
Trust-Animal Control	453.19	
Trust-Other Funds	21,800.44	
Truth-Open Space		297,870.34
Capital Fund		455,003.42
	<u>\$ 1,171,424.38</u>	<u>\$ 1,171,424.38</u>

The interfund receivables and payables above predominately resulted from cash received and payments made by certain funds on behalf of other funds. During 2018, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 7: PENSION PLANS**

A substantial number of the Township's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, employees have the option to participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
 Division of Pensions and Benefits  
 P.O. Box 295  
 Trenton, New Jersey 08625-0295  
<http://www.state.nj.us/treasury/pensions/financial-reports.shtml>



**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans****Plan Descriptions**

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

**Police and Firemen's Retirement System** - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Township. The PFRS's Board of Trustees is primarily responsible for the administration of the PFRS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 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.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Vesting and Benefit Provisions**

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

**Tier Definition**

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

**Police and Firemen's Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

**Tier Definition**

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

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

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions**

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10% in State fiscal year 2017. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2017 was 14.39% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$206,270.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$189,732.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$108,765.09.

**Police and Firemen's Retirement System** - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was 10% in State fiscal year 2017. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

The Township's contractually required contribution rate for the year ended December 31, 2017 was 28.57% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Police and Firemen's Retirement System (Cont'd)** - Based on the most recent PFRS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$553,250.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$459,229.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$205,280.10.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2017 was 2.79% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2017 is \$54,053.00, and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2016 was \$34,620.00, which was paid on April 1, 2017.

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. 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 contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2017, there were no employees participating in DCRP.

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

**Public Employees' Retirement System** - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$5,183,151.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was .0222659233%, which was an increase of .0009089838% from its proportion measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$535,103.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PERS was \$189,732.00, and was paid on April 1, 2017.

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Police and Firemen's Retirement System** - At December 31, 2017, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 9,650,771.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>1,080,968.00</u>
	<u>\$ 10,731,739.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was .0625128205%, which was an increase of .0061892419% from its proportion measured as of June 30, 2016. Likewise, at June 30, 2017, the State of New Jersey's proportion, on-behalf of the Township, was .0625128205%, which was an increase of .0061892419% from its proportion, on-behalf of the Township, measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$1,179,869.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PFRS was \$459,229.00, and was paid on April 1, 2017.

At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2017 measurement date is \$132,227.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Note 7: PENSION PLANS (CONT'D)Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2017, the Township had deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 122,045.00	\$ 62,609.00	\$ 184,654.00
Changes of Assumptions	1,044,226.00	1,190,048.00	2,234,274.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	35,294.00	184,159.00	219,453.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	510,040.00	1,122,333.00	1,632,373.00
Township Contributions Subsequent to the Measurement Date	103,135.00	276,625.00	379,760.00
	<u>\$ 1,814,740.00</u>	<u>\$ 2,835,774.00</u>	<u>\$ 4,650,514.00</u>

\$103,135.00 and \$276,625.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. These amounts were based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2017 to the Township's year end of December 31, 2017.

Note 7: PENSION PLANS (CONT'D)Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - At December 31, 2017, the Township had deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ -	\$ 56,642.00	\$ 56,642.00
Changes of Assumptions	1,040,398.00	1,580,514.00	2,620,912.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	11,470.00	26,874.00	38,344.00
Township Contributions Subsequent to the Measurement Date	-	-	-
	<u>\$ 1,051,868.00</u>	<u>\$ 1,664,030.00</u>	<u>\$ 2,715,898.00</u>

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	-	5.00	-	5.00
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59



Note 7: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2018	\$ 270,806.00	\$ 417,400.00	\$ 688,206.00
2019	332,916.00	618,012.00	950,928.00
2020	239,662.00	231,590.00	471,252.00
2021	(92,850.00)	(276,346.00)	(369,196.00)
2022	(90,797.00)	(95,537.00)	(186,334.00)
	<u>\$ 659,737.00</u>	<u>\$ 895,119.00</u>	<u>\$ 1,554,856.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

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

For PFRS, preretirement mortality rates were based on the RP-2000 Preretirement 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 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. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then 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. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

For PERS and PFRS, 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 rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

Note 7: PENSION PLANS (CONT'D)Actuarial Assumptions (Cont'd)

<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%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS and 6.14% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the 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 municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 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 for PERS and through 2057 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for PERS and through 2057 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 7: **PENSION PLANS (CONT'D)**

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

**Public Employees' Retirement System (PERS)** - The following presents the Township's proportionate share of the net pension liability at June 30, 2017, the Plan's measurement date, calculated using a discount rate of 5.00%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 6,430,051.00	\$ 5,183,151.00	\$ 4,144,329.00

**Police and Firemen's Retirement System (PFRS)** - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2017, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.14%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>PFRS</b>		
	<b>1% Decrease (5.14%)</b>	<b>Current Discount Rate (6.14%)</b>	<b>1% Increase (7.14%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 12,715,686.00	\$ 9,650,771.00	\$ 7,132,595.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	1,424,264.36	1,080,968.00	798,911.00
	<u>\$ 14,139,950.36</u>	<u>\$ 10,731,739.00</u>	<u>\$ 7,931,506.00</u>

**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Note 7: PENSION PLANS (CONT'D)**

**Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

***Schedule of the Township's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Five Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.0222659233%	0.0213569395%	0.0204036886%
Township's Proportionate Share of the Net Pension Liability	\$ 5,183,151.00	\$ 6,325,313.00	\$ 4,580,219.00
Township's Covered Payroll (Plan Measurement Period)	\$ 1,524,500.00	\$ 1,431,748.00	\$ 1,234,980.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	339.99%	441.79%	370.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0179287412%	0.0180858254%	
Township's Proportionate Share of the Net Pension Liability	\$ 3,356,502.00	\$ 3,456,561.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 1,170,896.00	\$ 1,213,268.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	286.66%	284.90%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	

Note 7: **PENSION PLANS (CONT'D)**

**Supplementary Pension Information (Cont'd)**

***Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Contractually Required Contribution	\$ 206,270.00	\$ 189,732.00	\$ 175,417.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(206,270.00)</u>	<u>(189,732.00)</u>	<u>(175,417.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,433,721.00	\$ 1,495,628.00	\$ 1,411,198.00
Township's Contributions as a Percentage of Covered Payroll	14.39%	12.69%	12.43%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 147,791.00	\$ 136,273.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(147,791.00)</u>	<u>(136,273.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 1,283,427.00	\$ 1,189,360.00	
Township's Contributions as a Percentage of Covered Payroll	11.52%	11.46%	

Note 7: **PENSION PLANS (CONT'D)**

**Supplementary Pension Information (Cont'd)**

***Schedule of the Township's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Five Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.0625128205%	0.0563235786%	0.0566224423%
Township's Proportionate Share of the Net Pension Liability	\$ 9,650,771.00	\$ 10,759,244.00	\$ 9,431,325.00
State's Proportionate Share of the Net Pension Liability associated with the Township	1,080,968.00	903,510.00	827,096.00
Total	<u>\$ 10,731,739.00</u>	<u>\$ 11,662,754.00</u>	<u>\$ 10,258,421.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 2,023,520.00	\$ 1,800,240.00	\$ 1,793,128.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	476.93%	597.66%	525.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0512673947%	0.0508483163%	
Township's Proportionate Share of the Net Pension Liability	\$ 6,448,963.00	\$ 6,759,825.00	
State's Proportionate Share of the Net Pension Liability associated with the Township	694,445.00	630,098.00	
Total	<u>\$ 7,143,408.00</u>	<u>\$ 7,389,923.00</u>	
Township's Covered Payroll (Plan Measurement Period)	\$ 1,685,872.00	\$ 1,551,388.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	382.53%	435.73%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.41%	58.70%	

Note 7: **PENSION PLANS (CONT'D)**

**Supplementary Pension Information (Cont'd)**

***Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS)  
(Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Contractually Required Contribution	\$ 553,250.00	\$ 459,229.00	\$ 460,256.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(553,250.00)</u>	<u>(459,229.00)</u>	<u>(460,256.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,936,569.00	\$ 2,024,689.00	\$ 1,854,013.00
Township's Contributions as a Percentage of Covered Payroll	28.57%	22.68%	24.82%

  

	<u>Year Ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 393,769.00	\$ 370,978.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(393,769.00)</u>	<u>(370,978.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,843,205.00	\$ 1,684,852.00
Township's Contributions as a Percentage of Covered Payroll	21.36%	22.02%



**Note 7: PENSION PLANS (CONT'D)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

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

Changes in Benefit Terms - In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions - For 2017, the discount rate changed to 6.14% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 5.55%, the long-term expected rate of return changed to 7.65% from 7.90%, and the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

**Note 8: COMPENSATED ABSENCES**

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may not be accumulated.

The Township compensates employees for unused sick leave upon termination or retirement. The current policy provides one compensated day for every two days accumulated. There is a maximum pay-out of fifty days pay, and is paid at the rate of pay upon termination or retirement up to \$12,000.00 for Police Officers and \$7,500.00 for all other employees.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2017, accrued benefits for compensated absences are valued at \$340,473.96.

**Note 9: DEFERRED COMPENSATION SALARY ACCOUNT**

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

**Note 10: LEASE OBLIGATIONS**

At December 31, 2017, the Township had lease agreements in effect for the following:

- Operating:
  - Seven Photocopy Machines
  - One Postage Machine

**Operating Leases** - Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 21,304.68
2019	21,304.68
2020	21,304.68
2021	21,304.68
2022	<u>4,186.47</u>
	<u>\$ 89,405.19</u>

Rental payments under operating leases for the year 2017 were \$18,768.21.

**Note 11: CAPITAL DEBT**

**General Obligation Bonds**

General Obligation Bonds, Series 2009 - On February 10, 2009, the Township issued \$4,000,000.00 in general obligation bonds, with interest rates ranging from 3.25% to 4.00%. The bonds were issued to finance the acquisition of various properties within the Township for the purpose of preserving open space. The final maturity of the bonds is February 15, 2028.

General Obligation Refunding Bonds, Series 2014 - On April 17, 2014, the Township issued \$8,181,000.00 in general obligation bonds, with interest rates ranging from 2.00% to 4.00%. The bonds were issued for the purpose of financing the cost of various capital improvements. The final maturity of the bonds is March 1, 2042.

General Obligation Refunding Bonds, Series 2016 - On June 1, 2016, the Township issued \$6,010,000.00 in general obligation bonds, with interest rates ranging from 1.00% to 3.00%. The bonds were issued for the purpose of financing the cost of various capital improvements. The final maturity of the bonds is March 1, 2041.

**Note 11: CAPITAL DEBT (CONT'D)**

**Burlington County Bridge Commission – Guaranteed Pooled Loan Revenue Refunding Bonds**

On March 11, 2013, the Township entered into a guaranteed pooled loan agreement with the Burlington County Bridge Commission with interest rates ranging from 2.00% to 5.00%. The proceeds were used to advance refund a 2004 loan with the Burlington County Bridge Commission. The final maturity of the loan is December 1, 2024.

**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,120,000.00	\$ 556,793.78	\$ 1,676,793.78
2019	1,150,000.00	523,206.28	1,673,206.28
2020	1,180,000.00	486,868.78	1,666,868.78
2021	1,215,000.00	448,856.28	1,663,856.28
2022	1,250,000.00	409,306.28	1,659,306.28
2023-2027	6,000,000.00	1,440,056.31	7,440,056.31
2028-2032	2,720,000.00	796,309.39	3,516,309.39
2033-2037	1,800,000.00	436,750.00	2,236,750.00
2038-2042	1,585,000.00	157,925.00	1,742,925.00
	<u>\$ 18,020,000.00</u>	<u>\$ 5,256,072.10</u>	<u>\$ 23,276,072.10</u>

**Summary of Debt**

The following schedule represents the Township's summary of debt for the current and two previous years:

<b>Issued</b>	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
General:			
Bonds and Notes	\$ 18,020,000.00	\$ 19,623,000.00	\$ 15,345,000.00
<b>Authorized and Not Issued</b>			
General:			
Bonds and Notes	<u>10,390,905.00</u>	<u>7,720,405.00</u>	<u>7,730,405.00</u>
Total Issued and Authorized and Not Issued	28,410,905.00	27,343,405.00	23,075,405.00
<b>Deductions</b>			
Funds Temporarily Held to Pay Bonds and Notes	<u>3,275,869.79</u>	<u>2,806,201.79</u>	<u>2,962,161.79</u>
Net Debt	<u>\$ 25,135,035.21</u>	<u>\$ 24,537,203.21</u>	<u>\$ 20,113,243.21</u>

**Note 11: CAPITAL DEBT (CONT'D)**

**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 indicated a statutory net debt of 1.901%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District	\$ 24,980,495.58	\$ 24,980,495.58	
General	28,410,905.00	3,275,869.79	\$ 25,135,035.21
	<u>\$ 53,391,400.58</u>	<u>\$ 28,256,365.37</u>	<u>\$ 25,135,035.21</u>

Net Debt \$25,135,035.21 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$1,321,884,988.33 equals 1.901%.

3.5% of Equalized Valuation Basis (Municipal)	\$ 46,265,974.59
Net Debt	<u>25,135,035.21</u>
Remaining Borrowing Power	<u>\$ 21,130,939.38</u>

The revised Annual Debt Statement should be filed by the Chief Financial Officer.

**Note 12: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The Township maintains commercial insurance coverage for property, liability, vehicle, surety bonds, etc.

**New Jersey Unemployment Compensation Insurance** - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Prior Year Refunds</u>	<u>Expenses Paid</u>	<u>Ending Balance</u>
2017		\$ 6,735.77		\$ 1,757.06	\$ 73,263.87
2016	\$ 5,000.00	6,481.56	\$24,344.93	1,035.50	68,285.16
2015	17,500.00	6,571.99		23,489.74	33,494.17

**Note 12: RISK MANAGEMENT (CONT'D)**

**Joint Insurance Pool** - The Township is a member of several joint insurance funds. The Township maintains the following funds and coverage:

Statewide Excess Liability Fund – Umbrella Liability Coverage  
Statewide Workers' Compensation Fund – Workers' Compensation Coverage

Contributions to the Fund, including a reserve for contingencies, are payable in various installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Funds publish their own financial reports for the year ended December 31, 2017, which can be obtained from:

Burlington County Municipal Joint Insurance Fund  
6000 Sagemore Drive, Suite 6203  
Marlton, New Jersey 08053

**Note 13: 1986 SERVICE CONTRACT**

The Township entered into a service contract with the Bordentown Sewerage Authority and the City of Bordentown. Under the 1986 Service Contract, should certain items of expense exceed certain items of receipts during any fiscal year, then upon certification by the Authority to the City and Township not later than January 15, next succeeding the completion of such fiscal year of the amount of such excess, each municipality is obligated to pay to the Authority its proportionate share of such excess in an amount to be computed in accordance with the 1986 Service Contract.

At any time after five years from the date of the 1986 Service Contract, and after the payment in full of all obligations of the Authority, including all outstanding bonds, the 1986 Service Contract, upon two years notice to the Authority and to each of the municipalities, may be terminated by the Authority or either municipality.

**Note 14: OPEN SPACE PRESERVATION TRUST**

On November 2, 1999, pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township authorized the establishment of the Township of Bordentown Open Space Preservation Trust Fund effective January 1, 2000, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of open space. As a result, the Township levies a tax not to exceed three cents per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a trust fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township of Bordentown Open Space Preservation Trust Fund.

**Note 15: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Township expects such amount, if any, to be immaterial.

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

**Note 16: CONCENTRATIONS**

The Township depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Township is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**Note 17: RESTATEMENT**

Because of a correction of an error related to the addition of assets to the general fixed asset group of accounts during the year ended December 31, 2016, the beginning balance as of December 31, 2016 has been restated.

The effect on the financial statements as reported for December 31, 2016 is as follows:

	As Previously Reported Balance <u>Dec. 31, 2016</u>	<u>Restatement</u>	As Restated Balance <u>Dec. 31, 2016</u>
General Fixed Assets:			
Land	\$ 9,645,000.00		\$ 9,645,000.00
Buildings	4,778,400.00		4,778,400.00
Equipment & Vehicles	4,057,207.00	\$ 116,659.00	4,173,866.00
Total General Fixed Assets	\$ 18,480,607.00	\$ 116,659.00	\$ 18,597,266.00
Total Investment in General Fixed Assets	\$18,480,607.00	\$ 116,659.00	\$18,597,266.00

**Note 18: SUBSEQUENT EVENTS**

**Tax Appeals** - As of December 31, 2017, several tax appeals were on file against the Township. Based upon information provided by the tax assessor, if such appeals are not settled in favor of the Township, the estimated impact of the tax refunds could be material.

**Authorization of Debt** - Subsequent to December 31, the Township authorized additional bonds and notes as follows:

<u>Ordinance</u>	<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
2018-14	Various Capital Improvements	5/7/2018	\$ 3,990,000.00
2018-15	Improvements within the Waterfront Village Redevelopment Area	5/7/2018	6,650,000.00

## **APPENDIX C**

### **Form of Bond Counsel's Opinion**

*The proposed form of the legal opinion of Saul Ewing Arnstein & Lehr LLP, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds referred to therein and may vary from the form to reflect circumstances both factual and legal at the time of delivery.*

\_\_\_\_\_, 2018

Mayor and Township Committee  
Township of Bordentown  
1 Municipal Drive  
Bordentown, NJ 08505

Re: Township of Bordentown  
\$ \_\_\_\_\_ General Obligation Bonds, Series 2018

To the Mayor and Committee Members,

The Township of Bordentown, in the County of Burlington, New Jersey (the “Township”), has authorized the issuance of \$ \_\_\_\_\_ aggregate principal amount of General Obligation Bonds, Series 2018 (the “Bonds”). The Bonds are dated their date of issuance, and bear interest, mature and are subject to redemption at the times, in the manner and upon the terms set forth in the Bonds.

The Bonds are issued pursuant to (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended (the “Local Bond Law”), (ii) certain Bond Ordinances of the Township as set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Township Committee of the Township and published in accordance with the requirements of the Local Bond Law (collectively, the “Ordinances”), (iii) a resolution adopted by the Township Committee of the Township on June 25, 2018 (the “Resolution”), and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township in connection with the sale of the Bonds. The Bonds are issued for the purpose of providing funds for and towards the costs of various general capital improvements and the costs and expenses of issuing the Bonds.

As Bond Counsel to the Township, we have examined the proceedings relating to the authorization and issuance of the Bonds, including, among other things: (a) certified copies of the Ordinances and the Resolution; (b) a certificate of Eileen Fahey, Esq., Solicitor to the Township; and (c) certificates of Township officials as to material factual matters, including a certificate of the Township pursuant to the federal income tax laws and regulations applicable to the Bonds.



Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

From our examination of the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Township, enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency or other similar laws or equitable principles affecting the rights and remedies of creditors.

2. The Township has pledged its full faith and credit for the punctual payment of the principal of and interest on the Bonds and, unless paid from other sources, such principal and interest is payable from *ad valorem* taxes levied upon all taxable property within the Township without limitation as to rate or amount.

3. Under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale thereof are not includible in gross income of the holders thereof.

4. Interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings, and court decisions. The opinion set forth in the preceding sentence is subject to the condition that the Township comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excluded from gross income for purposes of federal income taxation. Failure to comply with certain of such requirements could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. The Township has covenanted to comply with all such requirements. Interest on the Bonds is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the individual alternative minimum tax; however, under the Code, during tax years beginning before January 1, 2018, to the extent that interest on the Bonds is a component of a corporate holder's "adjusted current earnings," a portion of that interest may be subject to the corporate alternative minimum tax. We express no opinion regarding other federal tax consequences relating to the Bonds or the receipt of interest thereon.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

## **APPENDIX D**

### **Form of Continuing Disclosure Agreement**

**TOWNSHIP OF BORDENTOWN  
IN THE COUNTY OF BURLINGTON, NEW JERSEY  
\$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES 2018**

**CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Township of Bordentown, in the County of Burlington, New Jersey (the “Issuer”) in connection with the issuance by the Issuer of \$ \_\_\_\_\_ principal amount of its General Obligation Bonds, Series 2018 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. Unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

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

“Bondholder” shall mean any person who is the registered owner of any Bond, including Beneficial Owners of in the Bonds.

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

“EMMA” shall mean the Electronic Municipal Market Access System maintained by the MSRB at <http://emma.msrb.org/>, which serves as the sole nationally recognized municipal securities information repository under the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor organization.

“Repository” shall mean each nationally recognized municipal securities information

repository under the Rule. **As of the date hereof, the Securities and Exchange Commission has appointed the MSRB through EMMA to act as the sole Repository.** Any information filed in connection with this Disclosure Agreement shall be filed with EMMA at <http://emma.msrb.org/>, and any future Repository as may be required under the Rule.

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

“Rule” shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of New Jersey.

### SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Issuer’s fiscal year, commencing with the report for the fiscal year ending December 31, 2018, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Prior to the date specified in subsection (a) for providing the Annual Report, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

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

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

audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. The financial information and operating data set forth in the Official Statement dated \_\_\_\_\_, 2018 prepared in connection with the sale of the Bonds under the following captions: “Ten Largest Taxpayers,” “Current Tax Collections,” “Delinquent Taxes,” “Tax Title Liens,” “Net Assessed Valuations and Annual Tax Rates,” “Ratio of Assessed Valuation to True Value and True Value Per Capita,” “Real Property Classification,” “Statement of Indebtedness,” “Debt Ratios and Valuations” and “Township Borrowing Capacity”.

SECTION 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (“Listed Events”) with respect to the Bonds, as applicable:

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 rights of Bondholders, if material;
8. Bond calls (excluding mandatory sinking fund redemption), if material, or tender offers;
9. defeasances.
10. release, substitution or sale of property securing repayment of the Bonds;
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 Issuer shall within ten (10) Business Days of the occurrence of any of the Listed Events, provide notice to the Repository or, if a Dissemination Agent is appointed, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of any of the Listed Events specified in clauses (2), (7), (8), (10), (13), or (14) of subsection (a) of this Section 5, the Issuer may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the Issuer's obligation to provide, notification of the occurrence of any of the Listed Events which are material.

(c) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the 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 Issuer.

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

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

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

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a

change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

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

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer 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 Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no 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 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default on the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers,

directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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



This Disclosure Agreement is executed and delivered by the Issuer as of \_\_\_\_\_, 2018.

TOWNSHIP OF BORDENTOWN, IN THE  
COUNTY OF BURLINGTON, NEW JERSEY

By: \_\_\_\_\_  
Jeffrey Elsasser  
Chief Financial Officer

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: TOWNSHIP OF BORDENTOWN, IN THE  
COUNTY OF BURLINGTON, NEW JERSEY

Name of Bond Issue: GENERAL OBLIGATION BONDS, SERIES 2018

Date of Issuance: \_\_\_\_\_, 2018

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Agreement dated \_\_\_\_\_, 2018. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated:

TOWNSHIP OF BORDENTOWN, IN THE  
COUNTY OF BURLINGTON, NEW JERSEY

By: \_\_\_\_\_