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**NEW ISSUE
(Book-Entry Only)**

NOT RATED

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 6, 2018

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Borough of Collingswood, County of Camden, New Jersey ("Borough") with certain tax covenants described herein, under existing law, interest on the Notes (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as previously amended, and as further amended pursuant to Public Law 115-97 ("Tax Cuts and Jobs Act"), signed into law on December 22, 2017 (as amended, the "Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and, for tax years beginning prior to January 1, 2018, corporations pursuant to Section 55 of the Code. In the case of certain corporations that own the Notes with tax years beginning prior to January 1, 2018, the interest thereon is not excludable in computing the alternative minimum tax as a result of the inclusion of interest on the Notes in "adjusted current earnings". For tax years beginning on and after January 1, 2018, the Tax Cuts and Jobs Act has repealed the alternative minimum tax for corporations. In addition, interest on the Notes may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Notes and any gain from the sale thereof is not includable in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.

\$7,828,000

**THE BOROUGH OF COLLINGSWOOD
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2018, SERIES A
(Non-Callable) (Bank Qualified)**

Coupon: ____%

Yield: ____%

Dated: Date of Delivery

Due: March 20, 2019

The \$7,828,000 principal amount of Bond Anticipation Notes of 2018, Series A ("Notes"), of the Borough of Collingswood, in the County of Camden, New Jersey ("Borough"), shall be issued in fully registered book-entry-only form without coupons. The principal of the Notes shall be paid upon the maturity thereof upon presentation and surrender of the Notes at the offices of the Borough. Interest on the Notes will be payable at maturity. The Notes are not subject to redemption prior to their stated maturity date.

Upon initial issuance, the Notes 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 Notes. So long as Cede & Co. is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the Borough or its hereafter designated paying agent, if any, directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as herein defined) which will, in turn, remit such payments to the Beneficial Owners (as herein defined) of the Notes. Purchasers will not receive certificates representing their ownership interest in the Notes purchased. For so long as any purchaser is a Beneficial Owner of a Note, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participants to receive payment of the principal of and interest on such Note.

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law; (ii) bond ordinances 1564, 1589, 1590, 1591, 1605, 1607, 1608 and 1621, each duly and finally adopted by the Board of Commissioners of the Borough and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Borough on March __, 2018.

The Notes are being issued to: (i) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized but not issued; and (ii) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Borough.

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

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

The Notes are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Borough by its Solicitor, Joseph M. Nardi, III, Esq., of the law firm of Brown & Connery, LLP, Westmont, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey has acted as Municipal Advisor to the Borough in connection with the issuance of the Notes. It is anticipated that the Notes in definitive form will be available for delivery through DTC in New York, New York on or about March 21, 2018.

**ELECTRONIC SUBMISSIONS FOR THE BOND ANTICIPATION NOTES WILL BE RECEIVED VIA
FACSIMILE AND PARITY UNTIL 11:00 A.M. ON MARCH 13, 2018.
FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,
VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM**

**BOROUGH OF COLLINGSWOOD
COUNTY OF CAMDEN, NEW JERSEY**

Board of Commissioners

M. James Maley, Jr., Mayor
Joan Leonard, Commissioner
Robert Lewandowski, Commissioner

Borough Administrator

Keith Hastings

Chief Financial Officer

Elizabeth Pigliacelli

Borough Clerk

Holly Mannel

Solicitor

Joseph M. Nardi, III, Esq.
Brown & Connery, LLP
Westmont, New Jersey

Auditor

Petroni & Associates, LLC
Glassboro, New Jersey

Bond Counsel

Parker McCay P.A.
Mount Laurel, New Jersey

Municipal Advisor

Phoenix Advisors, LLC
Bordentown, New Jersey

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

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the office of the Clerk of the Borough during normal business hours.

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

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

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

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

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OFFICIAL STATEMENT

RELATING TO

\$7,828,000

THE BOROUGH OF COLLINGSWOOD
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2018, SERIES A
(Non-Callable) (Bank Qualified)

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 of \$7,828,000 principal amount of Bond Anticipation Notes of 2018, Series A ("Notes"), by the Borough of Collingswood, in the County of Camden, New Jersey ("Borough").

The information contained herein relating to the Borough was furnished by the Borough unless otherwise indicated.

AUTHORIZATION FOR THE NOTES

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law; (ii) bond ordinances 1564, 1589, 1590, 1591, 1605, 1607, 1608 and 1621, each duly and finally adopted by the Board of Commissioners of the Borough and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Borough on March __, 2018.

PURPOSE OF THE NOTES

The Notes are being issued to: (i) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized but not issued; and (ii) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Borough.

The improvements and items to be financed with the proceeds of the Notes include the following:

NOTES

<u>Bond Ordinance</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Notes Outstanding</u>	<u>2018 Notes To be Issued</u>
2015-1564	Renovations and Repairs to Roberts Pool Park	\$1,615,000	\$1,555,000	\$1,455,000
2016-1589	Various General Improvements	808,925	646,500	484,500
2016-1590	Various Water Utility Renovations	1,400,000	1,360,000	1,290,000
2016-1591	Various Sewer Improvements	530,000	355,000	180,000
2016-1607	Supplemental Funding – RP & Roads	1,168,500	1,168,500	1,068,500

<u>Bond Ordinance</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Notes Outstanding</u>	<u>2018 Notes To be Issued</u>
2016-1608	Supplemental Funding – Water	2,300,000	2,300,000	2,100,000
2016-1605	Abandoned Properties	750,000	750,000	500,000
2017-1621	Public Safety Building	<u>1,000,000</u>	<u>0</u>	<u>750,000</u>
TOTAL		<u>\$9,572,425</u>	<u>\$8,135,000</u>	<u>\$7,828,000</u>

DESCRIPTION OF THE NOTES

General Description

The Notes will be issued in the principal amount of \$7,828,000, will be dated the date of delivery thereof and will bear interest from that date at the rate of interest set forth on the inside front cover page hereof. Interest on the Notes will be payable at maturity, upon presentation and surrender of the Notes, at the offices of the Borough. The Notes will mature on March 20, 2019.

The Notes will be issued in fully registered book-entry only form without coupons in principal denominations of \$5,000 or greater. The principal of the Notes will be payable to the registered owners thereof at maturity, upon presentation and surrender of the Notes at the offices of the Borough.

So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made directly to Cede & Co., as nominee for DTC. Disbursements of such payments to the DTC Participants ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the Notes is the responsibility of the DTC Participants and not the Borough. See "DESCRIPTION OF THE NOTES--Book-Entry Only System" herein.

Redemption Provisions

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

Book-Entry Only System*

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

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the

* Source: The Depository Trust Company

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 Note certificate will be issued for the single maturity of the Notes in the principal amount of such issue, 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.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough, or its hereinafter designated paying agent, if any, 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Borough or its hereinafter designated paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

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

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

NEITHER THE BOROUGH NOR ITS HEREINAFTER DESIGNATED PAYING AGENT, IF ANY, WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE

DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

Discontinuance of Book-Entry Only System

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the Notes, the following provisions would apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes, respectively, in other authorized denominations, of the same maturity, upon surrender thereof at the offices of the Borough, or any hereinafter designated paying agent, if any; (ii) the transfer of any Notes may be registered on the books maintained by the Borough, or its hereinafter designated paying agent, if any, for such purpose only upon the surrender thereof to the Borough, or its hereinafter designated paying agent, if any, together with the duly executed assignment in form satisfactory to the Borough, or its hereinafter designated paying agent, if any; and (iii) for every exchange or registration of transfer of Notes, the Borough, or its hereinafter designated paying agent, if any, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes. Interest on the Notes will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

SECURITY AND SOURCES OF PAYMENT FOR THE NOTES

Taxing Power

The Notes are legal, valid and binding general obligations of the Borough and the full faith, credit and taxing power of the Borough are irrevocably pledged for the payment, from *ad valorem* taxes to be levied upon all taxable real property located within the Borough without limitation as to rate or amount, for the payment of the principal of and interest on the Notes, except to the extent that enforcement of such payment may be limited by bankruptcy, insolvency or other similar laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations"). See "CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT-local bond law" herein.

The Borough may pledge only its own credit and taxing power in respect of the Notes and has no power to pledge the credit of taxing power of the State of New Jersey ("State") or any other political subdivision thereof, nor shall the Notes be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of, redemption price for, or interest on the Notes.

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

Local Bond Law

General - The Local Bond Law governs the issuance of 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 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 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 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 Borough 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 Borough 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 Borough, including the issuance of the Notes, will not exceed its three and one-half percent (3.5%) debt limit.

Exceptions to Debt Limits – Extensions of Credit - The Borough may exceed its debt limit with the approval of the New Jersey Department of Community Affairs, Division of Local Government Services, Local Finance Board ("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 Borough 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 Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval may be granted.

In addition, debt in excess of the statutory limit may be issued by the Borough to fund certain notes, to provide for purposes in an amount not exceeding two-thirds (2/3) of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing – When approved by bond ordinance, the Borough 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 paying, funding or 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 the refunding bonds.

Local Fiscal Affairs Law

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

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

An independent examination of the Borough's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the 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, 2016 is on file with the Borough 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. The Audit for the year ended December 31, 2016 is on file with the Borough Clerk and is available for review during business hours.

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, most recently on July 13, 2010. 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 Borough to levy ad valorem taxes upon all taxable real property within the Borough to pay debt service on the Notes. 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 (S-29R1), which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

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

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

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 Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." 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 and county taxes of the current fiscal year. The reserve requirement is calculated as follows:

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

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.

Utility Budget

The Borough's public sewer utility, water utility and parking utility are supported, in addition to the general taxing power upon real property, by the revenues generated by the operation of each such utility. A separate budget is established for each utility. The anticipated revenues and appropriations for each utility are set forth in such separate budget, which is required to be balanced and to fully provide for debt service. The regulations regarding anticipation of revenue and deferral of charges apply equally to the budget of each utility. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Related Constitutional and Statutory Provisions

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

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

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

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

Rights and Remedies of Owners of Notes

The 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 (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.

Limitation of Remedies Under Federal Bankruptcy Code

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

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

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

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO SUCH DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PARTICULAR DOCUMENT, THE FULL TEXT OF WHICH MAY CONTAIN QUALIFICATIONS OF AND EXCEPTIONS TO STATEMENTS MADE HEREIN.

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. 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 Borough was in 2007, effective for the 2008 tax year.

Upon the filing of certified adopted budgets by the Borough and the County of Camden ("County"), the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the

assessment of property, levying of taxes and the collection thereof are set forth in *N.J.S.A. 54:4-1 et seq.* Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. The Borough adopted Chapter 99 of the tax sale statute which allows the Borough to annually hold an accelerated tax sale for current year delinquencies inclusive of the 3rd and 4th quarters. Tax liens retained by the Borough are periodically assigned to the Borough 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 BOROUGH OF COLLINGSWOOD

General

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

Financial

Appendix "B" to this Official Statement contains audited financial statements of the Borough for the year ended December 31, 2016. Copies of the complete Reports of Audit may be obtained upon request to the office of the Chief Financial Officer.

LITIGATION

Upon delivery of the Notes, the Borough shall furnish an opinion of its solicitor, Joseph M. Nardi, III, Esq., of the law firm of Brown & Connery, LLP, Westmont, New Jersey ("Solicitor"), dated the date of delivery of the Notes, to the effect that there is no litigation of any nature, pending or threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. In addition, such opinion shall state that there is no litigation of any nature now pending or threatened by or

against the Borough wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the Borough or adversely affect the power to levy, collect and enforce the collection of taxes and other revenues for the payment of the Notes, which has not been otherwise disclosed in this Official Statement.

LEGAL MATTERS

All legal matters incident to the authorization, the issuance, sale and delivery of the Notes are subject to the approval of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel ("Bond Counsel") to the Borough, whose approving legal opinion will be delivered with the Notes substantially in the form set forth in Appendix "C" hereto. Certain legal matters will be passed upon for the Borough by its Solicitor.

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

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

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, assuming continuing compliance by the Borough with the tax covenants described below, under existing law, interest on the Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as previously amended, and as further amended pursuant to Public Law 115-97 ("Tax Cuts and Jobs Act"), signed into law on December 22, 2017 (as amended, the "Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and, for tax years beginning prior to January 1, 2018, corporations pursuant to Section 55 of the Code.

For tax years beginning on and after January 1, 2018, the Tax Cuts and Jobs Act has repealed the alternative minimum tax for corporations. However, for tax years beginning prior to January 1, 2018, the adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).

For certain corporations with tax years beginning prior to January 1, 2018, interest on tax-exempt obligations, including the Notes, is not excludable in calculating "adjusted current earnings" of those corporations. Accordingly, a portion of the interest on the Notes received or accrued by corporations with tax years beginning prior to January 1, 2018 that own the Notes is included in computing such corporation's alternative minimum taxable income for such year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering its opinion, Bond Counsel has relied on the Borough's covenants contained in the Bond Ordinances, the Note Ordinances, and in the Certificate as to Non-Arbitrage and Other Tax Matters, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Notes and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Borough to comply with such covenants could result in the interest on the Notes being subject to federal income tax from the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Notes that may affect the tax-exempt status of the interest on the Notes.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Notes will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by Banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Borough has designated the Notes as "qualified tax-exempt obligations"

for the purposes of Section 265(b)(1) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the Notes should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

New Jersey

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

Changes in Federal and State Tax Law

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

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

RATINGS

The Notes are not rated.

UNDERWRITING

The Notes have been purchased from the Borough at a public sale by _____, as underwriter ("Underwriter") pursuant to a Certificate of Determination and Award, dated March __, 2018. The Underwriter has purchased the Notes in accordance with the Notice of Sale. The Notes are being offered for sale at the yield set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Notes if any of the Notes are purchased.

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

PREPARATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm the same, by certificates signed by various Borough officials.

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

Phoenix Advisors, LLC compiled this Official Statement from information obtained from the Borough and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto.

Parker McCay P.A. has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

Petroni & Associates, LLC only takes responsibility for the financial statements, appearing in Appendix "B" hereto.

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 or notes of the Borough, including the Notes, and such Notes are authorized security for any and all public deposits.

CONTINUING DISCLOSURE

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

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

The Borough previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) operating data for the fiscal years ending December 31, 2012; (ii) audited financial information for the fiscal year ending December 31, 2012; (iii) annual budgeted information for the fiscal years ending December 31, 2013. Additionally, the Borough acknowledges that it previously failed to file material event notices and late filing notices in connection with its timely filings of (i) audited financial information; (ii) operating data; (iii) annual budgeted information; and (iv) certain rating changes. Such notices of material events and late filings have since been filed on EMMA. In order to ensure timely compliance with its continuing disclosure requirements on an ongoing basis, the Borough appointed Phoenix Advisors, LLC in March of 2014 to serve as continuing disclosure agent.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Borough with respect to the issuance of the Notes ("Municipal Advisor"). This Official Statement has been prepared with the assistance of the Municipal Advisor. Certain information set forth herein has been obtained from the Borough 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. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

NO DEFAULT

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Elizabeth Pigliacelli, Chief Financial Officer at (856) 854-0720 or the Borough's Municipal Advisor, Phoenix Advisors, LLC, (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 Notes.

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 Borough.

**THE BOROUGH OF COLLINGSWOOD,
IN CAMDEN COUNTY, NEW JERSEY**

By: _____
ELIZABETH PIGLIACELLI, Chief Financial Officer

Dated: March __, 2018

APPENDIX A

**CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION
REGARDING THE BOROUGH OF COLLINGSWOOD**

INFORMATION REGARDING THE BOROUGH

The following material presents certain economic and demographic information of the Borough of Collingswood (the “Borough”), in the County of Camden (the “County”), State of New Jersey (the “State”).

General Information

The area now encompassed by the Borough was originally settled in 1682 in what was then known as Newton Township. Haddon Township, created from Newton Township on February 23, 1865, included all territory within the present Borough of Haddonfield, Collingswood, Audubon, Oaklyn, Woodlynne, part of Haddon Heights and most of the Fairview section of Camden.

On May 22, 1888, the Borough of Collingwood was incorporated from a part of Haddon Township.

Hospitals

Medical treatment is available to Borough residents at Cooper Medical Center or Our Lady of Lourdes Medical Center, both of which are located in Camden, as well as West Jersey Hospital in Camden and Voorhees and John F. Kennedy Hospital in Stratford.

Transportation

The Borough of Collingswood is within minutes of many major freeways. Haddon Avenue intersects with U.S. Route 130 which provides connections to the Blackhorse Pike (Route 168), Interstate Route 76 (west via Walt Whitman Bridge to Philadelphia and Philadelphia International Airport), Interstate Route 676 (north via Ben Franklin Bridge to center city Philadelphia) and Interstate Route 295. Cuthbert Boulevard, which serves as an eastern boundary of the Borough, connects directly to State Highways 70 and 38.

Commuter transportation service to Philadelphia is available via the Collingswood and Westmont stations of the PATCO high speed passenger rail line and New Jersey Transit bus service along Route 168.

Water and Sewer Service

The Borough of Collingswood Water Department is responsible for water supply in the Borough and parts of the Township of Haddon (610 accounts) and also the Borough of Woodlynne. Water customers are billed on a quarterly basis. The Borough draws its water from seven (7) wells in operation throughout the Borough with an average capacity of 2.2 million gallon per day.

The Borough of Collingswood Sewer Department is responsible for sewage collection and maintenance of mains in the Borough of Collingswood. Collingswood residents receive a combined Water/Sewer bill on a quarterly basis.

Both the water and sewer utilities are operated on a self-liquidating basis at the present time.

Retirement Systems

All full-time permanent or qualified Borough 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 Borough is enrolled in the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS").

Pension Information

Employees, who are eligible to participate in a pension plan, are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations.

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Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough</u>				
2016	8,028	7,697	331	4.1%
2015	7,973	7,607	366	4.6%
2014	7,888	7,420	468	5.9%
2013	7,903	7,363	540	6.8%
2012	8,060	7,377	683	8.5%
<u>County</u>				
2016	255,629	241,640	13,989	5.5%
2015	255,354	239,308	16,046	6.3%
2014	252,870	233,430	19,440	7.7%
2013	258,486	234,463	24,023	9.3%
2012	262,503	234,424	28,079	10.7%
<u>State</u>				
2016	4,524,262	4,299,923	224,315	5.0%
2015	4,545,083	4,291,650	253,417	5.6%
2014	4,518,715	4,218,423	300,277	6.6%
2013	4,537,800	4,166,000	371,800	8.2%
2012	4,595,500	4,159,300	436,200	9.5%

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

Income (as of 2010)

	<u>Borough</u>	<u>County</u>	<u>State</u>
Median Household Income	\$58,769	\$60,976	\$71,180
Median Family Income	74,236	74,385	86,779
Per Capita Income	34,126	29,478	35,768

Source: US Bureau of the Census 2010

Population

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

<u>Year</u>	<u>Borough</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2010	13,926	-2.79%	513,657	0.93%	8,791,894	4.49%
2000	14,326	-6.30	508,932	1.21	8,414,350	8.85
1990	15,289	-3.47	502,824	6.61	7,730,188	4.96
1980	15,838	-9.09	471,650	3.37	7,365,001	2.75
1970	17,422	0.30	456,291	16.39	7,168,164	18.15

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2017 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Cooper River Manor Investors	\$9,818,200	0.92%
Collingswood Assoc.	3,624,100	0.34%
Parkview Urban Renewal LLC	3,384,000	0.32%
Flaum Prop. Co.	3,325,000	0.31%
ACE Partnership	3,300,000	0.31%
900 Haddon Avenue LLC	3,057,400	0.29%
Crestwood Associates	2,751,000	0.26%
Aldi, Inc.	2,300,000	0.22%
New Jersey Bell Telephone	1,990,000	0.19%
I nter Brotherhood Teamsters	<u>1,977,400</u>	<u>0.19%</u>
Total	<u>\$35,527,100</u>	<u>3.34%</u>

Source: School District CAFR & Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2016	\$35,805,966	\$35,703,497	99.71%
2015	34,763,390	34,657,340	99.69%
2014	33,962,202	33,817,374	99.57%
2013	33,458,433	33,264,043	99.42%
2012	32,661,992	32,490,666	99.48%

Source: Annual Audit Reports of the Borough

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2016	\$60,778	\$13,399	\$74,178	0.21%
2015	45,848	10,689	56,537	0.16%
2014	45,954	8,163	54,117	0.16%
2013	33,247	27,890	61,137	0.18%
2012	38,742	1,114	39,856	0.12%

Source: Annual Audit Reports of the Borough

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2016	\$79,975
2015	79,975
2014	79,975
2013	79,975
2012	79,975

Source: Annual Audit Reports of the Borough

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

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

<u>Year</u>	<u>Municipal</u>	<u>County Open Space</u>	<u>Municipal Library</u>	<u>Local School</u>	<u>Special Improvement</u>	<u>County</u>	<u>Total</u>
2017	\$0.993	\$0.021	\$0.033	\$1.559	\$0.000	\$0.822	\$3.428
2016	0.981	0.020	0.033	1.506	0.181	0.799	3.520
2015	0.971	0.020	0.031	1.449	0.179	0.769	3.419
2014	0.937	0.019	0.032	1.408	0.174	0.753	3.323
2013	0.882	0.021	0.033	1.389	0.166	0.764	3.255

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2017	\$1,062,820,100	\$1,059,746,834	100.29%	\$0	\$1,059,746,834
2016	1,062,114,500	1,062,964,872	99.92	0	1,062,964,872
2015	1,064,532,900	1,010,760,444	105.32	0	1,010,760,444
2014	1,068,931,000	1,014,936,384	104.25	0	1,014,936,384
2013	1,074,507,800	1,030,702,926	100.23	0	1,030,702,926

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2017	\$8,048,800	\$911,172,900	\$0	\$107,323,600	\$0	\$37,747,200	\$1,064,292,500
2016	7,216,400	909,615,600	0	107,548,800	0	37,733,700	1,062,114,500
2015	7,696,400	909,569,100	0	109,533,700	0	37,733,700	1,064,532,900
2014	7,993,800	909,879,300	0	112,657,200	0	38,400,700	1,068,931,000
2013	8,313,700	913,740,100	0	114,053,300	0	38,400,700	1,074,507,800

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

Financial Operations

The following table summarizes budgeted information on changes in financial resources and fund balance for the last five (5) fiscal years for the Current Fund. This summary should be used in conjunction with the tables from which it is derived.

Budgeted Information of Operations and Changes in Fund Balances for the Years Ended December 31

<u>Anticipated Revenues</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Fund Balance	\$149,508	\$206,570	\$450,302	\$382,746	\$893,431
Miscellaneous Revenues	6,143,606	6,056,435	4,817,577	5,184,316	4,418,621
Receipts from Delinquent Taxes	20,000	20,000	15,000	15,000	10,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>9,842,425</u>	<u>10,355,275</u>	<u>10,675,148</u>	<u>10,772,800</u>	<u>10,911,900</u>
Total Revenue:	<u>\$16,155,539</u>	<u>\$16,638,280</u>	<u>\$15,958,027</u>	<u>\$16,354,862</u>	<u>\$16,233,952</u>
<u>Appropriations</u>					
General Appropriations	\$10,782,598	\$10,821,177	\$11,100,993	\$11,273,030	\$11,977,315
Operations	532,406	456,912	638,997	541,150	548,839
Deferred Charges and Statutory Expenditures	38,800	0	0	0	0
Transfer to School District	222,500	222,500	222,500	222,500	222,500
Capital Improvement Fund	225,000	225,000	375,000	300,000	300,000
Municipal Debt Service	4,176,930	4,709,514	3,470,831	3,908,480	3,079,660
Reserve for Uncollected Taxes	<u>177,306</u>	<u>203,177</u>	<u>149,705</u>	<u>109,702</u>	<u>105,638</u>
Total Appropriations:	<u>\$16,155,539</u>	<u>\$16,638,280</u>	<u>\$15,958,027</u>	<u>\$16,354,862</u>	<u>\$16,233,952</u>

Source: Annual Adopted Budgets of the Borough

Fund Balance

Current Fund

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

<u>Fund Balance - Current Fund</u>		
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016	\$3,657,286	\$893,431
2015	2,328,613	382,746
2014	1,810,879	450,302
2013	1,225,354	206,570
2012	884,812	149,508

Source: Annual Audit Reports of the Borough

Water Utility Fund

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

<u>Fund Balance - Water Utility Operating Fund</u>		
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016	\$630,365	\$62,853
2015	404,834	65,681
2014	56,766	24,309
2013	59,766	3,000
2012	70,616	38,000

Source: Annual Audit Reports of the Borough

Sewer Utility Fund

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

Fund Balance - Sewer Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016	\$632,553	\$79,832
2015	393,166	36,798
2014	249,831	92,000
2013	153,140	7,574
2012	115,734	25,000

Source: Annual Audit Reports of the Borough

Parking Utility Fund

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

Fund Balance - Parking Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016	\$257,525	88,000
2015	154,950	62,722
2014	218,150	63,200
2013	128,807	20,000
2012	170,307	41,500

Source: Annual Audit Reports of the Borough

Borough Indebtedness as of December 31, 2016

General Purpose Debt

Serial Bonds	\$22,673,000
Bond Anticipation Notes	2,423,000
Bonds and Notes Authorized but Not Issued	1,919,425
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$27,015,425

Local School District Debt

Serial Bonds	\$13,890,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$13,890,000

Self-Liquidating Debt

Serial Bonds	\$3,149,000
Bond Anticipation Notes	1,930,000
Bonds and Notes Authorized but Not Issued	2,300,000
Other Bonds, Notes and Loans	<u>2,120,154</u>
Total:	\$9,499,154

TOTAL GROSS DEBT

\$50,404,579

Less: Statutory Deductions

General Purpose Debt \$0

Local School District Debt 13,890,000

Self-Liquidating Debt 9,499,154

Total: \$23,389,154

TOTAL NET DEBT

\$27,015,425

Source: Annual Debt Statement of the Borough

Overlapping Debt (as of December 31, 2016)¹

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Borough Percentage</u>	<u>Borough Share</u>
Local School District	\$13,890,000	100.00%	\$13,890,000
County	437,189,420	2.84%	12,436,308
County Guaranteed*(2014)	727,270,757	2.84%	<u>20,687,973</u>
Net Indirect Debt			\$47,014,281
Net Direct Debt			<u>27,015,425</u>
Total Net Direct and Indirect Debt			<u>\$74,029,706</u>

Debt Limit

Average Equalized Valuation Basis (2014, 2015, 2016)	\$1,041,580,846
Permitted Debt Limitation (3 1/2%)	36,455,330
Less: Net Debt	<u>27,015,425</u>
Remaining Borrowing Power	<u>\$9,439,905</u>
Percentage of Net Debt to Average Equalized Valuation	2.59%
Gross Debt Per Capita based on 2010 population of 13,925	\$3,620
Net Debt Per Capita based on 2010 population of 13,925	\$1,940

Source: Annual Debt Statement of the Borough

¹ Borough percentage of County debt is based on the Borough's share of total equalized valuation in the County
*Incudes CCMUA and CCIA

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
OF THE BOROUGH OF COLLINGSWOOD**

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Board of Commissioners
Borough of Collingswood
678 Haddon Avenue
Collingswood, New Jersey 08108

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Borough of Collingswood, as of December 31, 2016 and 2015, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Collingswood on the basis of the financial reporting provisions prescribed by 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 New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion, on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Collingswood as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Collingswood's basic financial statements. The supplementary information listed in the table of contents and the schedule of state financial assistance as required by NJ OMB 15-08 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information listed in the table of contents and schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and

other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, and schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2017, on our consideration of the Borough of Collingswood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Collingswood's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

May 4, 2017

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Regular Fund:			
Cash - Treasurer	A-4	\$ 4,533,877.17	\$ 4,781,502.32
Change Fund		275.00	275.00
		<u>4,534,152.17</u>	<u>4,781,777.32</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	13,399.19	10,689.28
Tax Title Liens Receivable	A-7	60,778.47	45,847.55
Property Acquired for Taxes - Assessed Valuation	A-8	79,975.00	79,975.00
Revenue Accounts Receivable	A-9	11,775.37	10,448.70
Clean-up Charges Receivable		15,151.21	13,564.53
Mortgage Receivable		4,820.00	200,000.00
Due from Camden County Municipal Utilities Authority			292.55
Due from Federal and State Grant Fund			32,666.90
Due from Animal Control Trust Fund	B	0.37	0.23
Due from Tax Sale Trust Fund	B	207.92	208.98
Due from Trust Other	B	72.95	
Due from General Capital Fund	C	1,148.65	336.04
		<u>187,329.13</u>	<u>394,029.76</u>
Deferred Charges:			
Overexpenditure of Appropriation			1,539.19
		<u>4,721,481.30</u>	<u>5,177,346.27</u>
Federal and State Grant Fund:			
Cash - Treasurer	A-4	30,747.11	
Grants Receivable	A-5	697,658.27	605,556.84
		<u>728,405.38</u>	<u>605,556.84</u>
		<u>\$ 5,449,886.68</u>	<u>\$ 5,782,903.11</u>

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 519,410.93	\$ 1,224,605.75
Encumbrances Payable	A-11	79,282.36	124,612.10
Reserve for Maintenance of Free Public Library		116.74	116.74
Due State of New Jersey:			
Senior Citizen and Veterans Deductions	A-12	6,997.49	5,250.00
Construction DCA		2,042.00	2,446.00
Marriage License Fees/Burial Permits		500.00	171.00
Prepaid Taxes		188,342.22	175,490.20
Tax Overpayments		52,394.70	49,029.96
Due County for Added & Omitted Taxes	A-6	19,227.48	1,888.88
Overpaid Utilities Authority Payment			292.55
Special Improvement District Tax Payable		4,906.08	4,387.47
Reserve for Security Deposits		950.00	750.00
Due Trust Other			22,501.56
Reserve for Revenue - Unappropriated:			
Susan G. Komen The Cure Donations		1,299.00	1,299.00
Sale of Property Reserved for Debt Service		147.66	840,612.15
JIF Safety Awards		1,250.00	1,250.00
		<hr/>	<hr/>
		876,866.66	2,454,703.36
Reserve for Receivables		187,329.13	394,029.76
Fund Balance	A-1	3,657,285.51	2,328,613.15
		<hr/>	<hr/>
		4,721,481.30	5,177,346.27
Federal and State Grant Fund:			
Reserve for Grants - Appropriated	A-15	449,712.09	570,239.94
Reserve for Grants - Unappropriated			2,650.00
Encumbrances Payable	A-11	278,693.29	
Due Current Fund			32,666.90
		<hr/>	<hr/>
		728,405.38	605,556.84
		<hr/>	<hr/>
		\$ 5,449,886.68	\$ 5,782,903.11
		<hr/> <hr/>	<hr/> <hr/>

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS

Revenue and Other Income Realized	Ref.	Year 2016	Year 2015
Fund Balance Utilized	A-2	\$ 382,745.78	\$ 450,301.62
Miscellaneous Revenue Anticipated	A-2	5,767,910.54	7,290,295.92
Receipts from Delinquent Taxes	A-2	16,599.40	18,439.85
Receipts from Current Taxes	A-2	35,703,497.29	34,657,340.20
Non-Budget Revenue	A-2	266,013.16	69,569.24
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	995,442.91	549,981.61
Encumbrances Payable - Canceled	A-11	241.53	20,935.66
Interfund Loan Returned		32,959.64	13,257.61
Reserve for Grants Appropriated - Canceled	A-15	2,100.00	
Total Income		43,167,510.25	43,070,121.71
Expenditures			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	5,063,500.00	4,907,583.00
Other Expenses	A-3	5,047,095.24	5,005,054.31
Deferred Charges and Statutory:			
Expenditures - Municipal	A-3	1,162,434.14	1,158,645.28
Budget Appropriations Excluded from "CAPS":			
Operations:			
Salaries and Wages	A-3	15,000.00	15,000.00
Other Expenses	A-3	682,554.85	2,623,943.47
Capital Improvements	A-3	500,000.00	578,000.00
Debt Service	A-3	3,786,613.82	3,484,004.98
Transfer to Board of Education	A-3	222,500.00	222,500.00
County Taxes	A-6	8,483,142.50	8,182,233.24
County Open Space Taxes	A-6	209,766.51	203,324.91
Due County for Added Taxes	A-6	19,227.48	1,888.88
Local District School Tax	A-13	15,992,809.00	15,420,470.00
Special Improvement District Tax	A-6	264,318.57	264,767.67
Prior Year Deductions Disallowed	A-12	4,250.00	3,750.00
Interfund Loan Advanced		780.00	32,459.75
Grants Receivable Canceled	A-5	2,100.00	
Total Expenditures		41,456,092.11	42,103,625.49

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS

	Ref.	<u>Year 2016</u>	<u>Year 2015</u>
Excess in Revenue		1,711,418.14	966,496.22
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			1,539.19
Statutory Excess to Fund Balance		<u>1,711,418.14</u>	<u>968,035.41</u>
Fund Balance			
Balance January 1	A	<u>2,328,613.15</u>	<u>1,810,879.36</u>
		4,040,031.29	2,778,914.77
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>382,745.78</u>	<u>450,301.62</u>
Balance December 31	A	<u>\$ 3,657,285.51</u>	<u>\$ 2,328,613.15</u>

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Amended by NJSA 40A:4-87		
Surplus Anticipated	A-1	\$ 382,745.78		\$ 382,745.78	
Miscellaneous Revenues:					
Licenses:					
Other	A-9	1,500.00		2,189.00	\$ 689.00
Fees and Permits	A-9	45,000.00		36,672.79	(8,327.21)
Fines and Costs:					
Municipal Court	A-9	140,000.00		167,176.74	27,176.74
Interest and Costs on Taxes	A-9	80,000.00		87,535.98	7,535.98
Interest on Investments	A-9	10,000.00		21,350.16	11,350.16
Department of Recreation Fees	A-9	45,000.00		44,936.00	(64.00)
Fire Code Fees	A-9	70,000.00		76,226.00	6,226.00
Delaware River Port Authority	A-9	30,000.00		30,000.00	
Pool Tags	A-9	180,000.00		209,823.50	29,823.50
Rental Inspections	A-9	15,000.00		25,730.00	10,730.00
Resale Inspection Fees	A-9	6,000.00		11,050.00	5,050.00
Third Party Ambulance - Billing	A-9	345,000.00		364,330.90	19,330.90
Collingswood Ambulance Service	A-9	7,500.00		13,080.00	5,580.00
Housing Inspections	A-9	80,000.00		80,278.00	278.00
Senior Community Center Rents	A-9	90,000.00		99,017.50	9,017.50
Consolidated Municipal					
Property Tax Relief Act (NJSA 52:27D-118.34)	A-9	148,831.00		148,831.00	
Energy Receipts Tax	A-9	1,046,587.00		1,046,587.00	
Uniform Construction Code	A-9	150,000.00		163,362.50	13,362.50
Shared Services:					
Oaklyn - Construction	A-9	12,000.00		12,000.00	
Haddon - Fire Service	A-9	26,673.04		26,673.04	
Haddon - Fire Service - Arrears	A-9	26,884.84		26,884.84	
Oaklyn - Fire Code	A-9	3,000.00		3,000.00	
Cable Television Franchise Fee	A-9	94,450.11		94,450.11	
Telephone/Internet Franchise Fee	A-9	105,938.94		105,938.94	
Sale of Property	A	840,464.49		840,464.49	
Sewer Operating Surplus	A-9	70,000.00		70,000.00	
Parking Operating Surplus	A-9	70,000.00		70,000.00	
Payments in Lieu:					
Parkview Apartments	A-9	704,000.00		706,008.32	2,008.32
Methodist Home	A-9	45,847.00		45,847.00	
Collingswood Housing Authority	A-9	19,906.00		24,981.00	5,075.00
Lumberyard	A-9	134,050.00		179,189.44	45,139.44
Pewter Village	A-9	128,000.00		128,832.00	832.00
VOA	A-9	13,500.00		13,621.06	121.06
Zane School	A-9	8,741.82		8,741.80	(0.02)
Tedeschi	A-9	6,277.50		6,277.50	

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Amended by NJSA 40A:4-87		
Due from Scottish Rite	A-9	150,000.00		150,000.00	
Due from Collingswood Partners	A-9	110,000.00		135,883.60	25,883.60
Lease Payments:					
Catelli Parking	A-9	18,000.00		18,000.00	
Robert's Pool Concession Stand Sales	A-9	22,000.00		29,710.92	7,710.92
Due from Volunteer Fire Company	A-9	1,000.00		3,660.10	2,660.10
JIF Safety Awards	A-9	2,500.00		2,500.00	
Community Development Block Grant	A-5	42,100.00		42,100.00	
Bulletproof Vest Partnership	A-5		\$ 2,400.00	2,400.00	
New Jersey DOT Dayton Avenue	A-5		200,000.00	200,000.00	
Clean Communities Program	A-5		33,848.14	33,848.14	
Police Body Armor	A-5		2,504.97	2,504.97	
Drunk Driving Enforcement Fund	A-5		4,132.20	4,132.20	
Recycling Tonnage Grant	A-5	18,414.00		18,414.00	
Municipal Alliance	A-5	16,150.00		16,150.00	
FEMA Generator Grant	A-5		60,000.00	60,000.00	
Click It or Ticket	A-5	4,000.00	5,000.00	9,000.00	
Assistance to Firefighters	A-5		48,520.00	48,520.00	
Total Miscellaneous Revenues		5,184,315.74	356,405.31	5,767,910.54	227,189.49
Receipts from Delinquent Taxes	A-2	15,000.00		16,599.40	1,599.40
Amount to be Raised by Taxation	A-2	10,423,853.00		10,494,988.41	71,135.41
Minimum Library Tax	A-2	348,947.00		348,947.00	
Budget Totals		16,354,861.52	356,405.31	17,011,191.13	299,924.30
Non-Budget Revenue	A-2			266,013.16	
		\$ 16,354,861.52	\$ 356,405.31	\$ 17,277,204.29	
Ref.		A-3	A-3		

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-6	\$ 35,703,497.29
Allocated to:		
School, County and Special Improvement Taxes		24,969,264.06
Balance for Support of Municipal Budget Appropriation		<u>10,734,233.23</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	109,702.18
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 10,843,935.41</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-6	\$ 16,236.38
Tax Title Liens	A-7	363.02
	A-2	<u>\$ 16,599.40</u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Uniform Fire Safety Act	A-9	\$ 15,001.39
Recycled Newspapers	A-9	4,482.62
Conrail	A-9	300.00
Senior Citizen Administration Fee	A-9	1,820.00
DMV Inspection Fines	A-9	2,173.67
Clean up Charges	A-9	7,600.00
Compost Initiative	A-9	110.00
Miscellaneous Revenue	A-9	32,609.79
Restitution	A-9	1,042.00
Other Receipts	A-9	295.73
Other Refunds	A-9	173.75
Mortgage Receivable	A-9	200,000.00
Prior Year Refund	A-9	404.21
	A-2	<u>\$ 266,013.16</u>

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
GENERAL GOVERNMENT FUNCTIONS						
Administrator's Office						
Other Expenses	\$ 750.00	\$ 750.00	\$ 735.35		\$ 14.65	
Mayor and Commissioners						
Salaries and Wages	24,000.00	24,000.00	23,170.95		829.05	
Other Expenses	150.00	150.00	81.75		68.25	
Municipal Clerk						
Salaries and Wages	49,000.00	49,000.00	48,853.34		146.66	
Other Expenses:						
Printing and Advertising	22,000.00	22,000.00	20,961.61		1,038.39	
Stationery and Supplies	500.00	500.00	364.53	\$ 81.06	54.41	
Miscellaneous Other Expenses	2,500.00	2,500.00	2,448.18		51.82	
Elections						
Salaries and Wages	2,500.00	2,500.00	1,150.00		1,350.00	
Other Expenses	9,000.00	10,000.00	9,537.49	300.00	162.51	
Financial Administration						
Salaries and Wages	50,000.00	49,500.00	46,631.13		2,868.87	
Other Expenses	50,000.00	50,500.00	50,111.00		389.00	
Audit Services						
Other Expenses	20,500.00	27,500.00	27,375.00		125.00	
Collection of Taxes						
Salaries and Wages	5,600.00	5,600.00	5,447.52		152.48	
Other Expenses	18,600.00	18,600.00	14,647.44	100.00	3,852.56	
Assessment of Taxes						
Salaries and Wages	23,000.00	23,000.00	22,299.87		700.13	
Other Expenses	14,000.00	9,000.00	6,911.29		2,088.71	
Legal Services and Costs						
Other Expenses	115,000.00	315,000.00	286,144.62	2,763.25	26,092.13	
Engineering Services and Costs						
Other Expenses	50,000.00	45,000.00	31,720.25		13,279.75	
Community Development						
Salaries and Wages	35,000.00	35,000.00	31,071.63		3,928.37	
Other Expenses	27,500.00	37,500.00	26,973.20	6,600.00	3,926.80	
Historical Building - Knight Homestead						
Other Expenses	550.00	550.00	140.00		410.00	

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries and Wages	7,500.00	7,500.00	6,380.37		1,119.63	
Other Expenses	13,000.00	13,000.00	11,764.04		1,235.96	
Zoning Commission						
Salaries and Wages	22,000.00	22,000.00	20,018.99		1,981.01	
Other Expenses	10,000.00	10,000.00	9,443.07	145.21	411.72	
INSURANCE						
Liability Insurance	299,552.14	299,552.14	299,286.18		265.96	
Workers Compensation Insurance	231,523.73	231,523.73	231,523.73			
Group Insurance Plan for Employees	1,985,000.00	1,685,000.00	1,664,706.36		20,293.64	
Health Benefit Waiver	20,000.00	15,000.00	13,097.92		1,902.08	
PUBLIC SAFETY FUNCTIONS						
Police						
Salaries and Wages	2,415,000.00	2,415,000.00	2,402,502.96		12,497.04	
Other Expenses	89,500.00	84,500.00	60,565.60	1,189.00	22,745.40	
Police Car Lease	64,886.37	79,886.37	65,127.70	14,604.90	153.77	
Ambulance						
Other Expenses	43,000.00	42,000.00	34,178.38	7,678.58	143.04	
Emergency Management Services						
Other Expenses	10,000.00	7,000.00	6,976.80		23.20	
Fire						
Salaries and Wages	1,325,000.00	1,420,000.00	1,414,466.05		5,533.95	
Other Expenses	69,000.00	69,000.00	58,382.26	6,270.69	4,347.05	
Volunteer Fire Company						
Salaries and Wages	1,000.00	3,600.00	3,600.00			
Uniform Fire Safety Act (PL 1983, CH. 383):						
Fire Inspector						
Salaries and Wages	70,000.00	52,800.00	47,514.28		5,285.72	
Other Expenses	12,600.00	12,600.00	8,235.94	2,163.33	2,200.73	
Municipal Prosecutor						
Other Expenses	15,183.00	15,183.00	14,959.08		223.92	

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC WORKS FUNCTIONS						
Streets and Highways						
Salaries and Wages	200,000.00	230,000.00	210,492.68		19,507.32	
Other Expenses	18,500.00	18,500.00	14,436.42	786.48	3,277.10	
JIF Safety Equipment						
Other Expenses	2,000.00	2,000.00	10.00		1,990.00	
Storm Recovery						
Other Expenses	5,000.00	5,000.00	5,000.00			
Shade Tree Commission						
Other Expenses	35,000.00	35,100.00	15,317.05	19,700.00	82.95	
Solid Waste Collection						
Contractual	540,000.00	535,000.00	485,750.00		49,250.00	
Public Building and Grounds						
Other Expenses	46,000.00	48,000.00	44,088.40	2,620.97	1,290.63	
Lumberyard						
Other Expenses	45,000.00	29,000.00	24,321.06		4,678.94	
Vehicle Maintenance						
Other Expenses	80,000.00	80,000.00	52,713.10	3,448.64	23,838.26	
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health)						
Other Expenses	5,200.00	700.00	356.84		343.16	
Animal Regulation						
Other Expenses	20,000.00	20,000.00	14,631.05	595.00	4,773.95	
PARK AND RECREATION FUNCTIONS						
Parks and Playgrounds						
Salaries and Wages	40,000.00	40,000.00	36,812.47		3,187.53	
Other Expenses	81,000.00	81,000.00	67,322.34	185.71	13,491.95	
Robert's Park Swimming Pool						
Salaries and Wages	100,000.00	105,000.00	104,996.42		3.58	
Other Expenses	80,000.00	80,000.00	78,377.09	185.00	1,437.91	
Senior Center						
Salaries and Wages	45,000.00	57,000.00	55,530.43		1,469.57	
Other Expenses	54,000.00	49,000.00	45,450.50	273.00	3,276.50	
Foundation for the Arts						
Salaries and Wages	160,000.00	160,000.00	110,542.76		49,457.24	
Other Expenses	500.00	500.00			500.00	

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Business Improvement District						
Salaries and Wages	100,000.00	100,000.00	84,109.17		15,890.83	
Other Expenses	34,000.00	34,000.00	33,333.00		667.00	
OTHER COMMON OPERATING FUNCTIONS						
Community Sponsored Events						
Other Expenses	25,000.00	45,000.00	44,264.93		735.07	
Accumulated Leave Compensation	50,000.00	50,000.00	50,000.00			
UTILITY AND BULK EXPENSES						
Electricity	100,000.00	80,000.00	45,003.00		34,997.00	
Street Lighting	165,000.00	165,000.00	150,705.09		14,294.91	
Telephone	45,000.00	45,000.00	42,210.69	1,865.16	924.15	
Gas (Natural or Propane)	35,000.00	35,000.00	18,937.21		16,062.79	
Fuel Oil	35,000.00	21,000.00	13,656.14		7,343.86	
Telecommunication Costs	10,000.00	10,000.00	6,900.55	812.17	2,287.28	
Gasoline	70,000.00	55,000.00	40,494.49		14,505.51	
SOLID WASTE DISPOSAL COSTS						
Solid Waste Disposal						
Other Expenses	320,000.00	375,000.00	361,684.32		13,315.68	
MUNICIPAL COURT						
Salaries and Wages	145,000.00	145,000.00	141,644.17		3,355.83	
Other Expenses	32,000.00	32,000.00	16,899.32	89.09	15,011.59	
Public Defender						
Other Expenses	5,000.00	5,000.00	4,040.75		959.25	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)						
Construction Official						
Salaries and Wages	117,000.00	117,000.00	112,513.83		4,486.17	
Other Expenses	7,500.00	7,500.00	5,655.39	67.09	1,777.52	
Total Operations Including Contingent Within "CAPS"	10,076,595.24	10,110,595.24	9,567,706.52	72,524.33	470,364.39	
Detail:						
Salaries and Wages	4,936,600.00	5,063,500.00	4,929,749.02		133,750.98	
Other Expenses	5,139,995.24	5,047,095.24	4,637,957.50	72,524.33	336,613.41	

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
STATUTORY EXPENDITURES:						
Deferred Charges:						
Overexpenditure of Appropriation	1,539.19	1,539.19	1,539.19			
Contribution to:						
Public Employees' Retirement System	218,295.00	216,095.00	216,021.21		73.79	
Public Employees' Retirement System - Adjustment Bill	11,032.56	11,032.56	11,032.56			
Social Security System (OASI)	200,000.00	168,200.00	167,107.62		1,092.38	
Consolidated Police & Firemen's Retirement System	80.39	80.39	80.39			
Police & Firemen's Retirement System	760,487.00	760,487.00	760,487.00			
Defined Contribution Retirement Program	5,000.00	5,000.00	2,342.02		2,657.98	
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	1,196,434.14	1,162,434.14	1,158,609.99		3,824.15	
Total General Appropriations for Municipal Purposes within "CAPS"	11,273,029.38	11,273,029.38	10,726,316.51	72,524.33	474,188.54	
OPERATIONS EXCLUDED FROM "CAPS"						
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	392,275.00	392,275.00	348,514.51	3,351.58	40,408.91	
SOLID WASTE DISPOSAL COSTS						
Recycling Tax						
Other Expenses	17,500.00	17,500.00	17,500.00			
Total Other Operations - Excluded from "CAPS"	409,775.00	409,775.00	366,014.51	3,351.58	40,408.91	
SHARED SERVICE AGREEMENTS						
Construction Code -Shared Service Agreements:						
Construction Official - Salaries & Wages:						
Borough of Oaklyn	12,000.00	12,000.00	10,567.39		1,432.61	
Fire Services - Interlocal Service Agreements:						
Township of Haddon	26,673.04	26,673.04	22,459.75	3,406.45	806.84	
Borough of Oaklyn	3,000.00	3,000.00	2,999.97		0.03	
Total Interlocal Municipal Service Agreements Excluded	41,673.04	41,673.04	36,027.11	3,406.45	2,239.48	

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Matching Funds for Grants	5,000.00	2,574.00			2,574.00
Recycling Tonnage Grant	18,414.00	18,414.00	18,414.00		
Clean Communities Program		33,848.14	33,848.14		
Municipal Alliance on Alcoholism and Drug Abuse	20,187.50	20,187.50	20,187.50		
Drunk Driving Enforcement Fund		4,132.20	4,132.20		
Community Development Block Grant	42,100.00	42,100.00	42,100.00		
Police Body Armor Grant		2,504.97	2,504.97		
Click It or Ticket	4,000.00	9,000.00	9,000.00		
Bulletproof Vest Fund		2,400.00	2,400.00		
FEMA - Generator Grant		60,000.00	60,000.00		
Assistance to Firefighters Grant		48,520.00	48,520.00		
Assistance to Firefighters - Local Match		2,426.00	2,426.00		
Total Public and Private Programs Excluded from "CAPS"	89,701.50	246,106.81	243,532.81		2,574.00
Total Operations Excluded from "CAPS"	541,149.54	697,554.85	645,574.43	6,758.03	45,222.39
Detail:					
Salaries and Wages	15,000.00	15,000.00	13,567.36		1,432.64
Other Expenses	526,149.54	682,554.85	632,007.07	6,758.03	43,789.75
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	300,000.00	300,000.00	300,000.00		
NJ Transportation Trust Fund - Stokes Avenue		200,000.00	200,000.00		
Capital Improvements Excluded from "CAPS"	300,000.00	500,000.00	500,000.00		
DEBT SERVICE					
Payment of Bond Principal	1,765,000.00	1,960,000.00	1,960,000.00		
Payment of Bond Anticipation Notes	145,000.00	145,000.00	85,000.00		\$ 60,000.00
Payment of Bond Anticipation Notes - Condo Units	1,000,000.00	1,000,000.00	1,000,000.00		
Interest on Bonds	952,366.28	757,366.28	695,529.19		61,837.09
Interest on Notes	46,114.14	46,114.14	46,084.63		29.51
Total Debt Service	3,908,480.42	3,908,480.42	3,786,613.82		121,866.60

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Transfer to Board of Education	222,500.00	222,500.00	222,500.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,972,129.96	5,328,535.27	5,154,688.25	6,758.03	45,222.39	121,866.60
Subtotal General Appropriations	16,245,159.34	16,601,564.65	15,881,004.76	79,282.36	519,410.93	121,866.60
Reserve for Uncollected Taxes	109,702.18	109,702.18	109,702.18			
Total General Appropriations	<u>\$ 16,354,861.52</u>	<u>\$ 16,711,266.83</u>	<u>\$ 15,990,706.94</u>	<u>\$ 79,282.36</u>	<u>\$ 519,410.93</u>	<u>\$ 121,866.60</u>
Ref.	A-2			A-11	A	
Budget	Ref. A-3	\$ 16,354,861.52				
Budget Amendments per NJSA 40A:4-87	A-2	356,405.31				
		<u>\$ 16,711,266.83</u>				
Reserve for Uncollected Taxes	Ref. A-2	\$ 109,702.18				
Reserve for Federal & State Grants - Appropriated	A-15	443,532.81				
Disbursed	A-4	15,435,932.76				
		<u>\$ 15,990,706.94</u>				

TRUST FUND

EXHIBIT B

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Animal Control Trust Fund			
Cash - Treasurer	B-1	\$ 967.74	\$ 807.56
Payroll Trust Fund			
Cash - Treasurer	B-1	55,486.48	1,632.39
Trust Other Fund			
Cash - Treasurer	B-1	404,896.77	236,589.74
Commodity Resale Receivable		7,344.70	15,442.57
Accounts Receivable Off-Duty Police		11,034.59	63,170.75
Due from Current Fund			22,501.56
		<u>423,276.06</u>	<u>337,704.62</u>
Tax Sale Premium			
Cash - Collector	B-2	925,271.77	921,318.94
Due from Water Operating Fund			805.07
		<u>925,271.77</u>	<u>922,124.01</u>
Unemployment Compensation Trust Fund			
Cash - Treasurer	B-1	39,542.64	34,786.85
Due from Payroll Agency	B	854.45	
		<u>40,397.09</u>	<u>34,786.85</u>
		<u>\$ 1,445,399.14</u>	<u>\$ 1,297,055.43</u>

EXHIBIT B
(Continued)

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Animal Control Trust Fund			
Due Current Fund	A	\$ 0.37	\$ 0.23
Due State of New Jersey			9.60
Reserve for Dog Fund Expenditures	B-3	967.37	797.73
		<u>967.74</u>	<u>807.56</u>
 Payroll Trust Fund			
Payroll Taxes Payable		54,632.03	1,632.39
Due Unemployment Trust Fund	B	854.45	
		<u>55,486.48</u>	<u>1,632.39</u>
 Trust Other Fund			
Encumbrances Payable		230.00	18,104.13
Reserve for:			
Zoning Board Escrow		6,236.50	5,191.50
Planning Board Escrow		39,121.05	15,955.95
Rooming House Escrow		1,400.00	1,400.00
Performance Bond Escrow		30,927.25	4,010.88
Street Opening Escrow		957.00	6,150.50
Storm Recovery Trust Fund		4,912.55	14,075.53
Public Defender		1,190.90	1,598.45
Parking Offense Adjudication Act		847.69	519.49
Uniform Fire Safety - Penalty Money		8,009.00	
Municipal Alliance Program Income		935.66	935.66
Law Enforcement Forfeiture		12,431.12	7,798.22
Donations - Police Equipment		3,172.25	1,922.25
Donations - Fire Equipment		840.46	840.46
Donations - Bike Share Program		4,599.59	12,244.19
Donations - Community Events and Activities		87,600.77	73,982.11
Recreation Trust Fund		1,249.69	1,249.69

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES, RESERVES. AND FUND BALANCE	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
(CONTINUED)			
Trust Other Fund			
Domestic Violence Program Income		283.39	283.39
Accumulated Absences		102,157.51	52,157.51
Commodity Resale		24,285.34	35,797.45
Off-Duty Police		88,733.31	80,405.18
Bequest - Ambulance Donations		3,082.08	3,082.08
Due Current Fund	A	72.95	
		<u>423,276.06</u>	<u>337,704.62</u>
Tax Sale Premium			
Reserve for Tax Sale Redemptions	B-4	34,063.85	60,315.03
Reserve for Tax Sale Premiums	B-5	891,000.00	861,600.00
Due Current Fund	A	207.92	208.98
		<u>925,271.77</u>	<u>922,124.01</u>
Unemployment Compensation Trust Fund			
Reserve for Unemployment Claims		40,397.09	34,786.85
		<u>\$ 1,445,399.14</u>	<u>\$ 1,297,055.43</u>

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	Balance	
		Dec. 31, 2016	Dec. 31, 2015
ASSETS			
Cash - Treasurer	C-2	\$ 1,934,505.05	\$ 1,909,831.47
Deferred Charges to Future Taxation:			
Funded	C-4	21,373,000.00	22,264,000.00
Unfunded	C-6	4,342,425.00	3,918,006.00
Amount to be Provided by Capital Lease	C-10	74,231.96	69,522.31
Lumberyard Developer Loan		1,300,000.00	1,300,000.00
		<u>\$ 29,024,162.01</u>	<u>\$ 29,461,359.78</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Bond Anticipation Notes Payable	C-9	\$ 2,423,000.00	\$ 5,040,000.00
Serial Bonds Payable	C-8	22,673,000.00	22,264,000.00
Improvement Authorizations:			
Funded	C-7	449,406.64	247,033.58
Unfunded	C-7	1,051,446.20	1,608,504.42
Encumbrances Payable		2,305,979.65	225,544.09
Capital Improvement Fund	C-5	12,741.22	1,419.34
Deposits on Sale of Property	C-3		5,000.00
Due from Current Fund	A	1,148.65	336.04
Capital Lease Payable	C-10	74,231.96	69,522.31
Fund Balance	C-1	33,207.69	
		<u>\$ 29,024,162.01</u>	<u>\$ 29,461,359.78</u>

EXHIBIT C-1

SCHEDULE OF FUND BALANCE

	Ref.		
Increased by:			
Premium on Bonds and Notes	C-2	\$ 30,934.09	
Improvement Authorizations Canceled	C-7	2,273.60	
			<u>33,207.69</u>
Balance December 31, 2016	C		<u>\$ 33,207.69</u>

WATER UTILITY FUND

EXHIBIT D

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Operating Fund			
Cash - Treasurer	D-5	\$ 812,048.33	\$ 840,226.07
Cash - Change Fund		50.00	50.00
Cash - Petty Cash		100.00	100.00
Due from Water Capital Fund	D	426.02	117.05
		<u>812,624.35</u>	<u>840,493.12</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	137,964.36	157,231.91
Water Liens	D-8	396.18	
		<u>138,360.54</u>	<u>157,231.91</u>
Deferred Charges:			
Overexpenditure of Appropriation	D-4	3,750.00	
Total Operating Fund		<u>954,734.89</u>	<u>997,725.03</u>
Capital Fund			
Cash - Treasurer	D-5	1,840,050.00	382,156.81
Fixed Capital	D-9	11,306,714.80	8,028,338.91
Fixed Capital Authorized and Uncompleted	D-10	4,100,719.00	4,702,240.00
Total Capital Fund		<u>17,247,483.80</u>	<u>13,112,735.72</u>
		<u>\$ 18,202,218.69</u>	<u>\$ 14,110,460.75</u>

EXHIBIT D
(Continued)

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4:D-11	\$ 129,087.70	\$ 223,016.16
Encumbrances Payable	D-12	14,026.37	144,258.71
Accrued Interest on Bonds & Loans	D-14	18,819.15	41,772.04
Water Rent Overpayments		13,899.75	12,108.54
Due Tax Sale Redemption Trust			805.07
Due Sewer Operating Fund	E	10,176.51	13,698.92
		<u>186,009.48</u>	<u>435,659.44</u>
Reserve for Receivables		138,360.54	157,231.91
Fund Balance	D-1	630,364.87	404,833.68
Total Operating Fund		<u>954,734.89</u>	<u>997,725.03</u>
Capital Fund			
Serial Bonds Payable	D-16	1,945,550.00	2,250,500.00
NJ Environmental Infrastructure Loan Payable	D-18	1,355,239.58	1,483,880.24
Bond Anticipation Notes Payable	D-17	1,400,000.00	
Improvement Authorizations:			
Funded	D-15	123,890.00	352,087.05
Unfunded	D-15	2,146,286.00	1,020,759.48
Encumbrances Payable	D-12	1,475,614.70	1,791.58
Capital Improvement Fund	D-13	375,205.99	75,205.99
Reserve for Amortization		8,005,925.22	7,387,092.67
Deferred Reserve for Amortization	D-20	400,719.00	540,000.00
Due Water Operating Fund	D	426.02	117.05
Fund Balance	D-2	18,627.29	1,301.66
Total Capital Fund		<u>17,247,483.80</u>	<u>13,112,735.72</u>
		<u>\$ 18,202,218.69</u>	<u>\$ 14,110,460.75</u>

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - WATER UTILITY FUND - REGULATORY BASIS

Revenue and Other Income Realized	Ref.	Year 2016	Year 2015
Fund Balance Utilized	D-3	\$ 65,681.40	\$ 24,308.53
Rents	D-3	2,427,583.51	2,397,476.42
Miscellaneous	D-3	42,473.88	36,779.36
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	171,669.06	210,398.26
Total Income		<u>2,707,407.85</u>	<u>2,668,962.57</u>
Expenditures			
Operating	D-4	1,560,000.00	1,568,000.00
Capital Improvements	D-4	300,000.00	345,000.00
Debt Service	D-4	348,136.59	361,227.41
Deferred Charges and Statutory Expenditures	D-4	211,346.52	97,358.53
Prior Year Refund	D-5	462.15	
Total Expenditures		<u>2,419,945.26</u>	<u>2,371,585.94</u>
Excess in Revenue		287,462.59	297,376.63
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which were funded by a Bond Ordinance	D-4	3,750.00	75,000.00
Statutory Excess to Fund Balance		291,212.59	372,376.63
Fund Balance			
Balance January 1	D	404,833.68	56,765.58
		696,046.27	429,142.21
Decreased by:			
Utilization as Anticipated Revenue	D-1	65,681.40	24,308.53
Balance December 31	D	<u>\$ 630,364.87</u>	<u>\$ 404,833.68</u>

EXHIBIT D-2

STATEMENT OF FUND BALANCE - WATER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2015	Ref. D	\$ 1,301.66
Increased by:		
Improvement Authorizations Canceled	D-15	2,385.63
Premiums on Bonds & Notes	D-5	14,940.00
Balance December 31, 2016	D	<u>\$ 18,627.29</u>

EXHIBIT D-3

STATEMENT OF REVENUES - WATER OPERATING FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	D-1	\$ 65,681.40	\$ 65,681.40	
Rents	D-3	2,398,000.00	2,427,583.51	\$ 29,583.51
Miscellaneous	D-3	2,000.00	42,473.88	40,473.88
		<u>\$ 2,465,681.40</u>	<u>\$ 2,535,738.79</u>	<u>\$ 70,057.39</u>
	Ref. D-4			

Analysis of Realized Revenue

Rents:	Ref.	
Consumer Accounts Receivable:		
Collected	D-7	\$ 2,415,492.62
Overpayments Applied	D-7	12,090.89
		<u>\$ 2,427,583.51</u>
Miscellaneous:		
Interest on Delinquent Accounts		\$ 22,145.67
Miscellaneous		14,724.14
Interest on Investments		5,604.07
	D-5	<u>\$ 42,473.88</u>

STATEMENT OF EXPENDITURES - WATER UTILITY FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled	Over-Expended
	Budget	Budget After Modifications		Encumbered	Reserved		
Operating:							
Salaries and Wages	\$ 560,000.00	\$ 560,000.00	\$ 531,422.02		\$ 28,577.98		
Other Expenses	1,000,000.00	1,000,000.00	892,164.00	\$ 14,026.37	93,809.63		
Capital Improvements:							
Capital Improvement Fund	300,000.00	300,000.00	300,000.00				
Debt Service:							
Payment of Bond Principal	209,000.00	209,000.00	212,750.00				\$ 3,750.00
Payment of Loan Principal	77,812.66	77,812.66	57,812.66			\$ 20,000.00	
Interest on Bonds	86,788.89	86,788.89	72,193.78			14,595.11	
Interest on Loan	20,733.33	20,733.33	5,380.15			15,353.18	
Deferred Charges:							
Deficit Bond Ordinance #1528	48,346.52	48,346.52	48,346.52				
Statutory Expenditures:							
Public Employees' Retirement System	48,000.00	48,000.00	45,000.00		3,000.00		
Social Security System (OASI)	45,000.00	45,000.00	41,299.91		3,700.09		
Surplus General Budget	70,000.00	70,000.00	70,000.00				
	<u>\$ 2,465,681.40</u>	<u>\$ 2,465,681.40</u>	<u>\$ 2,276,369.04</u>	<u>\$ 14,026.37</u>	<u>\$129,087.70</u>	<u>\$ 49,948.29</u>	<u>3,750.00</u>
Ref.	D-3			D-12	D		D
Budget	Ref. D-3	<u>\$ 2,465,681.40</u>					
Interest on Bonds and Notes Disbursed		Ref. D-14	\$ 77,573.93				
		D-5	2,198,795.11				
			<u>\$ 2,276,369.04</u>				

SEWER UTILITY FUND

EXHIBIT E

COMPARATIVE BALANCE SHEET - SEWER UTILITY FUND - REGULATORY BASIS

			Balance	Balance
	ASSETS	Ref.	Dec. 31, 2016	Dec. 31, 2015
Operating Fund				
	Cash - Treasurer	E-5	\$ 743,948.77	\$ 622,147.76
	Cash - Change Fund		50.00	50.00
	Cash - Petty Cash		100.00	100.00
	Due from Water Operating Fund	D	10,176.51	13,698.92
	Due from Sewer Capital Fund	E	361.73	221.33
			<u>754,637.01</u>	<u>636,218.01</u>
Receivables with Full Reserves:				
	Consumer Accounts Receivable	E-7	2,271.26	2,483.20
	Sewer Liens	E-8	743.53	155.04
			<u>3,014.79</u>	<u>2,638.24</u>
	Total Operating Fund		<u>757,651.80</u>	<u>638,856.25</u>
Capital Fund				
	Cash - Treasurer	E-5	1,251,900.37	751,038.47
	Fixed Capital	E-9	6,916,904.60	5,460,682.14
	Fixed Capital Authorized and Uncompleted	E-10	682,561.25	1,750,000.00
	Total Capital Fund		<u>8,851,366.22</u>	<u>7,961,720.61</u>
			<u>\$ 9,609,018.02</u>	<u>\$ 8,600,576.86</u>

EXHIBIT E
(Continued)

COMPARATIVE BALANCE SHEET - SEWER UTILITY FUND - REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Operating Fund			
Liabilities:			
Appropriation Reserves	E-4:E-11	\$ 87,297.17	\$ 187,279.78
Encumbrances Payable	E-12	13,635.28	17,797.41
Accrued Interest on Bonds	E-14	14,155.25	32,114.60
Sewer Rent Overpayments	E-5	6,996.02	5,860.51
		<u>122,083.72</u>	<u>243,052.30</u>
Reserve for Receivables		3,014.79	2,638.24
Fund Balance	E-1	632,553.29	393,165.71
Total Operating Fund		<u>757,651.80</u>	<u>638,856.25</u>
Capital Fund			
Serial Bonds Payable	E-16	1,203,450.00	1,475,500.00
NJ Wastewater Treatment Trust Loan	E-17	744,914.36	893,678.45
Bond Anticipation Notes Payable	E-18	530,000.00	
Improvement Authorizations:			
Funded			
Capital Improvement Fund	E-15	91,894.38	285,675.40
Encumbrances Payable	E-13	522,391.00	297,391.00
Due Sewer Operating Fund	E-12	350,000.00	2,697.67
Reserve for Amortization	E	361.73	221.33
Deferred Reserve for Amortization		4,968,540.24	4,591,503.69
Fund Balance	E-19	152,561.25	250,000.00
	E-2	287,253.26	165,053.07
Total Capital Fund		<u>8,851,366.22</u>	<u>7,961,720.61</u>
		<u>\$ 9,609,018.02</u>	<u>\$ 8,600,576.86</u>

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - SEWER UTILITY FUND - REGULATORY BASIS

Revenue and Other Income Realized	Ref.	Year 2016	Year 2015
Fund Balance Utilized	E-3	\$ 36,798.27	\$ 92,000.00
Rents	E-3	2,027,949.21	1,959,543.54
Miscellaneous	E-3	11,741.91	9,591.03
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-11	153,139.90	193,299.96
Encumbrances Canceled	E-12	1,390.00	
Total Income		<u>2,231,019.29</u>	<u>2,254,434.53</u>
Expenditures			
Operating	E-4	1,260,000.00	1,268,000.00
Capital Improvements	E-4	200,000.00	248,000.00
Debt Service	E-4	307,833.44	316,099.36
Deferred Charges and Statutory Expenditures	E-4	187,000.00	187,000.00
Total Expenditures		<u>1,954,833.44</u>	<u>2,019,099.36</u>
Excess in Revenue		276,185.85	235,335.17
Fund Balance			
Balance January 1	E	393,165.71	249,830.54
		669,351.56	485,165.71
Decreased by:			
Utilization as Anticipated Revenue	E-1	36,798.27	92,000.00
Balance December 31	E	<u>\$ 632,553.29</u>	<u>\$ 393,165.71</u>

STATEMENT OF FUND BALANCE - SEWER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2015	Ref. E	\$ 165,053.07
Increased by:		
Premiums on Bonds and Notes Issued	E-5	5,983.90
Improvement Authorizations - Canceled	E-15	116,216.29
Balance December 31, 2016	E	<u>\$ 287,253.26</u>

STATEMENT OF REVENUES - SEWER OPERATING FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	E-1	\$ 36,798.27	\$ 36,798.27	
Rents	E-3	1,940,000.00	2,027,949.21	\$ 87,949.21
		<u>\$ 1,976,798.27</u>	<u>\$ 2,064,747.48</u>	<u>\$ 87,949.21</u>
	Ref.	E-4		

Analysis of Realized Revenue

Rents:

Consumer Accounts Receivable:

Collected	E-7	\$ 2,022,302.81
Overpayments Applied	E-7	5,646.40
		<u>\$ 2,027,949.21</u>

Miscellaneous:

Interest on Delinquent Accounts		\$ 5,760.41
Interest on Investments		4,731.50
Connection Fee		1,250.00
	E-5	<u>\$ 11,741.91</u>

STATEMENT OF EXPENDITURES - SEWER UTILITY FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operating:						
Salaries & Wages	\$ 685,000.00	\$ 685,000.00	\$ 661,443.33		\$ 23,556.67	
Other Expenses	575,000.00	575,000.00	498,899.34	\$ 13,635.28	62,465.38	
Capital Improvements:						
Capital Improvement Fund	200,000.00	200,000.00	200,000.00			
Debt Service:						
Payment of Bond Principal	147,000.00	132,000.00	128,250.00			\$ 3,750.00
Payment of Loan Principal	126,499.09	126,499.09	126,499.09			
Interest on Bonds	42,340.32	57,340.32	42,813.42			14,526.90
Interest on Loans	13,958.86	13,958.86	10,270.93			3,687.93
Statutory Expenditures:						
Public Employees' Retirement System	65,000.00	65,000.00	65,000.00			
Social Security System (OASI)	52,000.00	52,000.00	50,724.88		1,275.12	
Surplus General Budget	70,000.00	70,000.00	70,000.00			
	<u>\$ 1,976,798.27</u>	<u>\$ 1,976,798.27</u>	<u>\$ 1,853,900.99</u>	<u>\$ 13,635.28</u>	<u>\$ 87,297.17</u>	<u>\$ 21,964.83</u>

Ref.

E-3

E-12

E

Interest on Bonds and Notes
Disbursed

Ref.	
E-14	\$ 53,084.35
E-5	1,800,816.64
	<u>\$ 1,853,900.99</u>

PARKING UTILITY FUND

EXHIBIT F

COMPARATIVE BALANCE SHEET - PARKING UTILITY FUND - REGULATORY BASIS

ASSETS		Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Operating Fund				
Cash		F-4	\$ 276,552.94	\$ 175,467.21
Due from Parking Utility Capital Fund		F	28.75	27.98
			<u>276,581.69</u>	<u>175,495.19</u>
Deferred Charges:				
Deficit in Operations				5,521.82
Total Operating Fund			<u>276,581.69</u>	<u>181,017.01</u>
Capital Fund				
Cash		F-4	98,747.70	95,027.98
			<u>\$ 375,329.39</u>	<u>\$ 276,044.99</u>
LIABILITIES, RESERVES, AND FUND BALANCE				
Operating Fund				
Appropriation Reserve		F-3:F-6	\$ 19,056.38	\$ 25,577.83
Encumbrances Payable				488.84
Fund Balance		F-1	257,525.31	154,950.34
			<u>276,581.69</u>	<u>181,017.01</u>
Capital Fund				
Due Parking Utility Operating Fund		F	28.75	27.98
Improvement Authorizations - Funded		F-9	41,320.00	80,000.00
Encumbrances Payable		F-8	42,398.95	
Capital Improvement Fund		F-7	15,000.00	15,000.00
			<u>98,747.70</u>	<u>95,027.98</u>
			<u>\$ 375,329.39</u>	<u>\$ 276,044.99</u>

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - PARKING UTILITY FUND - REGULATORY BASIS

Revenue and Other Income Realized	Ref.	Year 2016	Year 2015
Surplus Anticipated	F-2	\$ 62,721.82	\$ 63,200.00
Parking Meter	F-2	222,250.52	163,515.78
Miscellaneous Revenue Not Anticipated	F-2	81,023.44	7,169.61
Other Credits to Income:			
Unexpended Balance of Appropriation Reserve	F-6	25,022.83	3,792.79
Total Income		<u>391,018.61</u>	<u>237,678.18</u>
Expenditures			
Operating	F-3	122,500.00	101,000.00
Capital Improvements	F-3	93,000.00	120,000.00
Deferred Charges and Statutory Expenditures	F-3	10,221.82	22,200.00
		<u>225,721.82</u>	<u>243,200.00</u>
Excess in Revenue		165,296.79	
Deficit in Revenue			<u>\$ 5,521.82</u>
Fund Balance			
Balance January 1	F	154,950.34	\$ 218,150.34
		<u>320,247.13</u>	<u>218,150.34</u>
Decreased by:			
Utilization as Anticipated Revenue	F-1	62,721.82	63,200.00
Balance December 31	F	<u>\$ 257,525.31</u>	<u>\$ 154,950.34</u>

STATEMENT OF REVENUES - PARKING UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	F-1	\$ 62,721.82	\$ 62,721.82	
Parking Meter	F-4	163,000.00	222,250.52	\$ 59,250.52
		<u>\$ 225,721.82</u>	<u>\$ 284,972.34</u>	<u>\$ 59,250.52</u>
	Ref.	F-3		
Miscellaneous:				
Interest on Investments			\$ 834.44	
Settlement			57,905.00	
Parking Permit Fees			22,284.00	
			<u>\$ 81,023.44</u>	
	F-4		<u>\$ 81,023.44</u>	

STATEMENT OF EXPENDITURES - PARKING UTILITY FUND - REGULATORY BASIS

	Appropriations		Expended	
	Budget	Budget After Modifications	Paid or Charged	Reserved
Operating:				
Salary & Wages	\$ 50,000.00	\$ 56,000.00	\$ 55,736.43	\$ 263.57
Other Expenses	75,000.00	66,500.00	49,075.19	17,424.81
Capital Improvements:				
Capital Improvement Fund	80,000.00	80,000.00	80,000.00	
Purchase/Lease New Vehicle	13,000.00	13,000.00	12,068.05	931.95
Statutory Expenditures:				
Social Security	2,200.00	4,700.00	4,263.95	436.05
Operating Deficit	5,521.82	5,521.82	5,521.82	
	<u>\$ 225,721.82</u>	<u>\$ 225,721.82</u>	<u>\$ 206,665.44</u>	<u>\$ 19,056.38</u>

Ref.

F-2

F

Ref.

Deferred Charges:

 Deficit in Operations
 Disbursed

F-4

\$ 5,521.82
201,143.62
\$ 206,665.44

GENERAL FIXED ASSETS

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

ASSETS	Balance Dec. 31, 2016	Balance Dec. 31, 2015
General Fixed Assets:		
Buildings	\$ 25,168,218.27	\$ 24,879,198.18
Land	784,275.00	784,275.00
Infrastructure	12,154,667.15	11,843,364.15
Machinery & Equipment	4,503,365.64	3,805,155.58
Vehicles	3,877,121.73	3,800,477.73
	<u>\$ 46,487,647.79</u>	<u>\$ 45,112,470.64</u>
Investment in General Fixed Assets	<u>\$ 46,487,647.79</u>	<u>\$ 45,112,470.64</u>

NOTES TO FINANCIAL STATEMENTS
(Regulatory Basis)

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Collingswood was incorporated in 1888 and is located in Camden County, New Jersey.

The Borough has an elected Mayor and two elected Commissioners with elections every four years. The Borough is managed daily by the Borough Administrator.

Except as noted below, the financial statements of the Borough of Collingswood included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Collingswood, as required by NJSA 40A:5-5.

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Borough is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of the taxes. However, under the regulatory basis of accounting in New Jersey, the component units are neither blended nor shown in a discrete presentation in the financial statements of the Borough. The Collingswood Free Public Library also has an independent audit performed and a copy is available at the Library. The Collingswood Special Improvement District also has an independent audit performed and a copy is available at the Special Improvement District Office. The Borough's component units are listed below:

Collingswood Free Public Library
771 Haddon Avenue
Collingswood, New Jersey 08108

Collingswood Special Improvement District
678 Haddon Avenue
Collingswood, New Jersey 08108

B. Description of Funds and Account Groups

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

Current Fund - Resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

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

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds and Account Groups (Continued)

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

Water & Sewer Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally-owned Water & Sewer Utility.

Parking Operating and Capital Funds - Account for the operations to preserve, care for, layout, construct, maintain, improve, and operate lands and facilities used for the provision of public parking and enforcement.

General Fixed Assets - To account for fixed assets used in governmental operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in Governmental Funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities in the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey will follow.

A modified accrual basis of accounting is followed with minor exceptions. The more significant accounting principles are as follows:

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from federal and state grants are realized as revenue when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned net of allowances for doubtful accounts.

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

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures (Continued) - accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America, appropriation reserves do not exist and encumbrances do not constitute expenditures.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America, foreclosed property would be recorded at historical cost and no reserve would be provided.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.

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 balance sheets. Under accounting principles generally accepted in the United States of America inventory would be recorded as an asset on the balance sheet.

Proprietary Fund – Cash Flow Statement - In accordance with the reporting requirements of the Division of Local Government Services, the utility funds' financial statements do not include a Statement of Cash Flows.

General Fixed Assets - In accordance with NJAC 5:30-5.6 accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough has developed a fixed assets accounting and reporting system.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (General Fixed Assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized.

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Borough capitalizes fixed assets with an original cost in excess of \$5,000.00.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued) - No depreciation has been provided for in the financial statements. Fixed assets acquired through grants in aid or contributed capital, have not been accounted for separately.

Property and equipment purchased by the Water Utility Fund, Sewer Utility Fund, and Parking Utility Fund is recorded in the respective capital account, at cost, and are adjusted for dispositions and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balances in Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water Utility Capital, Sewer Utility Capital and Parking Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment and improvements. The various utilities do not record depreciation on fixed assets.

General Long-Term Debt - General Long-Term Debt is accounted for in the General Capital, Water Utility Capital, Sewer Utility Capital and Parking Utility Capital Fund. Accounting principles generally accepted in the United States of America require General Long-Term Debt to be accounted for in the General Long-Term Debt Account Group.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property Taxes - The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month, in the year levied, are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

Interest on Delinquent Taxes - It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Interest on Delinquent Taxes (Continued) - additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten (10) day grace period.

Capitalization of Interest - It is the policy of the Borough to treat interest on projects as a current expense and the interest is included in the Operating budgets of the Water Capital Fund, Sewer Capital Fund and Parking Capital Fund.

D. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Borough's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

E. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Borough's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements." This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the Borough's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73." This statement, which is effective for fiscal periods beginning after June 15, 2016. Although not determinable, the impact of this statement on Borough's financial reporting is not anticipated to be significant.

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Borough's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the Borough's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Borough's financial reporting.

NOTE 2: BUDGETARY INFORMATION

The Borough must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$109,702.18 and \$149,705.14, respectively. This protects the Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Borough can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87. The Borough amended the budget during the year by the insertion of Special Items of Revenues in the amount of \$356,405.31 for various grants as detailed on Exhibit A-2.

NOTE 3: CASH

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2016 and 2015, the carrying amount of the Borough's deposits was \$12,949,117.84 and

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 3: CASH (CONTINUED)

Custodial Credit Risk – Deposits (Continued)

\$10,753,108.57, respectively. As of December 31, 2016 and 2015, \$0 of the municipality’s bank balance of \$13,008,633.41 and \$11,443,480.64, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

As of December 31, 2016 and 2015, the Borough did not have any investments.

Interest Rate Risk - The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Borough or Bonds or other obligations of the Borough School District, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The Borough places no limit on the amount the Borough may invest in any one issuer.

NOTE 5: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. The following is a comparison of the liability for the last two years:

	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Prepaid Taxes - Cash Liability	<u>\$ 188,342.22</u>	<u>\$ 175,490.20</u>

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 6: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2016.

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016
Land	\$ 784,275.00			\$ 784,275.00
Infrastructure	11,843,364.15	\$ 311,303.00		12,154,667.15
Buildings	24,879,198.18	489,020.09	\$ 200,000.00	25,168,218.27
Vehicles	3,800,477.73	76,644.00		3,877,121.73
Equipment	3,805,155.58	708,210.06	10,000.00	4,503,365.64
	<u>\$ 45,112,470.64</u>	<u>\$ 1,585,177.15</u>	<u>\$ 210,000.00</u>	<u>\$ 46,487,647.79</u>

NOTE 7: ECONOMIC DEPENDENCY

The Borough of Collingswood is not economically dependent on any one business or industry within the Borough.

NOTE 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the balance sheets of the various funds.

	Balance Dec. 31, 2016	2017 Budget Appropriation
Water Operating Fund		
Overexpenditure of Appropriation	\$ 3,750.00	\$ 3,750.00
	<u>\$ 3,750.00</u>	<u>\$ 3,750.00</u>

NOTE 9: FUND BALANCES APPROPRIATED

	Year	Balance December 31,	Utilized in Budget of Succeeding Year
	2016	\$ 3,657,285.51	\$ 893,431.31
	2015	2,328,613.15	382,745.78
Current Fund	2014	1,810,879.36	450,301.62
	2013	1,225,354.47	206,569.74
	2012	884,811.89	149,508.32

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 9: FUND BALANCES APPROPRIATED (CONTINUED)

	<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Water Operating Fund	2016	630,364.87	62,852.58
	2015	404,833.68	65,681.40
	2014	56,765.58	24,308.53
	2013	59,765.58	3,000.00
	2012	70,615.53	38,000.00
Sewer Operating Fund	2016	632,553.29	79,832.11
	2015	393,165.71	36,798.27
	2014	249,830.54	92,000.00
	2013	153,140.41	7,573.74
	2012	115,734.05	25,000.00
Parking Utility	2016	257,525.31	88,000.00
	2015	154,950.34	62,721.82
	2014	218,150.34	63,200.00
	2013	128,806.51	20,000.00
	2012	170,306.51	41,500.00

NOTE 10: ACCUMULATED ABSENCE BENEFITS

All employees are granted sick and vacation benefits in varying amounts depending on their length of service with the Borough.

The Borough has entered into a duly negotiated and approved labor agreement with the FMBA #108, FOP Lodge #76, and Teamsters in regards to accumulated absence benefits. The Borough also has local personnel policy that covers all non-union personnel. The Borough has not appropriated anything in their budget to fund a reserve for accumulated absences.

SICK DAYS:

Police Superiors - Individuals covered under the Police Superiors' Contract may accrue nine (9) sick leave days per year. A Superior Officer may apply his unused accumulated sick leave time to early retirement, or he/she may receive 100% of his accumulated sick leave as additional severance pay.

Police Officers - Individuals covered under the Police Officers' Association may accrue seven (7) leave days per year. Upon separation, death, or retirement, a Police Officer will receive all accumulated days.

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 10: ACCUMULATED ABSENCE BENEFITS (CONTINUED)

SICK DAYS (CONTINUED):

Fire Officers - Individuals covered under the Fire Officers' Association may accrue seven (7) leave days per year. Upon separation, death, or retirement, a Fire Officer will receive all accumulated days.

Firefighters - Individuals covered under the Firefighters' Association may accrue seven (7) leave days per year. Upon separation, death, or retirement, a Firefighter will receive all accumulated days.

Teamsters - Individuals covered under the Teamsters agreement are granted fifteen (15) leave days per year. Any employee who has been vested in the State Pension Plan, upon termination will be entitled to buy back 100% of the employee's accumulated sick days, maximum bank of seventy-five (75) days, at the employee's regular rate of pay. The only exception is if the employee has been dismissed due to any type of disciplinary action. Annually, all employees who have accumulated and maintain fifty (50) sick days shall be entitled to buy back annually those days not used in the calendar year at 100%.

Non-Union - Individuals who are not covered under any of the above agreements are granted fifteen (15) leave days per year. Any amount of sick leave allowance not used in any calendar year shall accumulate to the employee's credit from year to year to a total of no more than fifty (50) days to be used if and when needed for such purpose, except that where an employee is employed by the Borough more than ten years. Annually, all employees who have accumulated and maintain fifty (50) sick days, shall be entitled to buy back annually those days not used in the calendar year at a rate of fifty (50%). Employees have the option to buy all sick days in that calendar year or they may bank them all or do a combination of both. Any employee who has been vested in the State Pension Plan, upon termination will be entitled to buy back fifty (50%) of the employees' accumulated sick days, maximum bank of fifty-five (55) days, at the employee's regular rate of pay.

Borough employees may carry unused vacation days forward one year if due to the "pressure of work." The total value of compensated absences owed to employees; as of December 31, 2016 and 2015; under the various agreements are as follows:

	Value	
	12/31/2016	12/31/2015
FMBA #108	\$ 242,542.85	\$ 233,704.29
FOP Lodge #76	285,505.63	396,374.05
Teamsters	75,418.68	67,448.63
Non-Union	161,060.56	182,024.35
	<u>\$ 764,527.72</u>	<u>\$ 879,551.32</u>

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 11: NOTES PAYABLE

As of December 31, 2016, the Borough had the following bond anticipation notes outstanding:

	Amount	Interest Rate	Maturity Date
General Capital Fund:			
Jefferies LLC	\$ 2,423,000.00	2.0000%	4/20/2017
Water Capital Fund			
Jefferies LLC	1,400,000.00	2.0000%	4/20/2017
Sewer Capital Fund			
Jefferies LLC	530,000.00	2.0000%	4/20/2017
	<u>\$ 4,353,000.00</u>		

It is the intent of the Borough to renew the notes, after a pay down of \$221,500.00 for an additional one year period upon maturity.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The interfunds for Animal Control Trust, Tax Sale, General Capital, and Trust Other are the result of interest earned in December but not transferred to Current Fund until January. The Water and Sewer Operating interfunds from the Water and Sewer Capital Funds are the result of interest earned in December but not transferred until January. The Water Operating and Sewer Operating interfunds are the result of payments transferred from Water to Sewer rents however, the cash was not transferred.

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2016:

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	Due	
	From	To
Current Fund		
Animal Control Trust	\$ 0.37	
Tax Sale Trust	207.92	
General Capital Fund	1,148.65	
Trust Other	72.95	
Animal Control Trust Fund		
Current Fund		\$ 0.37
Payroll Agency Trust Fund		
Unemployment Trust Fund		854.45
Unemployment Trust Fund		
Payroll Agency Trust Fund	854.45	
Trust Other		
Current Fund		72.95
Tax Sale Trust		
Current Fund		207.92
General Capital Fund		
Current Fund		1,148.65
Water Capital Fund		
Water Operating Fund		426.02
Water Operating Fund		
Water Capital Fund	426.02	
Sewer Operating Fund		10,176.51
Sewer Operating Fund		
Sewer Capital Fund	361.73	
Water Operating Fund	10,176.51	
Sewer Capital Fund		
Sewer Operating Fund		361.73
Parking Utility Capital Fund		
Parking Utility Fund		28.75
Parking Utility Fund		
Parking Utility Capital Fund	28.75	
	\$ 13,277.35	\$ 13,277.35

NOTE 13: LONG-TERM DEBT

Summary of Municipal Debt Service

Long-Term Debt as of December 31, 2016, consisted of the following:

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13: LONG-TERM DEBT (CONTINUED)

	Year		
	2016	2015	2014
Bonds, Notes and Loans Issued	\$ 32,275,153.94	\$ 33,407,558.69	\$ 34,729,199.44
Bonds and Notes Authorized but not Issued	4,219,425.00	900,932.00	900,932.00
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 36,494,578.94</u>	<u>\$ 34,308,490.69</u>	<u>\$ 35,630,131.44</u>

	Balance Dec. 31, 2015	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2016	Due Within One Year
ISSUED:					
General:					
General Serial Bonds	\$ 22,264,000.00	\$ 15,290,000.00	\$ 14,881,000.00	\$ 22,673,000.00	\$ 1,979,000.00
Bond Anticipation Notes	5,040,000.00	808,000.00	3,425,000.00	2,423,000.00	221,500.00
Water:					
Serial Bonds	2,250,500.00	1,575,300.00	1,880,250.00	1,945,550.00	217,750.00
NJ Infrastructure Loan	1,483,880.24		128,640.66	1,355,239.58	77,812.66
Bond Anticipation Notes		1,400,000.00		1,400,000.00	
Sewer:					
Serial Bonds	1,475,500.00	1,094,700.00	1,366,750.00	1,203,450.00	130,250.00
NJ Infrastructure Loan	893,678.45		148,764.09	744,914.36	134,775.01
Bond Anticipation Notes		530,000.00		530,000.00	
Net Debt Issued	<u>33,407,558.69</u>	<u>20,698,000.00</u>	<u>21,830,404.75</u>	<u>32,275,153.94</u>	<u>2,761,087.67</u>

AUTHORIZED BUT NOT ISSUED:

General:					
Bond Anticipation Notes	178,006.00	17,504,078.00	15,762,659.00	1,919,425.00	
Water:					
Bond Anticipation Notes	722,926.00	3,950,112.00	2,373,038.00	2,300,000.00	
Sewer:					
Bond Anticipation Notes		703,806.00	703,806.00		
Authorized but not Issued	<u>900,932.00</u>	<u>22,157,996.00</u>	<u>18,839,503.00</u>	<u>4,219,425.00</u>	
Total Debt Issued and Authorized but not Issued	<u>\$ 34,308,490.69</u>	<u>\$ 42,855,996.00</u>	<u>\$ 40,669,907.75</u>	<u>\$ 36,494,578.94</u>	

Permanently Funded Debt Consisted of the Following:

General Capital Fund

\$1,300,000.00 CCIA Revenue Bonds dated September 1, 1999, payable in annual installments through September 1, 2019. Interest is paid semi-annually at a rate of 5.85% per annum. The balance remaining as of December 31, 2016, was \$285,000.00.

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13: LONG-TERM DEBT (CONTINUED)

General Capital Fund (Continued)

\$3,537,000.00 General Improvement Bonds tax-exempt dated February 1, 2008, payable in annual installments through February 1, 2018. Interest is paid semi-annually at a rate of 3.5%-3.625% per annum. The balance remaining as of December 31, 2016, was \$1,333,000.00.

\$11,153,000.00 General Improvement Bonds dated June 1, 2009, payable in annual installments through June 1, 2019. Interest is paid semi-annually at a rate of 4.375% per annum. The balance remaining as of December 31, 2016, was \$1,385,000.00.

\$3,224,000.00 General Improvement Bonds taxable bonds dated June 1, 2009, payable in annual installments through June 1, 2019. Interest is paid semi-annually at a rate of 6% per annum. The balance remaining as of December 31, 2016, was \$425,000.00.

\$3,500,000.00 General Improvement Bonds taxable bonds dated April 15, 2014, payable in annual installments through February 15, 2024. Interest is paid semi-annually at a rate of 2%-3.625% per annum. The balance remaining as of December 31, 2016, was \$2,910,000.00.

\$1,780,000.00 General Obligation Refunding Bonds dated May 15, 2014, payable in annual installments through November 15, 2022. Interest is paid semi-annually at a rate of 1.5% to 3% per annum. The balance remaining as of December 31, 2016, was \$1,240,000.00.

\$2,340,000.00 General Improvement Bonds taxable bonds dated April 20, 2016, payable in annual installments through April 15, 2031. Interest is paid semi-annually at a rate of 2%- 3.4% per annum. The balance remaining as of December 31, 2016, was \$2,340,000.00.

\$2,525,000.00 General Obligation Refunding taxable Bonds dated April 27, 2016, payable in annual installments through June 1, 2029. Interest is paid semi-annually at a rate of 1.024% to 3.616% per annum. The balance remaining as of December 31, 2016, was \$2,445,000.00.

\$10,425,000.00 General Obligation Refunding Bonds dated April 27, 2016, payable in annual installments through June 1, 2029. Interest is paid semi-annually at a rate of 4% to 5% per annum. The balance remaining as of December 31, 2016, was \$10,310,000.00.

Water Capital Fund

\$1,914,314.00 Department of Environmental Infrastructure Loan (NJEIT) dated May 22, 2013, payable in semi-annual installments through August 1, 2032. The water loan consists of \$640,000.00 trust loan and \$1,274,314.00 fund loan. Principal was forgiven on the Fund loan in the amount of \$244,600.00 in 2013. The fund loan is at 0% per annum. The trust loan interest is paid at a rate of 3%-5% per annum. The balance remaining at December 31, 2016, was \$1,355,239.58.

\$558,000.00 Water Utility Bonds dated December 4, 2002, payable in annual installments through November 15, 2022. Interest is paid semi-annually at a rate of 4.625%-5.25% per annum. The balance remaining as of December 31, 2016, was \$217,000.00.

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13: LONG-TERM DEBT (CONTINUED)

Water Capital Fund (Continued)

\$2,420,500.00 Water Utility Bonds dated February 1, 2008, payable in annual installments through February 1, 2018. Interest is paid semi-annually at a rate of 3.5%-3.625% per annum. The balance remaining as of December 31, 2016, was \$227,000.00.

\$1,575,300.00 Water Utility Refunding Bonds dated April 27, 2016, payable in annual installments through June 1, 2028. Interest is paid semi-annually at a rate of 3%-5% per annum. The balance remaining as of December 31, 2016, was \$1,501,550.000.

Sewer Capital Fund

\$1,050,000.00 Department of Environmental Infrastructure Loan (NJEIT) dated November 9, 2000, payable in semi-annual installments through August 2020. The sewer loan consists of \$530,000.00 trust loan and \$520,000.00 fund loan. The fund loan is at 0% per annum. The trust loan interest is paid at a rate of 4%-5.5% per annum. New Jersey Environmental Infrastructure Trust refunded this loan on June 20, 2006, saving the Borough \$25,542.38 in interest costs. These savings are applied as credits to payments. The balance remaining at December 31, 2016, was \$260,554.67.

\$573,513.00 Department of Environmental Infrastructure Loan (NJEIT) dated November 8, 2001, payable in semi-annual installments through August 2021. The sewer loan consists of \$280,000.00 trust loan and \$293,513.00 fund loan. The fund loan is at 0% per annum. The trust loan interest is paid at a rate of 5%-5.25% per annum. The balance remaining at December 31, 2016, was \$161,812.36.

\$726,000.00 Department of Environmental Infrastructure Loan (NJEIT) dated March 10, 2010, payable in semi-annual installments through August 2029. The loan consists of \$180,000.00 trust loan and \$546,000.00 fund loan. The fund loan is at 0% per annum. The trust loan interest is paid at a rate of 3%-5% per annum. The balance remaining at December 31, 2016, was \$322,547.33.

\$1,712,500.00 Sewer Utility Bonds dated February 1, 2008, payable in annual installments through February 1, 2018. Interest is paid semi-annually at a rate of 3.5%-3.625% per annum. The balance remaining as of December 31, 2016, was \$160,000.00.

\$1,094,700.00 Sewer Utility Refunding Bonds dated April 27, 2016, payable in annual installments through June 1, 2028. Interest is paid semi-annually at a rate of 3%-5% per annum. The balance remaining as of December 31, 2016, was \$1,043,450.00.

Defeased Debt

\$13,095,000.00 General Obligation Refunding Bonds, Series 2016 dated April 27, 2016, payable in annual installments through June 1, 2029. The Refunding Bonds were issued with a net interest costs of 2.417716% to advance refund \$420,000.00 Water/Sewer Utility Bonds, Series 1998A, maturing serially on October 1 in the years 2016 through 2018, \$2,204,000.00 General Improvement Bonds, Series 2008, maturing serially on February 1 in the years 2019 through 2021, \$2,486,000.00 Water/Sewer Utility Bonds, Series 2008 maturing serially on February 1 in the years 2019 through 2028, \$8,608,000.00 General Obligation Bonds, Series 2009, maturing serially on June 1, 2020 through 2029 with a net interest cost of 4.359803%.

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13: LONG-TERM DEBT (CONTINUED)

Defeased Debt (Continued)

The net proceeds of \$15,126,871.75, including a premium of \$2,156,882.60 and net of payments of \$58,010.85 in underwriting fees and \$67,000.00 of issuance costs were used to purchase U.S. Government Securities. The advance refunding met the requirements for an in-substance debt defeasance and the bonds were removed from the Borough's financial statements. As a result the advance refunding, the Borough had an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$814,449.93.

\$2,525,000.00 Taxable General Obligation Refunding Bonds Series 2016 dated April 27, 2016, payable in annual installments through June 1, 2029. The Refunding Bonds were issued with a net interest costs of 3.146259% to advance refund \$2,109,000.00 Taxable General Obligation Bonds, Series 2009, maturing serially on June 1 in the years 2020 through 2029 with a net interest cost of 6.165349%. The net proceeds of \$2,500,814.25, net of payments of \$11,185.75 in underwriting fees and \$13,000.00 of issuance costs were used to purchase U.S. Government Securities. The advance refunding met the requirements for an in-substance debt defeasance and the bonds were removed from the Borough's financial statements. As a result the advance refunding, the Borough had an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$159,323.43.

As of December 31, 2016, debt service requirements on long-term debt in future years are:

Year Ended December	Principal	Interest	Total
General Serial Bonds			
Current Fund			
2017	\$ 1,979,000.00	\$ 830,830.08	\$ 2,809,830.08
2018	2,049,000.00	761,890.65	2,810,890.65
2019	2,085,000.00	686,794.49	2,771,794.49
2020	2,160,000.00	600,969.26	2,760,969.26
2021	2,230,000.00	518,566.81	2,748,566.81
2022-2026	7,525,000.00	1,659,833.00	9,184,833.00
2027-2031	4,645,000.00	296,585.00	4,941,585.00
	<u>\$ 22,673,000.00</u>	<u>\$ 5,355,469.29</u>	<u>\$ 28,028,469.29</u>

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13: LONG-TERM DEBT (CONTINUED)

Year Ended December	Principal	Interest	Total
General Serial Bonds			
Water Operating Fund			
2017	\$ 217,750.00	\$ 81,183.77	\$ 298,933.77
2018	222,750.00	73,223.22	295,973.22
2019	144,150.00	66,053.00	210,203.00
2020	149,100.00	59,448.76	208,548.76
2021	157,000.00	52,575.00	209,575.00
2022-2026	724,400.00	161,023.00	885,423.00
2027-2028	330,400.00	14,145.25	344,545.25
	<u>\$ 1,945,550.00</u>	<u>\$ 507,652.00</u>	<u>\$ 2,453,202.00</u>

Year Ended December	Principal	Interest	Total
General Serial Bonds			
Sewer Operating Fund			
2017	\$ 130,250.00	\$ 49,086.23	\$ 179,336.23
2018	132,250.00	44,721.78	176,971.78
2019	75,850.00	40,979.50	116,829.50
2020	77,900.00	37,515.00	115,415.00
2021	82,000.00	33,927.50	115,927.50
2022-2026	475,600.00	110,577.00	586,177.00
2027-2028	229,600.00	9,829.75	239,429.75
	<u>\$ 1,203,450.00</u>	<u>\$ 326,636.76</u>	<u>\$ 1,530,086.76</u>

Year Ended December	Principal	Interest	Total
NJFIT Loan			
Water Operating Fund			
2017	\$ 77,812.66	\$ 20,150.00	\$ 97,962.66
2018	82,812.66	19,150.00	101,962.66
2019	82,812.66	17,950.00	100,762.66
2020	82,812.66	16,750.00	99,562.66
2021	82,812.66	15,550.00	98,362.66
2022-2026	439,063.30	57,750.00	496,813.30
2027-2031	434,628.98	25,500.00	460,128.98
2032	72,484.00	1,350.00	73,834.00
	<u>\$ 1,355,239.58</u>	<u>\$ 174,150.00</u>	<u>\$ 1,529,389.58</u>

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13: LONG-TERM DEBT (CONTINUED)

Year Ended December	Principal	Interest	Total
NJFIT Loan			
Sewer Operating Fund			
2017	\$ 134,775.01	\$ 18,787.50	\$ 153,562.51
2018	141,027.84	15,450.00	156,477.84
2019	139,119.82	11,850.00	150,969.82
2020	137,212.00	8,350.00	145,562.00
2021	59,045.86	4,800.00	63,845.86
2022-2026	93,733.83	13,750.00	107,483.83
2027-2029	40,000.00	3,400.00	43,400.00
	<u>\$ 744,914.36</u>	<u>\$ 76,387.50</u>	<u>\$ 821,301.86</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.594%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 13,890,000.00	\$ 13,890,000.00	
Water Debt	7,020,789.58	7,020,789.58	
Sewer Debt	2,478,364.36	2,478,364.36	
General Debt	27,015,425.00		\$ 27,015,425.00
	<u>\$ 50,404,578.94</u>	<u>\$ 23,389,153.94</u>	<u>\$ 27,015,425.00</u>

Net Debt \$27,015,425.00/Equalized Valuation Basis per NJSA 40A:2-2 as amended
\$1,041,580,846 = 2.594%.

Borrowing Power Under NJSA 40:A2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 36,455,329.61
Net Debt	27,015,425.00
Remaining Borrowing Power	<u>\$ 9,439,904.61</u>

Calculation of “Self-Liquidating Purpose” Water Utility Per NJSA 40:2-45

Cash Receipts From Fees, Rents, or Other Charges	\$ 2,535,738.79
Deductions:	
Operating and Maintenance Costs	\$ 1,653,000.00
Debt Service Per Water Account	348,136.59
	<u>2,001,136.59</u>
Excess in Revenue	<u>\$ 534,602.20</u>

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13: LONG-TERM DEBT (CONTINUED)

Calculation of "Self-Liquidating Purpose" Sewer Utility Per NJSA 40:2-45

Cash Receipts From Fees, Rents, or Other Charges		\$ 2,076,489.39
Deductions:		
Operating and Maintenance Costs	\$ 1,377,000.00	
Debt Service Per Sewer Account	307,833.44	
		1,684,833.44
Excess in Revenue		\$ 391,655.95

Calculation of "Self-Liquidating Purpose" Parking Utility Per NJSA 40:2-45

Cash Receipts From Fees, Rents or Other Charges		\$ 365,995.78
Deductions:		
Operating and Maintenance Costs	\$ 127,200.00	
Debt Service Per Parking Account	None	
		127,200.00
Excess in Revenue		\$ 238,795.78

NOTE 14: PENSION FUNDS

Description of Plans - All eligible employees of the Borough are covered by the Public Employees' Retirement System, (PERS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

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

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System was established in July 1944, under the provisions of NJSA 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Enrollment is required for permanent, full-time employees appointed to positions in law enforcement or firefighting in the State of New Jersey.

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 14: PENSION FUNDS (CONTINUED)

Defined Contribution Retirement Program (DCRP) - The Borough established Defined Contribution Retirement Program by ordinance on September 2, 2008, as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et seq. DCRP is a cost-sharing, multiple-employer defined contribution pension fund. DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established in NJSA 43:15C-1 et seq. DCRP provides for employee contributions of 5.5%, of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary.

Pension Deferral - On May 4, 2009, the Borough adopted a resolution requesting approval by the Local Finance Board of pension deferral pursuant to NJSA 43:15A-24(c) and NJSA 43:16A-15(9). This was approved on June 30, 2009, as follows: PERS amount deferred \$99,284.00, and PFRS - Police \$280,692.00 and Fire \$120,301.00, for a total of \$500,277.00. This amount is being repaid starting in April 2012, over a 15 year period through April 2027. The amount will fluctuate based on pension system investments earnings on the deferred amount.

Funding Policy -The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 7.06% to 7.20% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. PFRS provides for employee contributions of 10% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The PERS and PFRS rates in effect for 2016 are 12.46% and 25.67%, respectively, of covered payroll, as reported on June 30, 2014. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Borough payment to PERS for the years ending December 31, 2016, 2015, and 2014, were \$328,295.00, \$307,929.00 and \$284,215.00, respectively, equal to the required contributions for each year. The Borough payments to PFRS for the years ending December 31, 2016, 2015, and 2014, were \$760,467.00, \$726,922.00, and \$741,740.00, respectively, equal to the required contributions for each year. A portion of the PERS pension was charged to a grant.

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

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

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 14: PENSION FUNDS (CONTINUED)

Significant Legislation (Continued)

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011, (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program (DCRP).

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 14: PENSION FUNDS (CONTINUED)

Significant Legislation (Continued)

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006, report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 15: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 and GASB 71 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 68 & GASB 71 for the PERS and PFRS retirement systems.

Public Employee's Retirement System - At December 31, 2016, the Borough's liability of \$9,299,742 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough's proportion was 0.0313998745% compared to 0.0345239060% at June 30, 2015.

For the year ended December 31, 2016, the Borough's pension expense would be \$614,774 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PERS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 1,719,261	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	479,491	
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions		\$ 430,700
Difference Between Expected and Actual Experience	133,776	
District Contributions Subsequent to the Measurement Date	278,952	
	<u>\$ 2,611,480</u>	<u>\$ 430,700</u>

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 15: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Public Employee's Retirement System (Continued) - Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles:

Year Ended June 30	Amount
2018	\$ 446,185
2019	446,186
2020	539,917
2021	401,484
2022	68,056
Thereafter	0
	<u>\$ 1,901,828</u>

Additional information – Collective balances at June 30, 2016 and 2015, are as follows:

	June 30, 2016	June 30, 2015
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources		360,920,604
Collective Net Pension Liability	<u>29,617,131,759</u>	<u>22,447,996,119</u>
 Borough's Proportion	 0.0313998745%	 0.0345239060%

Contributions - The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The Borough's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Actuarial Assumptions

The total pension liability for the June 30, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% Based on Age
Thereafter	2.65 – 5.15% Based on Age
Investment Rate of Return	7.65%

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 15: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

Police and Firemen's Retirement System - The Borough has two separate retirement systems one for police and one for firefighters.

At December 31, 2016, the Borough's liability of \$9,556,005 for its proportionate share of the net pension liability for Police (Location 25801). The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough's proportion was 0.0500247386% compared to 0.0509547358% at June 30, 2015.

For the year ended December 31, 2016, the Borough's pension expense would be \$690,154 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PFRS are from the following sources:

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 15: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Police and Firemen's Retirement System (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 934,273	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	884,071	
Differences Between Expected and Actual Experience		\$ 46,481
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions		561,620
Borough Contributions Subsequent to the Measurement Date	407,872	
	<u>\$ 2,226,216</u>	<u>\$ 608,101</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended June 30,	Amount
2018	\$ 257,758
2019	257,758
2020	435,331
2021	272,030
2022	(12,634)
Thereafter	0
	<u>\$ 1,210,243</u>

Additional information – Collective balances at June 30, 2016 and 2015, are as follows:

	June 30, 2016	June 30, 2015
Collective Deferred Outflows of Resources	\$ 3,984,339,036	\$ 3,075,206,294
Collective Deferred Inflows of Resources	125,220,083	433,559,708
Collective Net Pension Liability	<u>20,706,699,056</u>	<u>18,117,234,618</u>
Borough's Proportion	0.0500247386%	0.0509547358%

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 15: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Police and Firemen's Retirement System (Continued)

At December 31, 2016, the Borough has a liability of \$6,935,666 for its proportionate share of the net pension liability for Fire (Location 25802). The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough's proportion was 0.0363075263% compared to 0.0351759492% at June 30, 2015.

For the year ended December 31, 2016, the Borough's pension expense would be \$559,704 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PFRS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 697,166	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	612,459	
Differences Between Expected and Actual Experience		\$ 34,308
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	340,534	
District Contributions Subsequent to the Measurement Date	296,030	
	\$ 1,946,189	\$ 34,308

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 15: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Police and Firemen's Retirement System (Continued)

Year Ended June 30,	Amount
2018	\$ 411,591
2019	411,591
2020	512,587
2021	288,138
2022	(8,056)
Thereafter	0
	<u>\$ 1,615,851</u>

Additional information – Collective balances at June 30, 2016 and 2015, are as follows:

	June 30, 2016	June 30, 2015
Collective Deferred Outflows of Resources	\$ 3,984,339,036	\$ 3,075,206,294
Collective Deferred Inflows of Resources	125,220,083	433,559,708
Collective Net Pension Liability	<u>20,706,699,056</u>	<u>18,117,234,618</u>
Borough's Proportion	0.0363075263%	0.0351759492%

Contributions

The contribution policy for PFRS is set by NJSA 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The Borough's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Actuarial Assumptions

The total pension liability for the June 30, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	2.10 – 8.98% Based on Age
Thereafter	3.10 – 9.98% Based on Age
Investment Rate of Return	7.65%

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

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 15: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions (Continued)

service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under 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 June 30, 2016 and June 30, 2015, special funding situation net pension liability amounts of \$802,467 and \$744,306 for Police and \$582,424 and \$513,822 for Fire, respectively, are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date.

NOTE 16: POST-EMPLOYMENT BENEFITS

Plan Description - The Borough of Collingswood contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2013, the Borough of Collingswood authorized participation in the SHBP's post-retirement benefit program through resolution 2013-83, adopted May 6, 2013, effective August 1, 2013. The Borough's policies provide for health insurance and prescription coverage, to eligible retirees and their spouses that participate in the SHBP's post-retirement benefit program with the local unit. The Borough also offers vision and dental coverage to the retirees and their spouses.

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 16: POST-EMPLOYMENT BENEFITS

Plan Description (Continued) - The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at: <http://www.state.nj.us/treasury/pensions/shbp.htm>.

Plan Coverage - The Borough currently has 5 collective bargaining units as well as numerous non-union employees. The employee's post-employment benefits are dependent upon the collective bargaining unit to which they are a member as the year of retirement. The benefits by collective bargaining unit are:

FOP Lodge #76 (Superior Officers) - upon completion of 25 years of service the employee receives 100% coverage for themselves and 100% coverage for spouse.

FOP Lodge #76 (Rank and File) - upon completion of 25 years of service the employee receives 100% coverage for themselves and 100% coverage for spouse.

FMBA Local #108 (Superior Officers) - upon completion of 25 years of service the employee receives 100% coverage for themselves and 100% coverage for spouse.

FMBA Local #108 (Rank and File) - upon completion of 25 years of service the employee receives 100% coverage for themselves and 100% coverage for spouse.

Teamsters Local #830 - upon completion of 25 years of service the employee receives 100% coverage for themselves and 100% coverage for spouse.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994 medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP, are billed to the Borough of Collingswood on a monthly basis. Plan members receiving benefits are not required to make contributions.

The Borough of Collingswood's contributions to SHBP for healthcare of employees and retirees for the years ended December 31, 2016, 2015, and 2014, were \$2,377,517.98, \$2,307,655.14 and \$2,162,690.54. The amounts paid for retirees for the years ended December 31, 2016, 2015, and 2014, were \$909,828.28, \$897,986.38 and \$767,516.39, respectively, which equaled the required contributions for each year. There were approximately forty-seven, fifty and fifty participants eligible at December 31, 2016, 2015, and 2014, respectively.

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 17: RISK MANAGEMENT

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough maintains commercial insurance coverage for property, liability, and surety bonds. The Borough of Collingswood is a member of the Camden County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Camden County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Borough did not incur any claims in excess of coverage amounts, and the amount of coverage did not significantly reduce during the year 2016.

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Borough 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 Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's Trust Fund for the current and previous two years:

Year	Interest Earnings	Employee Contributions	Employer Contribution	Amount Reimbursed	Balance Dec. 31
2016	\$ 95.54	\$ 10,412.84		\$ 4,898.14	\$ 40,397.09
2015	103.87	10,190.57		19,358.32	34,786.85
2014	37.63	9,954.32		24,140.73	43,850.73

NOTE 18: LABOR CONTRACTS

As of December 31, 2016, the majority of the Borough's employees are organized in the following collective bargaining units. Contracts are continually being negotiated and the following table shows their current status.

	Category	Expiration	Covers
Teamsters Local 830	Public Works, Clerical	12/31/2019	All Employees in Public Works and Clerical Workers Excluding Supervisors
FOP Lodge #76	Police	12/31/2019	All Uniformed Police Excluding Officers
FOP Lodge #76	Police	12/31/2018	Superior Officers
FMBA Local 108	Fire	12/31/2019	All Uniformed Fire Fighters Excluding Officers
FMBA Local 108A	Fire	12/31/2019	Fire Officers

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 19: DEFERRED COMPENSATION

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the Borough has an obligation of due care in selecting the third party administrators. In the opinion of the Borough's legal counsel, the Borough has acted in a prudent manner in selecting the administrators of Variable Annual Life Insurance Company and Nationwide Retirement Solutions, and is not liable for losses that may arise from the administration of the plan.

NOTE 20: JOINT VENTURE/SHARED SERVICES

The Borough of Collingswood entered into a joint venture agreement with the Borough of Oaklyn to provide construction code services for electrical and plumbing. The agreement with Oaklyn was approved on May 3, 2010.

On November 6, 2007, the Borough of Collingswood entered into a joint venture agreement with the Haddon Borough Fire District #2 to provide fire protection services, effective January 1, 2008. Total expenditures for compensation and benefits are billed annually at an agreed upon amount. The Borough also provides fire code services to the Borough of Oaklyn.

NOTE 21: CAPITAL LEASE OBLIGATIONS

The Borough has lease agreements in effect at December 31, 2016, for police cars which are funded by Ford Motor Credit at an interest rate from 6%-6.5%. Future minimum lease payments under capital lease agreements are as follows:

Year Ended December	Principal	Interest	Total
2017	\$ 48,354.81	\$ 4,704.84	\$ 53,059.65
2018	25,877.15	1,681.96	27,559.11
	<u>\$ 74,231.96</u>	<u>\$ 6,386.80</u>	<u>\$ 80,618.76</u>

NOTE 22: OPERATING LEASES

The Borough has commitments to lease copiers dated December 8, 2014, and February 13, 2015 with terms of 36 months. The monthly lease payment is \$133.00 and \$84.00 per month. Future lease payments are as follows:

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 22: OPERATING LEASES (CONTINUED)

Year Ended December	Payments
2017	\$ 2,471.00
2018	84.00
	<u>\$ 2,555.00</u>

NOTE 23: LOAN TO REDEVELOPER

On August 4, 2003, the Borough of Collingswood adopted Bond Ordinance 1322 providing for a \$5,000,000.00 loan to a redeveloper, Collingswood Foundation for the Arts, for improvements to Scottish Rite Auditorium pursuant to Section 37 of the Local Redevelopment and Housing Law NJSA 40A:12A-1 et seq. This loan was to the Collingswood Foundation for the Arts, a New Jersey non-profit corporation, for the purpose of renovations of the Scottish Rite Auditorium as a performing arts and community theater center. The amount owed to the Borough of Collingswood as of December 31, 2016 and 2015, is \$4,992,466.33. No payment plan has been established as of the date of the audit.

In 2010, the Borough of Collingswood authorized debt with the passage of Bond Ordinances 1480 and 1486, which provides funding for the Lumberyard Redevelopment Project pursuant to the Local Redevelopment & Housing Law, constituting Chapter 79 of the Laws of 1992 as amended and supplemented by NJSA 40A:12-37. This loan was to the Lumberyard Redevelopment LLC, for the purpose of renovations of the Lumberyard Project. As of December 31, 2016 and 2015, there is a Loan Receivable in the General Capital Fund from Lumberyard Redevelopment LLC, for \$1,300,000.00.

On August 1, 2016, the Borough of Collingswood under a Redeveloper Agreement provided for a Mortgage Note to a business, Art Pastry LLC, for costs associated with PSE&G installation and startup of a gas line for \$5,600.00 at 2% per annum with quarterly payments and a due date of September 1, 2018. The mortgage owed to the Borough of Collingswood as of December 31, 2016, is \$4,820.00.

NOTE 24: GUARANTEE OF THIRD PARTY INDEBTEDNESS (NJSA 40A:12A-67(f))

Collingswood Partners, Inc.

The Borough of Collingswood is contingently liable as a guarantor for Collingswood Partners Inc., a Special Improvement District (NJSA 40:56 et seq.); with respect to the New Jersey Department of Community Affairs program Downtown Business Improvement Loan Fund in an amount not exceeding \$500,000.00. This is a fifteen year loan at 0% interest. This loan was for funding of the Lumberyard project. The Borough paid \$33,333.00 during 2016 and 2015 towards the loan. The loan balance at December 31, 2016 and 2015, is \$202,001 and \$235,334.00, respectively.

NOTE 25: TAX ABATEMENT PROGRAM

The Borough entered into long-term property tax abatement agreements (in excess of 5 year term) under the provisions of the New Jersey statutes as described below to promote and stimulate redevelopment and rehabilitation.

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 25: TAX ABATEMENT PROGRAM (CONTINUED)

NJSA 40A:12A-1 et seq. "The Local Redevelopment and Housing Law" (LRHL), which designates "areas in need of redevelopment" as defined in the statute.

NJSA 40A:20-1 et seq. "Long Term Tax Exemption Law," which provides for long term tax exemption for the LRHL designated areas. The statutes were utilized by the Borough to attract redevelopers.

For the fiscal year ended December 31, 2016, the Borough abated property taxes totaling \$1,665,820.29. The following agreements were in effect as of December 31, 2016, under the provisions of the aforementioned statutes:

- A 40% property tax abatement to rehabilitate six deteriorated and neglected two story apartment buildings containing 84 residential housing units. The abatement amounted to \$85,888.00.
- A 60% property tax abatement to rehabilitate the former Sutton Towers. The abatement amounted to \$1,257,183.59.
- A 30% property tax abatement to complete 34 partially constructed residential units. The abatement amounted to \$21,608.16.
- A 24% property tax abatement to complete 70 partially constructed residential units. The abatement amounted to \$30,551.50.
- A 86.64% property tax abatement to continue to redevelop and renovate a commercial building located at 756 Haddon Avenue which is in a redevelopment area. The abatement amounted to \$56,699.26.
- A 69.63% property tax abatement for a Non-Profit entity dedicated to helping those in need rebuild their lives and reach their potential. The abatement amounted to \$31,231.73.
- A 87.97% property tax abatement for a public housing entity dedicated to providing housing to senior citizens and disabled individuals. The abatement amounted to \$182,658.05.

The Borough entered into tax abatement agreements under the provisions of NJSA 40A:21-1 et seq. "The Five-Year Exemption and Abatement Law." For the fiscal year ended December 31, 2016, property taxes abated by the Borough under this law totaled \$62,192.61. The following is a summary of the agreements:

- A 63.72% property tax abatement to further redevelop property commonly known as 204 White Horse Pike for the construction and operation of a commercial medical office. The abatement amounted to \$13,175.09.
- A 38% property tax abatement for ten individual condo units known as Lumberyard. The abatement amounted to \$49,017.52.

NOTE 26: SUBSEQUENT EVENTS

On March 16, 2017, the Board of Commissioners issued a bond anticipation note in the amount of \$8,135,000.00. This note renewed \$4,353,000.00 of previously issued notes and \$3,782,000.00 in new funds that were authorized but not issued as of December 31, 2016.

**BOROUGH OF COLLINGSWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 26: SUBSEQUENT EVENTS (CONTINUED)

Management has reviewed and evaluated all event and transactions that occurred between December 31, 2016 and May 4, 2017, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no additional items have come to the attention of the Borough that would require disclosure.

NOTE 27: CONTINGENCIES

The Borough participates in federal and state assistance grant programs. The Borough is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the Borough of Collingswood Counsel's opinion there is not any litigation or contingent liability that may be pending against the Borough of Collingswood that would have an adverse effect on the financial position in the future.

APPENDIX C

FORM OF BOND COUNSEL OPINION

March 21, 2018

Board of Commissioners
of the Borough of Collingswood
678 Haddon Avenue
Collingswood, New Jersey

**RE: \$7,828,000 BOROUGH OF COLLINGSWOOD, COUNTY OF CAMDEN,
NEW JERSEY, BOND ANTICIPATION NOTES OF 2018, SERIES A**

Ladies and Gentlemen:

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

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 1564, 1589, 1590, 1591, 1605, 1607, 1608 and 1621, each duly and finally adopted by the Board of Commissioners (collectively, the "Bond Ordinances"), and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on March __, 2018 ("Award Certificate").

The Notes are dated March 21, 2018 and mature on March 20, 2019. The Notes are issued in [registered] [bearer] form and are not subject to redemption prior to their stated maturity date. The Notes are issued in anticipation of the issuance of bonds to provide funds for various capital improvements.

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

COUNSEL WHEN IT MATTERS.SM

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



In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, certifications, instruments and opinions examined including, without limiting the generality of the foregoing, the Nonarbitrage Certificate.

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

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

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

3. Interest on the Notes will not be includible for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals and, for tax years beginning prior to January 1, 2018, corporations.

For tax years beginning on and after January 1, 2018, the Tax Cuts and Jobs Act has repealed the alternative minimum tax for corporations. However, for tax years beginning prior to January 1, 2018, the adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction). For certain corporations with tax years beginning prior to January 1, 2018, interest on tax-exempt obligations, including the Notes, is not excludable in calculating "adjusted current earnings" of those corporations. Accordingly, a portion of the interest on the Notes received or accrued by corporations with tax years beginning prior to January 1, 2018 that own the Notes is included in computing such corporation's alternative minimum taxable income for such year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive "investment" income, including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Borough that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Notes and rebate to the United States Treasury of



specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Borough to comply with such covenants could result in the interest on the Notes being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Notes.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Notes will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Borough has designated the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the Notes should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

4. Interest on the Notes and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

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



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

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this 21st day of March, 2018 by and between the Borough of Collingswood, County of Camden, New Jersey ("Borough") and Phoenix Advisors, LLC, Bordentown, New Jersey ("Dissemination Agent"). This Disclosure Agreement is entered into in connection with the issuance and sale by the Borough of its Bond Anticipation Notes of 2018, Series A, in the aggregate principal amount of \$7,828,000 ("Notes").

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

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

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

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

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

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

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

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

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

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

SECTION 3. Provision of Annual Report.

(a) The Borough shall not later than 210 days after the end of its fiscal year (currently December 31) during which the Notes remain Outstanding provide to the Dissemination Agent the Borough's Annual Report prepared for the preceding fiscal year of the Borough. Each Annual Report provided to the Dissemination Agent by the Borough shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the Borough, shall submit the Annual Report received by it to the National Repository and thereafter shall file a written report with the Borough certifying that the Annual Report has been provided pursuant to this Agreement, stating the date it was provided to the National Repository.

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

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) the Borough's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, dated March 13, 2018, audited by an independent certified public accountant, provided that the annual audited financial statements of the Borough may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Borough are included in the Annual Report; and (ii) the general financial information and operating data of the Borough consistent with the information set forth in Appendix A to the Official Statement. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the New Jersey Department of Education as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

SECTION 5. Reporting of Significant Events.

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;

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

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

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

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

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

to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borough 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 Borough chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

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

(i) If to the Borough:

Borough of Collingswood
678 Haddon Avenue
Collingswood, New Jersey 08108

(ii) If to the Dissemination Agent:

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

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

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

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

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

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

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

BOROUGH OF COLLINGSWOOD, NEW JERSEY

By: _____
ELIZABETH PIGLIACELLI,
Chief Financial Officer

PHOENIX ADVISORS, LLC, as Dissemination Agent

By: _____
SHERRY L. TRACEY, Managing Director

EXHIBIT A

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

Name of Issuer: Borough of Collingswood, County of Camden, New Jersey

Name of Note Issues Affected: \$7,828,000 Bond Anticipation Notes of 2018, Series A

Date of Issuance of the Affected Note Issue: March 21, 2018

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Note issue as required by Section 3 of the Continuing Disclosure Agreement, dated March 21, 2018, between the Borough and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____].

Dated:

**PHOENIX ADVISORS, LLC,
Dissemination Agent**

cc: Borough