

In the opinion of Bond Counsel, interest on the Bonds is not includable in gross income for purposes of federal income tax-ation under existing statutes, regulations, rulings and court decisions, subject to the condition described in "TAX MATTERS" herein and interest on the Bonds is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the individual and corporate alternative minimum taxes. However, under the Code, such interest may be subject to certain other taxes affecting corporate holders of the 2015 Bonds. Interest on the 2015 Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. For a more complete discussion, see "TAX MATTERS" herein.

The Township has designated the 2015 Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 (b)(3) of the Code. For a more complete discussion, see "Deduction for Interest Paid by Financial Institutions to Purchase or carry Tax-Exempt Obligations" herein.

TOWNSHIP OF MEDFORD
in the County of Burlington, New Jersey

\$4,890,000 GENERAL OBLIGATION BONDS, SERIES 2015
CONSISTING OF:
\$3,420,000 GENERAL IMPROVEMENT BONDS
\$1,470,000 UTILITY IMPROVEMENT BONDS
(Bank Qualified)

Dated: Date of Delivery

Due: As shown on inside front cover

The General Obligation Bonds, Series 2015 (the "2015 Bonds") of the Township of Medford, in the County of Burlington, New Jersey ("Township"), shall be issued in fully registered book-entry only form without coupons. The principal of the Bonds shall be paid on their respective maturity dates in the amounts and in the years set forth on the inside front cover, upon presentation and surrender of the Bonds to the Township, as paying agent ("Paying Agent").

Interest on the 2015 Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2016 until maturity or earlier redemption. The 2015 Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions described herein.

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

The 2015 Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented (the "Local Bond Law"); (ii) certain bond ordinances of the Township, described herein, each duly and finally adopted by Township Council and published in accordance with applicable law; (iii) a resolution adopted by Township Council on December 15, 2015; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township.

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

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

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Saul Ewing, LLP, Princeton, New Jersey, Bond Counsel, and certain other conditions described herein. It is anticipated that the Bonds in definitive form will be available for delivery through DTC in New York, New York on or about December 29, 2015.

Dated: December 17, 2015

**\$4,890,000 GENERAL OBLIGATION BONDS SERIES 2015
MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIPS**

Maturity Date	General Improvement Bonds	Utility Bonds	Principal Amount Total	Interest Rate	Yield	CUSIP*
6/1/2016	\$225,000	\$55,000	\$280,000	2.00%	0.40%	584309 TB4
6/1/2017	250,000	55,000	305,000	2.00%	0.94%	584309 TC2
6/1/2018	275,000	55,000	330,000	2.00%	1.05%	584309 TD0
6/1/2019	300,000	55,000	355,000	2.00%	1.20%	584309 TE8
6/1/2020	325,000	60,000	385,000	2.00%	1.35%	584309 TF5
6/1/2021	350,000	60,000	410,000	2.00%	1.55%	584309 TG3
6/1/2022	375,000	65,000	440,000	2.00%	1.70%	584309 TH1
6/1/2023	420,000	65,000	485,000	2.00%	1.85%	584309 TJ7
6/1/2024	450,000	65,000	515,000	2.00%	2.00%	584309 TK4
6/1/2025	450,000	70,000	520,000	2.25%	2.10%	584309 TL2

\$385,000 3.00% Term Bond due June 1, 2030, Yield 2.65%, CUSIP*: 584309 TR9
 \$480,000 3.00% Term Bond due June 1, 2035, Yield 3.00%, CUSIP*: 584309 TW8

*The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Township or the underwriter, and such parties are not responsible for the selection or use of CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based upon a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Township nor the underwriter have agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

TOWNSHIP OF MEDFORD
County of Burlington, New Jersey

Elected Officials

Chuck Watson	Mayor
Jeffrey Beenstock	Deputy Mayor
Christopher Buoni	Councilmember
Frank Czekay	Councilmember
Bradley Denn	Councilmember

Township Manager/Municipal Clerk
Katherine Burger

Chief Financial Officer
Albert Stanley

Solicitor
Christopher Norman
Raymond, Coleman, Heinold & Norman LLP
Medford, New Jersey

Auditor
Holman Frenia Allison, P.C.
Medford, New Jersey

Bond Counsel
Saul Ewing LLP
Princeton, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Township to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Township. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expression of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

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 Township during normal business hours.

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

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

The order and placement of 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
OF
TOWNSHIP OF MEDFORD,
in the County of Burlington, New Jersey**

**\$4,890,000 GENERAL OBLIGATION BONDS, SERIES 2015
CONSISTING OF:
\$3,420,000 GENERAL IMPROVEMENT BONDS
\$1,470,000 UTILITY IMPROVEMENT BONDS**

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, \$4,890,000 General Obligation Bonds, Series 2015 (the “Bonds” or the “2015 Bonds”) consisting of (i) \$3,420,000 General Improvement Bonds and (ii) \$1,470,000 Utility Improvement Bonds to be issued by the Township of Medford, in the County of Burlington, New Jersey (“Township”).

The information contained herein relating to the Township was furnished by the Township unless otherwise indicated. This Official Statement should be read in its entirety in order to make an informed investment decision.

PURPOSE OF THE BOND ISSUE

The 2015 Bonds are being issued to provide funds which will be used to (i) finance the cost of various general capital improvements and utility capital improvements in the Township and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The improvements to be permanently financed from the proceeds of the Bonds include the following (“Improvements”):

<u>Ordinance Number</u>	<u>Purpose/Improvements</u>	<u>Obligations Authorized</u>	<u>Bonds to be Issued</u>
General Improvements:			
2010-15	Various Capital Improvements	3,586,411	505,000
2013-16	Various Capital Improvements	1,240,814	855,000
2014-10	Various Capital Improvements	520,654	206,000
2015-15	Various Capital Improvements	1,886,225	175,000
Water/Sewer Utility:			
2008-20	Improvements for Phase II-Sewer Plant Upgrade	7,051,172	35,000
2010-16	Various Utility Capital Improvements	1,050,000	615,000
2010-21	Various Utility Capital Improvements	3,470,000	90,000
2015-16	Various Utility Capital Improvements	730,000	730,000

AUTHORIZATION FOR THE BONDS

The 2015 Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented (the “Local Bond Law”); (ii) Bond Ordinance Numbers 2010-15, 2013-16, 2014-10, 2015-15, 2008-20, 2010-16, 2010-21 and 2015-16 each duly and finally adopted by the Township Council and published in accordance with applicable law (the "Bond Ordinances"); (iii) a resolution adopted by Township Council on December 15, 2015; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on the date hereof.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Bonds.

Sources of Funds:	2015 Bonds
Par Amount of Bonds	\$4,890,000.00
Original Issue Premium	\$74,477.70
Total Sources of Funds	\$4,964,477.00
Uses of Funds:	
Costs of Improvements	\$4,887,606.23
Costs of Issuance (1)	76,870.77
Total Uses of Funds	\$4,964,477.00

(1) Includes legal fees, accounting fees, underwriter's discount, printing costs, rating agency's fees, rounding amount and miscellaneous expenses incurred in connection with the issuance of the Bonds.

THE BONDS

General Description

The 2015 Bonds will be issued in the aggregate principal amount, will be dated their date of delivery and will bear interest from that date at the rates set forth on the inside front cover page hereof. Interest on the 2015 Bonds will be payable initially on June 1, 2016 and semiannually thereafter on June 1 and December 1 ("Interest Payment Dates") in each year until maturity or earlier redemption. The 2015 Bonds will mature on June 1 in the years and in the principal amounts, all as shown on the inside front cover of this Official Statement.

The Bonds will be issued in fully registered book-entry only form without coupons in the principal denominations of \$5,000 or any integral multiple thereof. The principal of the Bonds will be payable to the registered owners thereof at maturity, upon presentation and surrender of the Bonds to the Paying Agent.

So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds 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 Bonds is the responsibility of the DTC Participants and not the Township or the Paying Agent. See "THE BONDS--Book-Entry Only System" herein.

Redemption Provisions

The 2015 Bonds maturing prior to June 1, 2026 are not subject to redemption prior to maturity. The 2015 Bonds maturing on or after June 1, 2026 are subject to redemption prior to maturity at the option of the Township, as a whole at any time or in part from time to time on or after June 1, 2025 in such order of maturity as the Township may direct at a redemption price equal to one-hundred percent (100%) of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption.

The 2015 Bonds maturing on June 1, 2030 are subject to mandatory sinking fund redemption prior to maturity on June 1 in the years and in the amounts shown below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption:

Date (June 1)	Principal Amount
2026	\$70,000
2027	75,000
2028	75,000
2029	80,000
2030*	85,000

* Final maturity

The 2015 Bonds maturing on June 1, 2035 are subject to mandatory sinking fund redemption prior to maturity on June 1 in the years and in the amounts shown below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption:

Date (June 1)	Principal Amount
2031	\$90,000
2032	90,000
2033	90,000
2034	100,000
2035*	110,000

* Final maturity

Notice of redemption shall be given by publishing such notice in a newspaper of general circulation that carries financial news, is printed in the English language and is customarily published on each business day in the City of New York, State of New York, at least twenty (20) but not more than sixty (60) days before the date fixed for redemption. Notice of redemption also shall be mailed by first class mail, postage prepaid, to the registered owners of any 2015 Bonds or portions thereof which are to be redeemed, at their respective addresses as they last appear on the registration books of the Paying Agent. So long as the 2015 Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC, as securities depository for the 2015 Bonds or any successor, and will not be sent to the beneficial owners of the 2015 Bonds. Failure of an owner of the 2015 Bonds to receive such notice or of DTC to advise any participant or any failure of a participant to notify any beneficial owner of the 2015 Bonds shall not affect the validity of any proceedings for the redemption of 2015 Bonds.

Book-Entry Only System

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

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the 2015 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered

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

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

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

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

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

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

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

Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

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

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

Discontinuance of Book-Entry Only System

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

SECURITY FOR THE BONDS

The Bonds are general obligations of the Township, and unless paid from other sources, the Township is required by law to levy ad valorem taxes upon all the real property taxable within the Township for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

Enforcement of a claim for the payment of principal of or interest on bonds or notes of the Township is subject to applicable provisions of Federal bankruptcy law and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Bonds or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission, whose powers have been vested in the Local Finance Board.

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

Local Bond Law

General – The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds, other than special assessment bonds, must mature within the statutory period of usefulness of the projects being funded and that bonds be retired in serial or sinking fund installments. A five percent (5%) down payment is generally required to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized. Bonds and notes issued by the Township are general full faith and credit obligations.

Debt Limits - The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its average equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The Township, including the issuance of the Bonds, will not exceed its three and one-half percent (3.5%) debt limit.

Exceptions to Debt Limits – Extensions of Credit - The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval may be granted.

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

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

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

Local Fiscal Affairs Law

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

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 Township's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the 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, 2014 is on file with the Township Clerk and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the chief financial officer of the municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities. The Annual Compiled Financial Statement for the year ended December 31, 2014 is on file with the Township Clerk and is available for review during business hours.

Local Budget Law

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

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

No budget shall be adopted unless the Director shall have previously certified his or her 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 Township to levy ad valorem taxes upon all taxable real property within the Township to pay debt service on the Bonds. The Cap Law provides that a municipality shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an Interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010, which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with 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 2011 no longer permit Municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above

the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

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.

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.

Operation of Utility

The Township's public water and sewer utility is supported, in addition to the general taxing power upon real property, by the revenues generated by the operations of the utility. A separate budget is established for the utility. The anticipated revenues and appropriations for the 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 the 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.

Rights and Remedies of Owners of Bonds

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

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

The Act empowers the Commission to direct the municipality to provide for the funding of or 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.

THE SUMMARIES OF AND REFERENCES TO THE 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 resulting in an increase of the assessment ratio to its present level of 90.85%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last complete revaluation of property within the Township was for the year 2012.

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

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

Tax Appeals

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the New Jersey Board of Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

INFORMATION REGARDING THE TOWNSHIP OF MEDFORD

General

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

Financial

Appendix "B" to this Official Statement contains audited financial statements for the years ended December 31, 2014 and 2013. A copy of the financial statements and complete Reports of Audit, may be obtained upon request of the office of the Township Clerk.

LITIGATION

Upon delivery of the Bonds, the Township shall furnish an opinion of its Solicitor, Christopher Norman, of the law firm of Raymond, Coleman, Heinold and Norman LLP, Medford, New Jersey, dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending or, to the best knowledge of counsel, threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition such opinion shall state that to the Solicitor's knowledge and information, there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the Township or adversely affect the power to levy, collect and enforce the collection of taxes and other revenues for the payment of the Bonds.

TAX MATTERS

Tax Exemption-Opinion of Bond Counsel

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

In the opinion of Bond Counsel, interest on the Bonds (including accrued original issue discount) is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion of Bond Counsel is subject to the condition that the Township comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excluded from gross income. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so includable in gross income retroactive to the date of issuance of the Bonds. The Township has covenanted to comply with all such requirements. Interest on the Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the individual and corporate alternative minimum taxes; however, under the Code, to the extent that interest on bonds is a component of a corporate holder's "adjusted current earnings," a portion of that interest may be subject to the corporate alternative minimum tax. Bond Counsel expresses no opinion regarding other federal tax consequences relating to the Bonds or the receipt of interest thereon. See discussion of "Alternative Minimum Tax," "Branch Profits Tax," "S Corporations with Passive Investment Income," "Social Security and Railroad Retirement Benefits," "Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations," "Property or Casualty Insurance Company," and "Accounting Treatment of Amortizable Bond Premium" below.

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

Alternative Minimum Tax

The Code includes, for purposes of the corporate alternative minimum tax, a preference item consisting of, generally, seventy-five percent of the excess of a corporation's "adjusted current earnings" over its "alternative minimum taxable income" (computed without regard to this particular preference item and the alternative tax net operating loss deduction). Thus, to the extent that tax-exempt interest on bonds (including interest on the Bonds) is a component of a corporate holder's "adjusted current earnings," a portion of that interest may be subject to the alternative minimum tax.

Branch Profits Tax

Under the Code, foreign corporations engaged in a trade or business in the United States will be subject to a "branch profits tax" equal to thirty percent (30%) of the corporation's "dividend equivalent amount" for the taxable year. The term "dividend equivalent amount" includes interest on tax-exempt obligations.

S Corporations with Passive Investment Income

Section 1375 of the Code imposes a tax on the income of certain small business corporations for which an S Corporation election is in effect, and that have "passive investment income." For purposes of Section 1375 of the Code, the term "passive investment income" includes interest on the Bonds. This tax applies to an S Corporation for a taxable year if the S Corporation has Subchapter C earnings and profits at the close of the taxable year and has gross receipts, more than twenty-five percent (25%) of which are "passive investment income." Thus, interest on the Bonds may be subject to federal income taxation under Section 1375 of the Code if the requirements of that provision are met.

Social Security and Railroad Retirement Benefits

Under Section 86 of the Code, certain Social Security and Railroad Retirement benefits (the "benefits") may be includable in gross income. The Code provides that interest on tax-exempt obligations (including interest on the Bonds) is included in the calculation of "modified adjusted gross income" in determining whether a portion of the benefits received are to be includable in gross income of individuals.

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

The Code, subject to limited exceptions discussed below, denies the interest deduction for indebtedness incurred or continued to purchase or carry tax-exempt obligations, such as the Bonds. With respect to banks, thrift institutions and other financial institutions, the denial to such institutions is one hundred percent (100%) for interest paid on funds allocable to the Bonds and any other tax-exempt obligations acquired after August 7, 1986.

An exception to the complete denial to financial institutions for interest paid on funds allocable to purchase or carry tax-exempt obligations applies if such obligations are “qualified tax-exempt obligations.” Under Section 265(b)(3) of the Code, an obligation is a “qualified tax-exempt obligation” if: (i) the obligation is not a “private activity bond” (as defined in the Code for this purpose); (ii) the Township and all entities that must be aggregated with it pursuant to the Code (“Other Issuers”) do not reasonably anticipate issuing during the calendar year tax-exempt obligations in excess of \$10 million (other than certain obligations not required to be taken into account under the Code); and (iii) the Township designates the tax-exempt obligations as “qualified tax-exempt obligations.” If the tax-exempt obligation is a “qualified tax-exempt obligation,” then eighty percent (80%) of the interest deduction for indebtedness incurred by banks, thrifty institutions and other financial institutions to purchase or carry such obligations will be allowed under Sections 265(b) and 291(e)(1)(B) of the Code.

The Township has represented that the Bonds are not private activity bonds. The Township has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code and has represented that neither it nor any Other Issuer has issued or expects to issue more than \$10,000,000 of “tax-exempt obligations” (other than certain obligations not required to be taken into account for purposes of that Section of the Code) in the calendar year 2015. Based on such representations, it is Bond Counsel’s opinion that banks, thrift institutions and other financial institutions which purchase the Bonds may deduct eighty percent (80%) of their interest expense on indebtedness incurred to purchase or carry the Bonds pursuant to Sections 265(b) and 291(e)(1)(B) of the Code.

Property or Casualty Insurance Company

The Code provides that a property or casualty insurance company may incur a reduction, by a specified portion of its tax-exempt interest income, of its deduction for losses incurred.

Reportable Payments and Backup Withholding

Under 2006 amendments to the Internal Revenue Code, payments of interest on the Bonds will be reported to the Internal Revenue Service by the payor on Form 1099 unless the Bondholder is an “exempt person” under Section 6049 of the Code. A Bondholder who is not an exempt person may be subject to “backup withholding” at a specified rate prescribed in the Code if the Bondholder does not file Form W-9 with the payor advising the payor of the Bondholder’s taxpayer identification number. Bondholders should consult with their brokers regarding this matter.

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

Accounting Treatment of Amortizable Bond Premium

The Bonds maturing on June 1, 2016 through and including June 1, 2023, along with the Bonds maturing on June 1, 2025 and June 1, 2030 are hereinafter referred to as the “Premium Bonds.” An amount equal to the excess of the initial public offering price of a Premium Bond set forth on the inside cover page over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the purchaser’s basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning Premium Bonds.

Changes in Federal Law

From time to time, there are presidential proposals, proposals by various federal committees and legislative proposals in Congress that, if enacted, could alter or amend the tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposals may be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. In addition, regulatory or other actions are from time to time announced or proposed which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory or other actions will be implemented or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulations or other potential changes in law. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulations or other potential changes in law.

CONTINUING DISCLOSURE

The Township has agreed to undertake for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12. Specifically, the Township will do the following for the benefit of the holders of the Bonds and the beneficial owners thereof:

(A) Not later than nine (9) months after the end of the Township's fiscal year (presently December 31), commencing with the report for the year ending December 31, 2015, provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Market Access Data Port, annual financial information with respect to the Township consisting of (i) audited financial statements (or unaudited financial statements if audited financial statements are not then available by the date of filing, which audited financial statements will be delivered when and if available) of the Township and (ii) certain financial information and operating data consisting of information of the type contained under the headings "Ten Largest Taxpayers," "Current Tax Collections," "Delinquent Taxes," "Tax Title Liens", "Net Assessed Valuations and Annual Tax Rates," "Ratio of Assessed Valuation to True Value," "Real Property Classification," "Statement of Indebtedness," and "Debt Ratios and Valuations," in APPENDIX A of this Official Statement. The audited financial statements will be prepared in accordance with accounting principles and practices as from time to time prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. Audited financial statements if not available by the filing date will be submitted separately when available.

(B) Provide or cause to be provided to the MSRB, in a timely manner not in excess of ten (10) business days, notice of the occurrence of any of the following events with respect to the Bonds:

- (i) Principal or interest payment delinquencies on the Bonds.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of Taxability,

Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

- (vii) Modifications to the rights of Bondholders, if material.

- (viii) Bond calls, if material, and tender offers.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material.
- (xi) Rating changes.
- (xii) Bankruptcy, insolvency, receivership or similar event of the County.
- (xiii) The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, 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.
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(C) Provide or cause to be provided, in a timely manner, to the MSRB, notice of a failure of the Township to provide required annual financial information on or before the date specified above.

If the Township fails to comply with the above-described undertaking, any Bondholder or beneficial owner of the Bonds may pursue an action for specific performance to enforce the rights of all Bondholders and beneficial owners with respect to such undertaking; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Bonds or any liability by the Township for monetary damages. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Bondholders and beneficial owners of the Bonds.

The Township has identified the following instances in the past five years in which it failed to comply, in all materials respects, with its prior written undertakings under Rule 15c2-12 to provide ongoing disclosures of annual financial information and notice of material events affecting its securities:

- (1) In each of the past five years, from year ending December 31, 2009 through year ending December 31, 2014, the Township failed to file all required annual financial information (audited financial statement and certain supplementary information) by the earliest date required by an applicable continuing disclosure certificate or agreement (in some instances, as early as 180 days after the end of the prior year). The chart below identifies the date the Township filed its audit and supplementary financial information for the relevant years.

<u>Year Ending</u>	<u>Date Audit Filed</u>	<u>Date Supplementary Financial Information Filed</u>
December 31, 2009	October 27, 2010	November 10, 2014
December 31, 2010	September 14, 2011	November 10, 2014
December 31, 2011	August 7, 2012	November 10, 2014
December 31, 2012	July 22, 2013	November 10, 2014
December 31, 2013	June 30, 2014	November 10, 2014
December 31, 2014	December 3, 2015	December 3, 2015

- (2) In the past five years, the Township failed to file its budget in a timely manner as required under certain applicable continuing disclosure agreements and certificates.
- (3) In the past five years, the Township failed to provide notice of rating changes on its bonds (whether based on the Township's rating or the rating of a bond insurer) in a timely manner
- (4) In some instances, when information was filed with the Electronic Municipal Market Access System, the information was not associated with all required CUSIPs of outstanding bond issues of the Township.

The Township believes it has now filed all information required under its applicable continuing disclosure agreements. The Township's Chief Financial Officer plans to thoroughly review the Township's policies and practices with respect to its continuing disclosure requirements in order to ensure future compliance with its written undertakings related to Rule 15c2-12.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, II U.S.C. Section 901 *et seq.*, as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditor's rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of the creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does not provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, sale and delivery of the Bonds are subject to the approval of Saul Ewing, LLP, Princeton, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the 2015 Bonds, substantially in the form set forth in Appendix "C" hereto. Certain legal matters will be passed on for the Township 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 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of any opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

RATING

Moody's Investors Service ("Rating Agency"), has assigned its municipal bond rating of "Aa2" to the Bonds ("Rating").

The Rating reflects only the views of the Rating Agency and an explanation of the significance of such Rating may only be obtained from the Rating Agency. The Township furnished to the Rating Agency certain information and materials concerning the Bonds and the Township. There can be no assurance that the Rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such Rating may have an adverse effect on the marketability or market price of the Bonds.

PREPARATION OF OFFICIAL STATEMENT

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

All other information has been obtained from sources that the Township considers to be reliable and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information. Saul Ewing, LLP has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto. Holman Frenia Allison, P.C., Medford, New Jersey, compiled this Official Statement from information obtained from Township management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information. Holman Frenia Allison, P.C. does take responsibility for the financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Auditor's Report.

LEGALITY FOR INVESTMENT

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

UNDERWRITING

The 2015 Bonds are being purchased from the Township by Janney Montgomery Scott LLC (the "Underwriter") at a purchase price of \$4,933,971.45. The purchase price of the 2015 Bonds reflects an Underwriter's discount of \$30,506.25 and original issue premium of \$74,477.70. The 2015 Underwriter is obligated to purchase all of the 2015 Bonds if any 2015 Bonds are purchased.

The Underwriter intends to offer the 2015 Bonds to the public initially at the offering yields set forth on the inside front cover 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 2015 Bonds to the public. The Underwriter may offer and sell the 2015 Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside front cover of this Official Statement, and such yields may be changed, from time to time, by the Underwriter without prior notice.

ADDITIONAL INFORMATION

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract or agreement with the owners of the Bonds.

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

This Official Statement has been duly executed and delivered by the Township.

TOWNSHIP OF MEDFORD, NEW JERSEY

By: /s/ Albert Stanley
ALBERT STANLEY, Chief Financial Officer

APPENDIX A

**CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING
THE TOWNSHIP OF MEDFORD,
IN THE COUNTY OF BURLINGTON, NEW JERSEY**

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GENERAL INFORMATION OF THE TOWNSHIP

History, Location and Area

The Township is a 42 square mile municipality located in southern Burlington County (“County”) approximately 18 miles east of Philadelphia, 35 miles west of the Atlantic Ocean and located at the edge of the Pine Barrens.

In January, 1980, following the adoption, by referendum, of a Charter Study recommendation, the Township switched to Council-Manager Plan E of the optional Municipal Charter Law of the State. The new Township Council embarked on the task of organization and with the help of the Township Manager established three (3) major goals: (i) the creation of a governmental environment which will encourage broad citizen participation, attract competent personnel and produce a policy which is goal and result oriented; (ii) place a focus on the downtown village with planning decisions and physical improvements aimed at providing a diversification of uses which attract people and help recover some of the economic vitality and historical significance; and (iii) the improvement of a service delivery system through modernization of facilities and equipment, restructuring of the organization and the use of modern methods and techniques aimed at maximizing productivity and minimizing cost and improving personalized service to the citizens.

In the years that have followed, these goals have been the backbone of decision making which has improved the Township's financial position, developed a comprehensive planning document consistent with State and regional objectives and opened the channels of communication with the citizens of the community and business and government leaders at all levels.

Of particular significance is the development of the unified utility system which places the Township in a position to: (i) provide the infrastructure required to serve the current population and to attract the expected growth predicted for the Township; (ii) provide the existing users with quality service; and (iii) provide a more stabilized rate structure.

Continuing improvements have been made to both the water and sewer systems, including a modern tertiary level sewerage treatment facility completed in 1986, major water transmission line interconnections finished in 1992 and construction of three elevated water storage tanks in 1974, 1989 and 1998.

The Township is a community which will continue to build on its strong foundation by implementing its Master Plan which reflects the Pineland Regional Commission's goals of continued controlled growth.

Form of Government

The Township is governed by a Township Council composed of five members, all of whom are elected at large. The Township employs a Township Manager who has the responsibility of operating the Township government efficiently under the guidelines and provisions of the Township Council and the Township Administrative Code.

The general administration of the Township business, tax assessment and collection, zoning and planning, elections and court is provided, utilizing a full time staff of approximately 92 persons.

Planning and Development

The Township Master Plan provides for a well-planned development of the remaining vacant land within the Township. The Master Plan was adopted on September 25, 1990 and re-examined and updated in 1996, 2002, 2008 and 2012.

The Township presently has 8,250 residential units including farm properties. The Township's real estate values have stabilized or declined in recent years.

Public Services

The Township has a 23-person police force and 45 police vehicles. A 24-hour police dispatching network through Burlington County Central Communication, located in Westampton, N.J. and numerous school traffic guards contribute to the safety of the Township. The Township is also protected by five full time firefighters as well as by two volunteer fire companies. Emergency medical services have paid daytime coverage to augment the volunteers.

Improvements and maintenance of the Township streets and equipment utilizes a 15 person Public Works Department. Once-a-week garbage and trash collection and Fall only leaf collection, which is every day for two months during the Fall, financed through Township tax dollars is also provided.

Public Service Electric and Gas Company, Conectiv Energy and South Jersey Gas Company provide electric and gas to the Township. Water service for approximately 5,080 customers and sewer service for approximately 5,283 customers is provided by the Township.

Over 488 acres of parks and playgrounds are maintained with 801 acres preserved as natural woodland parks and 438 acres under Farmland Preservation. A supervised summer recreation program for over 500 children is run each year.

Library

The Township is part of the County library system. While the Township owns the building the library operates in, the staff of the library is under the County’s system.

Health Care Facilities

Two retirement and long term health care facilities are located in the Township; Medford Convalescent and Nursing Center and Medford Leas. The Medford Medical Building is a public health care center, located in the Township, which houses doctors practicing various specialized medicine. In addition, Virtua-Memorial Hospital Burlington County is located within 10 miles of the Township.

Transportation

The Township is intersected by State Highway Route 70; Route 70 intersects State Highway Route 73. Both Routes 70 and 73 allow access to Interstate Highway Route 295 for travel to Philadelphia. Also accessible from Route 73 is the New Jersey Turnpike for travel north to New York or south to Delaware. Public transportation in the Township is provided by New Jersey Transit bus lines.

Compensated Absences

Township employees are entitled to paid vacation and comp-time depending upon their length of service with the Township. Vacation days not used during the year may be accumulated and carried forward to the next succeeding year. Vacation days carried forward must be used in the next succeeding year or be forfeited. Vacation time unused is reimbursed to the employee at their current rate of pay upon termination. Comp-time may be carried forward to succeeding years up to a maximum of 480 hours for police employees and 240 hours for all other employees. Comp-time unused is reimbursed to the employee at their current rate of pay upon termination. Sick time is accumulated and carried forward to succeeding years but is not reimbursed to employees upon termination. For additional information regarding compensated absences, see Appendix B: Audited Financial Statements of the Township, Note 9.

Pension Plans

The Township, on behalf of most of its employees, is enrolled in the New Jersey Public Employees Retirement System, a pension actuarial system administered by the Division of Pensions within the Treasury Department of the State. The members of the Police Department and Fire Department, however, are enrolled in the Police and Firemen's Retirement System. For additional information regarding pension plans, see Appendix B: Audited Financial Statements of the Township, Note 5.

Township Employees

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Full-time	80	75	80	80	92
Part-time	21	22	20	19	22
	<u>101</u>	<u>97</u>	<u>100</u>	<u>99</u>	<u>114</u>

Employee Collective Bargaining Units

There are 8 Township employees represented by the Medford Township Superior Officers Association which includes police superior officers. The agreement with the Superior Officers Association expires December 31, 2016. The Medford Police Officers Association is represented by 23 police officers. The agreement with the Police Officers Association expires on December 31, 2016. The Burlington County Professional Firefighters Association, a member of the International Association of Firefighters Local 4091 represents 4 Township employees. The agreement with the International Association of Firefighters Local 4091 is a three year agreement, which expires on December 31, 2017. There is also a public works department Public Utilities union of 18 members affiliated with the UAW – International Union, United Automobile, Aerospace Agricultural Implement Workers of America which expires December 31, 2015.

Township Population (1)

2010 Federal Census	23,033
2000 Federal Census	22,253
1990 Federal Census	20,526
1980 Federal Census	17,471
1970 Federal Census	8,292

Selected Census Data on the Township (1)

Median Household Income	\$109,971
Median Family Income	\$123,841
Per Capita Income	\$ 46,627

Business and Industry

There are several shopping centers throughout the Township, including Medford Plaza, Medford Center, Sharps Run Plaza, Taunton Forge and Ironstone Village, as well as numerous smaller strip centers.

Building Permits (2)

The Township records of building permits issued by the Township Construction Code Officer illustrate the following growth patterns within the Township for the years 2010 through 2014.

Year	Number of Permits	Value of Construction
2015	1,241	31,333,300
2014	1,286	29,194,000
2013	1,063	20,197,600
2012	1,187	37,911,883
2011	1,241	32,883,564
2010	1,143	37,611,626

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

(2) Source: Township Construction Office

TEN LARGEST NON-GOVERNMENTAL EMPLOYERS (1)

The following table outlines the largest private employers in the Township.

Company	Type of Business	Approximate Number of Employees
The Estaugh	Retirement/Medical Community	390
Shop Rite	Food Retail	230
Medford Convalescent/Nursing Home	Health Care	180
Acme Markets	Food Retail	180
McDonald's Corporation	Food Retail	90
Murphy's Market	Food Retail	80
Medford Vinyl Products	Home Product Retail	75
J&S Precision Products	Screw Machine Products	70
Seaclean American Building	Janitorial Services	60
MTG	Auto Parts/Van Conversion Distributors	42

Labor Force (2)

The following table discloses current labor force data for the Township, County and State.

	2014	2013	2012	2011	2010
Township:					
Labor Force	12,121	12,154	12,226	11,565	11,999
Employment	11,500	11,426	11,390	11,103	11,450
Unemployment	621	728	836	462	549
Unemployment Rate	5.1%	6.0%	6.8%	4.0%	4.6%
County:					
Labor Force	232,000	233,800	236,200	235,800	236,900
Employment	217,400	216,000	215,800	215,300	215,500
Unemployment	14,700	17,800	20,400	20,500	21,300
Unemployment Rate	6.3%	7.6%	8.6%	8.7%	9.0%
State:					
Labor Force	4,518,700	4,534,400	4,588,100	4,565,700	455,300
Employment	4,218,400	4,164,400	4,162,100	4,140,500	4,121,500
Unemployment	300,300	370,000	426,000	425,300	433,900
Unemployment Rate	6.6%	8.2%	9.3%	9.3%	9.5%

(1) Source: Township Officials

(2) Source: New Jersey Department of Labor

EDUCATION (1)

Primary and Secondary Education

The Township of Medford School District (“School District”) functions independently through a nine-member board, elected by the citizens in alternate three-year terms. There are presently seven schools for grades kindergarten through eight. In addition to its public schools, the Township has one parochial elementary school, and the Burlington County Institute of Technology High School.

Township high school students attend the Lenape Regional High School District (“Regional School District”) which presently operates four high schools for grades 9 through 12. The Regional School District comprises the Townships of Medford, Evesham, Mount Laurel, Southampton, Shamong, Tabernacle and Woodland and the Borough of Medford Lakes.

The Regional School District functions through a ten member board, elected by the citizens in alternate three-year terms.

Taxes for the support of the Regional School District, as approved by the voters in the Regional School District, are levied on the valuations in the eight municipalities as equalized by the County.

TOWNSHIP OF MEDFORD SCHOOL DISTRICT SCHOOL ENROLLMENTS

Grade	October 15,				
	2014	2013	2012	2011	2010
Pre-School	22	20	34	37	39
K	198	220	235	243	277
1	264	221	272	284	293
2	221	249	297	291	273
3	244	266	291	264	289
4	263	285	276	287	324
5	286	288	293	321	314
6	289	275	314	313	293
7	277	314	315	296	328
8	304	319	300	327	307
Special Education	<u>360</u>	<u>340</u>	<u>390</u>	<u>410</u>	<u>417</u>
Totals	<u>2,728</u>	<u>2,797</u>	<u>3,017</u>	<u>3,073</u>	<u>3,154</u>

PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY

Functional Name of School	Date Constructed	Renovations/ Additions	Grades	Enrollment June 30,	
				2015	Capacity
Chairville	2004	-	K-5	423	500
Cranberry Pines	1979	1996	K-5	340	479
Haines 6th Grade Center	1960	1985	Grade 6	321	460
Kirby's Mill	2004	-	K-5	324	515
Memorial Middle School	1968	1985, 1996	7-8	725	1131
Milton Allen	1926	1954, 1985	K-5	362	486
Taunton Forge	1975	1996	K-5	310	447
				<u>2805</u>	<u>4018</u>

(1) Source: School District Officials

(2) Excludes 14 Special Education students attending out-of-district facilities.

**LENAPE REGIONAL HIGH SCHOOL DISTRICT
ENROLLMENTS (1)**

	<u>2014</u>	<u>2013</u>	<u>October 15, 2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Totals	7,123	7,202	7,283	7,513	7,513	7,611

(1) Source: Regional District officials

HIGHER EDUCATION FACILITIES

Burlington County College

Burlington County College (“College”), founded in October 1965, is fully accredited by the Middle State Association of Colleges and Secondary Schools, is a comprehensive, publicly supported, co-educational two-year institution developed under a program of the State Department of Higher Education. It is sponsored by the Board of Chosen Freeholders who appoint nine of the eleven Board of Trustees.

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

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

The student enrollment as of Fall 2014 consisted of 5,483 full-time and 4,795 part-time students. In addition, the College serves thousands of other County residents each semester through youth programs, the Learning Institute for Elders, customized training for local businesses, theatrical productions, guest speakers, and art exhibitions.

Burlington County Institute of Technology

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

As of June 30, 2014, the high school average daily enrollment for the two campuses in Westampton and Medford was 2,170 students.

Burlington County Special Services School District

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

As of the June 30, 2014, the total enrollment for the B.C.S.S.S.D. was 708.

CERTAIN TAX INFORMATION

TEN LARGEST TAXPAYERS (1)

The following table outlines the assessed value of the ten (10) largest commercial properties within the Township.

Name of Taxpayer	Nature of Business	2015 Assessed Valuation
The Estaugh T/A Medford Leas	Continuing Care Facility	\$28,441,000
Sharp Run, LLC	Retail Shopping Center	15,344,900
Medford Associates, L.P.	Apartments	12,659,000
Medford Supermarket Properties	Supermarket	9,401,500
Haynes Run, LLC	Apartments	8,458,400
Medford Convalescent & Nursing	Continuing Care Facility	7,833,700
Medford Center Associates	Retail Shopping Center	7,200,000
Verizon, Inc.	Telecommunications	5,541,405
Medford Associates	Golf Course	5,353,400
Depetris Family c/o Taunton Forge	Retail Shopping Center	5,097,500

CURRENT TAX COLLECTIONS (2)

Year	Total Levy	Outstanding Dec. 31		Collected in Year of Levy	
		Amount	Percentage	Amount	Percentage
2014	\$88,484,212	1,021,763	1.15%	\$87,367,500	98.73%
2013	85,590,325	813,231	0.95%	84,333,575	98.53%
2012	82,714,815	1,264,552	1.52%	81,379,336	98.38%
2011	79,792,286	1,527,280	1.91%	77,876,598	97.60%
2010	78,810,289	1,377,591	1.75%	77,173,953	97.92%

DELINQUENT TAXES (2)

Year	Outstanding		Collected		Transferred to Liens	Other Credits	Outstanding Dec. 31
	Jan. 1	Added	Amount	Percentage			
2014	\$ 813,231	\$ -	\$ 763,316	93.86%	\$ 5	\$ 49,910	\$ -
2013	1,264,552	-	1,158,391	91.60%	33,187	72,972	2
2012	1,527,280	6,520	1,494,218	97.41%	39,021	561	-
2011	1,377,591	-	1,327,545	96.37%	-	15,059	34,987
2010	1,327,770	5,342	1,262,483	94.70%	5,236	16,726	48,667

TAX TITLE LIENS (2)

Year	Balance	Added by	Collected	Cancellations/ Foreclosures	Balance
	Jan. 1	Sales and Transfers			Dec. 31
2014	\$414,969	\$ 74,617	\$48,051	---	\$441,535
2013	374,193	140,302	99,526	---	414,969
2012	251,918	122,830	555	---	374,193
2011	222,918	33,136	4,247	---	251,807
2010	197,806	28,733	3,621	---	222,918

(1) Source: Township Tax Assessor

(2) Source: Township Reports of Audit.

FORECLOSED PROPERTY (1)(2)

Year	Balance Jan. 1	Added By Transfer	Adjustment to Assessed Valuation	Adjustments	Balance Dec. 31
2014	\$371,400	\$ ---	\$ ---		\$ --- \$371,400
2013	371,400	---	---		371,400
2012	371,400	---	---		371,400
2011	371,400	---	---		371,400
2010	371,400	---	---		371,400

CURRENT WATER AND SEWER COLLECTIONS (1)

Year	Beginning Balance	Total Levy	Collected in Year of Levy		Outstanding Dec. 31	
	Balance		Amount	Percentage	Amount	Percentage
2014	\$ 227,322	\$6,369,967	\$6,370,679	96.57%	\$ 226,610	3.43%
2013	351,047	6,136,053	6,259,778	96.50%	227,322	3.50%
2012	1,575,010	5,655,410	6,879,374	95.14%	351,046	4.85%
2011	1,907,873	6,057,703	6,390,566	80.23%	1,575,010	19.77%
2010	1,380,288	5,570,732	5,043,147	72.55%	1,907,873	27.45%

(1) Source: Township Reports of Audits.

(2) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services.

**NET ASSESSED VALUATIONS AND
ANNUAL TAX RATES (1)**

Year	Net Valuation Taxable	Total Rate	Tax Rate (2)				
			Regional County	High School	Local School	Municipal	
2014	\$2,970,853,153	2.953	0.403	0.687	1.422	0.411	0.030
2013	2,975,894,377	2.856	0.395	0.646	1.374	0.412	0.029
*2012	3,018,537,441	2.758	0.401	0.597	1.318	0.413	0.029
2011	1,776,873,238	4.470	0.695	0.986	2.238	0.521	0.030
2010	1,781,135,937	4.407	0.729	0.956	2.197	0.495	0.030

*Township Reassessment

**RATIO OF ASSESSED VALUATION TO TRUE VALUE
AND TRUE VALUE PER CAPITA (3)**

Year	Real Property Assessed Valuation	Percentage of True Value	True Value	Full Value per Capita
2014	\$2,970,853,153	94.45%	\$3,145,328,147	\$136,557 (4)
2013	2,975,894,377	95.38%	3,120,094,011	135,462 (4)
2012	3,018,537,441	94.51%	3,193,603,319	138,438 (4)
2011	1,771,780,600	54.40%	3,256,949,632	141,404 (4)
2010	1,775,561,100	54.40%	3,263,899,081	141,705 (4)

(1) Source: Township Tax Collector

(2) Per \$100 of assessed valuation

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

(4) Based on 2010 Census of 23,033

REAL PROPERTY CLASSIFICATION (1)

Year	Assessed Value of Land and						
	Improvements	Vacant Land	Residential	Commercial	Industrial	Apartments	Farmland
2014	2,970,853,153	25,778,700	2,565,183,800	260,207,300	16,368,800	56,132,200	41,702,300
2013	2,975,894,377	28,687,900	2,552,413,700	270,483,900	16,368,800	56,932,200	43,431,100
2012	3,018,537,441	33,786,000	2,563,221,000	282,365,000	22,014,400	63,483,400	44,766,100
2011	1,771,780,600	17,360,100	1,541,272,500	149,260,800	9,287,700	29,815,900	24,783,600
2010	1,775,561,100	17,655,700	1,545,544,400	149,070,700	9,287,700	29,815,900	24,186,700

(1) Source: Township Tax Assessor

Township Indebtedness as of December 31, 2014 (1)

General Purpose Debt

Bonds	\$22,710,200
Notes	216,518
Loans	450,400
Bonds and Notes Authorized but Not Issued	<u>4,640,925</u>
Total:	<u>28,018,043</u>

Water – Sewer Utility Debt

Bonds	11,284,800
Loans	16,879,370
Notes	0
Bonds and Notes Authorized but Not Issued	<u>1,542,358</u>
Total:	<u>29,706,528</u>

Regional School Debt

Bonds	<u>13,091,807</u>
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Local School Debt

Bonds	<u>22,710,200</u>
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TOTAL GROSS DEBT

\$93,526,578

Less: Statutory Deductions

Self-Liquidating	\$29,706,528
Regional School Debt	13,091,807
Local School Debt	<u>22,710,200</u>
Total:	65,508,535

TOTAL NET DEBT

\$28,018,043

(1) Source: 2014 Annual Debt Statement of the Township

DEBT RATIOS AND VALUATIONS (1)

Average Equalized Valuation Basis (2012, 2013, 2014)	\$3,136,748,882
Permitted Debt Limitation (3 1/2%)	109,786,211
Less: Net Debt of the Township	28,018,043
Remaining Borrowing Power	\$81,768,168
Percentage of Net Debt to Average Equalized Valuation	0.893%
Gross Debt Per Capita (based on 2010 population estimate of 23,033)	\$4,061
Net Debt Per Capita (based on 2010 population estimate of 23,033)	\$1,216

(1) Source: As of December 31, 2012

LOCAL SCHOOL BORROWING CAPACITY (1)

3% of Average (2012-14) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$3,136,748,882)	\$94,102,466
Net Debt	<u>22,710,200</u>
Remaining Borrowing Capacity	<u>\$71,392,266</u>

REGIONAL HIGH SCHOOL DISTRICT BORROWING CAPACITY (1)

3% of Average (2011-14) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$17,704,970,482)	\$531,149,114
Net Debt	<u>73,895,000</u>
Remaining Borrowing Capacity	<u>\$457,254,114</u>

(1) As of June 30, 2015

**TOWNSHIP OF MEDFORD
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2015 - 2020**

	Estimated Total Cost	Capital Improvements Fund	Grants-In Aid & Other Funds	Bonds & Notes General	Self Liquidating
General Improvements:					
Road and Bikeway Improvement	\$ 2,810,000	\$ 140,500		\$ 2,669,500	
Purchase of Public Safety Vehicles & Equipment	1,423,500	71,175		1,352,325	
Purchase of Vehicle Admin/Construction	25,000	1,250		23,750	
Purchase of Public Safety Fire Equipment	215,000	10,750		204,250	
Acquisition of Emergency Response Vehicle	965,000	48,250		916,750	
Purchase of Uniform Fire Vehicles & Equipment	35,000	1,750		33,250	
Improvements to Municipal Buildings	900,000	45,000		855,000	
Purchase of Public Works Vehicles & Equipment	1,425,000	71,250		1,353,750	
Parks & Recreational Improvements	1,020,000	51,000		969,000	
Purchase of Police Communications/ General Equipment	64,000	3,200		60,800	
Purchase of Computer Equipment For Municipal Offices	390,000	19,500		370,500	
Purchase of Court Security System	190,000	9,500		180,500	
Acquisition of Fire Vehicles/Apparatus	3,829,035	191,452		3,637,583	
Purchase of Public Safety EMS Equipment	9,000	450		8,550	
	<hr/>				
Total General Improvements	<u>13,300,535</u>	<u>665,027</u>		<u>12,635,508</u>	
Water & Sewer Utility Improvements:					
Improvements to:					
Water Distribution & Storage System	550,000	-			\$ 550,000
Wastewater Treatment Plant	2,862,000	-			2,862,000
Wastewater Collection System	780,000	-			780,000
Utility Road Improvement Program	125,000	-			125,000
Water & Wastewater Telemetry & Controls	1,550,000	-			1,550,000
Water Treatment/Wells	100,000	-			100,000
	<hr/>				
Total Water & Sewer Utility Improvements	<u>5,967,000</u>	<u>-</u>			<u>5,967,000</u>
	<hr/>				
Total All Projects	<u>\$19,267,535</u>	<u>\$ 665,027</u>		<u>\$12,635,508</u>	<u>\$5,967,000</u>

**TOWNSHIP OF MEDFORD
2015 MUNICIPAL BUDGET**

CURRENT FUND

Anticipated Revenues: Fund	
Balance Miscellaneous	\$ 1,169,582
Revenues:	
Local Revenues	1,466,000
State Aid without Offsetting Appropriations	2,060,026
Dedicated Uniform Construction Code Fees	675,000
Interlocal Municipal Service Agreements	527,370
Other Special Items of Revenue	1,500,000
Receipts from Delinquent Taxes	800,000
Amount to be Raised by Taxation for Municipal Purposes	<u>12,223,521</u>
Total Appropriated Revenues	<u>\$ 20,421,499</u>
Appropriations:	
Within CAPS:	
Operations	\$ 14,339,623
Excluded from CAPS:	
Other Operations	101,000
Interlocal Municipal Service Agreements	527,370
Debt Service	4,123,850
Deferred Charges	160,000
Reserve for Uncollected Taxes	<u>1,169,656</u>
Total Appropriations	<u>\$ 20,421,499</u>

WATER AND SEWER UTILITY FUND

Operating Surplus Anticipated	\$ 700,693
Anticipated Revenues:	
Rents	6,100,000
Miscellaneous	<u>800,000</u>
Total Anticipated Revenues	<u>\$ 7,600,693</u>
Appropriations:	
Operating	\$ 3,583,582
Capital Improvements	53,500
Debt Service	3,682,293
Pension, Social Security, Unemployment Compensation	<u>281,318</u>
Total Appropriations	<u>\$ 7,600,693</u>

APPENDIX B

**Financial Statements of the
Township of Medford, in the
County of Burlington, New Jersey
As of December 31, 2014**

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TOWNSHIP OF MEDFORD
AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2014

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**TOWNSHIP OF MEDFORD
COUNTY OF BURLINGTON**

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**TOWNSHIP OF MEDFORD
COUNTY OF BURLINGTON**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Council
Township of Medford
Medford, New Jersey

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Medford, County of Burlington, State of New Jersey as of December 31, 2014 and 2013, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality'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 Municipality'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 discussed in Note 1 to the financial statements, the Township of Medford prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between these 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 the Township of Medford, County of Burlington, State of New Jersey, as of December 31, 2014 and 2013, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Medford, County of Burlington, State of New Jersey, as of December 31, 2014 and 2013, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2014 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2015, on our consideration of the Township of Medford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Medford's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.



Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
CR #435

Medford, New Jersey
June 25, 2015

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

The Honorable Mayor and Members
of the Township Committee
Township of Medford
County of Burlington
Township of Medford, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Medford (herein referred to as “the Municipality”), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements, and have issued our report thereon dated June 25, 2015. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting 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, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Comments & Recommendations we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Municipality’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Comments & Recommendations to be a material weakness as Finding No. 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Comments & Recommendations section as Finding No. 2014-001.

Response to Findings

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

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.



Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
CR #435

June 25, 2015
Medford, New Jersey

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF MEDFORD
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

ASSETS	REFERENCE	2014	2013
Current Fund:			
Cash	A-4	\$ 7,805,068	\$ 6,953,444
Cash - Birchwood Lake Dam	A-4	358,739	320,610
Cash - Petty Cash	A	200	-
Cash - Change Fund	A-5	400	400
Investment in Bond Anticipation Notes	C	216,518	216,518
Total		<u>8,380,925</u>	<u>7,490,972</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Taxes Receivable	A-6	1,021,763	813,231
Tax Title Liens Receivable	A-7	441,535	414,969
Foreclosed Property - Assessed Valuation	A	371,400	371,400
Revenue Accounts Receivable	A-8	15,016	14,548
Due from:			
Trust - Animal Control Fund	B	1,860	1,833
General Capital Fund	C	1,417,663	772,640
Total Receivables & Other Assets With Full Reserves		<u>3,269,237</u>	<u>2,388,621</u>
Deferred Charges To Future Taxation:			
Special Emergency Appropriation	A-29	280,000	840,000
Total		<u>280,000</u>	<u>840,000</u>
Total Regular Funds		<u>11,930,162</u>	<u>10,719,593</u>
Federal & State Grants:			
Cash	A-4	517,295	369,649
Due from Current Fund	A	61	475
Grants Receivable	A-25	718,972	547,123
Total Federal & State Grants		<u>1,236,328</u>	<u>917,247</u>
Total Assets		<u><u>\$ 13,166,490</u></u>	<u><u>\$ 11,636,840</u></u>

**TOWNSHIP OF MEDFORD
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2014	2013
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 695,418	\$ 1,050,313
Reserve for Encumbrances	A-31	526,383	559,228
Accounts Payable	A	13,622	105,611
Tax Overpayments	A-10	11,615	117,389
Prepaid Taxes	A-11	602,992	485,736
Due to State of New Jersey for Senior Citizen & Veteran Deductions	A-12	95,136	94,750
Due County for Added & Omitted Taxes	A-13	103,442	84,369
Due to State - Construction Code Fees	A-23	8,271	7,539
Due to State - Marriage License Fees	A-24	525	575
Due to Sewer Connection Trust Fund	D	30,390	30,390
Due to Trust Other Fund	B	10,411	10,718
Due to Municipal Open Space Fund	B	19,662	901,189
Due to Federal & State Grant Fund	A-28	61	475
Local District School Taxes Payable	A-15	1,552,744	884,427
Regional High School Taxes Payable	A-16	1,689,049	1,097,692
Special Emergency Note Payable	A-30	420,000	560,000
Reserve for:			
Municipal Court - POAA	A-17	762	744
Purchase of Public Safety Equipment	A-18	19,600	13,825
Election Workers	A-19	1,972	1,668
Revaluation	A-20	4,159	4,159
Insurance Claims	A-21	1,029	1,029
Workers Compensation Claims	A-22	31,231	31,231
Library State Aid	A	3,300	3,300
New Jersey Saver Rebates	A	1,200	1,200
Auction	A	4,292	4,292
PILOT	A	9,842	-
OPRA Requests	A	4,754	3,071
Tax Map	A	10	10
Homeowners Dam Restoration	A	358,739	320,610
Subtotal Regular Fund		<u>6,220,611</u>	<u>6,375,540</u>
Reserve for Receivables & Other Assets	A	3,269,237	2,388,621
Fund Balance	A-1	<u>2,440,314</u>	<u>1,955,432</u>
Total Regular Fund		<u>11,930,162</u>	<u>10,719,593</u>
Federal & State Grants:			
Reserve for Encumbrances	A-31	8,291	7,793
Unappropriated Reserves	A-26	179,800	101,565
Appropriated Reserves	A-27	<u>1,048,237</u>	<u>807,889</u>
Total Federal & State Grants		<u>1,236,328</u>	<u>917,247</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 13,166,490</u>	<u>\$ 11,636,840</u>

The accompanying Notes to the Financial Statement are an integral part of these Statements.

**TOWNSHIP OF MEDFORD
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	REFERENCE	2014	2013
Revenue & Other Income Realized:			
Fund Balance Utilized	A-1, A-2	\$ 1,100,000	\$ 1,041,488
Miscellaneous Revenue Anticipated	A-2	6,145,761	5,379,094
Receipts From Delinquent Taxes & Tax Title Liens	A-2	811,367	1,258,417
Receipts From Current Taxes	A-6	87,367,500	84,333,435
Nonbudget Revenue	A-2	401,746	219,328
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	769,437	1,130,924
Cancellation of Accounts Payable	A	118,470	
Liquidation of Interfunds	A	726	4,479
Total Income		96,715,007	93,367,165
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries & Wages	A-3	5,031,064	5,092,850
Other Expenses	A-3	6,734,159	6,873,477
Deferred Charges & Statutory Expenditures	A-3	1,415,935	1,930,317
Excluded From "CAPS":			
Operations:			
Salaries & Wages	A-3	519,950	377,229
Other Expenses	A-3	547,577	515,079
Capital Improvements	A-3	-	-
Deferred Charges & Statutory Expenditures	A-3	560,000	366,664
Municipal Debt Service	A-3	3,969,410	3,902,082
Regional High School Tax	A-16	20,412,055	19,229,340
Local District School Tax	A-15	42,235,486	40,898,852
County Taxes	A-6	11,935,265	11,685,836
Due County for Added & Omitted Taxes	A-6	103,442	84,369
Municipal Open Space Trust Fund Tax	A-6	898,936	896,442
Creation of Interfund & Other Assets	A	766,846	722,329
Total Expenditures		95,130,125	92,574,866
Excess/(Deficit) in Revenue		1,584,882	792,299
Adjustment to Income Before Fund Balance:			
Expenditures Included Above which are by Statute			
Deferred Charges to Budget of Succeeding Year	A	-	400,000
Statutory Excess to Fund Balance		1,584,882	1,192,299
Fund Balance January 1	A	1,955,432	1,804,621
Total		3,540,314	2,996,920
Decreased by: Utilization as Anticipated Revenue	A-1, A-2	1,100,000	1,041,488
Fund Balance December 31	A	\$ 2,440,314	\$ 1,955,432

The accompanying Notes to the Financial Statement are an integral part of these Statements.

**TOWNSHIP OF MEDFORD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	BUDGET	APPROPRIATED BY N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 1,100,000	\$ -	\$ 1,100,000	\$ -
Miscellaneous Revenue:				
Licenses - Alcoholic Beverages	22,900	-	398,038	375,138
Fees & Permits - Other	115,000	-	124,685	9,685
Fines & Costs - Municipal Court	225,000	-	189,983	(35,017)
Interest & Costs on Taxes	200,000	-	193,067	(6,933)
Interest on Investments & Deposits	7,300	-	13,662	6,362
Alarm Fees	9,800	-	9,150	(650)
Cable Television Fees	325,000	-	355,599	30,599
Emergency Medical Service Billing Income	605,000	-	616,356	11,356
Consolidated Municipal Property Tax				
Relief Act	51,762	-	81,663	29,901
Energy Receipts Tax	1,929,531	-	1,978,363	48,832
Fees & Permits:				
Uniform Construction Code	615,000	-	779,808	164,808
Interlocal Services Agreement - Police Salaries:				
Lenape Regional High School	501,450	-	488,950	(12,500)
Interlocal Services Agreement - UCC:				
Medford Lakes	18,500	-	18,500	-
Uniform Fire Safety Act	56,000	-	57,860	1,860
Liquidation of Reserve - Due from General Capital Fund	600,000	-		(600,000)
Health Insurance Refund	400,000	-	400,000	-
State & Federal Revenue Offset with				
Drunk Driving Enforcement	-	3,668	3,668	-
Municipal Alliance on Alcohol & Drug Abuse	-	15,111	15,111	-
Municipal Park Development	-	220,000	220,000	-
Emergency Management Assistance	-	5,000	5,000	-
Body Armor Grant	-	6,643	6,643	-
Drive Sober or Get Pulled Over	-	10,000	10,000	-
Medford Celebrates	-	47,000	47,000	-
NJ Motor Vehicle Security & Customer Service Act	-	49,981	49,981	-
Art, Wine & Music Festival	-	2,671	2,671	-
Clean Communities	-	53,503	53,503	-
Halloween Parade	-	16,500	16,500	-
Dickens Festival	-	10,000	10,000	-
Total Miscellaneous Revenue	5,682,243	440,077	6,145,761	23,441
Receipts From Delinquent Taxes	980,000	-	811,367	(168,633)
Subtotal General Revenues	7,762,243	440,077	8,057,128	(145,192)
Local Tax for Municipal Purposes	12,233,834	-	13,440,375	1,206,541
Budget Totals	19,996,077	440,077	21,497,503	1,061,349
Nonbudget Revenues	-	-	401,746	401,746
Total	\$ 19,996,077	\$ 440,077	\$ 21,899,249	\$ 1,463,095

**TOWNSHIP OF MEDFORD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 87,367,500
Less: School, County Taxes, Special District & Open Space	<u>75,585,184</u>
Balance for Support of Municipal Budget Appropriations	11,782,316
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>1,658,059</u>
Total Amount for Support of Municipal Budget Appropriation	<u><u>\$ 13,440,375</u></u>
Receipts From Delinquent Taxes:	
Delinquent Tax Collections	763,316
Tax Title Lien Collections	<u>48,051</u>
Total Receipts From Delinquent Taxes	<u><u>\$ 811,367</u></u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Receipts:	
Recreation Fees	\$ 7,240
Tower Rental	9,600
Raffle License	1,100
Prior Year Refunds & Reimbursements	248,310
FEMA Revenue	14,427
PILOT	71,800
Senior Citizens & Veterans Admin Fee	3,723
Miscellaneous	<u>45,546</u>
Total	<u><u>\$ 401,746</u></u>

The accompanying Notes to the Financial Statement are an integral part of these Statements.

**TOWNSHIP OF MEDFORD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	APPROPRIATIONS			PAID OR CHARGED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	
OPERATIONS							
General Government:							
General Administration:							
Office of the Manager:							
Salaries and Wages	\$ 83,752	\$ 88,042	\$ 62,100	\$ -	\$ -	25,942	\$ -
Other Expenses	5,650	5,650	5,583	-	-	67	-
Human Resources:							
Salaries and Wages	26,546	27,615	27,615	-	-	-	-
Other Expenses	775	775	775	-	-	-	-
Mayor & Council:							
Salaries and Wages	19,103	17,103	16,943	-	-	160	-
Other Expenses	1,000	8,500	361	7,540	-	599	-
Municipal Clerk:							
Salaries and Wages	59,022	61,005	61,005	-	-	-	-
Other Expenses	47,369	47,531	36,138	790	-	10,603	-
Other Expenses-Elections	12,000	12,000	12,000	-	-	-	-
Financial Administration:							
Office of Treasurer:							
Salaries and Wages	84,959	91,557	74,775	-	-	16,782	-
Other Expenses	32,757	33,227	13,959	10,595	-	8,673	-
Auditing Services:							
Other Expenses	30,000	35,500	2,960	26,640	-	5,900	-
Revenue Administration:							
Salaries and Wages	59,883	59,883	57,893	-	-	1,990	-
Other Expenses	12,170	12,170	7,441	309	-	4,420	-
Division of Assessments:							
Salaries and Wages	126,795	126,795	111,716	-	-	15,079	-
Other Expenses	81,900	45,400	29,043	4,988	-	11,369	-
Legal Services (Legal Department):							
Other Expenses	150,000	180,000	176,012	3,029	-	959	-
Engineering Services:							
Other Expenses	20,000	30,000	14,485	6,901	-	8,614	-
Division of Planning:							
Salaries and Wages	56,123	56,123	50,900	-	-	5,223	-
Other Expenses	34,400	54,400	49,984	313	-	4,103	-
Division of Zoning:							
Other Expenses	55,651	63,651	52,416	11,223	-	12	-

**TOWNSHIP OF MEDFORD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

OPERATIONS	APPROPRIATIONS			PAID OR CHARGED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	
Public Safety Functions:							
Police:							
Salaries and Wages	3,055,441	2,994,566	2,922,727			71,839	-
Other Expenses	182,450	182,450	120,172		50,761	11,517	-
Fire:							
Other Expenses	132,730	132,730	99,283		33,020	427	-
First Aid Organizations:							
Salaries and Wages	108,173	131,173	126,994			4,179	-
Other Expenses	114,825	98,325	54,042		23,372	20,911	-
Emergency Management Services:							
Other Expenses	2,040	2,040	1,908			132	-
Uniform Fire Safety Act: PL1983C.383)							
Salaries and Wages	438,415	449,415	440,633			8,782	-
Other Expenses	13,200	13,200	6,865		6,295	40	-
Prosecutor:							
Other Expenses	20,000	20,000	16,400			3,600	-
Public Works Functions:							
Department of Public Works:							
Road Repairs & Maintenance:							
Salaries and Wages	160,844	145,844	145,485			359	-
Other Expenses	68,500	101,500	68,993		30,937	1,570	-
Snow Removal:							
Salaries and Wages	45,000	45,000	293			44,707	-
Other Expenses	55,000	55,000			13,395	41,605	-
Sanitation:							
Salaries and Wages	258,469	258,469	258,059			410	-
Other Expenses	653,750	600,750	486,635		106,646	7,469	-
Building & Grounds:							
Salaries and Wages	115,674	115,674	113,186			2,488	-
Other Expenses	75,750	86,137	66,878		17,585	1,674	-
Shade Tree Program:							
Other Expenses	6,150	6,150	1,580		3,570	1,000	-
Vehicle Maintenance:							
Salaries and Wages	51,273	46,273	44,324			1,949	-
Other Expenses	224,500	275,595	193,777		55,982	25,836	-

**TOWNSHIP OF MEDFORD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

OPERATIONS	APPROPRIATIONS			PAID OR CHARGED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED		
Economic Development Committee:							
Other Expenses	100	100	-	-	100	-	-
Parks & Recreation:							
Parks & Playgrounds:							
Salaries and Wages	30,889	26,889	26,495	-	394	-	-
Other Expenses	1,175	1,175	265	-	910	-	-
Landfill/Solid Waste Disposal	712,000	712,000	652,449	-	59,551	-	-
Community Services:							
Other Expenses	30,500	30,500	30,319	-	181	-	-
Municipal Court:							
Salaries and Wages	132,269	132,269	111,270	-	20,999	-	-
Other Expenses	47,340	30,750	24,912	1,141	4,697	-	-
Insurance:							
General Liability	278,053	279,716	276,897	-	2,819	-	-
Employee Group Insurance	1,478,013	1,479,743	1,456,169	-	23,574	-	-
Worker's Compensation	258,281	258,281	258,281	-	-	-	-
Health Benefit Waivers	45,000	45,000	45,000	-	-	-	-
Retiree Health Benefits	1,000,000	1,000,000	1,000,000	-	-	-	-
Uniform Construction Code Appropriations							
Offset by Dedicated Revenues:							
Construction Code Official:							
Salaries and Wages	154,472	154,472	141,650	-	12,822	-	-
Other Expenses:							
Direct Costs	67,715	51,215	48,035	-	3,180	-	-
Indirect Costs	21,127	-	-	-	-	-	-

**TOWNSHIP OF MEDFORD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

OPERATIONS	APPROPRIATIONS		PAID OR CHARGED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED RESERVED	
Unclassified:					
Celebration of Public Events, Anniversary or Holiday:					
Other Expenses	1,600	1,600	1,500	100	-
Utilities:					
Electricity	130,000	139,631	102,647	-	36,984
Street Lighting	225,000	225,000	205,666	-	19,334
Telephone & Telegraph	60,000	61,633	51,869	-	9,764
Water & Sewer	-	22	-	-	22
Heating Gas/Oil	60,000	61,484	59,249	500	1,735
Gasoline/Diesel Fuel	250,000	250,000	159,605	40,751	49,644
Safety Supplies	5,775	5,775	5,775	-	-
Catastrophic Illness Fund	250	250	179	-	71
Hepatitis Vaccination	500	500	-	-	500
Total Operation Within "CAPS"	11,772,098	11,765,223	10,690,570	456,383	618,270
Detail:					
Salaries and Wages	5,087,102	5,031,064	4,793,520	-	237,544
Other Expenses (Including Contingent)	6,684,996	6,734,159	5,897,050	456,383	380,726
Statutory Expenditures:					
Public Employees Retirement System	195,647	195,647	178,315	-	17,332
Social Security System(O.A.S.I.)	430,000	421,500	396,465	-	25,035
Police & Fire Retirement System	742,788	742,788	720,478	-	22,310
Unemployment	56,000	56,000	56,000	-	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	1,424,435	1,415,935	1,351,258	-	64,677
Total General Appropriations for Municipal Purposes Within "CAPS"	13,196,533	13,181,158	12,041,828	456,383	682,947

**TOWNSHIP OF MEDFORD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	APPROPRIATIONS			PAID OR CHARGED		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED		
OPERATIONS EXCLUDED FROM "CAPS":							
Landfill Fees - Recycling Tax	37,500	37,500	25,029	-	12,471	-	-
LOSAP	70,000	70,000	-	70,000	-	-	-
Interlocal Service Agreement							
Police Salaries-Lenape Regional High School	501,450	501,450	501,450	-	-	-	-
UCC Salaries - Medford Lakes	18,500	18,500	18,500	-	-	-	-
Public & Private Programs Offset by Revenues:							
Drunk Driving Enforcement	-	3,668	3,668	-	-	-	-
Drive Sober or Get Pulled Over	-	10,000	10,000	-	-	-	-
Emergency Management Assistance	-	5,000	5,000	-	-	-	-
Municipal Alliance on							
Alcoholism & Drug Abuse	-	15,111	15,111	-	-	-	-
Clean Communities	-	53,503	53,503	-	-	-	-
NJ Motor Vehicles Security & Customer							
Service Grant	-	49,981	49,981	-	-	-	-
Body Armor Grant	-	6,643	6,643	-	-	-	-
Art, Wine & Music Festival	-	2,671	2,671	-	-	-	-
County Park Improvement	-	220,000	220,000	-	-	-	-
Medford Celebrates	-	47,000	47,000	-	-	-	-
Halloween Parade	-	16,500	16,500	-	-	-	-
Dickens Festival	-	10,000	10,000	-	-	-	-
Total Operations Excluded from "CAPS"	627,450	1,067,527	985,056	70,000	12,471	-	-
Detail:							
Salaries and Wages	519,950	519,950	519,950	-	-	-	-
Other Expenses	107,500	547,577	465,106	70,000	12,471	-	-
Capital Improvements - Excluded from "CAPS"							
Capital Improvement Fund	-	-	-	-	-	-	-
Total Capital Improvements Excluded from "CAPS"	-	-	-	-	-	-	-

**TOWNSHIP OF MEDFORD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	APPROPRIATIONS		PAID OR CHARGED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	
OPERATIONS EXCLUDED FROM "CAPS"					
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	3,383,234	3,383,234	3,383,234	-	-
Interest on Bonds	570,801	586,176	586,176	-	-
Total Municipal Debt Service Excluded from "CAPS"	3,954,035	3,969,410	3,969,410	-	-
Statutory Expenditures/Deferred Charges:					
Overexpenditure of an Appropriation					
Special Emergency Authorizations - 5 Years (N.J.S.40A:40-55)	160,000	160,000	160,000	-	-
Emergency Authorizations	400,000	400,000	400,000	-	-
Total Statutory Expenditures/Deferred Charges	560,000	560,000	560,000	-	-
Total General Appropriations Excluded from "CAPS"	5,141,485	5,596,937	5,514,466	70,000	12,471
Subtotal General Appropriations Reserve For Uncollected Taxes	18,338,018	18,778,095	17,556,294	526,383	695,418
	1,658,059	1,658,059	1,658,059	-	-
Total General Appropriations	\$ 19,996,077	\$ 20,436,154	\$ 19,214,353	\$ 526,383	\$ 695,418
Budget Appropriation by 40A:4-87					
	\$ 19,996,077				
	440,077				
Total	\$ 20,436,154				
Reserve for Federal & State Grant Fund - Appropriated			\$ 440,077		
Cash Disbursements			16,556,217		
Special Emergency Authorizations - 5 Years			560,000		
Reserve for Uncollected Taxes			1,658,059		
Total			\$ 19,214,353		

The accompanying Notes to the Financial Statement are an integral part of these Statements.

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**TOWNSHIP OF MEDFORD
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

ASSETS	REFERENCE	2014	2013
Animal Control Fund:			
Cash	B-4	\$ 21,864	\$ 17,966
Total Animal Control Fund		<u>21,864</u>	<u>17,966</u>
Other Funds:			
Cash	B-4	3,499,295	2,857,845
Due From Current Fund	A,B-8	<u>10,411</u>	<u>10,718</u>
Total Other Funds		<u>3,509,706</u>	<u>2,868,563</u>
Municipal Open Space Fund:			
Cash	B-4	1,640,576	853,054
Due From Current Fund	A, B-11	<u>19,662</u>	<u>901,189</u>
Total Open Space Fund		<u>1,660,238</u>	<u>1,754,243</u>
Total Assets		<u>\$ 5,191,808</u>	<u>\$ 4,640,772</u>
LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Fund:			
Due to Current Fund	A,B-6	\$ 1,860	\$ 1,833
Due State of New Jersey	B-7	3	6
Reserve for Animal Control Expenditures	B-5	<u>20,001</u>	<u>16,127</u>
Total Animal Control Fund		<u>21,864</u>	<u>17,966</u>
Other Funds:			
Due to General Capital Fund	C	25,000	25,000
Miscellaneous Trust Other Reserves	B-9	<u>3,484,706</u>	<u>2,843,563</u>
Total Other Funds		<u>3,509,706</u>	<u>2,868,563</u>
Municipal Open Space Fund:			
Accounts Payable	B	99	-
Encumbrances	B-3	33,886	1,419
Appropriation Reserves	B-3	50,630	153,033
Reserve for Future Use	B-10	<u>1,575,623</u>	<u>1,599,791</u>
Total Open Space Fund		<u>1,660,238</u>	<u>1,754,243</u>
Total Liabilites, Reserves & Fund Balance		<u>\$ 5,191,808</u>	<u>\$ 4,640,772</u>

The accompanying Notes to the Financial Statement are an integral part of these Statements.

**TOWNSHIP OF MEDFORD
TRUST - MUNICIPAL OPEN SPACE FUND
STATEMENTS OF OPERATIONS AND CHANGES IN RESERVE FOR
FUTURE USE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

REVENUE REALIZED:	2014	2013
Amount to be Raised by Taxation	\$ 897,680	\$ 896,442
Miscellaneous - County	190,400	639,362
Interest Income	848	1,016
Miscellaneous	1,256	-
Unexpended Balance of Appropriation Reserves	<u>151,645</u>	<u>116,581</u>
 Total Income	 <u>1,241,829</u>	 <u>1,653,401</u>
 EXPENDITURES:		
Budget Appropriations:		
Salary and Wages	120,765	120,870
Other Expenses	179,098	191,881
Acquisition of Farmland	40,000	45,000
Debt Service	<u>926,134</u>	<u>540,354</u>
 Total Expenditures	 <u>1,265,997</u>	 <u>898,105</u>
 Statutory Excess to Reserve	 <u>(24,168)</u>	 <u>755,296</u>
 RESERVE FOR FUTURE USE:		
Balance January 1,	<u>1,599,791</u>	<u>844,495</u>
Balance December 31,	<u><u>\$ 1,575,623</u></u>	<u><u>\$ 1,599,791</u></u>

The accompanying Notes to the Financial Statement are an integral part of these Statements.

**TOWNSHIP OF MEDFORD
TRUST - MUNICIPAL OPEN SPACE FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ANTICIPATED BUDGET	REALIZED	EXCESS OR (DEFICIT)
Amount to be Raised by Taxation	\$ 890,000	\$ 897,680	\$ 7,680
Interest Income	550	848	298
Reserve Funds	392,950	190,400	(202,550)
Total Revenues	<u>\$ 1,283,500</u>	<u>\$ 1,088,928</u>	<u>\$ (194,572)</u>

ANALYSIS OF REALIZED REVENUES

Receipts:

Interest on Deposits	\$ 848	
Miscellaneous - County	190,400	\$ 191,248
Current Year Levy Due Current Fund		890,000
Added & Omitted Taxes - Current Year		7,680
Total Receipts From Delinquent Taxes		<u>\$ 1,088,928</u>

The accompanying Notes to the Financial Statement are an integral part of these Statements.

TOWNSHIP OF MEDFORD
TRUST - MUNICIPAL OPEN SPACE FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		PAID OR CHARGED		RESERVED	CANCELLED
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED		
Maintenance of Lands for Recreation & Conservation:						
Salary and Wages	\$ 120,765	\$ 120,765	\$ 120,578	\$ -	\$ 187	\$ -
Other Expenses	179,098	179,098	122,731	30,836	25,531	-
Total	299,863	299,863	243,309	30,836	25,718	-
Capital Improvements:						
Acquisition of Farmland	40,000	40,000	12,038	3,050	24,912	-
Debt Service:						
Payment of Bond Principal	526,920	526,920	526,920	-	-	-
Payment of Bond Anticipation Notes & Capital Notes	185,921	185,921	185,921	-	-	-
Interest on Bonds	219,304	219,304	204,158	-	-	15,146
Interest on Notes	11,442	11,442	9,135	-	-	2,307
Total Debt Service	943,587	943,587	926,134	-	-	17,453
Total Statement of Expenditures	\$ 1,283,450	\$ 1,283,450	\$ 1,181,481	\$ 33,886	\$ 50,630	\$ 17,453

The accompanying Notes to the Financial Statement are an integral part of these Statements.

**TOWNSHIP OF MEDFORD
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

ASSETS	REFERENCE	2014	2013
Cash	C-1	\$ 221,010	\$ 220,792
Due from:			
State of New Jersey Transportation Trust	C	41,000	41,000
County of Burlington	C-6	185,000	235,000
Community Development Block Grant	C	37,700	37,700
Trust Other Fund - Recreation Trust Fund	B	25,000	25,000
Water-Sewer Utility Capital Fund	D	7,389	7,389
Deferred Charges to Future Taxation:			
Funded	C-3	23,160,600	27,254,719
Unfunded	C-4	4,857,443	4,857,443
		<u>\$ 28,535,142</u>	<u>\$ 32,679,043</u>
Total Assets		<u>\$ 28,535,142</u>	<u>\$ 32,679,043</u>
LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-11	\$ 22,710,200	\$ 26,618,400
Loans Payable	C-10	450,400	636,319
Bond Anticipation Notes	C-12	216,518	216,518
Improvement Authorizations:			
Funded	C-7	1,162,934	2,144,401
Unfunded	C-7	1,493,390	1,641,123
Due to Current Fund	A,C-9	1,417,663	772,640
Reserve for Encumbrances	C-8	814,428	380,033
Capital Improvement Fund	C-5	96,475	96,475
Fund Balance	C	173,134	173,134
		<u>\$ 28,535,142</u>	<u>\$ 32,679,043</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 28,535,142</u>	<u>\$ 32,679,043</u>

There was \$4,640,925 bonds and notes authorized but not issued on December 31, 2014 and \$4,640,925 as of December 31, 2013.

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**TOWNSHIP OF MEDFORD
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

ASSETS	REFERENCE	2014	2013
Operating Fund:			
Cash	D-4	\$ 3,456,343	\$ 3,072,156
Insurance Claims	D	11,077	11,077
Due from Water & Sewer Connection Trust	D-18	400,200	400,028
Total		3,867,620	3,483,261
Receivables & Other Assets With Full Reserves:			
Water & Sewer Rents Receivable	D-6	226,610	227,322
Total Receivable & Other Assets With Full Reserves		226,610	227,322
Total Operating Fund		4,094,230	3,710,583
Assessment Trust Fund:			
Cash	D-4	666	666
Total Assessment Trust Fund		666	666
Sewer Connection Trust Fund:			
Cash	D-4	580,260	580,088
Due Current Fund	A	30,390	30,390
Total Sewer Connection Trust Fund		610,650	610,478
Capital Fund:			
Cash	D-4	1,097,540	1,409,924
Fixed Capital:			
Completed	D-11	29,184,607	29,056,212
Authorized & Uncompleted	D-10	48,743,476	48,743,476
Due from Water & Sewer Operating Fund	D-9	91,208	91,937
Total Capital Fund		79,116,831	79,301,549
Total Assets		\$ 83,822,377	\$ 83,623,276

Bonds and Notes authorized but not issued as of December 31, 2014 & 2013 was \$1,542,358

**TOWNSHIP OF MEDFORD
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2014	2013
Operating Fund:			
Liabilities:			
Prepaid Rents	D-8	\$ 774,692	\$ 596,259
Reserve for Encumbrances	D-3	181,780	253,485
Appropriation Reserves	D-3	108,356	425,008
Accounts Payable	D	15,757	10,481
Accrued Interest on Bonds & Notes	D-12	303,082	327,512
Due to Water & Sewer Capital Fund	D, D-9	91,208	91,937
Subtotal		<u>1,474,875</u>	<u>1,704,682</u>
Reserve for Receivables	D	226,610	227,322
Fund Balance	D-1	<u>2,392,745</u>	<u>1,778,579</u>
Total Operating Fund		<u>4,094,230</u>	<u>3,710,583</u>
Assessment Trust Fund:			
Fund Balance	D	<u>666</u>	<u>666</u>
Total Assessment Trust Fund		<u>666</u>	<u>666</u>
Sewer Connection Trust Fund:			
Due to Water & Sewer Operating Fund	D-18	400,200	400,028
Accounts Payable - Due to Developers	D	-	73,450
Reserve for Sewer Connection Fees	D-19	<u>210,450</u>	<u>137,000</u>
Total Sewer Connection Trust Fund		<u>610,650</u>	<u>610,478</u>
Capital Fund:			
Serial Bonds	D-16	11,284,800	12,547,600
Loans Payable	D-17	16,879,370	17,874,131
Due General Capital Fund	C	7,389	7,389
Improvement Authorizations:			
Funded	D-13	1,359,205	1,605,874
Unfunded	D-13	583,956	665,681
Capital Improvement Fund	D-23	261,399	211,399
Reserve for Encumbrances	D-14	155,642	190,361
Reserve for Amortization	D-15	45,998,475	43,612,519
Deferred Reserve for Amortization	D	2,223,080	2,223,080
Reserve for Debt Service	D-22	355,488	355,488
Fund Balance	D	<u>8,027</u>	<u>8,027</u>
Total Capital Fund		<u>79,116,831</u>	<u>79,301,549</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 83,822,377</u>	<u>\$ 83,623,276</u>

The accompanying Notes to the Financial Statement are an integral part of these Statements.

**TOWNSHIP OF MEDFORD
WATER-SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
OPERATING FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Revenue & Other Income Realized:		
Surplus Anticipated	\$ 40,206	\$ 242,321
Water & Sewer Rents	6,370,679	6,459,562
Miscellaneous	871,229	927,326
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	255,951	65,619
 Total Income	 7,538,065	 7,694,828
 Expenditures:		
Budget Appropriations:		
Operating	3,507,050	3,527,248
Capital Improvements	128,500	103,500
Debt Service	3,045,487	3,144,800
Deferred Charges & Statutory Expenditures	202,656	207,782
 Total Expenditures	 6,883,693	 6,983,330
 Statutory Excess to Fund Balance	 654,372	 711,498
Fund Balance January 1	1,778,579	1,309,402
 Total	 2,432,951	 2,020,900
 Less: Utilized by Operating Budget	 40,206	 242,321.00
 Balance December 31	 \$ 2,392,745	 \$ 1,778,579

EXHIBIT D-2

**STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ANTICIPATED BUDGET	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated	\$ 40,206	\$ 40,206	-
Water & Sewer Rents	6,400,000	6,370,679	(29,321)
Miscellaneous	600,000	871,229	271,229
 Total Revenues	 \$ 7,040,206	 \$ 7,282,114	 \$ 241,908

ANALYSIS OF MISCELLANEOUS REVENUES

Miscellaneous Receipts:		
Interest on Deposits	\$ 3,610	
Connection Fees	823,918	
Penalties	32,121	
Copy Costs	10,679	\$ 870,328
 Due from Water & Sewer Utility Capital Fund:		
Interest on Deposits		729
Due from Sewer Connection Fee Trust Fund:		
Interest on Deposits		172
		\$ 871,229

The accompanying Notes to the Financial Statement are an integral part of these Statements.

**TOWNSHIP OF MEDFORD
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	APPROPRIATIONS			PAID OR CHARGED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		PAID	ENCUMBRANCES	RESERVED	
Operating:							
Salaries & Wages	\$ 756,196	\$ 735,196	\$ 703,639	\$ -	\$ -	\$ 31,557	\$ -
Other Expenses	2,716,854	2,771,854	2,518,340	181,780	-	71,734	-
Capital Improvements:							
Capital Improvement Fund	50,000	50,000	50,000	-	-	-	-
Capital Outlay	103,500	78,500	76,370	-	-	2,130	-
Debt Service:							
Payment of Bond & Loan							
Principal	2,260,000	2,260,000	2,255,560	-	-	-	4,440
Interest on Bonds & Loans	942,000	942,000	789,927	-	-	-	152,073
Statutory Expenditures:							
Contribution to:							
Public Employees							
Retirement System	102,656	93,656	93,597	-	-	59	-
Retiree Health Benefits	52,000	52,000	52,000	-	-	-	-
Social Security System							
(O.A.S.I.)	57,000	57,000	54,124	-	-	2,876	-
Total Expenditures	\$ 7,040,206	\$ 7,040,206	\$ 6,593,557	\$ 181,780	\$ 108,356	\$ 156,513	
Accrued Interest on Bonds & Loans			\$ (24,429)				
Cash Disbursed			6,617,986				
Total			\$ 6,593,557				

The accompanying Notes to the Financial Statement are an integral part of these Statements.

**TOWNSHIP OF MEDFORD
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF FIXED ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

ASSETS	<u>2014</u>	<u>2013</u>
Land & Buildings	\$ 30,286,100	\$ 30,286,100
Equipment & Vehicles	<u>12,306,079</u>	<u>11,976,934</u>
Total	<u>\$ 42,592,179</u>	<u>\$ 42,263,034</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 42,592,179</u>	<u>\$ 42,263,034</u>

The accompanying Notes to the Financial Statements are an integral part of these Statements.

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**TOWNSHIP OF MEDFORD
COUNTY OF BURLINGTON**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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TOWNSHIP OF MEDFORD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1: Summary of Significant Accounting Policies

Description of Financial Reporting Entity - The Township of Medford was incorporated in January, 1929 and is located in southwest New Jersey approximately twenty miles southeast of the City of Philadelphia. The population according to the 2010 census is 23,033.

The Township has a Mayor-Council form of government known as the Mayor-Council Plan E under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. There are five Council Members each elected to four-year terms. The Mayor is elected annually by the five Council Members. Administrative responsibility falls under the Township.

Component Units - The Township of Medford had no component units as defined by Governmental Accounting Standards Board Statement No. 14.

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

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

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

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

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

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

Water and Sewer Assessment Trust Fund - The Water and Sewer Assessment Trust Fund accounts for the receipt and disbursement of funds for special assessments levied on specific property owners.

Sewer Connection Fee Trust Fund - The Sewer Connection Fee Trust Fund accounts for the receipt and disbursement of funds for the issuance of sewer connection permits.

TOWNSHIP OF MEDFORD

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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

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

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

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to

TOWNSHIP OF MEDFORD

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1: Summary of Significant Accounting Policies (continued)

operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$1,000. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment and improvements and contributed capital.

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

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 1: Summary of Significant Accounting Policies (continued)

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

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

Fund Balance - Fund Balances included in the current fund and utility operating fund represent amounts available for anticipation as revenue in future year's budgets, with certain restrictions.

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

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Burlington. Township of Medford School District and the Lenape Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Township of Medford School District and the Lenape Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate for both the local school district and the regional high school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2013 and decreased by the amount deferred at December 31, 2014.

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

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

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 1: Summary of Significant Accounting Policies (continued)

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

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

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

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

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Sewer Connection Fee Trust Fund - Sewer connection permits that have been issued and paid to the Township prior to the issuance of a certificate of occupancy are deposited into a Sewer Connection Fee Trust Fund. Upon the issuance of a certificate of occupancy, the sewer connection permit fees are transferred to the Water and Sewer Utility Operating Fund and realized as revenue.

Subsequent Events - The Township has evaluated subsequent events occurring after December 31, 2014 through the date of June 25, 2015, which is the date the financial statements were available to be issued.

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 2: Cash and Cash Equivalents

The Township is governed by the deposit limitations of New Jersey state law. The Deposits held at December 31, 2014, and reported at fair value are as follows:

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand Deposits	\$ 19,199,256
Total Deposits	<u>\$ 19,199,256</u>
Reconciliation of Statement of Comparative Balance Sheets:	
Current Fund	\$ 8,164,407
State & Federal Grant Fund	517,295
Animal Control Trust	21,864
Trust - Other	3,499,295
Open Space Trust	1,640,576
General Capital	221,010
Utility Fund:	
Operating	3,456,343
Capital	1,097,540
Assessment Fund	666
Sewer Connection	<u>580,260</u>
Total	<u>\$ 19,199,256</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Township’s deposits may not be returned. The Township does have a deposit policy for custodial credit risk. December 31, 2014, the Township’s bank balance of \$20,823,328 was insured or collateralized as follows:

Insured	\$ 987,547
Uninsured and uncollateralized	6,929,756
Collateralized in the Authority's Name	
Under GUDPA	12,038,143
Collateralized not in the Fund's Name	
New Jersey Cash Management (see below)	<u>867,882</u>
Total	<u>\$ 20,823,328</u>

New Jersey Cash Management Fund - During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 2: Cash and Cash Equivalents (continued)

as defined above. At December 31, 2014 the Township's deposits with the New Jersey Cash Management Fund are \$867,882.

Note 3. Investments

A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either the counterparty or the counterparty's trust department or agent but not in the Township's name. All of the Township's investments are held in the name of the Township and are collateralized by GUDPA.

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Township has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2014, are provided in the above schedule.

C. Investment Credit Risk

The Township has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Township or bonds or other obligations of the local unit or units within which the Township is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Township;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 3. Investments (continued):

- Agreements for the repurchase of fully collateralized securities.

As of December 31, 2014, the Township had \$216,518 in investments.

Note 4: Interfund Receivables and Payables

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2014:

	Due From	Due To
Current Fund	\$ 1,419,523	\$ 60,524
Grant Fund	61	-
General Capital	32,389	1,417,663
Water & Sewer Operating	400,200	91,208
Sewer Connection	30,390	400,200
Water & Sewer Capital	91,208	7,389
Trust Other	10,411	25,000
Open Space	19,662	-
Animal Control	-	1,860
	\$ 2,003,844	\$ 2,003,844

The purpose of these interfunds is short-term borrowings.

Note 5: Property Taxes

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

Comparison of Tax Rate Information

	2014	2013	2012
Total Tax Rate	<u>\$2.953</u>	<u>\$2.856</u>	<u>\$2.758</u>
Apportionment of Tax Rate:			
Municipal	0.411	0.412	0.413
County	0.403	0.395	0.401
Local School	1.422	1.374	1.318
Regional High School	0.687	0.646	0.597
Municipal Open Space	0.030	0.029	0.029

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note: 5: Property Taxes (continued):

Net Valuation Taxable:

2014	<u>\$ 2,970,853,153</u>		
2013		<u>\$ 2,975,894,377</u>	
2012			<u>\$ 3,018,537,441</u>

Comparison of Tax Levies and Collection Currently

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2014	\$ 88,484,212.00	\$ 87,367,500.00	98.73%
2013	85,590,325.00	84,333,575.00	98.53%
2012	83,737,182.00	81,293,675.00	97.08%

Delinquent Taxes and Tax Title Liens

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2014	\$ 441,535	\$ 1,021,763	\$ 1,463,298	1.65%
2013	414,969	813,231	1,228,200	1.84%
2012	374,193	1,264,522	1,638,715	2.64%

Note: 6: Property Acquired By Tax Title Lien Liquidation

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

YEAR	AMOUNT
2014	\$ 371,400
2013	371,400
2012	371,400

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 7: Pension Plans

A. Plan Description

The Township of Medford contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.) and Police and Fireman's Retirement System (P.F.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. The Public Employees' Retirement System (P.E.R.S.) was established in January 1955 under the provisions of *N.J.S.A.43:15A* and the Public Fireman's Retirement System (P.F.R.S.) was established as of July 1, 1944 under the provisions of *N.J.S.A.43:16A*. Both plans were set up 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 mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

The State of New Jersey P.F.R.S. program as established as of July 1, 1944. The program was established under the provisions of *N.J.S.A.43:16A*, which assigns authority to establish and amend, benefit provisions to the plans' board of trustees. P.F.R.S. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625, or calling (609) 984-1684.

B. Vesting and Benefit Provisions

The vesting and benefit provisions of P.E.R.S. are set by *N.J.S.A.43:15A* and *43.3B*. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The P.E.R.S. provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Note 5C below.

C. Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-

TOWNSHIP OF MEDFORD

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2014

Note 7: Pension Plans (continued)

market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for P.E.R.S. were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the P.F.R.S. and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in P.E.R.S. will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 P.E.R.S. members will be age 65 and 30 years of service. Tier 3 was added to P.F.R.S. for enrollees after June 28, 2011. Tier 3 retirees will have a maximum retirement benefit of 65% of final compensation after 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

D. Contribution Requirements

The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.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. P.E.R.S. provide for employee contributions of 6.5%, effective October 1, 2011, of employees' annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in both P.F.R.S. and P.E.R.S. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums.

Plan members are required to contribute 10%, effective October 1, 2011, of their annual covered salary for P.F.R.S. and Medford Township is required to contribute at an actuarially determined rate. The contribution requirements of plan members and are established and may be amended by the plan's board of trustees. The Township's contributions to P.E.R.S. for the years ending December 31, 2014, 2013 and 2012 were \$ 178,315, \$288,804, and \$301,961, respectively, equal to the required contributions for each year and to P.F.R.S. for the years ending December 31, 2014, 2013 and 2011 were \$ 720,478, \$1,061,292, and \$1,185,208, respectively, equal to the required contributions for each year.

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 8: Other Post Employment Benefits

In General

The Other Post Employment Benefits provided by the Township of Medford is currently funded on a pay-as-you-go basis and includes medical and prescription drugs for retirees and spouses.

Eligibility

Township of Medford Police, UAW, and Water Sewer employees hired before January 1, 2013 who completed 20 years of public employment with the Township and at least 25 years of service with the Public Employees Retirement System (PERS) are eligible for benefits upon retirement regardless of age. The retiree is responsible for 25% of the premiums or 1.5% of retiree's monthly pension allowance, whichever is greater. Once Medicare age is attained the Township provides full coverage for the supplemental coverage to Medicare. Employees on or after January 1, 2013 who completed 25 years of public employment with the Township and at least 25 years of service with the Public Employees Retirement System (PERS) are eligible for benefits upon retirement regardless of age. The retiree is responsible for 50% of the premiums or 1.5% of retiree's monthly pension allowance, whichever is greater. Once Medicare age is attained the Township provides full coverage for the supplemental coverage to Medicare.

Township of Medford Firefighters hired before January 1, 2012 who completed 20 years of public employment with the Township and at least 25 years of service with the Public Employees Retirement System (PERS) are eligible for benefits upon retirement regardless of age. The retiree is responsible for 25% of the premiums or 1.5% of retiree's monthly pension allowance, whichever is greater. Once Medicare age is attained the Township provides full coverage for the supplemental coverage to Medicare. Employees on or after January 1, 2012 who completed 25 years of public employment with the Township and at least 25 years of service with the Public Employees Retirement System (PERS) are eligible for benefits upon retirement regardless of age. The retiree is responsible for 50% of the premiums or 1.5% of retiree's monthly pension allowance, whichever is greater. Once Medicare age is attained the Township provides full coverage for the supplemental coverage to Medicare.

Year of service are calculated based upon elapsed time.

Township of Medford's annual Other Post-Employment Benefit cost is calculated based on the Annual Required Contribution. The actuarial cost method used to determine the Plan's funding requirements is the "Unit Credit" method. Under this method, an actuarial accrued liability is determined as the present value of the earned benefits, which is allocated to service before the current plan year.

We have reviewed the premiums paid data during the twelve months of 2013 for health, prescription drugs, and vision for retirees less than age 65 and over age 65. As a result we have utilized an annual average claims cost of approximately \$29,196 per covered retiree for family coverage and \$11,676 for single coverage prior to age 65. For retirees age 65 and over we have utilized an annual average claims cost of approximately \$23,400 per covered retiree for family coverage and \$11,676 for single coverage.

Pursuant to Chapter 78 of P.L.2011, effective June 28, 2011, retirees are required to contribute for medical and prescription drugs benefits. The percent of premium contribution, derived from base salary or retirement allowance and type of coverage tier is multiplied by the total premium for the

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 8: Other Post Employment Benefits (continued)

cost of the coverage received by each employee or retiree. Retiree health insurance contributions do not apply to employees that have 20 years or more of service in a state or local retirement system as of the effective date and meet the eligibility requirements of the employer pursuant to N.J.S.A. 40A:10-23, (i.e., age 62 with 15 years of service or 25 years of service).

Benefit Obligations

At 12/31/2013 it's estimated that the actuarial accrued liability of benefit obligations of the Township of Medford for other post-employment benefits to be:

	<u>12/31/2013</u>
1. For covered retired employees	\$21,053,575
2. For active or terminated vested participants who have satisfied the requirements (except for actually retiring) for retiree coverage	1,433,827
3. For other active participants	14,882,807
4. Total	37,370,209
5. Assets	0
6. Unfunded Actuarial Accrued Liability (5.) – (4.)	\$37,370,209

ANNUAL REQUIRED CONTRIBUTION (ARC)

At 12/31/2013 it's estimated the ARC of the plan for post-employment benefits to be:

	<u>12/31/2013</u>
1. Annual Amount Toward Unfunded Actuarial Accrued Liability	\$2,315,224
2. Normal Cost for OPEB	968,767
3. Total (1.) + (2.)	\$3,283,991

BENEFIT PAYMENT COMPARISON

At 12/31/2013, the OPEB was funded on a pay-as-you-go basis:

1. Pay-As-You-Go Retiree Medical Costs	\$1,401,072 *
2 Annual Required Contribution (ARC)	3,283,991
3 Net Increase (Decrease) (2.) – (1.)	1,882,919

* Estimated costs.

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 8: Other Post Employment Benefits (continued)

Assumptions

The following assumptions were used for the valuation:

1. **MORTALITY.** The mortality table employed in this valuation is the 1994 sex distinct Group Annuity Mortality Table.

2. **DISCOUNT RATE.** We have discounted future costs at the rate of 5.00% compounded annually.

3. **TURNOVER.** It is assumed that terminations of employment other than for death or retirement will occur in the future in accordance with The U.S. Office of Personnel Management regarding the experience of the employee group covered by the Federal Employees Retirement System some excerpts from which are:

AGE	% TERMINATING
20	70.4%
40	15.9%
50	0.0%

4. **DISABILITY.** It is assumed no terminations of employment due to disability. Retirees resulting from a disability were factored into our determination of age at retirement.

5. **AGE AT RETIREMENT.** It is assumed that the active participants, on average, will receive their benefits when eligible but no earlier than age 55.

6. **FINAL AVERAGE SALARY.** It is assumed that the final average salary for retirees age 55 and over is \$43,793. Future retirees are assumed to contribute toward retiree health premiums pursuant to Chapter 78, P.L. 2011.

7. **SPOUSAL COVERAGE.** It is assumed that married employees will remain married.

8. **HEALTH CARE COST INFLATION.** It is assumed that health care gross costs will increase an annual rate of 7.0% for Pre-Medicare medical benefits and 5% for Post-Medicare medical benefits.

9. **ADMINISTRATION EXPENSES.** It is assumed that the annual cost to administer the retiree claims, approximately 2%, is included in the annual health care costs.

Note 9: Compensated Absences

Township employees are entitled to paid vacation and comp-time depending upon their length of service with the Township. Vacation days not used during the year may be accumulated and carried forward to the next succeeding year. Vacation days carried forward must be used in the next succeeding year or be forfeited. Vacation time unused is reimbursed to the employee at their current rate of pay upon termination. Comp-time may be carried forward to succeeding years up to a maximum of 480 hours for police employees and 240 hours for all other employees. Comp-time unused is reimbursed to the employee at their current rate of pay upon termination. Sick time is accumulated and carried forward to succeeding years but is not reimbursed to employees upon termination. The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2014:

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 9: Compensated Absences(continued)

Vacation	\$	332,136
Comp		46,369
Employer Share of Payroll Taxes		<u>28,956</u>
Total	\$	<u><u>407,461</u></u>

Note 10: Deferred Compensation Salary Account

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

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

Note 11: Length of Service Awards Program

The Township's Length of Service Awards Program (LOSAP) was created by a Township Ordinance adopted on August 27, 2002 pursuant to Section 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Medford approved the adoption of the LOSAP at the general election held on November 5, 2002, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2003. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

As required by *N.J.A.C.5:30-14.49*, the Township must have an annual review of its LOSAP performed in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Note 12: Sanitary Landfill Escrow Closure Fund

The Township of Medford operates a municipal landfill located in the southern part of the Township. The Sanitary Landfill Facility Closure and Contingency Fund Act of 1981 was enacted to provide funding, during the life of the landfill, of costs associated with the closure of sanitary landfills. The Act requires the owner or operator of every sanitary landfill to establish an escrow account for closure and deposit, on a monthly basis, an amount equal to \$1.00 per ton of solid waste accepted for disposal. No withdrawals may be made from the fund without written approval from the State Department of Environmental Protection and Energy.

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 12: Sanitary Landfill Escrow Closure Fund (continued)

At December 31, 2014, it is estimated that the landfill has reached 100% of its holding capacity. However, the escrow closure fund balance at year-end does not necessarily represent the estimated cost of closure as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with closure are not known.

Note 13: Lease Obligations

December 31, 2014, the Township had lease agreements in effect for the following:

Capital Leases:

Two (2) Xerox Copiers

The following is an analysis of capital leases:

	Balance Dec. 31, 2013	Increases	Decreases	Balance Dec. 31, 2014
2 Xerox Copiers	\$6,084	-	\$ 4,056	\$2,028

Future minimum lease payments under capital lease agreements are as follows:

Year	Amount
2015	\$ 2,028

Rental payments under operating leases for the year 2014 were \$4,056.

Note 14. Fixed Assets

The following schedule is a summarization of the changes in General Fixed Assets for the fiscal year ended December 31, 2014:

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2014</u>
Land & Buildings	\$ 30,286,100	\$ -	\$ -	\$ 30,286,100
Furniture & Equipment	<u>11,976,934</u>	<u>593,351</u>	<u>264,206</u>	<u>12,306,079</u>
Total	<u>\$ 42,263,034</u>	<u>\$ 593,351</u>	<u>\$ 264,206</u>	<u>\$ 42,592,179</u>

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 15: Capital Debt

Summary of Debt:

<u>Issued</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Bonds, Loans and Notes	\$ 23,377,118	\$ 27,471,237	\$ 31,068,872
Water/Sewer Utility Capital Bonds, Loans and Notes	<u>28,164,170</u>	<u>30,421,731</u>	<u>32,584,488</u>
Total Debt Issued	<u>51,541,288</u>	<u>57,892,968</u>	<u>63,653,360</u>
 Authorized But Not Issued			
General Bonds and Notes	4,640,925	4,640,925	4,713,809
Water/Sewer Utility Bond and Notes	<u>1,542,358</u>	<u>1,542,358</u>	<u>1,542,358</u>
Total Authorized But Not Issued	<u>6,183,283</u>	<u>6,183,283</u>	<u>6,256,167</u>
 Total Bonds and Notes Issued and Authorized But Not Issued	 <u>\$ 57,724,571</u>	 <u>\$ 64,076,251</u>	 <u>\$ 69,909,527</u>

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

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 0.893%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Regional High School District	\$ 13,091,807	\$ 13,091,807	\$ -
Local School District Debt	22,710,200	22,710,200	-
Water & Sewer Utility Debt	29,706,528	29,706,528	-
General Debt	<u>28,018,043</u>	-	<u>28,018,043</u>
 Total	 <u>\$ 93,526,578</u>	 <u>\$ 65,508,535</u>	 <u>\$ 28,018,043</u>

Net Debt, \$28,018,043 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$3,136,748,882 equals 0.893%.

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 15: Capital Debt (continued)

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$	109,786,211
Net Debt		28,018,043
Remaining Borrowing Power	\$	81,768,168

Calculation of Self-Liquidating Purpose - Water-Sewer Utility per N.J.S.40A:2-45

Cash Receipts From Fees, Rents & Other Charges	\$	7,282,114
Deductions:		
Operating & Maintenance Costs	\$	3,709,706
Debt Service per Water & Sewer Utility Operating Fund		3,045,487
		6,755,193.00
Excess Revenue - Self Liquidating	\$	526,921

General Debt - Bonds:

Calender Year	General Debt - Bonds		
	Interest	Principal	Total
2015	674,782	3,632,600	\$ 4,307,382
2016	563,955	3,170,200	3,734,155
2017	475,051	2,963,000	3,438,051
2018	366,291	2,950,800	3,317,091
2019	267,275	1,018,600	1,285,875
2020-2024	1,095,569	3,090,000	4,185,569
2025-2029	717,819	3,065,000	3,782,819
2030-2033	225,031	2,820,000	3,045,031
	\$ 4,385,773	\$ 22,710,200	\$ 27,095,973

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 15: Capital Debt (continued)

Green Acres Loans:

Calendar Year	General Debt - Green Acres		
	Interest	Principal	Total
2015	\$ 9,008	\$ 116,618	\$ 125,626
2016	6,676	118,962	125,638
2017	4,296	121,355	125,651
2018	1,869	61,999	63,868
2019	629	31,466	32,095
	<u>\$ 22,478</u>	<u>\$ 450,400</u>	<u>\$ 472,878</u>

Water & Sewer Utility Bonds:

Calendar Year	Water & Sewer Bonds		
	Interest	Principal	Total
2015	\$ 339,768	\$ 1,117,400	\$ 1,457,168
2016	311,820	978,800	1,290,620
2017	286,524	905,000	1,191,524
2018	262,864	925,200	1,188,064
2019	238,538	1,000,400	1,238,938
2020-2024	809,929	3,984,000	4,793,929
2025-2029	237,259	2,054,000	2,291,259
2030-2033	25,600	320,000	345,600
	<u>\$ 2,512,302</u>	<u>\$ 11,284,800</u>	<u>\$ 13,797,102</u>

Water & Sewer Loans Payable:

Calendar Year	Water & Sewer Loans		
	Interest	Principal	Total
2015	423,088	1,014,140	1,437,228
2016	400,588	1,040,461	1,441,049
2017	376,838	1,071,338	1,448,176
2018	351,587	1,089,280	1,440,867
2019	325,337	1,114,450	1,439,787
2020-2024	1,213,737	5,777,230	6,990,967
2025-2029	449,400	5,418,018	5,867,418
2030	9,250	354,453	363,703
	<u>\$ 3,549,825</u>	<u>\$ 16,879,370</u>	<u>\$ 20,429,195</u>

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 16. Bond Anticipation Notes

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding ten years. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that, on or before the third anniversary date of the original note, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

At December 31, 2014, the Township had the following outstanding bond anticipation notes:

Purpose	Maturity	Interest Rate	Amount
General Capital Fund:			
Various Capital Improvements	2/10/14	NIL	\$ 216,518
Total			\$ 216,518

Note 17. Special Emergency Notes

At December 31, 2014, the Township had the following outstanding special emergency notes:

Purpose	Maturity	Interest Rate	Amount
Current Fund:			
Revaluation	5/20/2015	1.65%	\$ 420,000
Total			\$ 420,000

Note 18. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 18. Deferred Charges to be Raised in Succeeding Budgets (continued)

	Balance Dec 31, 2014	2015 Budget Appropriation
Current Fund:		
Special Emergency	\$ 280,000	\$ 140,000

The appropriations in the 2014 Budget as adopted are not less than that required by the statutes.

Note 19: School Taxes

The Medford Township School District and the Lenape Regional High School Tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	Balance December 31, 2014	2013
Local School Tax		
Balance of Tax	\$ 21,060,623	\$ 20,392,306
Deferred	19,507,879	19,507,879
Local School Tax Payable	\$ 1,552,744	\$ 884,427
Regional School Tax		
Balance of Tax	\$ 10,206,026	\$ 9,614,669
Deferred	8,516,977	8,516,977
Regional School Tax Payable	\$ 1,689,049	\$ 1,097,692

Note 20: Reserve for Interest Rebate

The Tax Reform Act of 1986 placed restrictions on the investments of the proceeds of certain tax exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above arbitrage bond yield are required to be rebated to the United States Treasury Department within sixty days of the end of the fifth bond year. A bond year is defined, at the option of the issuing entity, as either the date of the first anniversary of bond settlement.

The Township of Medford has the following bond issues outstanding that require a rebate calculation:

Issue Date	Settlement Date	Amount
July 1, 2005	July 26, 2005	\$ 650,000.00
December 28, 2006	December 28, 2006	689,000.00
July 23, 2008	July 23, 2008	9,500,000.00
May 9, 2013	May 9, 2013	11,470,000.00

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 21: Joint Insurance Pool

The Township of Medford is a member of the Professional Municipal Management Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability Property Damage other than Motor Vehicles	Liability other than Motor Vehicles Motor Vehicles
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Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund publishes its own financial report for the year ended December 31, 2013, which can be obtained from:

Burlington County Municipal Joint Insurance Fund
P.O. Box 325
Hammonton, New Jersey 08037

Note 22: New Jersey Unemployment Compensation Insurance

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

Year	Township Contributions	Amount Reimbursed	Ending Balance
2014	\$ 62,102	\$ 8,973	\$ 95,364
2013	8,087	35,007	42,235
2012	185,000	127,781	69,155

Note 23: Guarantor of Debt

In 2006, the Township became co-borrower of various loans for the reconstruction of several dams located within the Township. All of the loans were made from the New Jersey Department of Environmental Protection, Dam Restoration Loan Program. In the event the original borrower defaults on a loan the Township will be required to make the remaining payments. The terms of the loans are as follows:

TOWNSHIP OF MEDFORD

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 23: Guarantor of Debt (continued)

Agreement Borrowers Name	Interest Date	Amount	Rate	Term
Old Taunton Colony Club	01/10/06	\$ 433,440.00	2.00%	20 Years
YMCA Camp Ockanickon, Inc.	01/10/06	1,809,000.00	2.00%	20 Years
Birchwood Lake Colony Club	01/24/06	2,340,000.00	2.00%	20 Years
Jewish Federation of Southern NJ	01/24/06	227,500.00	2.00%	20 Years

In addition, the Township acts as a fiduciary for the Birchwood Lakes Colony Club with regards to collecting the annual billings of their association for the repayment of their loan and then pays their debt service payments with the collections.

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APPENDIX C

Form of Approving Legal Opinion

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December __, 2015

**TOWNSHIP OF MEDFORD,
IN THE COUNTY OF BURLINGTON, NEW JERSEY**

**\$4,890,000
GENERAL OBLIGATION BONDS, SERIES 2015
consisting of
\$3,420,000 General Improvement Bonds
and
\$1,470,000 Utility Improvement Bonds**

**TO THE PURCHASERS
OF THE ABOVE-CAPTIONED BONDS:**

The Township of Medford, in the County of Burlington, New Jersey (the "Township"), has authorized the issuance of \$4,890,000 principal amount of General Obligation Bonds, Series 2015 (the "Bonds") consisting of \$3,420,000 General Improvement Bonds and \$1,470,000 Utility Improvement Bonds. The Bonds are dated their date of issuance, and bear interest, mature and are subject to redemption at the times, in the manner and upon the terms set forth in the Bonds.

The Bonds are issued pursuant to (i) the Local Bond Law of the State of New Jersey constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, as amended (the "Act"), (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Township Council of the Township (collectively, the "Ordinances"), (iii) a resolution adopted by the Township Council of the Township on December 15, 2015 (the "Resolution") and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township. The Bonds are issued for the purpose of providing funds for and towards the costs of various general and utility capital improvements and the costs and expenses of issuing the Bonds.

As Bond Counsel for the Township, we have examined the proceedings relating to the authorization and issuance of the Bonds, including, among other things: (a) certified copies of the Ordinances and the Resolution; (b) an opinion of Raymond, Coleman, Heinold and Norman, LLC, Solicitor to the Township; and (c) certificates of Township officials as to material

factual matters, including a certificate of the Township pursuant to the federal income tax laws and regulations applicable to the Bonds, and as to the execution of the Bonds.

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

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

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

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

4. Interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion set forth in the preceding sentence is subject to the condition that the Township comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excluded from gross income for purposes of federal income taxation. Failure to comply with certain of such requirements could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. The Township has covenanted to comply with all such requirements. Interest on the Bonds is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the individual and corporate alternative minimum taxes; however, under the Code, to the extent that interest on the Bonds is a component of a corporate holder's "adjusted current earnings," a portion of that interest may be subject to the corporate alternative minimum tax.

We further call to your attention that the Code, subject to limited exceptions, denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or carry tax-exempt obligations such as the Bonds. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations generally applies to those tax-exempt obligations acquired after August 7, 1986. In the case of "qualified tax-exempt obligations," however, a denial of twenty percent (20%) of the deduction will apply in lieu of the denial of one hundred percent (100%). A "qualified tax-exempt obligation" is a tax-exempt obligation which is designated as such by the issuer and is not a private activity bond (other than a qualified 501(c)(3) bond). An issuer and all other entities that must be aggregated with it pursuant to the Code ("Other Issuers") may not designate or issue more than \$10,000,000 of tax-exempt obligations during any calendar

year. The Township has designated the Bond as a qualified tax-exempt obligation and has represented to us that neither it nor any Other Issuers has issued or expects to issue more than \$10,000,000 of tax-exempt obligations (other than certain obligations not required to be taken into account under the Code) in the calendar year 2015. Based on such representations, it is our opinion that banks, thrift institutions and other financial institutions which purchase the Bond may deduct eighty percent (80%) of their interest expense on indebtedness incurred to purchase or carry the Bond pursuant to Sections 265(b) and 291(e)(1)(B) of the Code. We express no opinion regarding other federal tax consequences relating to the Bond or the receipt of interest thereon.

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

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

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