

OFFICIAL STATEMENT DATED JULY 19, 2017

NEW ISSUE – Book-Entry-Only

NOT RATED

In the opinion of Capehart & Scatchard, P.A., Trenton, New Jersey, Bond Counsel, assuming continuing compliance by the Township with the provisions of the Internal Revenue Code of 1986, as amended (the “Code”) pertaining to the issuance of the Notes, and subject to certain provisions of the Code which are described herein, interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes under current law, and will not be treated as an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. In the opinion of Bond Counsel, interest on the Notes and gain on the sale thereof are excludable from gross income of the owners thereof under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.

\$18,424,000
TOWNSHIP OF ROBBINSVILLE
IN THE COUNTY OF MERCER, STATE OF NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2017
Consisting of:
\$16,409,000 General Improvement Bond Anticipation Notes
and
\$2,015,000 Sewer Utility Bond Anticipation Notes
INTEREST RATE 2.00%
YIELD 1.08%

Dated: Date of Delivery

Due: July 26, 2018

The \$18,424,000 Bond Anticipation Notes, Series 2017, consisting of \$16,409,000 General Improvement Bond Anticipation Notes and \$2,015,000 Sewer Utility Bond Anticipation Notes (the “Notes”) are valid and legally binding general obligations of the Township of Robbinsville, in the County of Mercer, State of New Jersey (the “Township”) and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and interest thereon. The principal of and interest on the Notes are payable, if not paid from other sources, from ad valorem taxes to be levied upon all the taxable property within the Township without limitation as to rate or amount. Principal of and interest on the Notes shall be paid at maturity. The Notes will be issued in the form of one certificate for the aggregate principal amount of the Notes and when issued 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. See “THE NOTES-Book-Entry Only System” herein. Individual purchases of the Notes will be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof except, where necessary, also in the amount of \$1,000 (or such other odd denomination where necessary).

The Notes are authorized by and are issued pursuant to: (i) the Local Bond Law, N.J.S.A. 40A: 2-1 et seq., as amended and supplemented (the “Local Bond Law”); and (ii) various bond ordinances as described herein, duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law.

The Notes are not subject to redemption prior to maturity.

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

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

The Notes are offered when, as and if issued, and delivered to the purchaser, subject to withdrawal or modification of the offer without notice, to the prior approval of legality by the law firm of Capehart & Scatchard, P.A., Trenton, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its counsel, Mark Roselli, Esq., Hamilton, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey served as Municipal Advisor to the Township in connection with the Notes. It is expected that delivery of the Notes in book-entry-only form will be made at DTC in New York, New York on or about July 26, 2017.

TD SECURITIES (USA) LLC

**TOWNSHIP OF ROBBINSVILLE, IN THE
COUNTY OF MERCER, NEW JERSEY**

MAYOR

David Fried

TOWNSHIP COUNCIL

Dan Schuberth, President
Vincent J. Calcagno, Vice-President
Christine Ciaccio
Sheree S. McGowan
Ronald C. Witt, Jr

TOWNSHIP CHIEF FINANCIAL OFFICER

Deborah J. Bauer, CMFO

TOWNSHIP BUSINESS ADMINISTRATOR

Joy Tozzi

TOWNSHIP CLERK

Michele Seigfried, MMC, CMR

BOND COUNSEL

Capehart & Scatchard, P.A.
Trenton, New Jersey

TOWNSHIP COUNSEL

Mark Roselli, Esq.
Hamilton, New Jersey

TOWNSHIP AUDITOR

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

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

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

References in this 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.

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

Upon issuance, the Notes will not be registered under the Securities Act of 1933, as amended, will not be listed on the stock or other securities exchange and neither the Securities and Exchange Commission or any other federal, state, municipal or other governmental entity, other than the Township, will have passed upon the accuracy or adequacy of the Official Statement.

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

TABLE OF CONTENTS

INTRODUCTION	1
THE NOTES	1
General Description	1
Book-Entry-Only System	2
Discontinuation of Book-Entry-Only System.....	4
Redemption.....	4
AUTHORIZATION AND PURPOSE OF THE NOTES.....	4
SECURITY AND SOURCE OF PAYMENT	6
Taxing Power.....	6
PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT	6
Local Bond Law	6
Local Fiscal Affairs Law	7
Local Budget Law.....	8
Miscellaneous Revenues.....	9
Real Estate Taxes.....	10
Deferral of Current Expenses.....	10
Budget Transfers.....	10
Capital Budget	11
Related Constitutional and Statutory Provisions.....	11
Rights and Remedies of Owners of Notes	11
Limitation of Remedies Under Federal Bankruptcy Code.....	12
TAX MATTERS	13
Federal Tax Exemption.....	13
Certain Federal Tax Consequences Relating to the Notes	13
Bank Qualification.....	14
IRS Circular 230 Disclosure	14
New Jersey Gross Income Tax Exemption	14
Basis for Bond Counsel's Opinion	14
Future Events	14
LEGALITY FOR INVESTMENT	15
INFORMATION REGARDING THE TOWNSHIP.....	15
General.....	15
Financial	15
SECONDARY MARKET DISCLOSURE	15
LITIGATION	17
MUNICIPAL BANKRUPTCY	17
PREPARATION OF OFFICIAL STATEMENT	18
RATING.....	19
UNDERWRITING	19
MUNICIPAL ADVISOR	19
APPROVAL OF LEGAL PROCEEDINGS.....	19
CERTIFICATES OF THE TOWNSHIP	19
ADDITIONAL INFORMATION	20
MISCELLANEOUS.....	20

APPENDIX A - GENERAL INFORMATION REGARDING THE TOWNSHIP

APPENDIX B - AUDITED FINANCIAL DATA AS OF DECEMBER 31, 2016 AND FOR THE YEAR THEN ENDED

APPENDIX C - FORM OF BOND COUNSEL'S OPINION

OFFICIAL STATEMENT
Relating to

\$18,424,000
TOWNSHIP OF ROBBINSVILLE
in the County of Mercer, New Jersey
BOND ANTICIPATION NOTES, SERIES 2017
consisting of:
\$16,409,000 General Improvement Bond Anticipation Notes
and
\$2,015,000 Sewer Utility Bond Anticipation Notes

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Robbinsville (the “Township”), in the County of Mercer, in the State of New Jersey (the “State”) in connection with the sale and issuance of \$18,424,000 Bond Anticipation Notes, Series 2017 consisting of \$16,409,000 General Improvement Bond Anticipation Notes and \$2,015,000 Sewer Utility Bond Anticipation Notes (the “Notes”). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

This Official Statement contains specific information relating to the Notes including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Township.

This Official Statement is “deemed final”, as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”).

THE NOTES

General Description

The Notes shall be dated and shall bear interest from their dated date, and will mature on the date and in the amount, as shown on the front cover page hereof. The Notes shall bear interest, which is payable at maturity, at the interest rate set forth on the front cover page hereof. The Notes may be purchased in book-entry-only form in the amount of \$5,000 or any integral multiple thereof, except where necessary, also in the amount of \$1,000 (or such other odd denomination where necessary),

through book-entries made on the books and the records of The Depository Trust Company, New York, New York ("DTC") and its participants. See "Book-Entry-Only System". The Township will act as the "Note Registrar/Paying Agent" for the Notes.

Book-Entry-Only System¹

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the 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 Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Notes ("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

¹ Source: The Depository Trust Company

their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

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

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

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

NEITHER THE TOWNSHIP NOR ANY 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 NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

Discontinuation of Book-Entry-Only System

If the Township, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, the Township will attempt to locate another qualified Securities Depository. If the Township fails to find such a Securities Depository, or if the Township determines, in its sole discretion, that it is in the best interest of the Township or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the Township undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the Township shall notify DTC of the termination of the book-entry-only system.

Redemption

The Notes are not subject to redemption prior to maturity.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes are authorized and being issued pursuant to the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-1 et seq.), and the acts amendatory thereof and supplemental thereto, and the ordinances of the Township set forth below. Proceeds of the Notes, along with other funds

of the Township in the amount of \$327,831, will be used to: (i) refund on a current basis, the \$2,167,500 Sewer Utility Bond Anticipation Note portion of the Township's \$18,466,831 Bond Anticipation Notes, dated July 28, 2016 and due on July 27, 2017 (the "Prior Notes"); (ii) refund, on a current basis, the \$16,299,331 General Improvement Bond Anticipation Note portion of the Prior Notes; and (iii) provide \$285,000 in funds for various capital improvements in the Township. The purposes for which the Notes are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Township, which bond ordinances are described on the following tables:

General Improvement Bond Anticipation Notes

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount of Prior Notes Being Refunded with the Notes</u>	<u>Amount of New Money</u>
2008-30	Acquisition of office furniture and equipment and construction of improvements to various roads and public buildings.	\$157,500	\$0
2009-28	Acquisition of office furniture and equipment and construction of various improvements to recreation facilities and public buildings.	158,000	0
2010-22	Acquisition of office furniture and equipment, construction of various improvements to recreation facilities and roads and primary land approvals and permits for the finance office located on Washington Boulevard.	1,040,800	0
2011-13	Acquisition of office furniture and equipment and construction of various improvements to the fire department building, Fire Department parking facilities and various roads.	442,000	0
2012-9	Acquisition of office furniture, equipment and construction of various improvements for the Fire Department and various roads.	1,203,783	0
2013-10	Various Capital Improvements.	1,118,150	0
2014-8	Various Capital Improvements - Infrastructure Improvements.	736,250	0
2014-15	Various Capital Improvements.	1,401,060	0
2014-30	Acquisition of Real Property/Construction & Furnishings of New Municipal Building.	2,850,000	0
2015-7	Various Infrastructure Improvements.	593,750	0
2015-12	Various Capital Improvements.	2,776,723	0
2015-22	New Municipal Building	1,933,250	0
2016-8	Various Infrastructure Improvements	988,000	0
2016-10	Furnishing and Equipment for New Muni Building	142,500	0
2016-15	Various Capital Improvements	582,234	285,000
Total:		<u>\$16,124,000</u>	<u>\$285,000</u>
Grand Total:			<u>\$16,409,000</u>

Sewer Utility Bond Anticipation Notes

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount of Prior Notes Being Refunded with the Notes</u>
2008-21	Construction of sewer lines along Route 33.	\$85,000
2010-19	Construction of sewer lines along Route 130.	<u>1,930,000</u>
Total:		<u>\$2,015,000</u>

SECURITY AND SOURCE OF PAYMENT

Taxing Power

The Notes are valid and binding general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. The Notes are direct 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 the interest on the Notes without limitation as to rate or amount. Enforcement of a claim for the payment of principal of or interest on Notes 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 Notes 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.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Local Bond Law

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

all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

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

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. As shown in Appendix "A", as of December 31, 2016, the Township has not exceeded its statutory debt limit. The Township will not exceed its statutory debt limit with the issuance of the Notes.

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.

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 most recent fiscal year ended 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 most recent fiscal year ended 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 NJ State statutes, as amended and supplemented ("Local Budget Law"), governs the budgeting and appropriation of funds by local governmental units.

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

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

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

A statute passed in 1976, as amended (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a 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 Refunding 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 notes.

Miscellaneous Revenues

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

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

Real Estate Taxes

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

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

Deferral of Current Expenses

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

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

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and,

although subaccounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Capital Budget

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

Related Constitutional and Statutory Provisions

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

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

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

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

Rights and Remedies of Owners of Notes

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

The Act provides that the Commission shall remain in control of the municipality until all bonds or notes of the municipality that have fallen due and all bonds or notes that will fall due

within one year, and the interest thereon, have been paid, funded or refunded, or the payment thereof in cash shall have been adequately provided for by a cash reserve.

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

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

Limitation of Remedies Under Federal Bankruptcy Code

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

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

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE 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 NOTES.

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

TAX MATTERS

Federal Tax Exemption

In connection with the issuance of the Notes, Capehart & Scatchard, P.A., Bond Counsel, will deliver its opinion (the proposed form of which is attached hereto as Appendix C) to the effect that under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes. Furthermore, interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing alternative minimum tax imposed on certain corporations. The Internal Revenue Code of 1986 (the "Code") and the regulations promulgated thereunder contain requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be and remain excludable from gross income for purposes of federal income taxation. Examples include: the requirement that the Township rebate certain excess earnings on proceeds and amounts treated as proceeds of the Notes to the United States Treasury; and restrictions on investment of such proceeds and other amounts; and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the Notes. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the Township subsequent to issuance of the Notes to maintain the exclusion of interest on the Notes from gross income for federal income taxation purposes. Failure to comply with any of such requirements could cause the interest on the Notes to be included in gross income retroactive to the date of issuance of the Notes. The opinion of Bond Counsel delivered on the date of issuance of the Notes is conditioned upon compliance by the Township with such requirements, and Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the issuance of the Notes.

Certain Federal Tax Consequences Relating to the Notes

Although interest on the Notes is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Notes may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Notes.

There can be no assurance that legislation will not be introduced or enacted after the issuance and delivery of the Notes so as to affect adversely the exclusion from gross income for federal income tax purposes of interest on the Notes. Each purchaser of the Notes should consult his or her own advisor regarding any changes in the status of pending or proposed federal tax legislation.

Bank Qualification

The Notes **will not be** designated as qualified under Section 265 of the Code by the Township for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

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

IRS Circular 230 Disclosure

To ensure compliance with requirements imposed by the Internal Revenue Service, any purchaser of a Note is hereby informed that (i) any U.S. federal tax advice contained in this offering material (including any attachments) is not intended or written by Bond Counsel to the Township to be used, and that it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under the Code; (ii) such advice is written to support the promotion or marketing of the transaction(s) or matter(s) addressed by the written advice; and (iii) the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

New Jersey Gross Income Tax Exemption

In connection with the issuance of the Notes, Bond Counsel will deliver its opinion (the proposed form of which is attached hereto as Appendix "C") that, under existing law, interest on the Notes and the income derived from the sale thereof is excludable from gross income of the owner of the Notes under the New Jersey Gross Income Tax Act.

Basis for Bond Counsel's Opinion

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the IRS or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law and in reliance on the representations and covenants that it deems relevant to such opinion.

Future Events

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the Federal or state level, may adversely affect the exclusion from gross income of interest on

the Notes for federal income tax purposes, or the exclusion of interest on and any gain realized on the sale of the Notes under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions could adversely affect the market price or marketability of the Notes.

EACH PURCHASER OF THE NOTES SHOULD CONSULT HIS OR HER OWN ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, OR COURT DECISIONS.

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

LEGALITY FOR INVESTMENT

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

INFORMATION REGARDING THE TOWNSHIP

General

The Township is located in the eastern section of the County and comprises 20.7 square miles. General information concerning the Township, including economic, financial, demographic and other relevant data, is set forth in Appendix “A” to this Official Statement.

Financial

Appendix “B” to this Official Statement contains certain audited financial statements of the Township for the year ended December 31, 2016. Copies of the entire completed Reports of Audit may be obtained, upon request, to the office of the Township Clerk or the Electronic Municipal Market Access (“EMMA”) Platform.

SECONDARY MARKET DISCLOSURE

The Township has agreed to undertake for the benefit of the Noteholders and the beneficial owners of the Notes 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 Notes and the beneficial owners thereof:

A) Provide or cause to be provided to the MSRB notice of the occurrence of any of the following events within 10 business days of such occurrence with respect to the Notes:

- (i) Principal or interest payment delinquencies on the Notes.
- (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 Notes, or other material events affecting the tax status of the Notes.
- (vii) Modifications to the rights of Noteholders, if material.
- (viii) Note calls, if material, and tender offers.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the Notes, if material.
- (xi) Rating changes.
- (xii) Bankruptcy, insolvency, receivership or similar event of the Township.
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, 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.

If the Township fails to comply with the above-described undertaking, any Noteholder or beneficial owner of the Notes may pursue an action for specific performance to enforce the rights of all Noteholders 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 Notes 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 Noteholders and beneficial owners of the Notes.

The undertaking may be amended by the Township from time to time, without the consent of the Noteholders or the beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements or change in law, or a change in identity, nature, type of operation or status of the Township, which in the opinion of nationally recognized bond counsel complies with Rule 15c2-12 and does not, in such bond counsel's opinion, materially impair the interest of the Noteholders and the beneficial owners of the Notes.

Within the five years immediately preceding the date of this Official Statement, the Township previously failed to file, on a timely basis: (i) audited financial information for the years ending December 31, 2011 and 2012 and (ii) operating data for the years ending December 31, 2011 and 2012, as required by and in accordance with Rule 15c2-12, for certain outstanding bond issues. The Township previously failed to file event notices and late filing notices in connection with: (i) its audited financial information; (ii) its operating data; and (iii) certain bond insurer rating

changes in 2013 and 2014. Such notices of events and late filings have since been filed with the MSRB's EMMA data port. Additionally, due to a DTC notice not being sent to the Township, as well as an administrative oversight, an interest payment in the amount of \$31,675.00 that was due on April 15, 2015 was made on April 23, 2015, and an event notice was filed. Remedies have been made to correct the error and the Township expects to make all future payments in a timely manner. The Township appointed Phoenix Advisors, LLC in October of 2013 to serve as continuing disclosure agent.

LITIGATION

To the knowledge of Mark Roselli, Esq., Hamilton, New Jersey (the "Township Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority of the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided. A certificate to such effect will be executed by the Township's Attorney and delivered to the purchaser of the Notes at the closing.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq. (the "Bankruptcy Code"), as amended by Public Law 94-260, approved April 8, 1976 and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes. The Bankruptcy Code specifically 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 Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any

such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such Bankruptcy Code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. 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.

Reference to the Bankruptcy Code or the State statute should not create any implication that the Township expects to utilize the benefits of their provisions.

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 to the purchasers of the Notes, by certificates signed by the Chief Financial Officer, that to her knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

Holman Frenia Allison P.C., Medford, New Jersey assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in their Independent Auditor's Report.

The Township Attorney has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

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

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

RATING

The Notes have not been rated.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by TD Securities (USA) LLC (the "Underwriter"). The Underwriter has purchased the Notes in accordance with the Notice of Sale and the Official Form of Proposal. The Notes are being offered for sale at the yield set forth on the front cover page of this Official Statement.

MUNICIPAL ADVISOR

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix C. Certain legal matters will be passed on for the Township by the Township Attorney.

CERTIFICATES OF THE TOWNSHIP

Upon the delivery of the Notes, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the Township, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the Township from that set forth in or contemplated by this Official Statement. In addition, the original purchaser of the Notes shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefore, and a certificate dated as of the date of the delivery of the Notes and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the Notes or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes, are issued, and that neither the corporate existence or boundaries of the Township, nor the title of any of the said officers to the respective offices, is being contested.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Deborah Bauer, Chief Financial Officer, Township of Robbinsville, 2298 Route 33, Robbinsville, New Jersey, (609) 259-3600 x106 or Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey (609) 291-0130.

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.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof. The information contained in this Official Statement is not guaranteed.

THE TOWNSHIP OF ROBBINSVILLE

By: /s/ Deborah Bauer
Deborah Bauer, Chief Financial Officer

Dated: July 19, 2017

APPENDIX A

GENERAL INFORMATION REGARDING THE TOWNSHIP

[THIS PAGE INTENTIONALLY LEFT BLANK]

INFORMATION REGARDING THE TOWNSHIP¹

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

Retirement Systems

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

Pension Information²

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The Township’s share of pension costs in 2016, which is based upon the annual billings received from the State, amounted to \$403,908 for PERS and \$828,253 for PFRS.

[Remainder of Page Intentionally Left Blank]

¹ Source: The Township, unless otherwise indicated.

² Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2016	8,052	7,796	256	3.2%
2015	7,980	7,678	302	3.8%
2014	7,799	7,455	344	4.4%
2013	7,696	7,291	405	5.3%
2012	7,634	7,175	459	6.0%
<u>County</u>				
2016	199,781	191,137	8,644	4.3%
2015	198,187	188,247	9,940	5.0%
2014	195,118	183,665	11,453	5.9%
2013	193,821	179,779	14,042	7.2%
2012	194,363	178,315	16,048	8.3%
<u>State</u>				
2016	4,524,262	4,299,923	224,315	5.0%
2015	4,543,800	4,288,800	255,000	5.6%
2014	4,513,600	4,209,700	303,900	6.7%
2013	4,528,500	4,157,600	370,800	8.2%
2012	4,585,300	4,158,600	426,800	9.3%

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

Income (as of 2015)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$116,686	\$72,804	\$72,093
Median Family Income	146,928	94,908	88,335
Per Capita Income	53,316	37,680	36,582

Source: US Bureau of the Census, 2015 American Community Survey 5-Year Estimates

Population

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

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2015 Estimate	14,176	3.91%	371,023	1.23%	8,958,013	1.89%
2010	13,642	32.77	366,513	4.49	8,791,894	4.49
2000	10,275	76.70	350,761	7.65	8,414,350	8.85
1990	5,815	66.76	325,824	5.83	7,730,188	4.96
1980	3,487	5.32	307,863	1.23	7,365,001	2.75

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2017</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
Matrix 7A Land/PRI&II, LLC	\$129,744,400	5.20%
Sharbell	48,698,300	1.95%
100 Manor Way	32,580,000	1.31%
J&J New Jersey, LLC	29,795,000	1.19%
KTR NJ I, LLC	28,279,052	1.13%
McMaster-Carr Supply	23,070,000	0.92%
Mercedes Benz	20,760,868	0.83%
Windsor Industrial Park	15,000,000	0.60%
Thompson Realty Compay	12,818,616	0.51%
Sleepys C/O Cushmanwake	<u>11,000,000</u>	<u>0.44%</u>
Total	<u><u>\$351,746,236</u></u>	<u><u>14.10%</u></u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2016	\$72,555,179	\$71,992,345	99.22%
2015	70,235,397	69,733,016	99.28%
2014	69,709,294	68,982,001	98.96%
2013	68,097,966	67,087,901	98.52%
2012	66,459,428	65,390,573	98.39%

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2016	\$183,014	\$557,620	\$740,634	1.02%
2015	164,074	462,600	626,674	0.89%
2014	111,834	640,045	751,879	1.08%
2013	99,126	560,453	659,579	0.97%
2012	140,518	534,553	675,072	1.02%

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2016	\$0
2015	0
2014	0
2013	0
2012	0

Source: Annual Audit Reports of the Township

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

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

<u>Year</u>	<u>Municipal</u>	<u>Municipal Open Space*</u>	<u>Local School</u>	<u>County</u>	<u>Total</u>
2016	\$0.526	\$0.050	\$1.633	\$0.696	\$2.905
2015	0.531	0.050	1.618	0.662	2.861
2014	0.531	0.050	1.625	0.665	2.871
2013	0.522	0.050	1.549	0.623	2.744
2012	0.542	0.050	1.479	0.594	2.665

*: On November 8, 2016, residents of the Township voted to increase the municipal open space tax by \$0.015, effective in 2017.
Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2017	\$2,492,178,990	\$2,589,545,916	96.24%	\$3,101,829	\$2,592,647,745
2016	2,435,597,382	2,505,243,141	97.22	3,074,984	2,508,318,125
2015	2,417,093,424	2,486,210,064	100.31	3,202,902	2,412,826,493
2014	2,388,677,954	2,337,715,751	102.18	2,859,888	2,340,575,639
2013	2,447,572,528	2,335,692,841	104.79	3,301,002	2,338,993,843

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2017	\$87,077,442	\$1,855,393,500	\$28,281,848	\$225,062,300	\$289,513,900	\$6,850,000	\$2,492,178,990
2016	81,230,432	1,814,604,700	28,587,950	216,745,400	287,578,900	6,850,000	2,435,597,382
2015	79,618,464	1,796,059,500	29,058,060	218,650,600	286,856,800	6,850,000	2,417,093,424
2014	69,457,440	1,780,356,300	29,817,114	216,201,200	285,995,900	6,850,000	2,388,677,954
2013	63,973,840	1,837,318,300	31,000,888	220,139,600	288,289,900	6,850,000	2,447,572,528

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Fund Balance Utilized	\$3,050,000	\$3,089,693	\$2,839,671	\$3,322,035	\$3,514,030
Miscellaneous Revenues	5,460,461	5,107,136	5,838,191	5,862,885	6,585,744
Receipts from Delinquent Taxes	425,000	450,000	450,000	470,000	450,000
Amount to be Raised by Taxation	<u>12,801,255</u>	<u>12,704,061</u>	<u>12,857,134</u>	<u>12,832,235</u>	<u>13,067,680</u>
Total Revenue:	<u><u>\$21,736,716</u></u>	<u><u>\$21,350,890</u></u>	<u><u>\$21,984,996</u></u>	<u><u>\$22,487,155</u></u>	<u><u>\$23,617,453</u></u>
<u>Appropriations</u>					
General Appropriations	\$14,464,585	\$14,709,079	\$15,111,020	\$15,350,138	\$15,802,178
Operations (Excluded from CAPS)	1,137,916	1,124,855	1,189,358	1,316,957	1,154,682
Deferred Charges and Statutory Expenditures	164,000	14,000	153,555	17,875	632,097
Capital Improvement Fund	88,850	172,490	237,393	165,144	216,533
Municipal Debt Service	4,581,364	4,330,466	4,293,670	4,637,042	4,811,964
Reserve for Uncollected Taxes	<u>1,300,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total Appropriations:	<u><u>\$21,736,716</u></u>	<u><u>\$21,350,890</u></u>	<u><u>\$21,984,996</u></u>	<u><u>\$22,487,155</u></u>	<u><u>\$23,617,453</u></u>

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

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

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance</u> <u>12/31</u>	<u>Utilized in Budget</u> <u>of Succeeding Year</u>
2016	\$4,353,586	\$3,514,030
2015	4,400,470	3,322,035
2014	4,080,550	2,839,671
2013	4,408,276	3,089,693
2012	3,768,696	3,050,000

Source: Annual Audit Reports of the Township

Sewer Utility Operating Fund

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

<u>Fund Balance - Sewer Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2016	\$1,493,818	\$285,045
2015	1,531,476	229,646
2014	1,569,517	228,572
2013	920,501	109,653
2012	805,696	212,333

Source: Annual Audit Reports of the Township

[Remainder of Page Intentionally Left Blank]

Township Indebtedness as of December 31, 2016

General Purpose Debt

Serial Bonds	\$30,014,000
Bond Anticipation Notes	24,089,331
Bonds and Notes Authorized but Not Issued	1,040,000
Other Bonds, Notes and Loans	<u>426,412</u>
Total:	\$55,569,743

Local School District Debt

Serial Bonds	\$55,569,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$55,569,000

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	2,167,500
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$2,167,500

TOTAL GROSS DEBT

\$113,306,243

Less: Statutory Deductions	
General Purpose Debt	\$11,711,640
Local School District Debt	55,569,000
Self-Liquidating Debt	<u>2,167,500</u>
Total:	\$69,448,140

TOTAL NET DEBT

\$43,858,104

Source: Annual Debt Statement of the Township

[Remainder of Page Intentionally Left Blank]

Overlapping Debt (as of December 31, 2016)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$55,569,000	100.00%	\$55,569,000
County Improvement Authority	95,765,060	5.70%	5,462,292
County	490,911,747	5.70%	<u>28,000,853</u>
Net Indirect Debt			\$89,032,145
Net Direct Debt			<u>43,858,104</u>
Total Net Direct and Indirect Debt			<u>\$132,890,249</u>

Debt Limit

Average Equalized Valuation Basis (2014, 2015, 2016)	\$2,443,056,319
Permitted Debt Limitation (3 1/2%)	85,506,971
Less: Net Debt	<u>43,858,104</u>
Remaining Borrowing Power	<u>\$41,648,867</u>
Percentage of Net Debt to Average Equalized Valuation	1.795%
 Gross Debt Per Capita based on 2010 population of 13,642	 \$8,306
Net Debt Per Capita based on 2010 population of 13,642	\$3,215

Source: Annual Debt Statement of the Township

³ Township percentage of County and County Improvement Authority debt is based on the Township's share of total equalized valuation in the County.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

**AUDITED FINANCIAL DATA AS OF DECEMBER 31, 2016
AND FOR THE YEAR THEN ENDED**

[THIS PAGE INTENTIONALLY LEFT BLANK]



HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090
www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Township of Robbinsville
County of Mercer
Robbinsville, New Jersey

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Robbinsville, County of Mercer, State of New Jersey as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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

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

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

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Robbinsville, County of Mercer, State of New Jersey, as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2016 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 Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental statements and schedules presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2017, on our consideration of the Township of Robbinsville'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 Robbinsville's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "Michael Holt", with a stylized flourish at the end.

Michael Holt
Certified Public Accountant
Registered Municipal Accountant
CR 473

May 31, 2017
Medford, New Jersey

This page intentionally left blank.

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

Honorable Mayor and Members
of the Township Council
Township of Robbinsville
County of Mercer
Robbinsville, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Township of Robbinsville Township (herein referred to as "the Township"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 31, 2017. Our report indicated that the Township's 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.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no 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.

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "Michael Holt", with a stylized flourish at the end.

Michael Holt
Certified Public Accountant
Registered Municipal Accountant
CR 473

May 31, 2017
Medford, New Jersey

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

**TOWNSHIP OF ROBBINSVILLE
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Regular Fund:			
Cash	A-4	\$ 7,130,975	\$ 9,060,750
Cash - Change Funds	A-6	950	950
Due from State of New Jersey for Senior Citizen & Veteran Deductions	A-8	8,206	8,161
Total		7,140,131	9,069,861
Receivables & Other Assets With Full Reserves:			
Delinquent Taxes Receivable	A-7	563,830	462,600
Tax Title Liens Receivable	A-9	183,015	164,074
Demolition Liens Receivable	A	9,800	9,800
6% Year-End Penalties	A	13,959	9,924
Other Receivables	A	2,853	2,853
Revenue Accounts Receivable	A-10	36,632	45,387
Due From Interfunds:			
Dog License Fund	B	11	290
Due From Trust Other	B	310,063	463,944
General Capital Fund	C		680
Total Receivables & Other Assets With Full Reserves		1,120,163	1,159,552
Deferred Charges To Future Taxation:			
Emergency Appropriation	A	32,725	17,500
Total		32,725	17,500
Total Regular Funds		8,293,019	10,246,913
Federal, State & Other Grants:			
Cash	A-4	1,514,972	636,985
Federal, State & Other Grants Receivable	A-15	1,083,496	2,371,829
Total Federal, State & Other Grants		2,598,468	3,008,814
Total Assets		\$ 10,891,487	\$ 13,255,727

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

**TOWNSHIP OF ROBBINSVILLE
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2016	2015
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 881,740	\$ 893,745
Reserve for Encumbrances	A-3	312,737	566,593
Accounts Payable	A	20,393	-
Due to State of NJ	A	9,127	15,081
Due to Borough of Allentown - LEA Rebate	A	-	397
Prepaid Taxes	A-5	356,308	231,148
Due County for Added & Omitted Taxes	A	620,576	469,278
Tax Overpayments	A	15,647	1,263
Reserve for Tax Appeals	A	100,000	100,000
Reserve for Revision & Codification of Ordinances	A	44,356	49,471
Reserve for Preparation of a Master Plan Amendment	A	619	619
Reserve for Street Opening	A	100	100
Reserve for Construction Expenditures	A	300,000	300,000
Reserve for Garden State Trust	A	5,894	5,894
Reserve for Pilots Due to County	A	-	53,302
Due To Interfunds:			
General Capital Fund	C	151,773	2,000,000
Subtotal Regular Fund		2,819,270	4,686,891
Reserve for Receivables & Other Assets	A	1,120,163	1,159,552
Fund Balance	A-1	4,353,586	4,400,470
Total Regular Fund		8,293,019	10,246,913
Federal, State & Other Grants:			
Reserve for Encumbrances	A-16	196,075	830,920
Reserve for Federal, State & Other Grants:			
Appropriated	A-16	2,378,847	2,166,992
Unappropriated	A-17	23,546	10,902
Total Federal, State & Other Grants		2,598,468	3,008,814
Total Liabilities, Reserves & Fund Balance		\$ 10,891,487	\$ 13,255,727

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

**TOWNSHIP OF ROBBINSVILLE
CURRENT FUND
STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 3,322,035	\$ 2,839,671
Miscellaneous Revenue Anticipated	6,303,583	6,904,090
Receipts From Delinquent Taxes & Tax Title Liens	391,314	581,755
Receipts From Current Taxes	71,992,345	69,733,017
Nonbudget Revenue	264,370	272,466
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	909,336	754,608
Cancellation of Prior Year Grant Appropriation	-	978
Interfund Returned	8,899	2,053,692
Total	<u>83,191,882</u>	<u>83,140,277</u>
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	7,542,490	7,344,060
Other Expenses	5,974,321	5,981,510
Deferred Charges & Statutory Expenditures	1,833,327	1,785,449
Excluded From "CAPS":		
Operations:		
Salaries & Wages	547,373	582,011
Other Expenses	849,048	974,965
Capital Improvements	165,144	237,393
Municipal Debt Service	4,561,611	4,247,260
Deferred Charges	50,600	2,206,055
Municipal Open Space Tax	1,247,959	1,227,606
County Taxes	16,958,392	16,014,474
Amount Due County for Added & Omitted Taxes	392,249	228,327
Local District School Tax	39,824,937	39,149,163
Senior Citizen & Veteran Deductions Disallowed Prior Year	2,005	2,413
Total Expenditures	<u>79,949,456</u>	<u>79,980,686</u>
Excess/Deficit in Revenue	<u>3,242,426</u>	<u>3,159,591</u>
Expenditures included above which are by Statute		
Deferred Charges to Budget of Succeeding Year	32,725	-
Statutory Excess to Fund Balance	3,275,151	3,159,591
Fund Balance January 1	<u>4,400,470</u>	<u>4,080,550</u>
Total	7,675,621	7,240,141
Decreased by: Utilization as Anticipated Revenue	<u>(3,322,035)</u>	<u>(2,839,671)</u>
Fund Balance December 31	<u><u>\$ 4,353,586</u></u>	<u><u>\$ 4,400,470</u></u>

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

TOWNSHIP OF ROBBINSVILLE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	BUDGET	APPROPRIATED BY N.J.S.A.40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 3,322,035	\$ -	\$ 3,322,035	\$ -
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverage	20,000	-	20,938	938
Other	8,000	-	19,180	11,180
Fees & Permits - Other	100,000	-	130,316	30,316
Fines & Costs - Municipal Court	485,000	-	501,060	16,060
Interest & Costs on Taxes	145,000	-	104,023	(40,977)
Interest on Investments & Deposits	11,000	-	39,393	28,393
Fire Department:				
Inspection Fees - Turnpike Authority	75,000	-	86,670	11,670
Fire Service Revenue	12,000	-	10,955	(1,045)
Garden State Preservation Trust	5,894	-	5,894	-
Building Rental for Sewer Utility	24,000	-	24,000	-
Energy Receipts Tax	1,414,330	-	1,414,330	-
Uniform Construction Code Fees	515,000	-	810,803	295,803
Interlocal Services Agreements:				
Allentown for Automotive Services	9,500	-	7,571	(1,929)
Mercer County Soil for Automotive Services	1,750	-	667	(1,083)
Upper Freehold for Automotive Services	1,750	-	1,678	(72)
Hightstown for Automotive Services	14,000	-	6,426	(7,574)
Allentown for Public Works Supervisory	132,271	-	140,162	7,891
BOE for Automotive Services	2,600	-	2,878	278
BOE for Crossing Guard	6,660	-	6,263	(397)
BOE for High School Resource Officer	45,000	-	45,000	-
Recycling Tonnage Grant	24,817	-	24,817	-
Police Body Armor Replacement Fund	2,857	-	2,857	-
Police Body Armor - Federal	2,295	-	2,295	-
Municipal Alliance Grant		12,404	12,404	-
Tom May Nature Trail Donations	2,238	-	2,238	-
Assistance to Firefighters- FEMA		13,393	13,393	-
Police Worn Cameras		14,500	14,500	-
Library	3,512	-	3,512	-
NJ DOT Richardson Road- Phase II	225,000	-	225,000	-
Anonymous Local Grant - Senior Center	5,000	-	5,000	-
Anonymous Local Grant - Fire Department	10,000	-	10,000	-
Anonymous Local Grant - Police	8,500	-	8,500	-
Anonymous Local Grant - Library	6,500	-	6,500	-

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

**TOWNSHIP OF ROBBINSVILLE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BUDGET	APPROPRIATED BY N.J.S.A.40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Miscellaneous Revenues (continued):				
Clean Communities Grant	-	39,168	39,168	-
Capital Surplus	106,000	-	106,000	-
CATV Franchise Fees	102,977	-	102,977	-
Payment in Lieu of Taxes - Project Freedom	9,340	-	9,340	-
Payment in Lieu of Taxes - KTR/ Amazon	530,866	-	575,558	44,692
Payment in Lieu of Taxes - Matrix 500A	20,078	-	32,609	12,531
Payment in Lieu of Taxes - United Way	1,500	-	1,498	(2)
Payment in Lieu of Taxes - Serv Properties & Management	1,500	-	1,500	-
Payment in Lieu of Taxes - The Arc Mercer Inc.	1,500	-	1,500	-
Tax Abatement - McKesson	88,119	-	89,027	908
Sale of Municipal Assets	450,000	-	450,000	-
Open Space Tax for Debt Service	1,174,531	-	1,128,183	(46,348)
Reserve to Pay Bonds - Capital	57,000	-	57,000	-
Total Miscellaneous Revenues	5,862,885	79,465	6,303,583	361,233
Receipt From Delinquent Taxes	470,000	-	391,314	(78,686)
Local Tax for Municipal Purposes	12,832,235	-	14,568,807	1,736,572
Budget Totals	22,487,155	79,465	24,585,739	2,019,119
Nonbudget Revenues	-	-	264,370	264,370
Total Revenues	\$ 22,487,155	\$ 79,465	\$ 24,850,109	\$ 2,283,489

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

**TOWNSHIP OF ROBBINSVILLE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 71,992,345
Less: School, County & Special District Taxes	<u>58,423,537</u>
Balance for Support of Municipal Budget Appropriations	13,568,808
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>1,000,000</u>
Total Amount for Support of Municipal Budget Appropriation	<u><u>\$ 14,568,808</u></u>
 Delinquent Property Taxes Receivable	 <u>\$ 391,314</u>
Total Receipts From Delinquent Taxes	<u><u>\$ 391,314</u></u>
 Licenses - Other:	
Bingo & Raffle	
Board of Health - Food Handlers	7,245
Marriage Licenses	11,090
Vital Statistics Fee	<u>845</u>
Total Licenses - Other	<u><u>\$ 19,180</u></u>
 Fees & Permits - Other:	
Zoning/Planning Board	\$ 5,520
Street Opening Permits	300
Housing Inspection Fees	33,175
Returned Check Fee	325
Police & Accident Report Fees	2,527
Extra Duty Police Admin. Fees	14,003
Photocopy Fees	1,165
Major Subdivision	6,500
Minor Subdivision	2,775
Septic & Well Permit	4,645
Site Plan Fee	26,203
Variance Fees	6,650
Other Fees	<u>26,528</u>
Total Fees & Permits - Other	<u><u>\$ 130,316</u></u>

**TOWNSHIP OF ROBBINSVILLE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

ANALYSIS OF INTEREST & COST IN TAXES

Interest & Costs	\$ 98,187
6% Penalties	<u>5,836</u>
Total Interest & Costs	<u><u>\$ 104,023</u></u>

ANALYSIS OF NONBUDGET REVENUE

Treasurer:	
Recycling	\$ 2,150
Lease of Farmland	38,111
Refund of Prior Year Expenditures	55,396
Senior Citizen & Veteran Administrative Fees	1,260
New Jersey Hotel Tax	99,695
Sale of Municipal Assets	20,919
Recycling Container Lids	381
Interlocal Service Agreements	9,000
FEMA Reimbursement - SANDY	16,125
FEMA Reimbursement - SNOWSTORM JONAS	6,234
Other Miscellaneous	<u>15,099</u>
Total Analysis of Nonbudget Revenue	<u><u>\$ 264,370</u></u>

**TOWNSHIP OF ROBBINSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

OPERATIONS WITHIN "CAPS"	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
General Government:						
General Administration:						
Salaries and Wages	\$ 218,373	\$ 232,673	\$ 232,664	\$ -	\$ 9	\$ -
Other Expenses	20,213	20,213	18,971	919	323	-
Mayor:						
Salaries and Wages	80,813	80,813	80,703	-	110	-
Other Expenses	6,595	6,595	3,925	980	1,690	-
Municipal Clerk's Office:						
Salaries and Wages	168,535	168,535	161,549	-	6,986	-
Other Expenses	18,897	18,897	13,401	2,493	3,003	-
Election:						
Salaries and Wages	1,000	1,000	418	-	582	-
Other Expenses	6,350	6,350	5,475	-	875	-
Computerized Data Processing Center:						
Other Expenses	75,340	76,590	72,515	2,735	1,340	-
Financial Administration:						
Salaries and Wages	248,830	248,830	247,771	-	1,059	-
Other Expenses	72,400	72,400	50,793	11,379	10,228	-
Auditing Services:						
Other Expenses	28,800	28,800	28,800	-	-	-
Tax Assessment Administration:						
Salaries and Wages	93,001	93,001	92,815	-	186	-
Other Expenses	32,938	32,938	22,022	1,492	9,424	-
Revenue Administration (Tax Collection):						
Salaries and Wages	73,800	73,800	73,428	-	372	-
Other Expenses	11,828	11,828	5,795	1,313	4,720	-
Legal Services & Costs:						
Other Expenses	255,920	265,920	226,760	35,461	3,699	-
Engineering Services:						
Salaries and Wages	102,965	102,965	45,414	-	57,551	-
Other Expenses	83,110	83,110	29,025	51,523	2,562	-
Affordable Housing:						
Salaries and Wages	25,990	25,990	25,990	-	-	-
Other Expenses	19,632	19,632	19,182	-	450	-
Housing & Property Maintenance:						
Salaries and Wages	11,317	11,317	11,317	-	-	-
Township Council:						
Salaries and Wages	27,989	27,989	27,989	-	-	-
Other Expenses	63,887	63,887	20,239	33,521	10,127	-
Land Use Administration:						
Planning Board:						
Salaries and Wages	74,342	74,342	59,073	-	15,269	-
Other Expenses	77,815	86,315	70,618	12,244	3,453	-
Zoning Board of Adjustments:						
Salaries and Wages	34,195	34,195	32,848	-	1,347	-
Other Expenses	12,091	12,091	4,045	7,160	886	-
Economic Development:						
Salaries and Wages	19,503	19,503	19,503	-	-	-
Other Expenses	49,005	49,005	27,017	3,405	18,583	-
Insurance:						
General Liability	165,904	165,904	165,904	-	-	-
Workers Compensation	110,890	110,890	110,890	-	-	-
Employee Group Health	1,750,453	1,730,453	1,701,409	796	28,248	-
Public Safety Functions:						
Police:						
Salaries and Wages	2,787,721	2,787,721	2,725,162	-	62,559	-
Other Expenses	215,161	215,161	187,862	18,461	8,838	-
Office of Emergency Management:						
Other Expenses	2,500	2,500	-	-	2,500	-

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

**TOWNSHIP OF ROBBINSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
OPERATIONS WITHIN "CAPS"						
Public Safety Functions (continued):						
Fire Department:						
Salaries and Wages	1,489,820	1,489,820	1,482,169	-	7,651	-
Other Expenses	524,940	529,940	440,241	9,169	80,530	-
EMS:						
Other Expenses	10,000	10,000	9,758	-	242	-
Municipal Prosecutor's Office:						
Other Expenses	50,350	50,350	31,800	9,700	8,850	-
Municipal Court:						
Salaries and Wages	312,149	312,149	229,093		83,056	-
Other Expenses	16,670	16,670	8,696	5,405	2,569	-
Public Defender (P.L.1997, C256):						
Other Expenses	7,500	7,500	2,250	5,250	-	-
Judgements:						
Other Expenses	65,000	80,712	80,712	-	-	-
Public Works Functions:						
Streets & Road Maintenance:						
Salaries and Wages	185,061	185,061	177,541	-	7,520	-
Other Expenses	30,710	30,710	21,632	8,547	531	-
Snow Removal:						
Salaries and Wages	62,800	62,800	62,800	-	-	-
Other Expenses	97,500	97,500	97,500	-	-	-
Solid Waste Collection:						
Salaries and Wages	275,268	275,268	253,658	-	21,610	-
Other Expenses	123,687	123,687	110,964	10,110	2,613	-
Buildings & Grounds:						
Salaries and Wages	132,508	132,508	117,801	-	14,707	-
Other Expenses	41,357	46,107	38,671	3,799	3,637	-
Vehicle Maintenance (Including Police Vehicles):						
Salaries and Wages	201,080	201,080	187,928	-	13,152	-
Other Expenses	79,750	88,850	83,566	3,192	2,092	-
Multiple Family Dwelling Garbage Reimbursement	31,664	31,664	24,039	-	7,625	-
Community Services Act (Condo Community Costs):						
Other Expenses	149,555	149,555	149,555	-	-	-
Health & Human Services:						
Public Health Services (Board of Health):						
Salaries and Wages	15,788	16,063	16,053	-	10	-
Other Expenses	84,491	84,491	80,396	1,950	2,145	-
Parks & Recreation:						
Recreation Services & Programs:						
Salaries and Wages	164,560	166,060	166,037	-	23	-
Other Expenses	13,095	13,095	11,903	605	587	-
Maintenance of Parks:						
Salaries and Wages	56,310	56,310	27,228	-	29,082	-
Other Expenses	17,000	17,000	9,203	352	7,445	-
Education Functions:						
Municipal Library/County Library:						
Other Expenses	5,900	5,900	5,841	-	59	-
Other Common Operating Functions:						
Celebration of Public Events:						
Other Expenses	47,035	47,035	45,344	1,450	241	-
Landfill/Solid Waste Disposal Costs:						
Other Expenses	582,000	582,000	489,741	-	92,259	-
Environmental Commission:						
Salaries and Wages	1,800	1,800	1,800	-	-	-
Other Expenses	4,800	4,800	2,386	-	2,414	-
Senior Center Operations:						
Salaries and Wages	163,385	161,610	150,960	-	10,650	-
Other Expenses	8,040	8,040	5,647	2,360	33	-

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

TOWNSHIP OF ROBBINSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
OPERATIONS WITHIN "CAPS"						
Other Common Operating Functions (continued):						
Central Service:						
Other Expenses	1,500	1,500	1,358	58	84	-
Postage:						
Other Expenses	25,213	25,213	21,824	3,333	56	-
Salary Adjustment Account:						
Salaries and Wages	110,000	110,000	91,791	-	18,209	-
Sharbell Lease	130,900	130,900	130,900	-	-	-
Construction Official:						
Salaries and Wages	408,587	389,287	353,791	-	35,496	-
Other Expenses	30,050	30,050	23,712	3,787	2,551	-
Utility Expenses & Bulk Purchases:						
Electricity	172,000	162,000	142,702	13,320	5,978	-
Street Lighting	300,000	290,000	259,852	25,109	5,039	-
Telephones	68,385	67,135	45,202	3,889	18,044	-
Water	22,000	22,000	18,550	2,357	1,093	-
Fuel Oil	7,500	7,500	3,119	994	3,387	-
Gasoline	140,000	131,938	89,086	11,162	31,690	-
Total Operation Within "CAPS"	13,515,811	13,515,811	12,426,092	309,780	779,939	-
Contingent	1,000	1,000	-	-	1,000	-
Total Operations Including Contingent	13,516,811	13,516,811	12,426,092	309,780	780,939	-
Detail:						
Salaries and Wages	7,437,490.00	7,542,490	7,153,494	-	387,196	-
Other Expenses (Including Contingent)	6,079,321	5,974,321	5,272,598	309,780	393,743	-
Deferred Charges/Statutory Expenditures - Municipal Within "CAPS":						
Statutory Expenditures:						
Contribution to Public Employees'						
Retirement System of New Jersey	342,046	342,046	342,046	-	-	-
Contributions to Social Security	599,704	599,704	551,094	-	48,610	-
Contribution to Police & Firemen's						
Retirement System of New Jersey	829,077	829,077	829,077	-	-	-
Unemployment	60,000	60,000	60,000	-	-	-
Defined Contribution Retirement Program	2,500	2,500	2,305	-	195	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	1,833,327	1,833,327	1,784,522	-	48,805	-
Total General Appropriations for Municipal Purposes Within "CAPS"	15,350,138	15,350,138	14,210,614	309,780	829,744	-
Public Safety Functions:						
Police Dispatch "911":						
Salaries and Wages	547,373	547,373	534,454	-	12,919	-
Other Expenses	286,792	286,792	268,633	2,957	15,202	-
Solid Waste Collection - Recycling Tax	14,000	14,000	12,427	-	1,573	-
NJPDES/Stormwater Permit 40A:4-45.3(cc)	3,000	3,000	3,000	-	-	-

TOWNSHIP OF ROBBINSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
Interlocal Services Agreements:						
Automotive Services With Allentown Township	9,500	9,500	7,571	-	1,929	-
Automotive Services With Mercer County Soil Conversation	1,750	1,750	667	-	1,083	-
Automotive Services With Hightstown Township	14,000	14,000	6,225	-	7,775	-
Automotive Services With Upper Freehold Township	1,750	1,750	1,418	-	332	-
DPW Supervisory Services with Allentown Township	132,271	132,271	122,860	-	9,411	-
Automotive Services With Board of Education	2,600	2,600	1,848	-	752	-
Crossing Guard Services With Board of Education	8,000	8,000	7,080	-	920	-
Public & Private Programs Offset by Revenues:						
Recycling Tonnage Grant	24,817	24,817	24,817	-	-	-
Tom May Nature Trail Donations	2,238	2,238	2,238	-	-	-
Sale of Library Books & Audio Visual Sales	3,512	3,512	3,512	-	-	-
Senior Center - Anonymous Local Grant	5,000	5,000	5,000	-	-	-
Police Program - Anonymous Local Grant	8,500	8,500	8,500	-	-	-
Library - Anonymous Local Grant	6,500	6,500	6,500	-	-	-
Fire Department - Anonymous Local Grant	10,000	10,000	10,000	-	-	-
Municipal Alliance Grant	-	12,404	12,404	-	-	-
Municipal Alliance Grant- Local Match	5,101	5,101	5,101	-	-	-
Police Body Armor Replacement Fund	2,857	2,857	2,857	-	-	-
Police Body Armor Fund - Federal	2,295	2,295	2,295	-	-	-
Police Body Worn Cameras	-	14,500	14,500	-	-	-
Assistance to Firefighters- FEMA	-	13,393	13,393	-	-	-
NJ DOT Municipal Aid Program- Richardsonson Rd - Phase II	225,000	225,000	225,000	-	-	-
Matching Funds for Grants	100	100	-	-	100	-
Clean Communities Program	-	39,168	39,168	-	-	-
Total Operations Excluded From "CAPS"	1,316,956	1,396,421	1,341,468	2,957	51,996	-
Detail:						
Salaries and Wages	547,373	547,373	534,454	-	12,919	-
Other Expenses	769,583	849,048	807,014	2,957	39,077	-
Capital Improvements - Excluded from "CAPS": Capital Improvements Fund	165,144	165,144	165,144	-	-	-
Total Capital Improvements Excluded from "CAPS"	165,144	165,144	165,144	-	-	-

**TOWNSHIP OF ROBBINSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
Municipal Debt Service - Excluded from "CAPS":						
Payment of Bond Principal	2,965,000	2,965,000	2,965,000	-	-	-
Payment of Bond Anticipation Notes & Capital Notes	185,010	185,010	185,010	-	-	-
Interest on Bonds	1,206,250	1,206,250	1,133,604	-	-	72,646
Interest on Notes	192,040	192,040	192,040	-	-	
EIT Loan Program:						
Loan Repayments for Principal & Interest	88,741	88,741	85,957	-	-	2,784
Total Municipal Debt Service Excluded from "CAPS"	4,637,041	4,637,041	4,561,611	-	-	75,430
Deferred Charges:						
Fund portion Kushner Ban Due to Rounding	375	375	375	-	-	-
Affordable Housing Legal Services	17,500	17,500	17,500	-	-	-
Emergency Appropriation - Sharbell Lease	-	32,725	32,725	-	-	-
Total Deferred Charges	17,875	50,600	50,600	-	-	-
Total General Appropriations Excluded from "CAPS"	6,137,016	6,249,206	6,118,823	2,957	51,996	75,430
Subtotal General Appropriations	21,487,154	21,599,344	20,329,437	312,737	881,740	75,430
Reserve For Uncollected Taxes	1,000,000	1,000,000	1,000,000	-	-	
Total General Appropriations	<u>\$ 22,487,154</u>	<u>\$ 22,599,344</u>	<u>\$ 21,329,437</u>	<u>\$ 312,737</u>	<u>\$ 881,740</u>	<u>\$ 75,430</u>
Budget	\$ 22,487,154	\$ 22,487,154				
Emergency Appropriations	-	32,725				
Appropriation by 40A:4-87	-	79,465				
Total	<u>\$ 22,487,154</u>	<u>\$ 22,599,344</u>				
Reserve for State, Federal & Other Grants			\$ 375,285			
Deferred Charges			17,875			
Reserve for Uncollected Taxes			1,000,000			
Refunds			(897,631)			
Disbursed			20,833,907			
Total			<u>\$ 21,329,437</u>			

TOWNSHIP OF ROBBINSVILLE
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

ASSETS	REFERENCE	2016	2015
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 39,795	\$ 43,808
Total Animal Control Fund		39,795	43,808
Other Trust Funds:			
Cash	B-1	14,610,163	15,134,513
Total Other Trust Funds		14,610,163	15,134,513
Small Cities Revolving Loan Trust Fund:			
Cash	B-1	6,639	6,626
Total Assets		\$ 14,656,597	\$ 15,184,947
LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Fund:			
Reserve for Dog Fund Expenditures	B-2	\$ 35,216	\$ 39,100
Due to Current Fund	A	11	290
Prepaid Dog License Fees - Municipal	B-1	4,285	4,140
Dog License Fees - Due to State	B-1	283	278
Total Animal Control Fund		39,795	43,808
Other Trust Funds:			
Payroll Deductions Payable	B-3	8,903	80,338
Premiums Received at Tax Sale	B-8	526,005	486,705
Tax Title Lien Redemptions	B-8	-	1,926
Reserve for:			
Parking Offense Adjudication Act	B-8	496	489
Unemployment Benefits	B-4	509,008	453,929
Contribution for Newsletter	B-8	2,212	2,212
Fire Donations	B-8	7,959	6,679
Fire Penalties	B-8	745	141
Off-Tract Improvement	B-8	332,321	327,797
Recreation Facilities	B-8	114,647	114,647
Police Extra Duty Pay	B-8	31,885	23,741

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

TOWNSHIP OF ROBBINSVILLE
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

LIABILITIES, RESERVES & FUND BALANCE (continued):	REFERENCE	2016	2015
Other Trust Funds (continued):			
Reserve for:			
Housing Fees	B-8	1,272,231	892,676
Maintenance Guarantee	B-8	446,200	445,902
Performance Guarantee	B-8	2,740,933	2,445,045
Inspection Fees	B-8	461,754	453,257
Review Costs	B-8	423,713	406,814
Refund of Joint Insurance Fund Premium	B-8	15,615	7,626
Law Enforcement	B-8	39,672	38,430
Public Defender	B-8	14,012	11,506
Open Space	B-6	2,224,577	2,752,879
Open Space - Kushner Property	B-7	1,832,000	2,132,000
NJ Turnpike Wide- Reforestation	B-8	139,826	156,869
NJ Turnpike Wide- Rec Facilities	B-8	28,521	42,898
NJ Turnpike Wide- Acq of Land	B-8	65,352	65,352
Housing - Misc. Affordability Assistance	B-8	302,385	650,885
Housing - Market to Affordable	B-8	1,500,000	1,500,000
Housing - Project Freedom II	B-8	600,000	600,000
Housing - Misc. Rehab	B-8	8,508	8,508
Housing - Administrative Agent Fees	B-8	112,107	90,152
Recreation Activities	B-8	168,030	180,733
Police K-9 Unit	B-8	1,882	2,297
Accumulated Absences	B-8	221,496	220,989
Town Center Public Space	B-8	5,643	30,076
Snow Removal	B-8	123,387	13,996
"Keep It Local" Donations	B-8	13,075	18,075
Due to Capital Fund	C	5,000	5,000
Due to Current Fund	A	310,063	463,944
Total Other Trust Funds		14,610,163	15,134,513
Small Cities Revolving Loan Trust Fund:			
Reserve for Small Cities Revolving Loans	B-5	6,639	6,626
Total Revolving Loan Trust		6,639	6,626
Total Liabilities, Reserves & Fund Balance		\$ 14,656,597	\$ 15,184,947

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

TOWNSHIP OF ROBBINSVILLE
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

ASSETS	REFERENCE	2016	2015
Cash	C-2,C-3	\$ 7,343,381	\$ 7,116,574
Due from Current Fund	A	151,773	2,000,000
Due from Open Space Trust Fund	C-16	5,000	5,000
Deferred Charges to Future Taxation:			
Funded	C-4	30,440,412	33,900,166
Unfunded	C-5	25,129,331	14,866,982
Total Assets		<u>\$ 63,069,897</u>	<u>\$ 57,888,722</u>
LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-10	\$ 30,014,000	\$ 33,399,000
Environmental Infrastructure Fund Loan Payable	C-11	181,412	216,166
Environmental Infrastructure Trust Loan Payable	C-12	245,000	285,000
Bond Anticipation Notes	C-9	24,089,331	12,838,357
Encumbrances Payable	C-8	1,140,994	2,457,262
Improvement Authorizations:			
Funded	C-8	757,105	1,007,844
Unfunded	C-8	5,027,038	6,776,266
Capital Improvement Fund	C-6	1,000	1,000
Due to Current Fund	A	-	680
Reserve to Pay Bonds	C-13	40	57,040
Reserve for Acquisition of Open Space	C-14	136,069	136,069
Fund Balance	C-1	1,477,908	714,038
Total Liabilities, Reserves & Fund Balance		<u>\$ 63,069,897</u>	<u>\$ 57,888,722</u>

There were bonds and notes authorized but not issued on December 31, 2016 of \$1,040,000 and on December 31, 2015 was \$2,028,625.

This page intentionally left blank.

**TOWNSHIP OF ROBBINSVILLE
SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	<u>2016</u>	<u>2015</u>
Operating Fund:			
Cash - Treasurer	D-4	<u>\$ 1,777,277</u>	<u>\$ 1,923,146</u>
Total		<u>1,777,277</u>	<u>1,923,146</u>
Receivables & Other Assets With Full Reserves:			
Utility Charges Receivable	D-5	126,192	93,461
Interfund Receivable - Sewer Capital Fund	D	<u>2,029</u>	<u>1,795</u>
Total Receivable & Other Assets With Full Reserves		<u>128,221</u>	<u>95,256</u>
Total Operating Fund		<u>1,905,498</u>	<u>2,018,402</u>
Capital Fund:			
Cash	D-4	923,734	795,582
Interfund Receivable - Sewer Utility Fund	D	-	50,000
Fixed Capital:			
Completed	D-6	5,969,103	5,969,103
Uncompleted	D-10	<u>3,136,215</u>	<u>3,100,000</u>
Total Capital Fund		<u>10,029,052</u>	<u>9,914,685</u>
Total Operating & Capital Fund		<u><u>\$ 11,934,550</u></u>	<u><u>\$ 11,933,087</u></u>

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

**TOWNSHIP OF ROBBINSVILLE
SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2016	2015
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3	130,193	170,461
Reserve for Encumbrances	D-3	72,601	88,170
Interfund Payable- Sewer Capital	D	-	50,000
Accrued Interest Payable	D-11	18,544	14,500
Deferred Revenue - Reserve for Pump Station			
Maintenance	D	51,000	57,000
Overpayments	D	11,121	11,539
Subtotal		283,459	391,670
Reserve for Receivables	D	128,221	95,256
Fund Balance	D-1	1,493,818	1,531,476
Total Operating Fund		1,905,498	2,018,402
Capital Fund:			
Liabilities:			
Interfund Payable - Sewer Operating	D	2,029	1,795
Reserve for Encumbrances	D-9	36,215	-
Improvement Authorizations:			
Unfunded	D-9	501,777	501,777
Bond Anticipation Notes Payable	D-15	2,167,500	2,320,000
Capital Improvement Fund	D-12	397,706	383,921
Reserves for:			
Deferred Amortization	D-14	823,715	635,000
Amortization	D-13	5,969,103	5,969,103
Fund Balance	D-16	131,007	103,089
Total Capital Fund		10,029,052	9,914,685
Total Liabilities, Reserves & Fund Balance		\$ 11,934,550	\$ 11,933,087

Bonds and notes authorized but not issued as of December 31, 2016 and 2015 is \$145,000 and \$145,000, respectively.

**TOWNSHIP OF ROBBINSVILLE
SEWER UTILITY OPERATING FUND
STATEMENTS OF OPERATIONS AND CHANGE IN
OPERATING FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Revenue & Other Income Realized:		
Anticipated Revenues:		
Operating Surplus Anticipated	\$ 229,646	\$ 228,572
Service Charges	2,289,595	2,317,561
Interest on Investments	6,185	4,349
Connection Fees	141,524	143,698
Miscellaneous	24,550	29,306
Other Credits to Income:		
Miscellaneous Revenue Not Anticipated	3,561	1,978
Liquidation of Interfund	1,796	-
Unexpended Balances of Appropriation Reserves to Fund Balance	<u>200,663</u>	<u>78,872</u>
 Total Income	 <u>2,897,520</u>	 <u>2,804,336</u>
 Expenditures:		
Budget Appropriations:		
Operating	2,402,203	2,326,107
Capital Improvements	50,000	50,000
Debt Service	191,247	181,560
Statutory Expenditures	<u>62,082</u>	<u>56,138</u>
 Total Expenditures	 <u>2,705,532</u>	 <u>2,613,805</u>
 Statutory Excess to Fund Balance	 191,988	 190,531
Fund Balance January 1	<u>1,531,476</u>	<u>1,569,517</u>
 Total	 1,723,464	 1,760,048
Less: Utilized by Operating Budget	<u>(229,646)</u>	<u>(228,572)</u>
 Balance December 31	 <u><u>\$ 1,493,818</u></u>	 <u><u>\$ 1,531,476</u></u>

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

**TOWNSHIP OF ROBBINSVILLE
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ANTICIPATED	REALIZED	EXCESS OR (DEFICIT)
Operating Surplus Anticipated	\$ 229,646	\$ 229,646	\$ -
Sewer Use Charges	2,309,886	2,289,595	(20,291)
Interest on Investments	4,000	6,185	2,185
Connection Fees	140,000	141,524	1,524
Miscellaneous - Sewer	22,000	24,550	2,550
	<hr/>		
Budget Total	2,705,532	2,691,500	(14,032)
Non Budget Totals	-	3,561	3,561
	<hr/>		
Total Revenues	<u>\$ 2,705,532</u>	<u>\$ 2,695,061</u>	<u>\$ (10,471)</u>

ANALYSIS OF REALIZED REVENUES

Miscellaneous - Sewer:	
Delinquent Interest	\$ 18,550
Maintenance Income	<u>6,000</u>
Total	<u><u>\$ 24,550</u></u>

**TOWNSHIP OF ROBBINSVILLE
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELED
Operating:						
Salaries & Wages	\$ 171,506	\$ 171,506	\$ 160,414	\$ -	\$ 11,092	\$ -
Other Expenses	2,231,944	2,230,697	2,039,464	72,601	118,632	-
Debt Service:						
Note Principal	152,500	152,500	152,500	-	-	-
Interest on Notes	37,500	38,747	38,747	-	-	-
Capital Improvements:						
Capital Improvement Fund	50,000	50,000	50,000	-	-	-
Statutory Expenditures						
Public Employee Retirement System	48,864	48,864	48,864	-	-	-
Social Security System	13,120	13,120	12,749	-	371	-
Unemployment Compensation Insurance	98	98	-	-	98	-
Total Expenditures	<u>\$ 2,705,532</u>	<u>\$ 2,705,532</u>	<u>\$ 2,502,738</u>	<u>\$ 72,601</u>	<u>\$ 130,193</u>	<u>\$ -</u>

Original Budget	<u>\$ 2,705,532</u>
Total	<u><u>\$ 2,705,532</u></u>

Refund of Expenditures	\$ (6,735)
Debt Service Accrual	4,044
Cash Disbursed	<u>2,505,429</u>
Total	<u><u>\$ 2,502,738</u></u>

This page intentionally left blank.

**TOWNSHIP OF ROBBINSVILLE
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF FIXED ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	<u>2016</u>	<u>2015</u>
Land & Land Improvements	\$ 9,770,065	\$ 9,764,889
Buildings & Building Improvements	5,487,847	5,444,223
Equipment & Vehicles	<u>7,114,887</u>	<u>7,398,481</u>
Total	<u><u>\$ 22,372,799</u></u>	<u><u>\$ 22,607,593</u></u>
FUND BALANCE		
Investment in General Fixed Assets	<u><u>\$ 22,372,799</u></u>	<u><u>\$ 22,607,593</u></u>

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

This page intentionally left blank.

**TOWNSHIP OF ROBBINSVILLE
COUNTY OF MERCER**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

This page intentionally left blank.

TOWNSHIP OF ROBBINSVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity - During 2007 the Township of Washington legally changed its name to the Township of Robbinsville at the November 6, 2007 election. The Township of Robbinsville was incorporated under the laws of the State of New Jersey. The financial statements of the reporting entity include those of the Township of Robbinsville only and no other component units.

The accounting policies of the Township of Robbinsville conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The following is a summary of the significant policies.

Component Units - The Township of Robbinsville has no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39 and 61.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township of Robbinsville 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 Robbinsville accounts for its financial transactions through the use of separate funds which are described as follows:

Current Fund - resources and expenditures for government operations of a general nature, including Federal and State Grant funds.

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

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

Sewer Operating and Capital Funds - Sewer Utility Operating and Capital Funds Accounts for the operation and acquisition of capital facilities of the Municipality owned Sewer Utility.

General Fixed Assets Account Group – used to account for fixed assets used in general government operations.

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

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

Budgets and Budgetary Accounting – The Township of Robbinsville must adopt an annual budget for its current fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th 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. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments – Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. 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. *N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include state or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with 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 full amount of their deposits to the Governmental Units.

The Township of Robbinsville deposits Funds in public depositories protected from loss under the provisions of the Act.

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

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their 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.

The following is a summary of General Fixed Assets as of December 31, 2016:

	Balance December 31, 2015	Additions	Retirements	Balance December 31, 2016
Land & Land				
Improvements	\$ 9,764,889	\$ 5,176	\$ -	\$ 9,770,065
Buildings & Improvements	5,444,223	43,624	-	5,487,847
Equipment & Vehicles	7,398,481	822,115	1,105,709	7,114,887
Total	\$ 22,607,593	\$ 870,915	\$ 1,105,709	\$ 22,372,799

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

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

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.

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 Funds represent amounts available for anticipation as revenue in future year's budgets, with certain restrictions.

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet 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 Mercer and the Township of Robbinsville 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 Robbinsville School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes – The municipality is responsible for levying, collecting and remitting county taxes for the County of Mercer. 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.

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

Appropriations for 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 Fund or the Utility Capital Fund depending on the nature of the project. 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 Post-Employment 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 post-employment benefits, if any, which are also funded on the pay-as-you-go basis.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended December 31, 2016, the Township implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Township is required to measure certain investments at fair value for financial reporting purposes. In addition, the Township is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Township’s financial statements.

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

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

The Township implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Township's financial statements.

The Township implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Implementation of this Statement did not impact the Township's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

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

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the

blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended December 31, 2017. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting requirements for certain asset retirement obligations and establishes the timing and pattern of recognition of a liability and corresponding deferred outflow of resources. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

Subsequent Events - The Township of Robbinsville has evaluated subsequent events occurring after December 31, 2016 through the date of May 31, 2017, which is the date the financial statements were available to be issued.

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 2. Cash and Cash Equivalents

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

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2016, the Township’s bank balance of \$41,579,374 was insured or collateralized as follows:

Insured	\$ 750,000
Collateralized under GUDPA	24,631,609
Uninsured	<u>16,197,765</u>
Total	<u>\$41,579,374</u>

Note: 3: Property Taxes

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

Comparison of Tax Rate Information

	2016	2015	2014
Total Tax Rate	<u>\$2.905</u>	<u>\$2.861</u>	<u>\$2.871</u>
Apportionment of Tax Rate:			
Municipal	0.526	0.531	0.531
Municipal Open Space	0.050	0.050	0.050
County	0.696	0.662	0.665
Local School	1.633	1.618	1.625

Net Valuation Taxable:

2016	<u>\$2,438,672,366</u>	
2015	<u>\$2,420,296,326</u>	
2014		<u>\$2,391,537,842</u>

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note: 3: Property Taxes (continued)

Comparison of Tax Levies and Collection Currently

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2016	\$ 72,555,179	\$ 71,992,345	99.22%
2015	70,235,397	69,733,016	99.28%
2014	69,709,294	68,982,001	98.96%

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
2016	\$ 183,014	\$ 557,620	\$ 740,634	1.02%
2015	164,074	462,600	626,674	0.89%
2014	111,834	640,045	751,879	1.08%

Note: 4: Fund Balance Appropriated

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

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
CURRENT FUND:			
2016	\$ 4,353,586	\$ 3,514,030	80.72%
2015	4,400,470	3,322,035	75.49%
2014	4,080,550	2,839,671	69.59%
2013	4,408,276	3,089,693	70.09%
2012	3,768,696	3,050,000	80.93%

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 4: Fund Balance Appropriated (continued):

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
SEWER OPERATING FUND:			
2016	\$ 1,493,818	\$ 285,045	19.08%
2015	1,531,476	229,646	15.00%
2014	1,569,517	228,572	14.56%
2013	920,502	109,653	11.91%
2012	805,696	212,333	26.35%

Note 5. Interfunds Receivables and Payables

The following interfunds remained as of December 31, 2016:

Fund	Receivable	Payable
Current Fund	\$ 310,074	\$ 151,773
General Capital Fund	156,773	-
Sewer Operating Fund	2,029	-
Sewer Capital Fund	-	2,029
Trust - Animal Control Fund	-	11
Trust - Other Fund	-	315,063
	<u>\$ 468,876</u>	<u>\$ 468,876</u>

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

Note 6. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6: Pension Obligations (Continued)

A. Public Employees' Retirement System (PERS) (Continued):

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6: Pension Obligations (Continued)

A. Public Employees' Retirement System (PERS) (Continued):

years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Components of Net Pension Liability - At December 31, 2016, the Municipality reported a liability of \$15,567,747 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .0525% which was an increase of .0055% from its proportion measured as of June 30, 2015.

Balances at December 31, 2016 & December 31, 2015		
	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	5,280,985	1,723,983
Deferred Inflows of Resources	209,884	435,867
Net Pension Liability	15,567,747	10,546,225
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.05256%	0.04698%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

TOWNSHIP OF ROBBINSVILLE

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6: Pension Obligations (Continued)

A. Public Employees' Retirement System (PERS) (Continued):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 289,513	\$ -
Changes of Assumptions	3,224,806	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	593,612	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	<u>1,173,054</u>	<u>209,884</u>
	<u>\$ 5,280,985</u>	<u>\$ 209,884</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

Year Ending Dec 31,	PERS
2017	\$ 1,114,449
2018	1,114,450
2019	1,250,177
2020	1,069,004
2021	<u>523,024</u>
	<u>\$ 5,071,104</u>

TOWNSHIP OF ROBBINSVILLE

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6: Pension Obligations (Continued)

A. Public Employees' Retirement System (PERS) (Continued):

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

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

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6: Pension Obligations (Continued)

A. Public Employees' Retirement System (PERS) (Continued):

PERS

Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females.

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6: Pension Obligations (Continued)

returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates

A. Public Employees' Retirement System (PERS) (Continued):

of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6: Pension Obligations (Continued)

payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

A. Public Employees' Retirement System (PERS) (Continued):

Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	(2.98%)	(3.98%)	(4.98%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 19,076,403	\$ 15,567,703	\$ 12,670,967

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

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

The following represents the membership tiers for PFRS:

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

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

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6: Pension Obligations (Continued)

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete

B. Police and Firemen's Retirement System (PFRS) (Continued):

presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Municipality contributions to PFRS amounted to \$897,685 for 2016.

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

Net Pension Liability and Pension Expense - At December 31, 2016, the Municipality's proportionate share of the PFRS net pension liability is valued to be \$21,031,799. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .110%, which was an increase of .0082% from its proportion measured as of June 30, 2015.

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6: Pension Obligations (Continued)

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	6,155,799	4,208,702
Deferred Inflows of Resources	137,867	441,775
Net Pension Liability	21,031,799	16,972,127
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.11000%	0.10180%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Municipality had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 137,867
Changes of Assumptions	2,913,077	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,473,656	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	<u>1,769,066</u>	<u>-</u>
	<u>\$ 6,155,799</u>	<u>\$ 137,867</u>

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6: PENSION OBLIGATIONS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

Year Ending <u>Dec 31,</u>	<u>PFRS</u>		
2017	\$ 1,431,728		
2018	1,431,729		
2019	1,746,598		
2020	1,056,638		
2021	<u>351,236</u>		
	<u>\$ 6,017,929</u>		
		<u>Deferred</u>	<u>Deferred</u>
		<u>Outflows of</u>	<u>Inflows of</u>
		<u>Resources</u>	<u>Resources</u>
Differences between Expected and Actual Experience			
Year of Pension Plan Deferral:			
June 30, 2014	-	-	
June 30, 2015	-	5.53	
June 30, 2016	-	5.58	
Changes of Assumptions			
Year of Pension Plan Deferral:			
June 30, 2014	6.17	-	
June 30, 2015	5.53	-	
June 30, 2016	5.58	-	
Net Difference between Projected and Actual Earnings on Pension Plan Investments			
Year of Pension Plan Deferral:			
June 30, 2014	-	5.00	
June 30, 2015	-	5.00	
June 30, 2016	5.00	-	
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions			
Year of Pension Plan Deferral:			
June 30, 2014	6.17	6.17	
June 30, 2015	5.53	5.53	
June 30, 2016	5.58	5.58	

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6: Pension Obligations (Continued)

B. Police and Firemen's Retirement System (PFRS) (Continued):

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

Additionally, the State's proportionate share of the net pension liability attributable to the Municipality is \$1,766,150 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State's proportion of the net pension liability associated with the Municipality was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2016 was .1100%, which was an increase of .0082% from its proportion measured as of June 30, 2015, which is the same proportion as the Municipality's.

Municipality's Proportionate Share of the Net Pension Liability	\$ 21,031,799
State's Proportionate Share of the Net Pension Liability Associated with the Municipality	<u>1,766,150</u>
Total Net Pension Liability	<u>\$ 22,797,949</u>

For the year ended December 31, 2016, the Municipality's total allocated pension expense was \$2,707,177.

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

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6: Pension Obligations (Continued)

B. Police and Firemen's Retirement System (PFRS) (Continued):

<u>PFRS</u>	
Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6: Pension Obligations (Continued)

B. Police and Firemen's Retirement System (PFRS) (Continued):

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6: Pension Obligations (Continued)

B. Police and Firemen's Retirement System (PFRS) (Continued):

	(4.55%)	(5.55%)	(6.55%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 27,118,963	\$ 21,031,799	\$ 16,068,083

Note 7. Accrued Sick Pay and Vacation Benefits

The Township has a policy that provides for the employees to accrue unused vacation and sick pay. It is estimated that the current costs of such accrued vacation and sick pay would approximate \$1,071,643.

GASB No. 16 requires the accrual of the liability for compensated absences to the extent it's probable that the employer will compensate the employee for the benefits through cash payments conditioned on the employees' termination or retirement. At the present time, all employees covered under the Township's General Personnel Policy, Public Works Employees' Agreement and Communications Officers Agreement are entitled to a buyout of ½ of earned or unused accumulated sick leave (subject to a buyout cap). All employees covered under the Patrolman's Benevolent Association Agreements and the Superior Officers' Associations Agreement are entitled to a buyout of 100% of accumulated sick leave (subject to a buyout cap). All employees covered under the Firefighters Association Agreement are entitled to a buyout of 75% of accumulated sick leave (subject to a buyout cap). As discussed in Note 1 and in accordance with New Jersey accounting principles, this amount is not reported either as an expenditure or liability in the financial statements. The Township has established a trust fund to provide for future payments of compensated absences. The total trust fund balance was \$221,496 at December 31, 2016.

Note 8. Long-Term Debt

During the year ended December 31, 2016, the following changes occurred in issued Bonds, Loans and Notes:

	Balance December 31, 2015	Issued	Retired	Balance December 31, 2016	Current Portion
General Capital Fund:					
Bonds & Loans Payable	\$ 33,900,166	\$ 5,690,000	\$ 9,149,754	\$ 30,440,412	\$ 3,841,684
Compensated Absences	1,026,810	44,833	-	1,071,643	-
Bond Anticipation Notes	12,838,357	24,089,331	12,838,357	24,089,331	24,089,331
Sewer Utility Capital Fund:					
Bond Anticipation Notes	2,320,000	2,167,500	2,320,000	2,167,500	2,167,500
Net Pension Liability - PFRS	16,972,127	4,059,672	-	21,031,799	-
Net Pension Liability - PERS	10,546,225	5,021,522	-	15,567,747	-
Total	\$ 77,603,685	\$ 41,072,858	\$ 24,308,111	\$ 94,368,432	\$ 30,098,515

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Long-Term Debt (Continued)

Loans payable as of December 31, 2016 are as follows:

	Balance December, 31
New Jersey Environmental Infrastructure Trust (Loan) Payable – Authorized \$695,000, Issued \$665,000 dated November 1, 2001 for the purpose of financing land acquisition, interest rates of 4.00% to 5.50%.	\$181,412
New Jersey Environmental Infrastructure Trust (Loan) Payable – Authorized and Issued \$695,000 dated November 1, 2001 for the purpose of financing land acquisition, interest rate of 0%.	<u>245,000</u>
Total Loan Payable	<u>\$426,412</u>

Bonds Payable as of December 31, 2016 are as follows:

	Balance December, 31
General Obligation Bonds, Series 2008 – Authorized and Issued \$8,910,000 dated December 3, 2008 for the purposes of (i) permanently finance the costs of various capital improvements and acquisition of equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Township and for which obligations have been authorized, but not issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the bonds equaling \$8,910,000 dated December 1, 2008, interest rates of 4.00% to 4.25%.	3,510,000
General Obligation Bonds, Series 2011 – Authorized and Issued \$9,107,000 dated November 15, 2011 for the purposes of (i) permanently finance the costs of various capital improvements and acquisition of equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Township and for which obligations have been authorized, but not issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the bonds equaling \$9,107,000 dated December 1, 2011, interest rates of 2.00% to 4.00%.	7,502,000
General Obligation Bonds, Series 2015 Tax-Exempt – Authorized and Issued \$2,375,000 dated July 21, 2015 for the acquisition of the real property more commonly described as a portion of Block 23, Lot 1 on the Tax Map of the Township in the form of General Obligation Bonds, interest rates of 2.50% to 4.00%	2,275,000
General Obligation Bonds, Series 2015 Taxable – Authorized and Issued \$10,027,000 dated July 21, 2015 for the acquisition and mitigation of certain real property located in the south side of the town center and referred to as the Kushner Tract in the form of General Obligation Bonds, interest rates of 3.00% to 4.30%	9,777,000
General Obligation Refunding Bonds, Series 2014 – Authorized and Issued \$2,230,000 dated May 8, 2014 for the purpose of refunding \$2,310,000 of the 2003 General Obligation Bonds, interest rates of 2.00% to 4.00%	1,260,000

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Long-Term Debt (continued):

General Obligation Refunding Bonds, Series 2016 – Authorized and Issued \$5,690,000 dated April 19, 2016 for the purpose of refunding \$6,110,000 of the 2006 General Obligation Bonds, interest rates of 2.00% to 5.00% 5,690,000

Total Bonds Payable \$30,014,000

Out of \$24,089,331 bond anticipation notes, \$16, 299,331 is maturing on August 27, 2017 with interest at .069% and \$7, 790,000 maturing on May 2, 2017 with interest at 2%.

Schedule of annual debt service as of December 31, 2016, for principal and interest for Bonded Debt (including Green Trust Loan and New Jersey infrastructure Fund and Trust Loans) issued and outstanding is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,131,685	\$ 1,102,715	\$ 4,234,400
2018	3,265,236	1,010,140	4,275,376
2019	3,402,007	883,252	4,285,259
2020	2,200,397	750,102	2,950,499
2021	2,292,087	672,427	2,964,514
2022-2026	5,900,000	2,458,404	8,358,404
2027-2031	5,777,000	1,542,080	7,319,080
2032-2036	2,475,000	741,480	3,216,480
2037-2040	1,997,000	214,234	2,211,234
Total	<u>\$ 30,440,412</u>	<u>\$ 9,374,834</u>	<u>\$ 39,815,246</u>

Note 9. Deferred Compensation

The Township's Deferred Compensation Program is offered to all Township employees. The program was created in accordance with Section 457 of the Internal Revenue Code. The program is offered by the Township through a program administrator, Variable Annuity Life Insurance Company (VALIC) and ING.

The plan was amended in 1998, as required by Internal Revenue Service regulation. All monies that are deferred and any other assets or income of the plan shall be held in trust for exclusive benefit of the participating employees and their beneficiaries. The Township has no liability for losses under the plan.

Note 10. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township is a member of the Mid Jersey Municipal Joint Insurance Fund and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for Municipalities within the state. The Township pays an actuarially determined annual assessment to the Mercer County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Township has not been notified of any supplemental assessments. Settled Claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 11. Other Post Retirement Benefits – GASB 45

Robbinsville Township provides post-employment medical, prescription drug to eligible retired employees and their spouses and additionally dental, and vision benefits to eligible retired firefighters and their spouses. Any Municipal employee hired after January 1, 2006, is ineligible for the above mentioned benefits. Firefighters hired after July 1, 2008, are ineligible for the above mentioned benefits. Public Works employees hired after January 1, 2007, are ineligible for the above mentioned benefits. Employees referred to as 911 employees hired after January 1, 2005, are ineligible for the above mentioned benefits. Robbinsville Township pays 100% of the insurance cost for the retiree.

Robbinsville Township'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. The Plan is currently unfunded. The unfunded actuarial liability is amortized over thirty years. The following table shows the changes in Robbinsville Township's annual Other Post-Employment Benefit cost for the year, the amount actually contributed to the Plan and changes in their net Other Post-Employment Benefit obligation to the plan:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Required Contribution (ARC)	\$ 1,740,824	\$ 1,740,824	\$ 1,968,515
Annual OPEB Cost	1,740,824	1,740,824	1,968,515
Contributions Made	<u>(474,042)</u>	<u>(474,042)</u>	<u>-</u>
Increase in Net OPEB Obligation	1,266,782	1,266,782	1,968,515
Net OPEB, Beginning of Year	<u>3,235,297</u>	<u>1,968,515</u>	<u>-</u>
Net OPEB, End of Year	<u>\$ 4,502,079</u>	<u>\$ 3,235,297</u>	<u>\$ 1,968,515</u>
Percentage of Annual OPEB Cost Contributed	27.2%	27.2%	N/A

The funded status of the plan as of December 31, 2016 was as follows:

Actuarial Accrued Liability (AAL)	\$ 16,968,321
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability	<u>\$ 16,968,321</u>
Funded Ratio	0.0%
Covered Payroll	N/A
UAAL as a Percentage of Covered Payroll	N/A

Actuarial assumptions were used to value the post-retirement medical liabilities. Actuarial assumptions were based on the actual experience of the covered group, to the extent that creditable experience data was available, with an emphasis on expected long-term future trends rather than giving undue weight to recent past experience. The reasonableness of each actuarial assumption was considered independently

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 11. Other Post Retirement Benefits – GASB 45 (continued):

based on its own merits, its consistency with each other assumption, and the combined impact of all assumptions.

Two economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

The investment return assumption (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that being partially funded. We assumed a discount rate of 5.0 percent for purposes of developing the liabilities and Annual Required Contribution on the basis that the Plan would not be funded. We based medical claims on an annual average claims cost of approximately \$21,204 per covered retiree for family coverage and \$10,602 for single coverage prior to age 65. For retirees age 65 and over we utilized an annual average claims cost of approximately \$15,336 per covered retiree for family coverage and \$9,648 for single coverage. The average claims cost was based on a review of the premiums paid during the twelve months of 2015 for health and prescription drug coverage. Furthermore, we included the cost of dental and vision benefits for the Firefighters. We assumed health care costs would increase annually at a rate of 7%.

Robbinsville Township currently has twenty-seven eligible retired employees receiving retirement benefits. The Net Other Post-Employment Benefit obligation to Robbinsville Township to provide benefits to the retirees for the year ended December 31, 2016, was \$18,734,783.

Note 12. Accounts Receivable

Accounts receivable at December 31, 2016 consisted of intergovernmental grants, taxes, sewer rents and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major and fiduciary funds, in the aggregate, are as follows:

	Current Fund	State & Federal Grant Fund	Utility Operating Fund	Total
State Aid	\$ 8,206	\$ 1,063,221	\$ -	\$ 1,071,427
Federal Aid	-	275	-	275
Taxes	764,394	-	-	764,394
Sewer Rents	-	-	126,192	126,192
Other	39,485	20,000	-	59,485
Total	<u>\$ 812,085</u>	<u>\$ 1,083,496</u>	<u>\$ 126,192</u>	<u>\$ 2,021,773</u>

TOWNSHIP OF ROBBINSVILLE

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2016

Note 13. Subsequent Events

On May 2nd, 2017, The Township of Robbinsville issued \$7,790,000 in general obligation bonds consisting of \$1,140,000 in general improvement bonds and \$6,650,000 in open space bonds. The purpose of these bonds is to fund ordinances 2016-32 and 2016-33 related to the acquisition and remediation of the Washington Woods properties. Interest on the bonds will be payable initially on November 15, 2017 and semiannually thereafter on May 15th and November 15th with rates ranging from 3% to 5%. Payments of principal and interest conclude on May 15th of 2047.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]

July __, 2017

Mayor and Township Council
Township of Robbinsville, in the
County of Mercer, New Jersey

Re: Township of Robbinsville, in the County of Mercer, New Jersey
\$18,424,000 Bond Anticipation Notes, Series 2017, consisting of \$16,409,000
General Improvement Bond Anticipation Notes and \$2,015,000 Sewer Utility
Bond Anticipation Notes

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Robbinsville, in the County of Mercer, New Jersey (the "Township") of its \$18,424,000 Bond Anticipation Notes, Series 2017 (the "Notes"), consisting of \$16,409,000 General Improvement Bond Anticipation Notes (the "GBAN") and \$2,015,000 Sewer Utility Bond Anticipation Notes (the "SBAN"). The Notes are general obligations of the Township and the full faith, credit and taxing power of the Township are available to pay the principal of and the interest on the Notes. The Notes are dated July 26, 2017, mature on July 26, 2018, bear interest at a rate of 2.00% per annum payable at maturity, and are not subject to redemption prior to maturity.

The GBAN BAN is issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Local Bond Law"), Bond Ordinances No. 2008-30, 2009-28, 2010-22, 2011-13, 2012-9, 2013-10, 2014-8, 2014-15, 2014-30, 2015-7, 2015-12, 2015-22, 2016-8, 2016-10 and 2016-15. The Notes will be issued by the Township to (i) currently refund, together with \$175,331 from the Township's accounts, the Township's \$16,299,331 Bond Anticipation Notes, Series 2016A, dated and issued on July 28, 2016 and maturing on July 27, 2017 and (ii) provide \$285,000 in funds for various capital improvements in the Township and (iii) to pay a pro-rata share of the costs associated with the issuance of the Notes.

The SBAN is issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Local Bond Law") and Bond Ordinances No. 2008-21 and 2010-19 and is being issued for the purpose of refunding, on a current basis and together with \$152,500 appropriated by the Township, the \$2,167,500 Sewer Utility Bond Anticipation Note previously issued by the Township on July 28, 2016 and maturing on July 27, 2017 and to the pay a pro-rata share of the costs associated with the issuance of the Notes.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined such matters of law, including the Local Bond Law, the Local Budget Law and the Code, such documents, including the ordinances set forth above, and such other statutes,

resolutions, certificates, instruments and records of the Township, as we have deemed necessary or appropriate for the purpose of the opinion rendered below. In such examination, we have assumed and relied upon the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

Based upon the foregoing, we are of the opinion that:

1. The Notes have been duly authorized, executed and delivered and constitute legal, valid and binding obligations of the Township enforceable in accordance with their terms.
2. The power and obligation of the Township to pay the Notes is unlimited, and, if not paid from other sources, the Township is required to levy ad valorem taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.
3. Assuming continuing compliance by the Township with the provisions of the Code pertaining to the issuance of the Notes, interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes under current law, and will not be treated as an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. For certain corporate holders, interest on the Notes will be taken into account in the calculation of such holders' alternative minimum tax.
4. Interest on the Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes. This opinion is given as of the date hereof and we assume no obligation to update or supplement the opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,