

OFFICIAL STATEMENT DATED OCTOBER 25, 2017

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Borough with certain tax covenants described herein, under existing law, interest on the Bonds (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code. Interest on the Bonds is included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Bonds in "adjusted current earnings". Interest on the Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Bonds and any gain from the sale thereof are not includable in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.

\$1,680,000
BOROUGH OF PEMBERTON
County of Burlington, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2017
Consisting of:
\$806,000 General Improvement Bonds
\$874,000 Water & Sewer Utility Bonds
(Bank Qualified) (Non-Callable)

Dated: Date of Delivery

Due: November 1, as shown on inside front cover

The \$1,680,000 aggregate principal amount of General Obligation Bonds, Series 2017 ("Bonds") of the Borough of Pemberton, County of Burlington, New Jersey ("Borough"), shall be issued in fully registered book-entry-only form without coupons in minimum denominations of \$5,000 or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds. The Bonds consist of: (i) \$806,000 General Improvement Bonds; and (ii) \$874,000 Water & Sewer Utility Bonds.

The principal of the Bonds shall be paid on their respective maturity dates thereof upon presentation and surrender of the Bonds by the Borough who will act as bond registrar and paying agent ("Paying Agent"). Interest on the Bonds is payable semi-annually on May 1 and November 1 ("Interest Payment Dates"), commencing May 1, 2018, in each year until maturity. The Bonds are not subject to redemption prior to maturity.

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

The Borough is issuing the Bonds pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2005-8, as amended by 2005-11 and 2006-3; 2006-13; 2007-10; 2008-04, as amended by 2008-10; 2008-8; 2010-7; 2010-9; 2014-10; 2014-11; 2015-9; 2015-11; and 2017-10 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on October 3, 2017; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on October 25, 2017.

The Bonds are being issued by the Borough to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Borough; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The Bonds are general obligations of the Borough and the full faith and credit of the Borough are irrevocably pledged for the payment thereof. The Bonds are payable ultimately from *ad valorem* taxes that shall be levied upon all taxable real property within the Borough without limitation as to rate or amount.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **MUNICIPAL ASSURANCE CORP.**



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

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough. Certain legal matters will be passed upon for the Borough by its Solicitor, David M. Serlin, Esquire, Moorestown, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Borough in connection with the issuance of the Bonds. Delivery of the Bonds is further subject to certain other conditions set forth herein. It is anticipated that the Bonds in definitive form will be available for delivery through DTC in New York, New York, on or about November 7, 2017.

ROOSEVELT & CROSS, INC. AND ASSOCIATES

MATURITY SCHEDULES

\$1,680,000

GENERAL OBLIGATION BONDS, SERIES 2017

Consisting of:

\$806,000 General Improvement Bonds

\$874,000 Water & Sewer Utility Bonds

<u>Year</u>	General Improvement Principal Amount	Water & Sewer Utility Principal Amount	Aggregate Principal Amount	Interest Rate	Yield
2018	\$51,000	\$39,000	\$90,000	2.25%	1.10%
2019	90,000	50,000	140,000	2.50	1.25
2020	90,000	50,000	140,000	2.50	1.35
2021	90,000	55,000	145,000	2.50	1.50
2022	95,000	55,000	150,000	2.50	1.65
2023	95,000	55,000	150,000	2.50	1.80
2024	95,000	55,000	150,000	2.50	2.00
2025	100,000	60,000	160,000	2.50	2.20
2026	100,000	60,000	160,000	2.75	2.40
2027		60,000	60,000	3.00	2.50
2028		65,000	65,000	3.00	2.60
2029		65,000	65,000	3.00	2.70
2030		65,000	65,000	3.00	2.75
2031		70,000	70,000	3.00	2.85
2032		70,000	70,000	3.00	2.90

BOROUGH OF PEMBERTON
County of Burlington, New Jersey

Elected Officials

Harold Griffin	Mayor
Robin S. Mosher	Council Member
Robert Brock	Council Member
Bonnie Haines	Council Member
Terry Jerome	Council Member
Timothy Quinlan	Council Member
Norma Ward	Council Member

Chief Financial Officer
Joanna K. Mustafa

Municipal Clerk/Administrator
Donna J. Mull

Solicitor
David M. Serlin, Esquire
Moorestown, New Jersey

Auditor
Bowman & Company LLP
Voorhees, New Jersey

Bond Counsel
Parker McCay P.A.
Mount Laurel, New Jersey

Municipal Advisor
Phoenix Advisors, LLC
Bordentown, New Jersey

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

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

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

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

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

Municipal Assurance Corp. ("MAC") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, MAC has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding MAC supplied by MAC and presented under the heading "Bond Insurance" and "Appendix E - Specimen Municipal Bond Insurance Policy".

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

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OFFICIAL STATEMENT

\$1,680,000
BOROUGH OF PEMBERTON
County of Burlington, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2017
Consisting of:
\$806,000 General Improvement Bonds
\$874,000 Water & Sewer Utility Bonds
(Bank Qualified) (Non-Callable)

INTRODUCTION

The purpose of this Official Statement, including the cover page hereof and the appendices attached hereto, is to provide certain information relating to the issuance by the Borough of Pemberton, County of Burlington, New Jersey ("Borough"), of its \$1,680,000 aggregate principal amount of General Obligation Bonds, Series 2017 ("Bonds"). The Bonds consist of: (i) \$806,000 General Improvement Bonds; and (ii) \$874,000 Water & Sewer Utility Bonds.

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

AUTHORIZATION FOR THE BONDS

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2005-8, as amended by 2005-11 and 2006-3; 2006-13; 2007-10; 2008-04, as amended by 2008-10; 2008-8; 2010-7; 2010-9; 2014-10; 2014-11; 2015-9; 2015-11; and 2017-10 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on October 3, 2017; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on October 25, 2017.

PURPOSE OF THE ISSUE

The Bonds are being issued by the Borough to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Borough; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

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

General Improvement Bonds

Ordinance Number	Purpose/ Improvement	Outstanding Notes	Bonds to be Issued
2006-13	Reconstruction of Davis Street Well House	\$26,000	\$26,000
2008-4 (Amended by 2008- 10)	Acquisition of Various Capital Equipment; completion; Completion of Various Capital Improvements	65,000	65,000
2010-9	Acquisition of Various Capital Equipment	60,000	60,000
2014-10	Acquisition of Various Capital Equipment for Police Department	85,000	85,000
2017-10	Acquisition of a Fire Truck	0	570,000
	Total	\$236,000	\$806,000

Water & Sewer Utility Bonds

Ordinance Number	Purpose/ Improvement	Outstanding Notes	Bonds to be Issued
2005-8 (Amended by 2005-11 and 2006- 3)	Remediation of Water/Sewer System	\$12,000	\$12,000
2007-10	Various Utility Improvement	38,000	38,000
2008-8	Acquisition of Various Utility Equipment	32,000	32,000
2010-7	Replacement of Water Mains at Hanover and Hough Street	542,000	542,000
2014-11	Painting of Water Tower	0	100,000
2015-9	Acquisition of Various Utility Equipment	55,000	55,000
2015-11	Supplemental Funding for Painting of Water Tower	0	95,000
	Total	\$679,000	\$874,000

DESCRIPTION OF THE BONDS

General

The Bonds will be issued in the aggregate principal amount of \$1,680,000. The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on May 1 and November 1 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing May 1, 2018, in each year until maturity. Individual purchases of the Bonds may be made in the principal amount of \$5,000, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS--Book-Entry-Only System" below. The Bonds will mature on November 1 in the years and in the principal amounts, all as shown on the inside front cover page of this Official Statement.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds by the Borough who will act as registrar and paying agent ("Paying Agent"). Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Borough for such purpose at the offices of the Chief Financial Officer or the hereafter designated paying agent, if any, as of the close of business on the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date (each a "Record Date").

So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Bonds is the responsibility of the DTC Participants and not the Borough or its hereafter designated paying agent, if any.

The Bonds are not subject to redemption prior to maturity.

Book-Entry-Only System¹

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

The DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered

¹ Source: The Depository Trust Company

Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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

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

Redemption notices, if any, shall be sent to DTC. If less than all of the bonds or 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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough or its hereafter designated paying agent, if any, as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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

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

Discontinuance of Book-Entry-Only System

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

SECURITY FOR THE BONDS

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

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

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Municipal Assurance Corp. ("MAC") will issue its Municipal Bond Insurance Policy (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York or Connecticut insurance law.

Municipal Assurance Corp.

MAC is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of the shareholders or affiliates of AGL, other than MAC, is obligated to pay any debts of MAC or any claims under any insurance policy issued by MAC.

MAC is wholly owned by Municipal Assurance Holdings Inc., which, in turn, is owned 61% by Assured Guaranty Municipal Corp. and 39% by Assured Guaranty Corp.

MAC's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA"). Each rating of MAC should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of MAC in its sole discretion. In addition, the rating agencies may at any time change MAC's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by MAC. MAC only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by MAC on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 14, 2017, KBRA issued a financial guaranty surveillance report in which it affirmed the insurance financial strength rating of "AA+", with a Stable Outlook, of MAC. MAC can give no assurance as to any further ratings action that KBRA may take.

On June 26, 2017, S&P issued a research update report in which it affirmed MAC's financial strength rating of "AA" (stable outlook). MAC can give no assurance as to any further ratings action that S&P may take.

For more information regarding MAC's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Capitalization of MAC

As of June 30, 2017, MAC's policyholders' surplus and contingency reserve were approximately \$759 million and its unearned premium reserve was approximately \$294 million, in each case, determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to MAC are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (filed by AGL with the SEC on February 24, 2017);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 (filed by AGL with the SEC on May 5, 2017); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 (filed by AGL with the SEC on August 3, 2017).

All financial statements of MAC and all other information relating to MAC included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Municipal Assurance Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding MAC included herein under the caption “BOND INSURANCE – Municipal Assurance Corp.” or included in a document incorporated by reference herein (collectively, the “MAC Information”) shall be modified or superseded to the extent that any subsequently included MAC Information (either directly or through incorporation by reference) modifies or supersedes such previously included MAC Information. Any MAC Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

MAC makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, MAC has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding MAC supplied by MAC and presented under the heading “BOND INSURANCE”.

GENERAL INFORMATION REGARDING THE BOROUGH

General

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

Financial

Appendix "B" to this Official Statement contains audited financial statements of the Borough for the years ending December 31, 2016, 2015, 2014, 2013 and 2012. The audited financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete Reports of Audit may be obtained upon request to the office of the Borough Clerk of the Borough, or via the Borough's website: www.pembertonborough.us.

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

Local Bond Law

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

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

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

Exceptions to Debt Limits – Extensions of Credit - The Borough 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 Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval may be granted.

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

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

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

Local Fiscal Affairs Law

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

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

An independent examination of the Borough's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2016 is on file with the Borough Clerk and is available for review during business hours, and is available online at the Borough's website: www.pembertonborough.us.

The Local Fiscal Affairs Law also requires that the Chief Financial Officer of the local unit file annually with the Director a verified statement of the financial condition of the local unit as of

the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units.

Local Budget Law

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

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

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

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

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a local unit to increase its overall appropriations, it does not limit the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on the Bonds. The Cap Law provides that a local unit shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010 (S-29R1), which, among other things, imposes a two percent (2.00%) 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 (2.00%) 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 2.00%; (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 2.00% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 *et*

seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, *N.J.S.A. 40A:4-45-46*) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2.00%) 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 (2.00%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

Miscellaneous Revenues

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

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

Real Estate Taxes

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

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

seq., or the State tax court pursuant to R.S.54:48-1 *et seq.* in accordance with Chapter 56 of P.L. 2010.

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

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

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

Deferral of Current Expenses

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3.00%) 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.

Water & Sewer Utility Budget

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

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.

The Municipal Finance Commission

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

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

case, the court's determination that the municipality is in default or unable to meet its obligations causes the Commission to become operative in that municipality.

The Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. The Commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors and the readjustment of debts under the Federal Municipal Bankruptcy Act. Such Act permits municipalities to have access to bankruptcy court for protection against suits by bondholders and creditors.

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

Limitation of Remedies Under Federal Bankruptcy Code

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

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

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

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

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. The last complete revaluation of property within the Borough was effective for the 2016 tax year.

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

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18.00% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6.00% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. Tax liens retained by the Borough are periodically assigned to the Borough Solicitor for "in rem foreclosures" in order to acquire title to these properties.

Tax Appeals

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

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough ("Bond Counsel"), assuming continuing compliance by the Borough with the tax covenants described below, under existing law, interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).

Interest on the Bonds is included in computing a corporation's "adjusted current earnings." Accordingly, a portion of the interest on the Bonds is included in computing such corporation's alternative minimum taxable income for such year.

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

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

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

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

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations

acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Borough has designated the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(1) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

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

New Jersey

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

Changes in Federal and State Tax Law

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

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

LITIGATION

To the knowledge of the Borough's Solicitor, David M. Serlin, Esq., Moorestown, New Jersey ("Solicitor"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending or threatened that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Borough if adversely decided.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that the standard municipal bond insurance policy of Municipal Assurance Corp. ("MAC") insuring the payment of the principal of and interest due with respect to the Bonds will be issued upon the issuance of the Bonds.

Kroll Bond Rating Agency, Inc. ("KBRA") is expected to assign an insurance financial strength rating of "AA+" (stable outlook) to the Bonds with the understanding that the standard municipal bond insurance policy of MAC insuring the payment of the principal of and interest due with respect to the Bonds will be issued upon the issuance of the Bonds (see "Bond Insurance" herein).

In addition, Moody's Investors Service, Inc. ("Moody's", and together with S&P and KBRA, the "Rating Agencies"), has assigned an underlying rating of "A1" to the Bonds based upon the underlying credit of the Borough.

The inclusion of the rating agencies' "stable outlook" (the "Outlook") has been provided herein for informational purposes only and is not a part of the "Rating" described in the preceding paragraph. The Outlook is only such rating agencies' forward-looking view of MAC. The Borough has no obligation to treat any change in the Outlook as a "Disclosure Event", as defined and described under the Rule or under the provisions of the Borough's Continuing Disclosure Agreement, or to notify holders of the Bonds as to any changes to the Outlook after the date hereof.

Such ratings reflect only the view of such organizations and an explanation of the significance of such ratings may be obtained from such rating agencies as follows: S&P Global Ratings, a division of McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041, (212) 438-2074; Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; or Kroll Bond Rating Agency, 845 Third Avenue, 4th Floor, New York, New York 10022, (212) 702-0707, as applicable. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency that issued them, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any such ratings may have an effect on the market price of the Bonds.

PREPARATION OF OFFICIAL STATEMENT

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

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

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

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

Bowman & Company LLP only takes responsibility for the financial statements, appearing in Appendix "B" hereto.

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by Roosevelt & Cross, Incorporated, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated October 25, 2017. The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields set forth on the inside front cover of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

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

LEGALITY FOR INVESTMENT

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

NO DEFAULT

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

MUNICIPAL ADVISOR

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

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 ("Rule"), promulgated under the Securities Exchange Act of 1934, as amended, by the Securities and Exchange Commission ("Commission"), the Borough will, prior to the issuance of the Bonds, enter into agreements substantially in the forms set forth in Appendix "D".

The Borough currently does not have undertakings with regard to continuing disclosure for prior obligations issued. The Borough has appointed Phoenix Advisors, LLC, Bordentown, New Jersey to act as Continuing Disclosure Agent to assist in the filing of certain information on the Electronic Municipal Market Access system ("EMMA") as required with respect to the Bonds and future obligations.

LEGAL MATTERS

The legality of the Bonds will be subject to the approving legal opinion of Bond Counsel. Such opinion will be printed on or accompany the Bonds and provide, *inter alia*, that the Bonds are valid and binding obligations of the Borough, and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough without limitation as to rate or amount for the payment of the Bonds and interest thereon. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, or other law affecting creditors' rights or remedies heretofore or hereinafter enacted. Certain legal matters will be passed upon for the Borough by the Solicitor.

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

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

ADDITIONAL INFORMATION

Additional information may be obtained from Donna Mull, Clerk/Administrator of the Borough of Pemberton, at 609.894.8222 or the Municipal Advisor at 609.291.0130.

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

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

BOROUGH OF PEMBERTON, NEW JERSEY

By: /s/ DONNA J. MULL

DONNA J. MULL, Clerk/Administrator

Dated: October 25, 2017

APPENDIX A

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

GENERAL INFORMATION ON THE BOROUGH

History

Settled in 1752 and known as New Mills, Pemberton Borough was a company town with the company owning the homes, stores and other facilities. The major products that New Mills manufactured were lumber, grain and nails. In 1826 legislation was adopted to create a Borough, known as Pemberton Borough. Incorporation also took place at this time.

The Borough evolved into a railroad town where the residents shopped and worked elsewhere. The Borough was, and remains, a major stop between Philadelphia/Camden and the seashore. The railroad is no longer in existence.

The Borough is $\frac{3}{4}$ of a square mile. There are 1,410 residents. The Borough provides electric, water and sewer utilities.

Fire Protection and Emergency Services

Fire protection within the Borough is provided by the Good Will Fire Company, a volunteer fire company which is supported by the municipal budget.

The Borough has an interlocal agreement with Pemberton Township whereas the Borough pays \$2,000 annually to Pemberton Township who contracts with Lourdes Emergency Services for EMS services.

Police

Police protection is provided by six full time police officers that are fully trained and supervised. Communication is provided by Burlington County Central Dispatch.

Public Works

The Department of Public Works cleans, repairs and maintains streets, roads, storm drains, parks, playgrounds and public areas.

The collection and disposal of garbage, trash, and other solid waste is provided for by contract with a private firm.

Recycling of glass, aluminum, tin, and papers is provided for by the County of Burlington ("County"). Collection of leaves, grass and brush is provided by the Borough's Department of Public Works.

Recreation

Recreational opportunities are provided for all ages through the Borough Recreation Committee. Sports activities are supplied through the Pemberton Area Athletic League.

Library

A branch of the Burlington County Library is located in the neighboring town of Pemberton Township with a full range of material. Educational activities are also provided after school and in the summer for the children.

Water/Sewer Utility

The Borough maintains three wells and water mains supplying the residents of the Borough and three areas of Pemberton Township with water.

The Borough maintains the sewerage collection systems that interconnects with the Pemberton Township Municipal Utilities Authority for treatment.

Electric Utility

The Borough is unique in that it operates one of ten municipally owned electric utilities in the State. The utility presently purchases electricity from a variety of suppliers such as JCPL, PSE&G, BP, NextERA, DTE, and Talen, which has enabled the Borough to provide electric utility service for the benefit of its residents.

Borough Employees

	<u>2016</u>	<u>2015</u>	<u>December 31,</u> <u>2014</u>	<u>2013</u>	<u>2012</u>
Permanent	14	14	15	16	18
Part-time	<u>33</u>	<u>31</u>	<u>34</u>	<u>24</u>	<u>21</u>
Total	<u>47</u>	<u>45</u>	<u>49</u>	<u>40</u>	<u>39</u>

Employee Collective Bargaining Units

Lodge No. 2, Fraternal Order of Police, represents the majority of Borough law enforcement officers. Present contract in effect until December 31, 2019.

Compensated Absences

Borough employees are entitled to between 72-80 hours of sick leave per year which may be accumulated from year to year. However, only a maximum of 60 days (480 hours) of sick leave is permitted to be accumulated. Employees will be paid for accumulated time, computed at the present rate of compensation at the time of retirement, in an amount not to exceed fifteen thousand dollars (\$15,000). For additional information regarding compensated absences see (Appendix A: Financial Statements of the Borough, Note 11 to Financial Statements).

Pension Plans

Those Borough employees who are eligible for pension coverage are enrolled in one of the three State pension systems. Benefits, contributions, means of funding and the manner of administration are determined by the State. For additional information regarding pension plans, see (Appendix A: Financial Statements of the Borough, Note 9 to Financial Statements).

Population(1)

2010 Federal Census	1,490
2000 Federal Census	1,210
1990 Federal Census	1,367
1980 Federal Census	1,198
1970 Federal Census	1,344

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

Selected Census 2015 Data for the Borough(1)

Median household income	\$67,098
Median family income	\$80,625
Per capita income	\$31,980

Labor Force(2)

The following table discloses annual average labor force data for the Borough, County and State.

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Borough					
Labor Force	770	774	758	782	804
Employed	730	720	706	710	713
Unemployed	40	54	52	72	91
Unemployment Rate	5.2%	7.0%	6.9%	9.2%	11.3%

County

Labor Force	233,042	232,133	229,962	233,482	236,197
Employment	222,708	219,693	215,260	215,727	215,725
Unemployment	10,334	12,440	14,702	17,755	20,472
Unemployment Rate	4.4%	5.4%	6.4%	7.6%	8.7%

State

Labor Force	4,524,300	4,530,500	4,515,800	4,531,900	4,588,000
Employment	4,299,900	4,267,900	4,211,500	4,159,500	4,160,000
Unemployment	224,300	262,600	304,300	372,300	428,000
Unemployment Rate	5.0%	5.8%	6.7%	8.2%	9.3%

Business and Transportation

The Borough, located in the eastern sector of the County, is predominantly a residential community with small retail establishments and commercial establishments. Rico Foods, which has approximately 60 employees, is the largest employer.

Building, Zoning and Development Codes

The Borough has a Planning Board which also exercises the power of a zoning board of adjustment. The master plan, zoning ordinances and land development regulations govern development within the Borough.

The Borough building codes conform to standards of New Jersey Uniform Construction Code. These codes and other municipal codes serve as a basis for improved administration and regulation.

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

(2) Source: State Department of Labor, U.S. Bureau of Labor Statistics

Building Permits(1)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2017(2)	53/3	\$431,340
2016	58/4	645,208
2015	45/2	280,207
2014	53/3	253,428
2013	45/4	289,804
2012	67/11	495,246

EDUCATION(3)

Students are educated in the Pemberton Township School District which functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members' terms expire each year.

Pemberton Township Schools serves students from Pemberton Township, Pemberton Borough and Joint Base McGuire-Dix-Lakehurst. With a dedicated early childhood education center serving 3 and 4 year old pre-kindergarten students, seven elementary schools (grades kindergarten through 5th), two middle schools (one for grade 6, another for grades 7 and 8), and high school (grades 9-12).

School District Enrollments(3)

<u>Fiscal Year</u>	<u>Total</u>
2016	4,934
2015	5,081
2014	5,039
2013	5,048
2012	5,012

HIGHER EDUCATION FACILITIES

Rowan College at Burlington County

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

(1) Source: Borough Construction Office

(2) As of August 15, 2017

(3) Source: School District officials

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

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

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

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

Burlington County Institute of Technology

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

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

Burlington County Special Services School District

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

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

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS(1)

<u>Owner</u>	<u>Nature of Business</u>	<u>2017 Assessed Valuation</u>
Pine Meadow Holding	Landlord	\$3,696,000
Stephen Lankenau	Funeral Home/Landlord	1,175,700
Robert Juliano	Developer	1,006,000
John Bauer	Landlord	848,700
Rico Foods	Food Processing Plant	753,800
Estella Wells	Landlord	690,800
John Davis	Landlord	625,000
BNC Management	Gas Station	600,000
Deni Realty	Landlord	600,000
Al Horton	Landlord	508,000

CURRENT TAX COLLECTIONS(2)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2016	\$1,866,430	\$1,825,751	97.82%	\$40,490	2.17%
2015	1,874,900	1,844,280	98.37	30,620	1.63
2014	1,787,725	1,768,726	98.94	18,984	1.06
2013	1,766,046	1,756,822	99.48	9,173	0.52
2012	1,823,867	1,823,556	99.98	311	0.02

DELINQUENT TAXES(2)

<u>Year</u>	<u>Outstanding Jan 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transferred To Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
			<u>Amount</u>	<u>Percentage</u>			
2016	\$31,115	---	\$30,048	96.57%	---	\$572	\$495
2015	19,479	---	18,984	97.46	---	---	495
2014	9,668	---	9,173	94.88	---	---	495
2013	806	---	311	38.59	---	---	495
2012	38,353	---	37,858	98.71	---	---	495

(1) Source: Borough Tax Assessor

(2) Source: Borough Reports of Audit

TAX TITLE LIENS(1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Cancellations and Transfers</u>	<u>Balance Dec. 31</u>
2016	---	---	---	---	---
2015	---	---	---	---	---
2014	---	---	---	---	---
2013	---	---	---	---	---
2012	---	---	---	---	---

FORECLOSED PROPERTY(1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Transfers</u>	<u>Adjustment to Assessed Valuation</u>	<u>Cash</u>	<u>Sales Gain or (Loss)</u>	<u>Canceled</u>	<u>Balance Dec. 31</u>
2016	---	---	---	---	---	---	---
2015	---	---	---	---	---	---	---
2014	---	---	---	---	---	---	---
2013	---	---	---	---	---	---	---
2012	---	---	---	---	---	---	---

CURRENT WATER-SEWER COLLECTIONS (1)

<u>Year</u>	<u>Beginning Balance</u>	<u>Total Levy</u>	<u>Collected in Year of Levy Amount</u>	<u>Percentage</u>	<u>Outstanding Dec. 31 Amount</u>	<u>Percentage</u>
2016	\$67,932	\$602,848	\$613,044	91.39%	\$57,736	8.61%
2015	47,670	621,926	601,664	89.85	67,932	10.15
2014	51,352	604,513	608,195	92.73	47,670	7.27
2013	89,267	583,608	621,523	92.37	51,352	7.63
2012	50,027	616,597	577,356	86.61	89,267	13.39

CURRENT ELECTRIC COLLECTIONS (1)

<u>Year</u>	<u>Beginning Balance</u>	<u>Total Levy</u>	<u>Collected in Year of Levy Amount</u>	<u>Percentage</u>	<u>Outstanding Dec. 31 Amount</u>	<u>Percentage</u>
2016	\$24,191	\$1,687,067	\$1,673,648	97.80%	\$37,610	2.20%
2015	27,811	1,806,351	1,809,971	98.68	24,191	1.32
2014	38,743	1,717,397	1,728,329	98.42	27,811	1.58
2013	33,259	1,755,888	1,750,405	97.83	38,743	2.17
2012	19,027	1,747,517	1,733,285	98.12	33,259	1.88

(1) Source: Borough Reports of Audit

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES(1)

<u>Year</u>	<u>Net Assessed Valuation</u>	<u>Tax Rate (2)</u>				
		<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Municipal</u>	<u>County Open Space</u>
2017	\$102,651,300	\$1.832	\$.397	\$0.922	\$.470	\$.043
2016 (3)	102,986,200	1.803	.397	0.914	.448	.044
2015	64,341,100	2.914	.668	1.457	.717	.072
2014	64,880,124	2.751	.644	1.388	.693	.026
2013	65,529,686	2.691	.633	1.345	.686	.027

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA(4)

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita(5)</u>
2017	\$102,651,300	93.03%	\$110,342,148	\$78,312
2016 (3)	102,986,200	93.23	110,464,657	78,399
2015	64,341,100	56.20	114,485,943	81,253
2014	64,431,000	57.17	112,700,717	79,986
2013	65,014,400	57.80	112,481,661	79,831

REAL PROPERTY CLASSIFICATION(6)

<u>Year</u>	<u>Assessed Value Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Farm</u>	<u>Apartments</u>
2017	\$102,651,300	\$1,238,400	\$85,163,800	\$9,633,200	\$231,900	\$6,384,000
2016 (3)	102,986,200	1,148,400	85,685,400	9,754,600	233,800	6,164,000
2015	64,341,100	778,200	53,481,500	7,220,500	139,500	2,721,400
2014	64,431,000	778,200	53,571,400	7,220,500	139,500	2,721,400
2013	65,014,400	818,200	53,854,500	7,383,300	139,500	2,818,900

(1) Source: Borough Tax Collector

(2) Per \$100 of assessed valuation

(3) Revaluation

(4) Source: State of New Jersey, Division of Taxation

(5) Based on Federal Census 2010 of 1,409

(6) Source: Borough Tax Assessor

**BOROUGH OF PEMBERTON
STATEMENT OF INDEBTEDNESS (1)**

The following table summarizes the direct debt of the Borough in accordance with the requirements of the Local Bond Law. The gross debt comprises short term debt issued and debt authorized but not issued, including General, Water-Sewer Utility, and Electric Utility. Deductions from gross debt to arrive at net debt include debt considered to be self-liquidating. The resulting net debt of \$398,017 represents .353% of the average of equalized valuations for the Borough for the last three years, which is within the 3.5% limit imposed by *N.J.S.A. 40A:2-6*.

	Debt Issued		Authorized But Not Issued	Gross Debt	Deductions		Net Debt
	<u>Bonds</u>	<u>Notes</u>			<u>School Debt</u>	<u>Self-Liquidating Debt</u>	
General		\$ 210,000	\$ 188,017	\$ 398,017			\$ 398,017
Water-Sewer Utility		705,000	414,440	1,119,440		\$ 1,119,440	
Electric Utility				-		-	
	\$ -	\$ 915,000	\$ 602,457	\$ 1,517,457	\$ -	\$ 1,119,440	\$ 398,017

(1) As of December 31, 2016

Source: Borough Auditor

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2014, 2015 and 2016	\$112,762,203
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2014, 2015 and 2016	0.353%
2017 Net Valuation Taxable	\$102,651,300
2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$110,342,148
Gross Debt (2):	
As a percentage of 2017 Net Valuation Taxable	1.48%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.38%
Net Debt (2):	
As a percentage of 2017 Net Valuation Taxable	0.39%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.36%
Gross Debt Per Capita (3)	\$1,077
Net Debt Per Capita (3)	\$282

BOROUGH BORROWING CAPACITY(1)

3.5% of Averaged (2014-16) Equalized Valuation of Real Property including Improvements (\$112,762,203)	\$3,946,677
Net Debt	<u>398,017</u>
Remaining Borrowing Capacity	<u><u>\$3,548,660</u></u>

SCHOOL DISTRICT BORROWING CAPACITY(1)

2.5% of Averaged (2014-16) Equalized Valuation of Real Property including Improvements (\$112,762,203)	\$2,819,055
Local School Debt	<u>0</u>
Remaining Borrowing Capacity	<u><u>\$2,819,055</u></u>

(1) As of December 31, 2016

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 1,409

**BOROUGH OF PEMBERTON
OVERLAPPING DEBT
AS OF DECEMBER 31, 2016**

	DEBT ISSUED				Debt Auth. but not Issued
	<u>Debt Outstanding</u>	<u>Deductions</u>		<u>Net Debt Outstanding Allocated to the Issuer</u>	
County of Burlington:					
General	\$ 267,578,645	\$ 31,063,639 (1)	\$ 236,515,006	\$ 567,636 (2)	\$ 78,427,078
Bonds Issued by Other Public Bodies					
Guaranteed by the County	329,726,000	329,726,000 (3)			
Solid Waste Utility	68,116,000	68,116,000			6,193,733
	<u>\$ 665,420,645</u>	<u>\$ 428,905,639</u>	<u>\$ 236,515,006</u>	<u>\$ 567,636</u>	<u>\$ 84,620,810</u>

(1) Includes cash on hand, accounts receivable and County College Bonds paid with State Aid.

(2) Such debt is allocated as a proportion of the Issuer's share of the total 2016 Net Valuations on which County taxes are apportioned, which is .24% .

(3) Deductible in accordance with N.J.S. 40:37A-80.

BOROUGH OF PEMBERTON
SCHEDULE OF OUTSTANDING DEBT SERVICE(1)
BONDED DEBT ONLY

<u>Year</u>	2017 General Obligation Bonds					
	General		Water and Sewer Utility		Grand	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2018	\$ 51,000	\$ 19,935	\$ 39,000	\$ 23,480	\$ 133,415	
2019	90,000	19,125	50,000	23,000	182,125	
2020	90,000	16,875	50,000	21,750	178,625	
2021	90,000	14,625	55,000	20,500	180,125	
2022	95,000	12,375	55,000	19,125	181,500	
2023	95,000	10,000	55,000	17,750	177,750	
2024	95,000	7,625	55,000	16,375	174,000	
2025	100,000	5,250	60,000	15,000	180,250	
2026	100,000	2,750	60,000	13,500	176,250	
2027			60,000	11,850	71,850	
2028			65,000	10,050	75,050	
2029			65,000	8,100	73,100	
2030			65,000	6,150	71,150	
2031			70,000	4,200	74,200	
2032			70,000	2,100	72,100	
	<u>\$ 806,000</u>	<u>\$ 108,560</u>	<u>\$ 874,000</u>	<u>\$ 212,930</u>	<u>\$ 2,001,490</u>	

(1) As of November 7, 2017.

Source: Borough Auditor

**BOROUGH OF PEMBERTON
2017 MUNICIPAL BUDGET (1)**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 230,000.00
Miscellaneous Revenues:	
Local Revenues	282,523.10
State Aid without Offsetting Appropriations	96,253.00
Dedicated Uniform Construction Code Fees	8,000.00
Public and Private Programs Offset with Appropriations	45,762.79
Other Special Items of Revenue	195,000.00
Receipts from Delinquent Taxes	36,000.00
Amount to be Raised by Taxation for Municipal Purposes	482,461.11
	<hr/>
Total Anticipated Revenues	\$ 1,376,000.00
	<hr/>
Appropriations:	
Within CAPS:	
Operations	\$ 1,007,694.00
Deferred Charges and Statutory Expenditures	160,960.00
Excluded from CAPS:	
Public and Private Programs	86,793.79
Capital Improvements	30,000.00
Debt Service	30,800.00
Transferred to Board of Education	9,718.00
Reserve for Uncollected Taxes	50,034.21
	<hr/>
Total Appropriations	\$ 1,376,000.00
	<hr/>

WATER-SEWER UTILITY FUND

Anticipated Revenues:	
Fund Balance	\$ 40,000.00
Rents	595,000.00
Miscellaneous	90,000.00
	<hr/>
Total Anticipated Revenues	\$ 725,000.00
	<hr/>
Appropriations:	
Operating	\$ 650,500.00
Debt Service	51,939.00
Pension, Social Security, Unemployment Compensation	22,561.00
	<hr/>
Total Appropriations	\$ 725,000.00
	<hr/>

(1) As adopted April 17, 2017

**BOROUGH OF PEMBERTON
2017 MUNICIPAL BUDGET (1)**

ELECTRIC UTILITY FUND

Anticipated Revenues:	
Fund Balance	\$ 44,000.00
Metered Revenues	<u>1,673,000.00</u>
Total Anticipated Revenues	<u><u>\$ 1,717,000.00</u></u>
Appropriations:	
Operating	\$ 1,623,000.00
Pension, Social Security, Unemployment Compensation	38,698.00
Surplus (General Budget)	<u>55,302.00</u>
Total Appropriations	<u><u>\$ 1,717,000.00</u></u>

**BOROUGH OF PEMBERTON
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2017 - 2019 (1)**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants and Other Funds</u>	<u>Bonds and Notes</u>	
				<u>General</u>	<u>Self Liquidating</u>
General Capital Fund:					
Various Capital Improvements	\$ 75,000.00	\$ 3,750.00		\$ 71,250.00	
Acquisition of Fire Truck	600,000.00	30,000.00		570,000.00	
Water/Sewer Utility:					
Various Capital Improvements	200,000.00				\$ 200,000.00
Electric Utility:					
Various Capital Improvements	<u>150,000.00</u>				<u>150,000.00</u>
	<u><u>\$ 1,025,000.00</u></u>	<u><u>\$ 33,750.00</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 641,250.00</u></u>	<u><u>\$ 350,000.00</u></u>

(1) As adopted April 17, 2017

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE
BOROUGH OF PEMBERTON,
IN THE COUNTY OF BURLINGTON, NEW JERSEY**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Pemberton
Pemberton, New Jersey 08068

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Pemberton, in the County of Burlington, State of New Jersey, as of December 31, 2016, 2015, 2014, 2013 and 2012, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the 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 Borough'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 Borough'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 financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Pemberton, in the County of Burlington, State of New Jersey, as of December 31, 2016, 2015, 2014, 2013 and 2012, 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 previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Pemberton, in the County of Burlington, State of New Jersey, as of December 31, 2016, 2015, 2014, 2013 and 2012, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
May 5, 2017

BOROUGH OF PEMBERTON
CURRENT FUND
Statements of Assets, Liabilities, Reserves, and Fund Balance--Regulatory Basis

<u>ASSETS</u>	<u>As of December 31,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Regular Fund:					
Cash:					
Treasurer	\$ 1,026,747.74	\$ 446,851.90	\$ 512,877.47	\$ 492,622.49	\$ 466,336.69
Collector	11,287.00	11,020.28	52,748.74	7,504.88	70.40
Change Funds	100.00	100.00	100.00	100.00	100.00
Receivables and Other Assets with Full Reserves:					
Taxes Receivable	40,985.42	31,115.38	19,478.82	9,667.77	805.72
Prepaid Payroll				26,160.29	
Revenue Accounts Receivable	5,733.78	19,301.31	24,307.64	20,609.26	8,149.43
Due Federal and State Grant Fund	65,373.73	69,640.42	24,865.98	31,828.28	9,815.85
Interfunds Receivable	62,579.24	95,350.15	61,361.60	52,705.13	32,733.54
Federal and State Grant Fund:					
Federal and State Grants Receivable	442,494.81	1,049,214.81	942,868.56	205,396.56	178,455.56
	<u>\$ 1,655,301.72</u>	<u>\$ 1,722,594.25</u>	<u>\$ 1,638,608.81</u>	<u>\$ 846,594.66</u>	<u>\$ 696,467.19</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Regular Fund:					
Appropriation Reserves	\$ 45,809.15	\$ 38,355.42	\$ 64,478.06	\$ 28,977.24	\$ 59,892.01
Reserve for Encumbrances	20,150.00		198.00		1,701.00
Accounts Payable	198.00	198.00			
Prepaid Taxes	16,201.83	21,122.09	21,369.68	23,150.66	25,286.26
Due to County for Added Taxes	2,368.63		699.50	648.06	62.44
Local School Tax Payable	1,460.41	1,460.39	1,416.97		
Due to State of New Jersey--Senior Citizen's and Veteran's Deductions	2,020.61	1,270.61	1,333.11	2,208.11	2,083.11
Due to State of New Jersey--State Training F	219.00	317.00	163.00	176.00	117.00
Tax Overpayments	6,488.57	763.30	1,128.19	452.44	452.44
Reserve for Outside Lien Redemption	11,135.05	7,987.82	4,061.39		5,596.68
Due to Good Will Fire Company	15,000.00	15,000.00			
Interfunds Payable	594,557.42	49,908.58	56,053.76	49,908.58	58,347.68
Reserves for Receivables and Other Assets	174,672.17	215,407.26	130,014.04	140,970.73	51,504.54
Fund Balance	322,526.07	321,588.97	414,824.55	394,706.28	312,968.47
Federal and State Grant Fund:					
Reserve for State and Federal Grants:					
Unappropriated	23,221.79	8,589.36	10,113.02	19,782.29	13,526.29
Appropriated	217,789.32	969,090.11	907,889.56	149,785.99	150,445.55
Reserve for Encumbrances	2,692.72	1,894.92		4,000.00	4,667.87
Accounts Payable	133,417.25				
Due Current Fund	65,373.73	69,640.42	24,865.98	31,828.28	9,815.85
	<u>\$ 1,655,301.72</u>	<u>\$ 1,722,594.25</u>	<u>\$ 1,638,608.81</u>	<u>\$ 846,594.66</u>	<u>\$ 696,467.19</u>

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

BOROUGH OF PEMBERTON
CURRENT FUND
Statements of Operations and Changes in Fund Balance--Regulatory Basis

	For the Years Ended December 31,				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 200,000.00	\$ 210,000.00	\$ 206,459.00	\$ 200,000.00	\$ 175,000.00
Miscellaneous Revenues Anticipated	736,901.05	902,976.02	1,392,497.79	668,763.26	598,657.12
Receipts from Delinquent Taxes	30,047.88	18,983.67	9,172.62	310.57	37,858.12
Receipts from Current Taxes	1,825,750.99	1,844,279.68	1,768,728.16	1,756,822.23	1,823,556.28
Non-Budget Revenue	29,924.47	26,598.31	34,304.88	41,383.15	30,124.33
Other Credits to Income:					
Tax Overpayments Cancelled					241.24
Unexpended Balance of Appropriation Reserves	38,332.02	64,945.35	28,206.87	61,593.01	12,055.94
Refund of Prior Year Expenditures				35,660.70	
Reserves Liquidated:					
Prepaid Payroll			26,160.29		
Due from Federal and State Grant Fund	4,266.69		6,962.30		59,376.73
Due from Animal Control Fund					118.34
Due from Trust--Other Fund	4,800.12		4,668.99		
Due from Water-Sewer Operating Fund		852.90			
Due from General Capital Fund	72,319.74	8,117.34	7,814.19		1,845.62
Due from Electric Operating Fund	5,020.07			21,879.95	
Total Income	2,947,363.03	3,076,753.27	3,484,975.09	2,786,412.87	2,738,833.72
<u>Expenditures</u>					
Budget Appropriations:					
Operations--Within "CAPS":					
Salaries and Wages	534,394.00	500,566.00	467,725.00	434,757.00	410,590.00
Other Expenses	468,800.00	455,425.00	441,425.00	418,345.00	435,975.00
Deferred Charges and Statutory Expenditures					
Municipal--Within "CAPS"	131,199.00	122,513.00	130,763.00	136,438.00	200,588.23
Operations--Excluded from "CAPS":					
Salaries and Wages	68,153.00	63,121.00	64,983.00	52,505.00	52,505.00
Other Expenses	54,133.90	278,065.12	766,332.29	4,000.00	14,400.48
Municipal Debt Service --Excluded from "CAPS"	25,869.23	25,747.00	26,250.00	26,477.60	26,892.00
Deferred Charges and Statutory Expenditures					
Municipal--Excluded from "CAPS"	10,439.84	12,060.16	7,814.19	3,524.36	37,538.00
Transferred to Board of Education for Use of Local Schools	9,664.00	9,664.00	10,014.00	9,681.00	9,870.00
County Taxes	452,403.31	475,641.86	433,894.78	431,206.20	459,593.39
Due County for Added Taxes	2,368.63		699.50	648.06	62.44
Local District School Tax	939,632.00	918,969.00	887,357.41	897,068.58	921,414.35
Refund of Prior Year Revenue		10,483.48			
Creation of Reserve for Interfunds/Prepayments	49,369.02	87,733.23	21,139.65	90,024.26	1,475.91
Total Expenditures	2,746,425.93	2,959,988.85	3,258,397.82	2,504,675.06	2,570,904.80
Excess in Revenue	200,937.10	116,764.42	226,577.27	281,737.81	167,928.92
Fund Balance Jan. 1	321,588.97	414,824.55	394,706.28	312,968.47	320,039.55
	522,526.07	531,588.97	621,283.55	594,706.28	487,968.47
Decreased by:					
Utilized as Revenue	200,000.00	210,000.00	206,459.00	200,000.00	175,000.00
Fund Balance Dec. 31	\$ 322,526.07	\$ 321,588.97	\$ 414,824.55	\$ 394,706.28	\$ 312,968.47

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

BOROUGH OF PEMBERTON
TRUST FUND
Statements of Assets, Liabilities and Reserves--Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Animal Control License Fund:					
Cash	\$ 199.84	\$ 308.19	\$ 393.94	\$ 188.34	\$ 322.47
Other Funds:					
Cash	389,040.52	380,764.50	381,551.83	412,833.82	400,370.15
Interfunds Receivable	12,200.00	12,200.00	18,345.18	12,200.00	12,200.00
	<u>401,240.52</u>	<u>392,964.50</u>	<u>399,897.01</u>	<u>425,033.82</u>	<u>412,570.15</u>
	<u>\$ 401,440.36</u>	<u>\$ 393,272.69</u>	<u>\$ 400,290.95</u>	<u>\$ 425,222.16</u>	<u>\$ 412,892.62</u>
<u>LIABILITIES AND RESERVES</u>					
Animal Control License Fund:					
Reserve for Animal Control Fund Expenditures	\$ 145.15	\$ 253.50	\$ 339.25	\$ 133.65	\$ 268.20
Due Current Fund	54.69	54.69	54.69	54.69	54.27
	<u>199.84</u>	<u>308.19</u>	<u>393.94</u>	<u>188.34</u>	<u>322.47</u>
Other Funds:					
Due Current Fund	5,069.83	9,869.95		4,668.99	2,299.01
Payroll Deductions Payable	3,825.71	4,333.95	7,274.18	38,688.54	2,733.24
Premiums Collected at Tax Sale	16,700.00	5,800.00	3,500.00	3,500.00	3,500.00
Reserve for Unemployment Compensation Insurance	4,165.07	6,470.44	6,759.91	5,207.54	3,775.09
Reserve for Special Events	2,080.97	2,080.97	2,080.97	2,080.97	2,079.54
Planning and Zoning Board Escrow Deposits	6,744.67	4,652.17	5,577.67	4,849.67	7,535.01
Reserve for Special Law Enforcement	3,878.78	3,878.78	3,546.78	3,546.78	3,537.34
Reserve for Public Defender Fees	21.00	21.00	21.00	21.00	
Accounts Payable	743.00	743.00	743.00	743.00	743.00
Reserve for Outside Employment of Off-Duty Municipal Police Officers	2,819.87	112.25	15,201.88	5,115.71	4,807.22
Reserve for Affordable Housing	355,191.62	355,001.99	355,191.62	356,611.62	381,560.70
	<u>401,240.52</u>	<u>392,964.50</u>	<u>399,897.01</u>	<u>425,033.82</u>	<u>412,570.15</u>
	<u>\$ 401,440.36</u>	<u>\$ 393,272.69</u>	<u>\$ 400,290.95</u>	<u>\$ 425,222.16</u>	<u>\$ 412,892.62</u>

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

BOROUGH OF PEMBERTON
GENERAL CAPITAL FUND
Statements of Assets, Liabilities and Reserves--Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Interfunds Receivable	\$ 122,620.10				
Deferred Charges to Future Taxation--Unfunded	398,016.86	\$ 433,456.70	\$ 470,516.86	\$ 417,831.05	\$ 446,295.51
	<u>\$ 520,636.96</u>	<u>\$ 433,456.70</u>	<u>\$ 470,516.86</u>	<u>\$ 417,831.05</u>	<u>\$ 446,295.51</u>
 <u>LIABILITIES AND RESERVES</u>					
Bond Anticipation Notes	\$ 210,000.00	\$ 50,000.00	\$ 75,000.00	\$ 100,000.00	\$ 125,000.00
Improvement Authorizations:					
Funded	8,464.35	8,464.35	12,964.35	8,464.35	8,371.00
Unfunded	186,807.70	187,307.70	227,956.70	142,456.70	184,969.05
Capital Improvement Fund	1,364.00	1,364.00	1,364.00	5,864.00	5,864.00
Interfunds Payable	114,000.91	186,320.65	153,231.81	161,046.00	122,091.46
	<u>\$ 520,636.96</u>	<u>\$ 433,456.70</u>	<u>\$ 470,516.86</u>	<u>\$ 417,831.05</u>	<u>\$ 446,295.51</u>

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

BOROUGH OF PEMBERTON
WATER-SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Fund:					
Cash	\$ 121,921.46	\$ 115,785.08	\$ 132,623.18	\$ 176,616.04	\$ 122,502.38
Prepaid Payroll				4,924.93	
Interfund Receivables	99,649.79	19,411.54	35,043.23	35,043.23	43,043.09
	221,571.25	135,196.62	167,666.41	216,584.20	165,545.47
Receivables with Full Reserves:					
Consumer Accounts Receivable	57,736.31	67,932.47	47,670.26	51,352.37	89,267.00
Total Operating Fund	279,307.56	203,129.09	215,336.67	267,936.57	254,812.47
Capital Fund:					
Interfund Receivables	49,908.58	49,908.58	49,908.58	49,908.58	49,908.58
Fixed Capital:					
Water	972,717.90	972,717.90	972,717.90	972,717.90	972,717.90
Sewer	489,789.93	489,789.93	489,789.93	489,789.93	489,789.93
Fixed Capital Authorized and Uncompleted:					
Water	1,747,540.00	1,747,540.00	1,587,540.00	1,487,540.00	1,487,540.00
Small Cities Block Grant Receivable	11,512.00	11,512.00	11,512.00	11,512.00	11,512.00
Total Capital Fund	3,271,468.41	3,271,468.41	3,111,468.41	3,011,468.41	3,011,468.41
	\$ 3,550,775.97	\$ 3,474,597.50	\$ 3,326,805.08	\$ 3,279,404.98	\$ 3,266,280.88
<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>					
Operating Fund:					
Liabilities:					
Appropriation Reserves	\$ 44,867.77	\$ 24,131.98	\$ 17,582.11	\$ 48,322.45	\$ 36,586.97
Interfunds Payable	64,654.72	15,285.70	16,138.60	7,726.60	7,200.00
Accrued Interest on Bonds and Notes	1,280.59	4,304.14	3,464.03	4,333.70	4,303.85
	110,803.08	43,721.82	37,184.74	60,382.75	48,090.82
Reserve for Receivables	57,736.31	67,932.47	47,670.26	51,352.37	89,267.00
Fund Balance	110,768.17	91,474.80	130,481.67	156,201.45	117,454.65
Total Operating Fund	279,307.56	203,129.09	215,336.67	267,936.57	254,812.47
Capital Fund:					
Bond Anticipation Notes	705,000.00	729,500.00	697,500.00	719,000.00	734,000.00
Improvement Authorizations:					
Funded	5,000.00	5,000.00			
Unfunded	383,112.97	463,351.22	347,719.53	247,719.53	247,719.53
Capital Improvement Fund	4,500.00	4,500.00	14,500.00	14,500.00	14,500.00
Interfunds Payable	80,431.62	193.37	15,825.06	15,825.06	15,825.06
Reserve for Amortization:					
Water	1,028,778.20	1,028,778.20	1,028,778.20	1,028,778.20	1,028,778.20
Sewer	489,789.93	489,789.93	489,789.93	489,789.93	489,789.93
Deferred Reserve for Amortization--Water	572,040.00	547,540.00	514,540.00	493,040.00	478,040.00
Fund Balance	2,815.69	2,815.69	2,815.69	2,815.69	2,815.69
Total Capital Fund	3,271,468.41	3,271,468.41	3,111,468.41	3,011,468.41	3,011,468.41
	\$ 3,550,775.97	\$ 3,474,597.50	\$ 3,326,805.08	\$ 3,279,404.98	\$ 3,266,280.88

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

BOROUGH OF PEMBERTON
WATER-SEWER UTILITY OPERATING FUND
Statements of Operations and Changes in Fund Balance -- Regulatory Basis

	For the Years Ended December 31,				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Anticipated	\$ 41,500.00	\$ 28,000.00		\$ 30,140.00	
Rents	613,044.20	601,664.06	\$ 608,195.08	621,523.09	\$ 577,356.32
Miscellaneous Revenues	96,690.21	90,734.17	99,464.56	109,272.29	105,299.17
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	24,131.98	17,582.11	44,000.91	36,586.97	39,748.14
Total Income	775,366.39	737,980.34	751,660.55	797,522.35	722,403.63
<u>Expenditures</u>					
Operating	657,500.00	666,450.00	655,700.00	659,340.00	647,600.00
Debt Service	34,299.02	30,787.21	30,430.33	23,995.55	10,513.69
Deferred Charges and Statutory Expenditures	22,774.00	21,750.00	21,250.00	20,300.00	29,400.00
Total Expenditures	714,573.02	718,987.21	707,380.33	703,635.55	687,513.69
Excess in Revenue	60,793.37	18,993.13	44,280.22	93,886.80	34,889.94
<u>Fund Balance</u>					
Balance Jan. 1	91,474.80	130,481.67	156,201.45	117,454.65	177,564.71
	152,268.17	149,474.80	200,481.67	211,341.45	212,454.65
Decreased by:					
Utilized as Revenue	41,500.00	28,000.00		30,140.00	
Utilized by Current Fund Budget		30,000.00	70,000.00	25,000.00	95,000.00
Balance Dec. 31	\$ 110,768.17	\$ 91,474.80	\$ 130,481.67	\$ 156,201.45	\$ 117,454.65

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

BOROUGH OF PEMBERTON
ELECTRIC UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Fund:					
Cash	\$ 249,321.07	\$ 664,946.27	\$ 470,493.25	\$ 449,328.36	\$ 485,408.47
Change Fund--Collector	100.00	100.00	100.00	100.00	100.00
Prepaid Payroll				6,816.77	
Interfund Receivables	536,029.65	114,000.91	114,000.91	114,000.91	114,000.91
	<u>785,450.72</u>	<u>779,047.18</u>	<u>584,594.16</u>	<u>570,246.04</u>	<u>599,509.38</u>
Receivables with Full Reserves:					
Consumer Accounts Receivable	37,609.77	24,190.94	27,810.51	38,742.68	33,259.05
Total Operating Fund	<u>823,060.49</u>	<u>803,238.12</u>	<u>612,404.67</u>	<u>608,988.72</u>	<u>632,768.43</u>
Capital Fund:					
Fixed Capital	632,946.95	632,946.95	632,946.95	632,946.95	632,946.95
Interfund Receivables	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00
Total Capital Fund	<u>687,946.95</u>	<u>687,946.95</u>	<u>687,946.95</u>	<u>687,946.95</u>	<u>687,946.95</u>
	<u>\$ 1,511,007.44</u>	<u>\$ 1,491,185.07</u>	<u>\$ 1,300,351.62</u>	<u>\$ 1,296,935.67</u>	<u>\$ 1,320,715.38</u>
<u>LIABILITIES, RESERVES</u>					
<u>AND FUND BALANCE</u>					
Operating Fund:					
Liabilities:					
Appropriations Reserves	\$ 226,355.04	\$ 274,168.66	\$ 85,452.85	\$ 36,754.13	\$ 191,577.91
Reserve for Encumbrances	30,099.38	85.00	25,884.64		6,916.29
Consumer Deposits	52,955.35	61,055.35	59,425.35	58,096.00	53,096.00
Accounts Payable	401.49	401.49			
Interfunds Payable	74,218.17	79,238.24	87,355.58	74,627.93	96,068.64
Due to Trust Other Fund--Reserve for Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
	<u>389,029.43</u>	<u>419,948.74</u>	<u>263,118.42</u>	<u>174,478.06</u>	<u>352,658.84</u>
Reserve for Receivables	37,609.77	24,190.94	27,810.51	38,742.68	33,259.05
Fund Balance	396,421.29	359,098.44	321,475.74	395,767.98	246,850.54
Total Operating Fund	<u>823,060.49</u>	<u>803,238.12</u>	<u>612,404.67</u>	<u>608,988.72</u>	<u>632,768.43</u>
Capital Fund:					
Capital Improvement Fund	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00
Reserve for Amortization	632,946.95	632,946.95	632,946.95	632,946.95	632,946.95
Total Capital Fund	<u>687,946.95</u>	<u>687,946.95</u>	<u>687,946.95</u>	<u>687,946.95</u>	<u>687,946.95</u>
	<u>\$ 1,511,007.44</u>	<u>\$ 1,491,185.07</u>	<u>\$ 1,300,351.62</u>	<u>\$ 1,296,935.67</u>	<u>\$ 1,320,715.38</u>

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

BOROUGH OF PEMBERTON
ELECTRIC UTILITY FUND
Statements of Operations and Changes in Fund Balance--Regulatory Basis

<u>Revenue and Other Income Realized</u>	For the Years Ended December 31,				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Metered Revenues	\$ 1,673,647.92	1,809,971.01	1,728,329.37	1,750,404.59	1,733,285.43
Miscellaneous	11,421.27	9,707.42	1,049.26	1,193.65	4,357.03
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	274,253.66	92,944.27	36,754.13	198,494.20	72,088.68
Total Income	1,959,322.85	1,912,622.70	1,766,132.76	1,950,092.44	1,809,731.14
<u>Expenditures</u>					
Operating	1,624,000.00	1,635,200.00	1,632,000.00	1,609,925.00	1,607,900.00
Deferred Charges and Statutory Expenditures	37,911.00	33,800.00	33,425.00	41,250.00	40,100.00
Surplus (General Budget)	55,089.00	31,000.00			
Total Expenditures	1,717,000.00	1,700,000.00	1,665,425.00	1,651,175.00	1,648,000.00
Excess in Revenue	242,322.85	212,622.70	100,707.76	298,917.44	161,731.14
<u>Fund Balance</u>					
Balance Jan. 1	359,098.44	321,475.74	395,767.98	246,850.54	215,119.40
	601,421.29	534,098.44	496,475.74	545,767.98	376,850.54
Decreased by:					
Utilized by Current Fund Budget	205,000.00	175,000.00	175,000.00	150,000.00	130,000.00
Balance Dec. 31	\$ 396,421.29	\$ 359,098.44	\$ 321,475.74	\$ 395,767.98	\$ 246,850.54

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

BOROUGH OF PEMBERTON
Notes to Financial Statements
For the Year Ended December 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Pemberton is located in the County of Burlington approximately 20 miles east of the City of Philadelphia. The population according to the 2010 census is 1,409.

The Borough has a Mayor-Council form of government where the Mayor is separately elected for a four year term. The Borough Council consists of six elected members for three-year terms. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk. Each member of the Council is selected to be a director of various functions within the local government.

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

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

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

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 Borough's annual budget, but also the amounts required in support of the budgets of the County of Burlington and the Borough of Pemberton School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Borough of Pemberton School District which was consolidated with the Pemberton School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016.

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

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

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

Appropriations for principal 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.

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

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 year. Lapsed appropriation reserves are recorded as income.

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

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

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

As of December 31, 2016, the Borough's bank balances of \$1,905,563.97 were fully insured and collateralized.

Note 3: PROPERTY TAXES

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

	<u>Year Ended</u>				
	<u>(R)</u> <u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	\$ 1.803	\$ 2.914	\$ 2.751	\$ 2.691	\$ 2.772
Apportionment of Tax Rate:					
Municipal	\$.448	\$.717	\$.693	\$.686	\$.671
County	.397	.668	.644	.633	.626
County Open Space Preservation Trust Fund	.044	.072	.026	.027	.074
Local School	.914	1.457	1.388	1.345	1.401

(R) – Revaluation

<u>Year</u>	<u>Amount</u>
2016 (R)	\$ 102,986,200.00
2015	64,341,100.00
2014	64,880,124.00
2013	65,529,686.00
2012	65,787,146.00

(R) – Revaluation

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2016	\$ 1,866,429.95	\$ 1,825,750.99	97.82%
2015	1,874,899.91	1,844,279.68	98.37%
2014	1,787,724.53	1,768,726.16	98.94%
2013	1,766,046.46	1,756,822.23	99.48%
2012	1,823,866.85	1,823,556.28	99.98%

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016	-	\$ 40,985.42	\$ 40,985.42	2.20%
2015	-	31,115.38	31,115.38	1.66%
2014	-	19,478.82	19,478.82	1.09%
2013	-	9,667.77	9,667.77	0.55%
2012	-	805.72	805.72	0.04%

Note 3: PROPERTY TAXES (CONT'D)

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2016	None
2015	None
2014	None
2013	None
2012	None

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2016	-
2015	-
2014	-
2013	-
2012	-

Note 5: WATER-SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of water-sewer utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2016	\$ 67,932.47	-	\$ 602,848.04	\$ 670,780.51	\$ 613,044.20
2015	47,670.26	-	621,926.27	669,596.53	601,664.06
2014	51,352.37	-	604,512.97	655,865.34	608,195.08
2013	89,267.00	-	583,608.46	672,875.46	621,523.09
2012	50,026.61	-	616,596.71	666,623.32	577,356.32

Note 6: ELECTRIC UTILITY SERVICE CHARGES

The following is a five-year comparison of electric utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2016	\$ 24,190.94	-	\$ 1,687,066.75	\$ 1,711,257.69	\$ 1,673,647.92
2015	27,810.51	-	1,806,351.44	1,834,161.95	1,809,971.01
2014	38,742.68	-	1,717,397.20	1,756,139.88	1,728,329.37
2013	33,259.05	-	1,755,888.22	1,789,147.27	1,744,366.48
2012	19,027.33	-	1,747,517.15	1,766,544.48	1,733,285.43

Note 7: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2016	\$ 322,526.07	\$ 230,000.00	71.31%
2015	321,588.97	200,000.00	62.19%
2014	414,824.55	210,000.00	50.62%
2013	394,706.28	206,459.00	52.31%
2012	312,968.47	200,000.00	63.90%

Water-Sewer Utility Operating Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Anticipated by Current Fund Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2016	\$ 110,768.17	\$ 40,000.00		36.11%
2015	91,474.80	41,500.00		45.37%
2014	130,481.67	28,000.00	\$ 30,000.00	44.45%
2013	156,201.45		70,000.00	44.81%
2012	117,454.65	30,140.00	25,000.00	46.95%

Note 7: FUND BALANCES APPROPRIATED (CONT'D)

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets (cont'd):

Electric Utility Operating Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Anticipated by Current Fund Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2016	\$ 396,421.29	\$ 44,000.00	\$ 195,000.00	60.29%
2015	359,098.44		205,000.00	57.09%
2014	321,475.74		175,000.00	54.44%
2013	395,767.98		175,000.00	44.22%
2012	246,850.54		150,000.00	60.77%

Note 8: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2016:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 127,952.97	\$ 594,557.42
Federal and State Grant		65,373.73
Trust - Animal Control		54.69
Trust - Other	12,200.00	5,069.83
General Capital	122,620.10	114,000.91
Water-Sewer Utility - Operating	99,649.79	64,654.72
Water-Sewer Utility - Capital	49,908.58	80,431.62
Electric Utility - Operating	536,029.65	79,218.17
Electric Utility - Capital	55,000.00	
	<u>\$ 1,003,361.09</u>	<u>\$ 1,003,361.09</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2017, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 9: PENSION PLANS

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

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

General Information about the Pension Plans**Plan Descriptions**

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

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

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, 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 of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Borough's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Borough's contractually required contribution rate for the year ended December 31, 2016 was 13.02% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 is \$53,732.00, and is payable by April 1, 2017. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2015, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$51,369.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were \$29,388.59.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 8.5% to 10.0% in October 2011. Employers' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

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

The Borough's contractually required contribution rate for the year ended December 31, 2016 was 26.42% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 is \$82,487.00, and is payable by April 1, 2017. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2015, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$58,114.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were \$33,468.48.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2016 was 1.99% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2016 is \$6,218.00, and is payable by April 1, 2017. Based on the PFRS measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2015 was \$5,436.00, which was paid on April 1, 2016.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2016, employee contributions totaled \$2,728.80, and the Borough's contributions were \$1,488.52. There were no forfeitures during the year.

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

Public Employees' Retirement System - At December 31, 2016, the Borough's proportionate share of the PERS net pension liability was \$1,791,325.00. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the Borough's proportion was 0.0060482737%, which was an increase of 0.0000732708% from its proportion measured as of June 30, 2015.

At December 31, 2016, the Borough's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2016 measurement date is \$186,671.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2016, the Borough's contribution to PERS was \$51,369.00, and was paid on April 1, 2016.

Police and Firemen's Retirement System - At December 31, 2016, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 1,932,582.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	162,289.00
	<u>\$ 2,094,871.00</u>

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2016 measurement date, the Borough's proportion was 0.0101168764%, which was an increase of 0.0029674713% from its proportion measured as of June 30, 2015. Likewise, at June 30, 2016, the State of New Jersey's proportion, on-behalf of the Borough, was 0.0101168764%, which was an increase of 0.0029674713% from its proportion, on-behalf of the Borough, measured as of June 30, 2015.

At December 31, 2016, the Borough's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2016 measurement date is \$260,636.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2016, the Borough's contribution to PFRS was \$58,114.00, and was paid on April 1, 2016.

At December 31, 2016, the State's proportionate share of the PFRS pension expense, associated with the Borough, calculated by the plan as of the June 30, 2016 measurement date is \$20,728.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2016, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 33,313.00	\$ -	\$ 33,313.00	\$ -	\$ 12,668.00	\$ 12,668.00
Changes of Assumptions	371,067.00	267,679.00	638,746.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	68,305.00	135,412.00	203,717.00	-	-	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	65,305.00	342,462.00	407,767.00	4,503.00	66,535.00	71,038.00
Borough Contributions Subsequent to the Measurement Date	26,866.00	41,244.00	68,110.00	-	-	-
	<u>\$ 564,856.00</u>	<u>\$ 786,797.00</u>	<u>\$ 1,351,653.00</u>	<u>\$ 4,503.00</u>	<u>\$ 79,203.00</u>	<u>\$ 83,706.00</u>

\$26,866.00 and \$41,244.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2017. These amounts were based on an estimated April 1, 2018 contractually required contribution, prorated from the pension plans measurement date of June 30, 2016 to the Borough's year end of December 31, 2016.

Note 9: PENSION PLANS (CONT'D)

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

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

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

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2017	\$ 122,070.00	\$ 147,314.00	\$ 269,384.00
2018	122,070.00	147,314.00	269,384.00
2019	138,941.00	179,780.00	318,721.00
2020	115,950.00	145,595.00	261,545.00
2021	34,456.00	46,347.00	80,803.00
	<u>\$ 533,487.00</u>	<u>\$ 666,350.00</u>	<u>\$ 1,199,837.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation	3.08%	3.08%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%	7.65%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

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

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

Note 9: **PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 at June 30, 2016 was 3.98% for PERS and 5.55% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65%, 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 municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 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 for PERS and through 2050 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 for PERS and through 2050 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 9: PENSION PLANS (CONT'D)**Sensitivity of Borough's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Public Employees' Retirement System (PERS) - The following presents the Borough's proportionate share of the net pension liability at June 30, 2016, the plans measurement date, calculated using a discount rate of 3.98%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 2,195,060.00</u>	<u>\$ 1,791,325.00</u>	<u>\$ 1,458,007.00</u>

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Borough's annual required contribution. As such, the net pension liability as of June 30, 2016, the plans measurement date, for the Borough and the State of New Jersey, calculated using a discount rate of 5.55%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Borough's Proportionate Share of the Net Pension Liability	\$ 2,491,923.00	\$ 1,932,582.00	\$ 1,476,473.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>209,259.77</u>	<u>162,289.00</u>	<u>123,987.17</u>
	<u>\$ 2,701,182.77</u>	<u>\$ 2,094,871.00</u>	<u>\$ 1,600,460.17</u>

Pension Plan Fiduciary Net Position

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

Note 9: PENSION PLANS (CONT'D)**Supplementary Pension Information**

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

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0060482737%	0.0059750029%	0.0055487385%	0.0055928523%
Borough's Proportionate Share of the Net Pension Liability	\$ 1,791,325.00	\$ 1,341,268.00	\$ 1,038,876.00	\$ 1,068,905.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 416,076.00	\$ 391,712.00	\$ 364,448.00	\$ 385,804.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	430.53%	342.41%	285.05%	277.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

Schedule of the Borough's Contributions - Public Employees' Retirement System (PERS) (Last Four Years)

	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 53,732.00	\$ 51,369.00	\$ 45,743.00	\$ 42,141.00
Borough's Contribution in Relation to the Contractually Required Contribution	(53,732.00)	(51,369.00)	(45,743.00)	(42,141.00)
Borough's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll (Calendar Year)	\$ 412,605.00	\$ 434,420.00	\$ 398,837.00	\$ 361,313.00
Borough's Contributions as a Percentage of its Covered Payroll	13.02%	11.82%	11.47%	11.66%

Note 9: **PENSION PLANS (CONT'D)**

Supplementary Pension Information (Cont'd)

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

	Measurement Date Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0101168764%	0.0071494051%	0.0071364676%	0.0081105818%
Borough's Proportionate Share of the Net Pension Liability	\$ 1,932,582.00	\$ 1,190,842.00	\$ 897,701.00	\$ 1,078,229.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	162,289.00	104,433.00	96,667.00	100,504.00
Total	<u>\$ 2,094,871.00</u>	<u>\$ 1,295,275.00</u>	<u>\$ 994,368.00</u>	<u>\$ 1,178,733.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 323,360.00	\$ 226,408.00	\$ 213,136.00	\$ 203,692.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	597.66%	525.97%	421.19%	529.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%

Schedule of the Borough's Contributions - Police and Firemen's Retirement System (PFRS) (Last Four Years)

	Year Ended December 31,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 82,487.00	\$ 58,114.00	\$ 54,813.00	\$ 59,173.00
Borough's Contribution in Relation to the Contractually Required Contribution	(82,487.00)	(58,114.00)	(54,813.00)	(59,173.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 312,158.00	\$ 297,634.00	\$ 252,196.00	\$ 206,175.00
Borough's Contributions as a Percentage of its Covered Payroll	26.42%	19.53%	21.73%	28.70%

Note 9: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - None

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1998, the Borough authorized participation in the SHBP's post-retirement benefit program through resolution number 1998-12. The Borough agreed to pay the premium or periodic charges for the benefits provided to all eligible retired employees and their spouses covered under the program, if such employee retired from a State or locally administered retirement system on a benefit based on 25 years or more of service credited in such retirement system, excepting the employees who elected deferred retirement but including the employees who retired on disability pensions based on fewer years of service credited in such retirement system. The Borough also agreed to reimburse such retired employee for their premium charges under Part B of the Federal Medicare Program covering the retired employees and spouses in accordance with the regulations of the State Health Benefits Commission.

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

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits. The Borough's contributions to SHBP for the years ended December 31, 2016, 2015, and 2014, were \$71,332.80, \$67,631.28, and \$63,069.84, respectively, which equaled the required contributions each year. There were two retired participants eligible at December 31, 2016.

Note 11: COMPENSATED ABSENCES

Full-time employees who work a forty hour work week will receive eighty hours sick leave and employees who work a thirty-six hour work week will receive seventy two hours sick leave. Unused sick leave may be accumulated and carried forward to the subsequent year up to a maximum of four hundred hours. At the end of the year, employees receive compensation at their hourly rate for half of all hours accumulated above the maximum four hundred hours. Vacation days not used during the year may not be accumulated and carried forward.

Vacation days are earned at the following rate:

<u>Years of Service</u>	<u>Amount of Vacation Leave</u>
Twelve months or fewer	Three and a third hours per month
First through second year	Five days
Third through fourth year	Ten days
Fifth through ninth year	Fifteen days
Tenth through fourteenth year	Twenty days
Fifteenth year and thereafter	Twenty-Five days

The Borough of Pemberton compensates employees for unused sick leave and vacation time upon termination or retirement. The current policy provides for employees to be compensated at the regular hourly rate at termination of employment.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2016, accrued benefits for compensated absences are valued at \$61,160.62.

Note 12: LEASE OBLIGATIONS

At December 31, 2016, the Borough had lease agreements in effect for the following:

Capital:

- One (1) Altec Bucket Truck
- One (1) 2014 Chevrolet Caprice

The following is an analysis of the Borough's capital leases:

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2016</u>	<u>2015</u>
Vehicles	\$ 70,200.61	\$ 108,739.71

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

<u>Year</u>	<u>Amount</u>
2017	\$ 40,173.47
2018	30,027.14

Note 13: CAPITAL DEBT

Summary of Debt

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Issued</u>			
General:			
Notes	\$ 210,000.00	\$ 50,000.00	\$ 75,000.00
Water-Sewer Utility:			
Notes	705,000.00	729,500.00	697,500.00
Total Issued	915,000.00	779,500.00	772,500.00
<u>Authorized but not Issued</u>			
General:			
Notes	188,016.86	383,456.70	395,516.86
Water-Sewer Utility:			
Notes	414,439.70	414,439.70	319,439.70
Total Authorized but not Issued	602,456.56	797,896.40	714,956.56
Total Issued and Authorized but not Issued	1,517,456.56	1,577,396.40	1,487,456.56
<u>Deductions</u>			
Self-Liquidating	1,119,439.70	1,143,939.70	1,016,939.70
Total Deductions	1,119,439.70	1,143,939.70	1,016,939.70
<u>Net Debt</u>	<u>\$ 398,016.86</u>	<u>\$ 433,456.70</u>	<u>\$ 470,516.86</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .353%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Self-Liquidating	\$ 1,119,439.70	\$ 1,119,439.70	
General	398,016.86		\$ 398,016.86
	<u>\$ 1,517,456.56</u>	<u>\$ 1,119,439.70</u>	<u>\$ 398,016.86</u>

Net debt \$398,016.86 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$112,762,203.33, equals .353%.

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 3,946,677.12
Less: Net Debt	<u>398,016.86</u>
Remaining Borrowing Power	<u>\$ 3,548,660.26</u>

Note 13: CAPITAL DEBT (CONT'D)**Calculation of "Self-Liquidating Purpose,"
Water-Sewer Utility Per N.J.S.A. 40:2-45**

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year		\$	751,234.41
Deductions:			
Operating and Maintenance Costs	\$	680,274.00	
Debt Service		<u>34,299.02</u>	
Total Deductions			<u>714,573.02</u>
Excess in Revenue		\$	<u>36,661.39</u>

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

Note 14: SCHOOL TAXES

Pemberton School tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	Balance December 31,	
	<u>2016</u>	<u>2015</u>
Balance of Tax	\$ 472,429.41	\$ 470,123.39
Deferred	<u>470,969.00</u>	<u>468,663.00</u>
	<u>\$ 1,460.41</u>	<u>\$ 1,460.39</u>

Note 15: RISK MANAGEMENT

The Borough 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.

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

Note 15: RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance (Cont'd) - The following is a summary of Borough contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	-	\$ 1,700.92		\$ 4,006.29	\$ 4,165.07
2015	-	1,585.14		1,874.61	6,470.44
2014	-	1,552.37		-	6,759.91

Joint Insurance Pool - The Borough is a member of the Burlington County Insurance Pool Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles

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

The Borough's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

The Fund publishes its own financial report which can be obtained on the Fund's website:

Burlington County Municipal Joint Insurance Fund
www.burlcojif.org

Note 16: CONTINGENCIES

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

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

Note 17: CONCENTRATIONS

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

Note 18: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements		
Acquisition of a Fire Truck	4/17/2017	\$ 600,000.00

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL



November 7, 2017

Mayor and Borough Council
of the Borough of Pemberton
50 Egbert Street
Pemberton, New Jersey

**RE: \$1,680,000 BOROUGH OF PEMBERTON, COUNTY OF BURLINGTON,
NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2017**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds") by the Borough of Pemberton, County of Burlington, New Jersey ("Borough"). The Bonds consist of: (i) \$806,000 General Improvement Bonds; and (ii) \$874,000 Water and Sewer Utility Bonds.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Borough Council and published in accordance with applicable law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Borough Council on October 3, 2017 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on October 25, 2017 ("Award Certificate").

The Bonds are dated November 7, 2017, mature on November 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum below, payable initially on May 1, 2018 and semi-annually thereafter on November 1 and May 1 in each year until maturity.

<u>Year</u>	<u>General Improvement</u>	<u>W&S Utility</u>	<u>Total Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>General Improvement</u>	<u>W&S Utility</u>	<u>Total Amount</u>	<u>Interest Rate</u>
2018	\$51,000	\$39,000	\$90,000	2.250%	2026	\$100,000	\$60,000	\$160,000	2.750%
2019	90,000	50,000	140,000	2.500	2027	0	60,000	60,000	3.000
2020	90,000	50,000	140,000	2.500	2028	0	65,000	65,000	3.000
2021	90,000	55,000	145,000	2.500	2029	0	65,000	65,000	3.000
2022	95,000	55,000	150,000	2.500	2030	0	65,000	65,000	3.000
2023	95,000	55,000	150,000	2.500	2031	0	70,000	70,000	3.000
2024	95,000	55,000	150,000	2.500	2032	0	70,000	70,000	3.000
2025	100,000	60,000	160,000	2.500					

The Bonds are issued in fully registered book-entry-only form without coupons, and are not subject to redemption prior to maturity.

COUNSEL WHEN IT MATTERS.SM

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

The Bonds are being issued to provide funds which will be used to: (i) permanently finance the cost of various capital improvements by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Borough; (ii) permanently finance the costs of various capital improvements for which obligations have been authorized, but not issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, inter alia, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinances, the Resolution, the Award Certificate, the representations and covenants of the Borough given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and Other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Bonds.

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

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

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

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

3. Interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and is not a specific item of tax preference item under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).

Interest on tax-exempt obligations, including the Bonds, is not excludable in calculating certain corporation's "adjusted current earnings." Accordingly, a portion of the interest on the Bonds received or accrued by a corporation that owns the Bonds is included in computing such corporation's alternative minimum taxable income for such year.

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

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

In rendering this opinion, we have assumed continuing compliance by the Borough that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Borough to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Bonds.

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

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

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

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

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

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

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this 7th day of November, 2017 between the Borough of Pemberton, County of Burlington, New Jersey ("Borough") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Borough of its General Obligation Bonds, Series 2017, in the principal amount of \$1,680,000 ("Bonds").

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

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

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

"Commission" shall have the meaning set forth in Section 1 of this Disclosure Agreement

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

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

"Dissemination Agent" shall mean Phoenix Advisors LLC, Bordentown, New Jersey, or any successor Dissemination Agent designated in writing by the Borough and which has filed with the Borough a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062 of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Official Statement" shall mean the Official Statement of the Borough dated October 25, 2017 relating to the Bonds.

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

"Rule" shall have the meaning set forth in Section 1 of this Disclosure Agreement.

SECTION 3. Provision of Annual Report.

(a) The Borough shall not later than September 30 of each year, beginning with September 30, 2018 for fiscal year ending December 31, 2017, and for each fiscal year until termination of the Borough's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Borough. Each Annual Report provided to the Dissemination Agent by the Borough shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

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

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

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

SECTION 5. Reporting of Significant Events.

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

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

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

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

SECTION 6. Termination of Reporting Obligations. The reporting obligations of the Borough under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Borough is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borough may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change

or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The Borough shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

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

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

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

(i) If to the Borough:

Borough of Pemberton, County of Burlington, New Jersey
50 Egbert Street
Pemberton, New Jersey 08068
Attention: Donna J. Mull, Treasurer

(ii) If to the Dissemination Agent:

Phoenix Advisors LLC
4 West Park Street
Bordentown, New Jersey 08505

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 11 for the giving of notice.

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

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

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

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

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

BOROUGH OF PEMBERTON, NEW JERSEY

By: _____
DONNA J. MULL, Treasurer

**PHOENIX ADVISORS LLC,
as Dissemination Agent**

By: _____
**SHERRY L. TRACEY,
Senior Managing Director**

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Borough of Pemberton, County of Burlington, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2017

Date of Issuance of the Affected
Bond Issue: November 7, 2017

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated November 7, 2017, between the Borough and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____.]

Dated: _____

PHOENIX ADVISORS LLC,
as Dissemination Agent

cc: Borough of Pemberton, New Jersey

APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL ASSURANCE CORP.

AN ASSURED GUARANTY COMPANY

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

MUNICIPAL ASSURANCE CORP. ("MAC"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of MAC, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which MAC shall have received Notice of Nonpayment, MAC will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by MAC, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in MAC. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by MAC is incomplete, it shall be deemed not to have been received by MAC for purposes of the preceding sentence and MAC shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, MAC shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by MAC hereunder. Payment by MAC to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of MAC under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless MAC shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to MAC which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

MAC may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to MAC pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to MAC and shall not be deemed received until received by both and (b) all payments required to be made by MAC under this Policy may be made directly by MAC or by the Insurer's Fiscal Agent on behalf of MAC. The Insurer's Fiscal Agent is the agent of MAC only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of MAC to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, MAC agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to MAC to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of MAC, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, MUNICIPAL ASSURANCE CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

MUNICIPAL ASSURANCE CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Ltd.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/13) (MAC)