

OFFICIAL STATEMENT DATED APRIL 30, 2019

**NEW ISSUE**  
**BOOK-ENTRY ONLY**

**Ratings: NOT RATED**

*In the opinion of Malamut & Associates, LLC, Bond Counsel to the Township, based on certifications of the Township (as hereinafter defined) and assuming continuing compliance with its covenants pertaining to provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes (as hereinafter defined), interest on the Tax-Exempt Notes is excludable from gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. Interest on the Taxable Notes is not excludable from gross income of the owners thereof for federal income tax purposes under current law. For certain corporate Holders, interest on the Tax-Exempt Notes may indirectly be subject to federal alternate minimum tax for tax years beginning before January 1, 2018. In the opinion of Bond Counsel, interest on the Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein for a full discussion.*

**\$10,405,800**  
**TOWNSHIP OF EVESHAM**  
**IN THE COUNTY OF BURLINGTON,**  
**NEW JERSEY**  
**BOND ANTICIPATION NOTES, Series 2019A (Tax Exempt)**  
**(Not Bank Qualified)**  
**Consisting of:**  
**\$9,761,100 General Capital Notes**  
**and**  
**\$644,700 Golf Utility Notes**  
**Dated: May 7, 2019**  
**Maturing: May 7, 2020**  
**Interest Rate: 2.75%**  
**Reoffered to Yield: 1.74%**  
**CUSIP: 300471PR4**

**\$8,049,052**  
**TOWNSHIP OF EVESHAM**  
**IN THE COUNTY OF BURLINGTON,**  
**NEW JERSEY**  
**BOND ANTICIPATION NOTES, Series 2019B (Federally Taxable)**  
**Consisting of:**  
**\$6,295,700 General Capital Notes**  
**and**  
**\$1,753,352 Golf Utility Notes**  
**Dated: May 7, 2019**  
**Maturing: May 7, 2020**  
**Interest Rate: 2.75%**  
**Reoffered to Yield: 2.60%**  
**CUSIP: 300471PS2**

The \$18,454,852 Notes of the Township of Evesham, in the County of Burlington, New Jersey (the "Township") consisting of (i) \$9,761,100 General Capital Notes, Series 2019 (Tax-Exempt) (the "Tax-Exempt General Capital Notes"); (ii) \$644,700 Golf Utility Notes, Series 2019 (Tax-Exempt) (the "Tax-Exempt Golf Utility Notes" and together with the Tax-Exempt General Capital Notes, the "Tax-Exempt Notes"); (iii) \$6,295,700 General Capital Notes, Series 2019 (Federally Taxable) (the "Taxable General Capital Notes") and (iv) \$1,753,352 Golf Utility Notes, Series 2019 (Federally Taxable) (the "Taxable Golf Utility Notes", and together with the Taxable General Capital Notes, the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes"), dated the date of delivery, are general obligations of the Township, payable from ad valorem taxes levied upon all the taxable property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The Notes of each series will be issued in fully registered book-entry only form and, when issued, and the Notes may, be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Individual purchases of the Notes may be made in book-entry only form in denominations of \$5,000 or any integral multiple thereof, except that any amount in excess of the largest principal amount thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof.

The Notes of each series will bear interest at the rates per annum and reoffering yields, as shown on the cover page, commencing from their date of delivery. Interest on the Notes will be payable at maturity, as shown above. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent at the date of maturity.

While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes of each series will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Tax-Exempt Notes are being issued to: (i) refund, on a current basis, \$5,066,200 outstanding tax-exempt bond anticipation notes of the Township, dated May 17, 2018 and maturing May 9, 2019; (ii) temporarily finance various improvements; and (iii) pay the costs associated with the issuance of the Tax-Exempt Notes.

The Taxable Notes, along with other available funds of the Township in the amount of \$136,600, are being issued to: (i) refund, on a current basis, \$8,185,652 outstanding taxable bond anticipation notes of the Township, dated May 10, 2018 and maturing May 9, 2019; and (ii) pay the costs associated with the issuance of the Taxable Notes.

The Notes are not subject to optional redemption prior to their stated maturities.

The Notes are not debt or obligations, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Township.

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

*The Notes are offered when, as and if issued and delivered to the Underwriter, subject to withdrawal or modification of the offer without notice, to the prior approval of legality by the law firm of Malamut & Associates, LLC, Cherry Hill, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its counsel. Phoenix Advisors, LLC, Bordentown, New Jersey, served as Municipal Advisor to the Township in connection with the Notes. It is expected that delivery of the Notes in book-entry only form will be made at DTC, on or about May 7, 2019.*

**PiperJaffray**  
(Taxable Notes)

**TOWNSHIP OF EVESHAM  
IN THE COUNTY OF BURLINGTON, NEW JERSEY  
984 Tuckerton Road  
Marlton, NJ 08053  
(856) 983-2900**

**MAYOR**  
Jaclyn Veasy

**TOWNSHIP COUNCIL**  
Heather Cooper – Deputy Mayor  
Patricia Hansen  
Kenneth D’Andrea  
Robert Dienna

**CHIEF FINANCIAL OFFICER**  
Thomas Shanahan

**TAX COLLECTOR**  
Kathy Merkh

**TOWNSHIP CLERK**  
Mary Lou Bergh

**TOWNSHIP ATTORNEY**  
Primitivo J. Cruz, Esq.  
Cherry Hill, New Jersey

**AUDITOR**  
Mercadien, P.C.  
Hamilton, New Jersey

**2017 AUDITOR**  
Bowman & Company, LLP  
Voorhees, New Jersey

**BOND COUNSEL**  
Malamut & Associates, LLC  
Cherry Hill, New Jersey

**MUNICIPAL ADVISOR**  
Phoenix Advisors, LLC  
Bordentown, New Jersey

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Underwriter. The Underwriter has reviewed the information in this official statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

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

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

THIS OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE SECURITIES REFERRED TO HEREIN, AND MAY NOT BE REPRODUCED OR BE USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE.

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**OFFICIAL STATEMENT  
OF THE  
TOWNSHIP OF EVESHAM  
IN THE COUNTY OF BURLINGTON, STATE OF NEW JERSEY  
RELATING TO**

**\$10,405,800  
TOWNSHIP OF EVESHAM  
IN THE COUNTY OF BURLINGTON,  
NEW JERSEY  
BOND ANTICIPATION NOTES, Series 2019A (Tax Exempt)  
(Not Bank Qualified)  
Consisting of:  
\$9,761,100 General Capital Notes  
and  
\$644,700 Golf Utility Notes**

**\$8,049,052  
TOWNSHIP OF EVESHAM  
IN THE COUNTY OF BURLINGTON,  
NEW JERSEY  
BOND ANTICIPATION NOTES, Series 2019B (Federally Taxable)  
Consisting of:  
\$6,295,700 General Capital Notes  
and  
\$1,753,352 Golf Utility Notes**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Evesham (the “Township”), in the County of Burlington (the “County”), New Jersey (the “State”) in connection with the sale and issuance of \$18,454,852 Notes consisting of (i) \$9,761,100 General Capital Notes, Series 2019 (Tax-Exempt) (the “Tax-Exempt General Capital Notes”); (ii) \$644,700 Golf Utility Notes, Series 2019 (Tax-Exempt) (the “Tax-Exempt Golf Utility Notes” and together with the Tax-Exempt General Capital Notes, the “Tax-Exempt Notes”); (iii) \$6,295,700 General Capital Notes, Series 2019 (Federally Taxable) (the “Taxable General Capital Notes”) and (iv) \$1,753,352 Golf Utility Notes, Series 2019 (Federally Taxable) (the “Taxable Golf Utility Notes”, and together with the Taxable General Capital Notes, the “Taxable Notes”, and together with the Tax-Exempt Notes, the “Notes”) of the Township.

**THE NOTES**

**General Description**

The Notes shall be dated and shall bear interest from their dated date, and will mature on the date and in the amount, as shown on the front cover page hereof. The Notes shall bear interest, which is payable at maturity, at the interest rate set forth on the front cover page hereof. The Notes may be purchased in book-entry-only form in the amount of \$5,000 or any integral multiple thereof, through book-entries made on the books and the records of The Depository Trust Company, New York, New York (“DTC”) and its participants. See “Book-Entry-Only System”. The Township will act as the “Note Registrar/Paying Agent” for the Notes.

**Book-Entry-Only System<sup>1</sup>**

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is

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<sup>1</sup> Source: The Depository Trust Company

based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations as to the completeness or accuracy of such information.

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Discontinuation of Book-Entry-Only System**

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

### **Redemption**

The Notes are not subject to redemption prior to maturity.

## **AUTHORIZATION AND PURPOSE OF THE NOTES**

### Tax-Exempt Notes

The Tax-Exempt Notes are being issued to: (i) refund, on a current basis, \$5,066,200 outstanding tax-exempt bond anticipation notes of the Township dated May 17, 2018 and maturing May 9, 2019 (the "Prior Tax-Exempt Notes"); (ii) temporarily finance various improvements; and (iii) pay the costs associated with the issuance of the Tax-Exempt Notes. The Tax-Exempt Notes and the improvements or purposes for which the Tax-Exempt Notes are to be issued have been authorized by bond ordinances duly adopted by the Township, which ordinances are described in the following table by ordinance number, description and amount of Prior Tax-Exempt Notes being refunded with the Tax-Exempt Notes and amount of new money:

### **Tax-Exempt General Capital Notes**

<u><b>Ordinance No.</b></u>	<u><b>Purpose</b></u>	<u><b>Amount of Prior Tax-Exempt Notes Being Refunded with the Tax-Exempt General Capital Notes</b></u>	<u><b>Amount of New Money</b></u>
07-04-18	Various Capital Improvements	\$4,761,500	\$0
06-04-19	Various Capital Improvements	0	4,999,600
<b>Subtotal:</b>		<u><b>\$4,761,500</b></u>	<u><b>\$4,999,600</b></u>
<b>Total Tax-Exempt General Capital Notes:</b>			<u><b>\$9,761,100</b></u>



**Tax-Exempt Golf Utility Notes**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of Prior Tax-Exempt Notes Being Refunded with the Tax-Exempt Golf Utility Notes</u></b>	<b><u>Amount of New Money</u></b>
08-04-18/26-12-18	Golf Course Facility Improvements	\$304,700	\$340,000
<b>Subtotal:</b>		<b>\$304,700</b>	<b>\$340,000</b>
<b>Total Tax-Exempt Golf Utility Notes:</b>			<b><u>\$644,700</u></b>

**Taxable Notes**

The Taxable Notes, along with other available funds of the Township in the amount of \$136,600, are being issued to: (i) refund, on a current basis, \$8,185,652 outstanding taxable bond anticipation notes of the Township dated May 10, 2018 and maturing May 9, 2019 (the “Prior Taxable Notes”); and (ii) pay the costs associated with the issuance of the Taxable Notes. The Taxable Notes and the improvements or purposes for which the Taxable Notes are to be issued have been authorized by various bond ordinances duly adopted by the Township, which bond ordinances are described in the following table by ordinance number, description and amount of Prior Taxable Notes being refunded with the Taxable Notes:

**Taxable General Capital Notes**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of Prior Taxable Notes Being Refunded with the Taxable Notes</u></b>
16-8-16	Public Works Complex	\$6,295,700
<b>Total Taxable General Capital Notes:</b>		<b><u>\$6,295,700</u></b>

**Taxable Golf Utility Notes**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of Prior Taxable Notes Being Refunded with the Taxable Notes</u></b>
8-4-13	Golf Course Facility Improvements	\$379,497
19-6-13	Golf Course Facility Improvements	258,455
10-4-15	Golf Course Facility Improvements	67,400
8-3-16/24-12-16	Golf Course Facility Improvements	<u>1,048,000</u>
<b>Total Taxable Golf Utility Notes:</b>		<b><u>\$1,753,352</u></b>

**Payment of Notes**

As hereinafter stated, the Notes are general obligations of the Township for which the full faith and credit of the Township will be pledged. The Township is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Township for the payment of principal of and interest on Notes without limitation as to rate or amount.

## SECURITY FOR THE NOTES

The Notes are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Notes. The Township is required by law to levy *ad valorem* taxes on all taxable real property in the Township for the payment of the principal, redemption premium, if any, of and the interest on the Notes, without limitation as to rate or amount.

### The Township

The Township is located in Burlington County, New Jersey. See Appendix “A” for demographic and statistical information concerning the Township.

## PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

### Local Bond Law

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

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

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. As shown in Appendix “A”, as of December 31, 2018, the Township has not exceeded its statutory debt limit. The Township will not exceed its statutory debt limit with the issuance of the Notes.

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

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

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

**Refunding Bonds** – Refunding Bonds may be issued pursuant to the Local Bond Law for the purpose of paying and/or funding outstanding notes, 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 such 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 Township.

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

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

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

### **Local Budget Law**

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

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

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

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

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

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010, which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, N.J.S.A. 40A:4-45-46) in 2011 no longer permit Municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

### **Miscellaneous Revenues**

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

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

### **Real Estate Taxes**

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

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

### **Deferral of Current Expenses**

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

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

## **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

## **Capital Budget**

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

## **Related Constitutional and Statutory Provisions**

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

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

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

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

## **Rights and Remedies of Owners of Notes**

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

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

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

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

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

### **Limitation of Remedies Under Federal Bankruptcy Code**

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

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

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

## **TAX MATTERS**

### **EXCLUSION OF INTEREST ON THE TAX-EXEMPT NOTES FROM GROSS INCOME FOR FEDERAL TAX PURPOSES**

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Tax-Exempt Notes in order to assure that interest on the Tax-Exempt Notes will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Tax-Exempt Notes to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Tax-Exempt Notes. The Township will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Tax-Exempt Notes, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Tax-Exempt Notes and has covenanted not to take any action or fail to take any action that would cause interest on the Tax-Exempt Notes to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Township with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Tax-Exempt Notes from gross income for federal income tax purposes and with respect to the treatment of interest on the Tax-Exempt Notes for the purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to compliance with the Code, Malamut & Associates, LLC, Bond Counsel to the Township, is of the opinion that, under existing law, interest on the Tax-Exempt Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Tax-Exempt Notes is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Tax-Exempt Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (“IRS”) or any court. Bond Counsel expresses no opinion about the effect of future changes in (i) the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Tax-Exempt Notes ends with the issuance of the Tax-Exempt Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Township or the owners of the Tax-Exempt Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Tax-Exempt Notes, under current IRS procedures, the IRS will treat the Township as the taxpayer and the beneficial owners of the Tax-Exempt Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Tax-Exempt Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Tax-Exempt Notes.

Payments of interest on tax-exempt obligations, including the Tax-Exempt Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.



## **Original Issue Premium**

The Tax-Exempt Notes may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Tax-Exempt Notes to a purchaser (other than a purchaser who holds such Tax-Exempt Notes as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Tax-Exempt Notes used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Tax-Exempt Notes. Accordingly, an owner of the Tax-Exempt Notes may have taxable gain from the disposition of the Tax-Exempt Notes, even though the Tax-Exempt Notes is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Tax-Exempt Notes. Bond premium amortizes over the term of the Tax-Exempt Notes under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Tax-Exempt Notes should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Tax-Exempt Notes.

## **Bank-Qualification**

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

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

## **Additional Federal Income Tax Consequences of Holding the Tax-Exempt Notes**

Prospective purchasers of the Tax-Exempt Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Tax-Exempt Notes, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Tax-Exempt Notes from gross income pursuant to Section 103 of the Code and interest on the Tax-Exempt Notes not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Tax-Exempt Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Tax-Exempt Notes.

## CHANGES IN FEDERAL TAX LAW REGARDING THE TAX-EXEMPT NOTES

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Tax-Exempt Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Tax-Exempt Notes will not have an adverse effect on the tax status of interest on the Tax-Exempt Notes or the market value or marketability of the Tax-Exempt Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Tax-Exempt Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

## TAXABLE NOTES

### General

In the opinion of Bond Counsel, interest on the Taxable Notes is includable in gross income for federal income tax purposes.

The following is a summary of certain United States federal income tax consequences of the ownership of the Taxable Note as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

This summary is based on the Code, as well as Treasury Regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Taxable Notes generally and does not purport to furnish information in the level of detail or with the investor's specific tax circumstances that would be provided by an investor's own tax advisor. For example, this summary is addressed only to original purchasers of the Taxable Notes that are "U.S. holders" (as defined below), deals only with the Taxable Notes held as a capital asset within the meaning of Section 1221 of the Code and does not address tax consequences to holders that may be relevant to investors subject to special rules. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in the Taxable Notes.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of the Taxable Notes. A "non-U.S. investor" is a holder (or beneficial owner) of the Taxable Notes that is not a U.S. person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration, and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

### *Sale or Redemption of the Taxable Notes*

A note owner's tax basis for the Taxable Notes is the price such owner pays for the Taxable Notes plus amounts of any original issue discount included in income, reduced on account of any payments received (other than "qualified periodic interest" payments) and any amortized premium. Gain

or loss recognized on a sale, exchange or redemption of the Taxable Notes, measured by the difference between the amount realized and the Taxable Notes' basis as so adjusted, will generally give rise to capital gain or loss if the Taxable Notes are held as a capital asset.

#### *Possible Recognition of Taxable Gain or Loss Upon Defeasance of Taxable Notes*

Defeasance of any Taxable Notes may result in a deemed exchange under Section 1001 of the Code, in which event the holder of such Taxable Notes will recognize taxable gain or loss in an amount equal to the difference between the amount realized from the deemed exchange (less any accrued qualified stated interest which will be taxable as such) and the holder's adjusted basis in such Taxable Notes.

#### *Backup Withholding*

A noteowner may, under certain circumstances, be subject to "backup withholding" (currently the rate of this withholding tax is 28%, but may change in the future) with respect to interest or original issue discount on the Taxable Notes. This withholding generally applies if the owner of the Taxable Notes (a) fails to furnish the Township or its paying agent with its taxpayer identification number; (b) furnishes the Township or its paying agent an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under certain circumstances, fails to provide the Township or its paying agent with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to note owners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents (as defined below). Owners of the Taxable Notes should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

The amount of "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to payments on the Taxable Notes will be reported to the note owners and to the Internal Revenue Service (the "IRS").

#### *Foreign Note Owners*

Under the Code, interest and original issue discount income with respect to the Taxable Notes held by nonresident alien individuals, foreign corporations or other non-United States persons ("Nonresidents") generally will not be subject to the United States withholding tax (or backup withholding) if the Township or the Paying Agent (or other person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of the Taxable Notes is a Nonresident. The withholding tax may be reduced or eliminated by an applicable tax treaty, if any. Notwithstanding the foregoing, if any such payments are effectively connected with a United States trade or business conducted by a Nonresident note owner, they will be subject to regular United States income tax, but will ordinarily be exempt from United States withholding tax.

#### *ERISA*

The Employees Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA (an "ERISA Plan") and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. All fiduciaries

of ERISA Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Taxable Notes.

In all events, all investors should consult their own tax advisors in determining the federal, state, local and other tax consequences to them of the purchase, ownership and disposition of Taxable Notes.

### **State Taxation**

Bond Counsel is of the opinion that, based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE NOTES ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE NOTES, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

### **LEGALITY FOR INVESTMENT**

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

### **LITIGATION**

Upon delivery of the Notes, the Township shall furnish a certification of its counsel, Primitivo J. Cruz, Esq. (the "Township Counsel"), dated the date of delivery of the Notes, to the effect that to his knowledge there is no litigation of any nature, pending or threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. In addition, such certification shall state that, to the Township Counsel's knowledge and information, there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material and adverse impact on the Township's ability to meet its obligations for the payment of the Notes.

### **SECONDARY MARKET DISCLOSURE**

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

A) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the “MSRB”) notice of the occurrence of any of the following events within 10 business days of such occurrence with respect to the Notes:

- (i) Principal or interest payment delinquencies on the Notes.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes.
- (vii) Modifications to the rights of Noteholders, if material.
- (viii) Note calls, if material, and tender offers.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the Notes, if material.
- (xi) Rating changes.
- (xii) Bankruptcy, insolvency, receivership or similar event of the Township.
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) Incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Bonds, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Township, if any such event reflects financial difficulties; and

For purposes of the events identified in subparagraphs (xv) and (xvi) above, “Financial Obligation” means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

The undertaking may be amended by the Township from time to time, without the consent of the Noteholders or the beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements or change in law, or a change in identity, nature, type of operation or status of the Township, which in the opinion of nationally recognized bond counsel complies with Rule

15c2-12 and does not, in such bond counsel's opinion, materially impair the interest of the Noteholders and the beneficial owners of the Notes.

Within the five years immediately preceding the date of this Official Statement, the Township previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) audited financial information for the fiscal year ending December 31, 2013; and (ii) operating data for the fiscal year ending December 31, 2013. Additionally, the Township previously failed to file late filing notices in connection with its untimely filings of: (i) audited financial information; and (ii) operating data, all as described above, and late filing notices and/or event notices in connection with a certain bond insurer rating change in 2014. Such notices of events and late filings have since been filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA"). The Township appointed Phoenix Advisors, LLC in March of 2019 to serve as continuing disclosure agent.

There can be no assurance that there will be a secondary market for the sale or purchase of the Notes. Such factors as prevailing market conditions, financial condition or market position of firms who may make the secondary market and the financial condition of the Township may affect the future liquidity of the Notes.

### **APPROVAL OF LEGAL PROCEEDINGS**

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

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

### **NO DEFAULT**

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

### **RATING**

The Notes have not been rated.

### **UNDERWRITING**

#### Tax-Exempt Notes

The Tax-Exempt Notes have been purchased from the Township at a public sale by JP Morgan Securities, LLC (the "Tax-Exempt Notes Underwriter") at a price of \$10,507,464.67.

The Tax-Exempt Notes Underwriter may offer and sell the Tax-Exempt Notes to certain dealers (including dealers depositing the Tax-Exempt Notes into investment trusts) at a yield higher than the public offering yield stated on the cover page hereof.

## Taxable Notes

The Taxable Notes have been purchased from the Township at a public sale by Piper Jaffray & Co. (the "Taxable Notes Underwriter" and together with the Tax-Exempt Notes Underwriter, the "Underwriters") at a price of \$8,050,742.30.

The Taxable Notes Underwriter may offer and sell the Taxable Notes to certain dealers (including dealers depositing the Taxable Notes into investment trusts) at a yield higher than the public offering yield stated on the cover page hereof.

### **MUNICIPAL ADVISOR**

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

### **PREPARATION OF OFFICIAL STATEMENT**

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

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

Bond Counsel 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.

The Municipal Advisor has compiled this Official Statement from information obtained from Township management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Mercadien, P.C., Princeton, New Jersey and Bowman & Company LLP, Voorhees, New Jersey (as defined herein), have not participated in the compilation of this Official Statement and take no responsibility for the information contained herein. Information has been obtained from Township management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

## **FINANCIAL STATEMENTS**

Appendix “B” contains certain audited financial data of the Township for the Township’s fiscal year ending December 31, 2017. The audited financial data was extracted from the report prepared by Bowman & Company, LLP, Voorhees, New Jersey (the “2017 Auditor”), to the extent and for the period set forth in their report appearing in Appendix “B”, and are included herein in reliance upon the authority of such firm. Mercadien, P.C., Hamilton, New Jersey (the “Auditor”) and the 2017 Auditor, have not participated in the preparation of the financial or statistical information contained in this Official Statement, and do not take responsibility for the audited financial statements contained in Appendix “B”.

## **CERTIFICATES OF THE TOWNSHIP**

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

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Thomas Shanahan, Chief Financial Officer, Township of Evesham, 984 Tuckerton Road, Marlton, NJ 08053-2199, (856) 985-4338 or Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey, (609) 291-0130.

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



**MISCELLANEOUS**

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

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

By: /s/ Thomas Shanahan  
Thomas Shanahan,  
Chief Financial Officer

**Dated:** April 30, 2019

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**APPENDIX A**  
**CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION**  
**REGARDING THE TOWNSHIP**

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## **INFORMATION REGARDING THE TOWNSHIP<sup>1</sup>**

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

### **General Information**

The Township was incorporated in 1692 as one of the 13 original municipalities in the County. The community had a gristmill, glass factory, a blacksmith and three saw mills. Residents used Burlington or Moorestown post offices until 1845 when the largest town of the Township, Marlton, opened its own post office. In the next 30 years the modern-day Township was established after Medford, Shamong, Lumberton, Mount Laurel and Hainesport were carved from parts of Evesham.

The Township is located in the extreme western section of the County, bordering Camden County. The surrounding Townships are Mount Laurel, Medford, Cherry Hill, Voorhees and Berlin. The overall area of the Township is 29.65 square miles located approximately fifteen (15) miles east of Philadelphia, Pennsylvania and forty (40) miles south of Trenton, New Jersey.

Residents of the Township are within ten (10) miles from the PATCO Hi-Speed Line, which runs from Lindenwold to Philadelphia, Pennsylvania stopping at major shopping centers and business areas along the way. This is one of the area’s most popular means of transportation for residents working in Philadelphia. Also available to residents is the New Jersey Transit Bus Route stopping at major business areas and linking at some points with the Hi-Speed Line.

Two major State Highways, Route 73 and Route 70, link in the Township. Route 73 runs north to the Tacony-Palmyra Bridge leading into Pennsylvania and south to Winslow Township, New Jersey, where it connects with the Atlantic City Expressway leading to the southern shoreline of the State. Route 70 runs west to Camden County, leading into Pennsylvania and east to the central shoreline of Seaside Heights and Long Beach Island.

### **Form of Government**

The Township’s form of government is a Council-Manager form of government known as the Council-Manager Plan B under the Faulkner Act. Five members, elected at large on a partisan basis for four-year overlapping terms, make up the Township Council. Of these five members, the Mayor is elected at large for a four-year term. The Mayor and Council appoint the Township Manager to administer their directives and conduct municipal affairs. This form of government provides a stable government with professional administration for all municipal services.

### **Public Works**

The Department of Public Works ("Works Department") is headed by a superintendent and is responsible for weekly trash collection, leaf collection, snow removal, storm-water drainage

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<sup>1</sup> Source: The Township, unless otherwise indicated.

maintenance and maintenance of street signs. The Township participates in a county-wide recycling program and provides its residents with containers for recyclables. The Township implemented an Automated Trash Collection program in 1998. The Works Department is also responsible for approximately 175 miles of street and road maintenance including street sweeping. Independent contractors are also used for major projects under the Township's Capital Improvement Program.

### **Police and Fire Protection**

The Township has a full-time Police Department ("Department") consisting of a Chief, Captains, Lieutenants, a Corporal, Sergeants, Detectives, Patrolmen and K-9 dogs. The Department is linked to the Burlington County Central Communications System on a 24-hour basis. Both fire protection and first aid services are provided by one fire district consisting of paid and full-time personnel and volunteers located at three fire stations logistically located throughout the Township. The fire district has its own budget, taxing power and owns and maintains its own building and equipment. The administrative offices of the district are located in the Municipal Complex.

### **Parks and Recreation**

The Township offers a variety of recreational programs and facilities to its residents. The programs are offered each season of the year and are organized by the Recreation Department located in the Gibson house. Programs for the 17-month-old to the senior citizen range from arts and crafts, dance, creative movement, aerobics, painting and drawing, tennis and over 35 other programs. The Township offers full-day and half-day summer camps to children 4 years old and up. Over 500 children participate in our summer camps every year. The Township maintains 2,478 acres of open space, ball fields, parks and picnic areas.

The Township provides a major recreation and sports complex known as "Memorial Field" encompassing 118 acres of land and consists of various multi-purpose fields and a playground area. The complex also includes an indoor sports facility, the Blue Barn, consisting of basketball and volleyball courts, as well as aerobic and exercise rooms. For outdoor baseball/softball activity, there's the Diamonds at Evesham. The Diamonds are a four-field complex with a concession area to serve many different organizations during the spring, summer and fall months.

The Township organizes activities such as Evesham Day, Summer Evening Concerts, Fourth of July Fireworks, a Fall Festival and a Winter-fest. The Township also owns and maintains an 18-hole golf course known as the Indian Spring Golf Club, which is open to the public and also has a separate driving range facility.

### **Evesham Township Municipal Utilities Authority**

The Evesham Township Municipal Utilities Authority ("Authority") has been in continuous existence since it was established on March 3, 1959 by ordinances of the Township Council pursuant to the Municipal Utilities Authorities Law, P.L. 1957, c.183. The Authority, consisting of five members appointed by resolution of the Township Council for five year terms,

owns and operates certain water supply distribution facilities and sanitary sewerage collection, treatment and disposal facilities currently providing water supply and sanitary sewerage service in all except the extreme southern part of the Township.

### **Retirement Systems**

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

### **Pension Information<sup>2</sup>**

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The Township's share of pension costs in 2018, which is based upon the annual billings received from the State, amounted to \$590,705 for PERS and \$1,839,189 for PFRS.

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<sup>2</sup> Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

## **Employment and Unemployment Comparisons**

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

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Township</u></b>				
2017	26,175	25,317	858	3.3%
2016	26,074	25,124	950	3.6%
2015	26,005	24,890	1,115	4.3%
2014	25,700	24,424	1,276	5.0%
2013	26,070	24,464	1,606	6.2%
<b><u>County</u></b>				
2017	234,179	224,582	9,597	4.1%
2016	233,255	222,869	10,386	4.5%
2015	232,623	220,189	12,434	5.3%
2014	230,681	215,869	14,812	6.4%
2013	234,288	216,371	17,917	7.6%
<b><u>State</u></b>				
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%
2013	4,548,569	4,173,815	374,738	8.2%

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

## **Income (as of 2017)**

	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$94,395	\$82,839	\$76,475
Median Family Income	113,778	99,356	94,337
Per Capita Income	45,247	39,528	39,069

Source: US Bureau of the Census, 2017 American Community Survey 5-Year Estimates



## Population

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

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2017 Estimate	45,489	-0.1%	449,192	0.1%	9,005,644	2.4%
2010	45,538	7.7	448,734	6.0	8,791,894	4.5
2000	42,275	19.7	423,394	7.2	8,414,350	8.9
1990	35,309	64.2	395,066	9.0	7,730,188	5.0
1980	21,508	59.6	362,542	12.2	7,365,001	2.7

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

## Largest Taxpayers

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

<u>Taxpayers</u>	<u>2018 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Davis & Associates LLC (Retail)	\$54,096,000	1.03%
Hunters Chase Assoc. LLC - Scully Co.	33,000,000	0.63%
East Coast Woodview at Marlton LLC	32,000,000	0.61%
Davis & Associates LLC (Apartments)	23,850,000	0.45%
Davis Enterprises	22,360,000	0.43%
Marlton VF LLC	21,574,400	0.41%
Marlton Plaza Assoc - Thomson PTS	21,000,000	0.40%
WRV Apartments Association LLC	20,500,000	0.39%
Paramount Square at Marlton LLC	19,000,000	0.36%
Marlton Plaza Assoc - Thomson PTS - 124	<u>18,183,100</u>	<u>0.35%</u>
<b>Total</b>	<b><u>\$265,563,500</u></b>	<b><u>5.06%</u></b>

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

### Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2018U	\$152,545,230	\$151,184,727	99.11%
2017	149,969,044	148,731,999	99.18%
2016	146,237,088	145,009,373	99.16%
2015	143,511,093	141,773,844	98.79%
2014	138,961,196	137,362,862	98.85%

U: Unaudited

Source: Annual Audit Reports of the Township

### Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2018U	\$358,291	\$1,152,322	\$1,510,613	0.99%
2017	350,479	1,022,075	1,372,554	0.92%
2016	490,524	1,028,121	1,518,646	1.04%
2015	428,656	1,362,347	1,791,003	1.25%
2014	336,478	1,392,249	1,728,727	1.24%

U: Unaudited

Source: Annual Audit Reports of the Township

### Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2018U	\$816,625
2017	788,207
2016	690,707
2015	690,707
2014	690,707

U: Unaudited

Source: Annual Audit Reports of the Township

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

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

<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>Local School</u></b>	<b><u>Regional School</u></b>	<b><u>County</u></b>	<b><u>Fire District</u></b>	<b><u>Total</u></b>
2018	\$0.457	\$1.178	\$0.705	\$0.416	\$0.137	\$2.893
2017	0.460	1.159	0.695	0.408	0.137	2.859
2016	0.445	1.133	0.665	0.407	0.139	2.789
2015	0.445	1.101	0.648	0.408	0.138	2.740
2014	0.450	1.088	0.619	0.368	0.137	2.662

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

## **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
2018	\$5,230,375,843	\$5,437,546,359	96.19%	\$16,316,110	\$5,453,862,469
2017	5,196,629,131	5,222,742,845	99.50	16,520,247	5,239,263,092
2016	5,201,485,531	5,197,847,038	100.07	16,342,300	5,214,189,338
2015	5,205,466,175	5,117,446,102	101.72	16,262,745	5,133,708,847
2014	5,180,329,975	5,027,006,283	103.05	16,129,503	5,043,135,786

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

## **Classification of Ratables**

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

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2018	\$41,631,900	\$4,167,027,350	\$10,916,118	\$746,522,775	\$28,834,700	\$235,443,000	\$5,230,375,843
2017	35,357,100	4,140,704,350	11,469,406	744,570,575	29,084,700	235,443,000	5,196,629,131
2016	35,815,100	4,126,549,850	11,545,006	761,795,375	29,484,700	236,295,500	5,201,485,531
2015	40,467,100	4,121,069,700	11,555,000	766,594,175	29,484,700	236,295,500	5,205,466,175
2014	39,242,200	4,096,710,800	13,110,700	764,680,675	30,056,500	236,529,100	5,180,329,975

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

## Financial Operations

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

### **Summary of Current Fund Budget**

<u>Anticipated Revenues</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Fund Balance Utilized	\$2,610,000	\$3,575,000	\$3,775,000	\$3,950,000	\$4,150,000
Miscellaneous Revenues	7,944,454	8,075,934	8,831,792	8,994,380	10,111,518
Receipts from Delinquent Taxes	1,265,000	1,350,000	1,375,000	1,090,000	1,000,000
Amount to be Raised by Taxation	<u>21,830,672</u>	<u>21,709,206</u>	<u>21,692,106</u>	<u>22,436,597</u>	<u>22,407,114</u>
Total Revenue:	<u>\$33,650,125</u>	<u>\$34,710,140</u>	<u>\$35,673,898</u>	<u>\$36,470,977</u>	<u>\$37,668,632</u>
<u>Appropriations</u>					
General Appropriations	\$27,359,988	\$27,924,824	\$28,939,531	\$29,803,783	\$30,784,498
Operations (Excluded from CAPS)	251,202	362,155	370,779	244,685	210,177
Deferred Charges and Statutory Expenditures	0	0	286,000	0	0
Judgments	0	0	0	0	0
Capital Improvement Fund	160,000	575,000	175,000	295,000	515,000
Municipal Debt Service	4,041,770	3,981,930	3,982,000	4,465,000	4,452,338
Reserve for Uncollected Taxes	<u>1,837,166</u>	<u>1,866,231</u>	<u>1,920,588</u>	<u>1,662,509</u>	<u>1,706,619</u>
Total Appropriations:	<u>\$33,650,125</u>	<u>\$34,710,140</u>	<u>\$35,673,898</u>	<u>\$36,470,977</u>	<u>\$37,668,632</u>

Source: Annual Adopted Budgets of the Township

## Fund Balance

### Current Fund

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

### Fund Balance - Current Fund

<u>Year</u>	<u>Balance</u> <u>12/31</u>	<u>Utilized in Budget</u> <u>of Succeeding Year</u>
2018U	\$10,478,368	N/A
2017	8,300,513	4,150,000
2016	5,590,979	3,950,000
2015	5,511,877	3,775,000
2014	6,071,401	3,575,000

U: Unaudited

Source: Annual Audit Reports of the Township

Golf Course Utility Operating Fund

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

<b>Fund Balance</b>		
<b><u>Golf Course Utility Operating Fund</u></b>		
	<b>Balance</b>	<b>Utilized in Budget</b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2018U	\$185,495	N/A
2017	297,935	200,000
2016	57,632	30,000
2015	307,632	250,000
2014	225,626	175,000

U: Unaudited  
Source: Annual Audit Reports of the Township

**Township Indebtedness as of December 31, 2018**

<b>General Purpose Debt</b>	
Serial Bonds	\$31,715,000
Bond Anticipation Notes	11,141,500
Bonds and Notes Authorized but Not Issued	168,880
Other Bonds, Notes and Loans	8,216,486
Total:	<u>\$51,241,867</u>
<b>Local School District Debt</b>	
Serial Bonds	\$6,320,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$6,320,000</u>
<b>Regional School District Debt</b>	
Serial Bonds	\$15,053,143
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$15,053,143</u>
<b>Self-Liquidating Debt</b>	
Serial Bonds	\$3,865,000
Bond Anticipation Notes	2,110,352
Bonds and Notes Authorized but Not Issued	997,056
Other Bonds, Notes and Loans	145,000
Total:	<u>\$7,117,408</u>
<b>TOTAL GROSS DEBT</b>	<b><u>\$79,732,418</u></b>
Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	6,320,000
Regional School District Debt	15,053,143
Self-Liquidating Debt	103,822
Total:	<u>\$21,476,965</u>
<b>TOTAL NET DEBT</b>	<b><u>\$58,255,452</u></b>

Source: Annual Debt Statement of the Township

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**Overlapping Debt (as of December 31, 2018)<sup>3</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Township Percentage</u></b>	<b><u>Township Share</u></b>
Local School District	\$6,320,000	100.00%	\$6,320,000
Regional School District County (2017)	50,740,000 710,395,975	29.67% 11.71%	15,053,143 <u>83,208,106</u>
Net Indirect Debt			\$104,581,250
Net Direct Debt			<u>58,255,452</u>
Total Net Direct and Indirect Debt			<b><u>\$162,836,702</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2016, 2017, 2018)	\$5,398,697,541
Permitted Debt Limitation (3 1/2%)	188,954,414
Less: Net Debt	<u>58,255,452</u>
Remaining Borrowing Power	<u>\$130,698,962</u>
Percentage of Net Debt to Average Equalized Valuation	1.079%
Gross Debt Per Capita based on 2010 population of 45,538	\$1,751
Net Debt Per Capita based on 2010 population of 45,538	\$1,279

Source: Annual Debt Statement of the Township

Subsequent to the Independent Auditor's Report date of June 21, 2018, the Township of Evesham passed certain resolutions and ordinances which management would have disclosed in the notes to the financial statement under Note 22 Subsequent Events. Management has determined that the additional information represents subsequent events since June 21, 2018:

**Authorization of Debt:**

<b><u>Purpose</u></b>	<b><u>Adoption</u></b>	<b><u>Authorization</u></b>
Improvements to Township's Golf Course Grounds and Facilities (Miniature Golf Course)	12/4/18	\$340,000.00
Various Capital Improvements	4/2/19	4,999,600.00

<sup>3</sup> Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

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**APPENDIX B**  
**FINANCIAL DATA OF THE TOWNSHIP**

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Township Council  
Township of Evesham  
Marlton, New Jersey 08053

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

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Evesham, in the County of Burlington, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended and the related notes to the financial statements, which collectively comprise the Township's basic financial statements 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

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

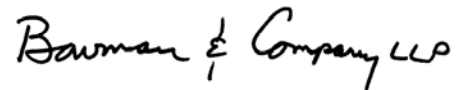
**Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

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

**Opinion on Regulatory Basis of Accounting**

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Robert P. Nehila, Jr.  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
June 21, 2018

**TOWNSHIP OF EVESHAM**  
**CURRENT FUND**

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

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>					
Cash	\$ 21,332,984	\$ 12,617,291	\$ 11,253,163	\$ 11,077,417	\$ 8,052,606
Federal and State Grants Receivable	908,440	1,132,150	1,207,884	975,031	768,853
Receivables with Full Reserves:					
Delinquent Property Taxes Receivable	1,022,075	1,028,121	1,362,347	1,392,249	1,487,755
Tax Title Liens Receivable	350,479	490,524	428,656	336,478	307,418
Property Acquired for Taxes--Assessed Valuation	788,207	690,707	690,707	690,707	690,707
Revenue Accounts Receivable	65,065	81,199	81,925	88,675	72,872
Interfunds Receivable	187,047	133,119	4,150	2,480	387
Accounts Receivable--Other	77,975	52,434	55,625	68,657	370,172
Prepaid Local School Taxes	3	3	1		
Deferred Charges			286,000		
	<u>\$ 24,732,275</u>	<u>\$ 16,225,548</u>	<u>\$ 15,370,458</u>	<u>\$ 14,631,695</u>	<u>\$ 11,750,770</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Appropriation Reserves	\$ 3,305,719	\$ 3,332,200	\$ 2,534,121	\$ 2,219,861	\$ 2,144,353
Accounts Payable	87,636	59,777	51,885	52,435	44,383
Reserve for Encumbrances	938,676	896,588	838,623	715,035	715,684
Interfunds Payable					250,000
County Taxes Payable	130,502	102,854	60,925	83,449	34,550
Local District Taxes Payable				4	3
Regional School Taxes Payable	2,198,194	1,435,754	1,003,981	189,799	127
Prepaid Revenues	6,002,088	961,987	708,860	640,183	643,792
Tax Overpayments	15,750	4,361	308	325	226
Other Liabilities and Special Funds	214,318	186,703	169,923	123,246	106,730
Reserve for Receivables and Other Assets	2,490,850	2,476,107	2,623,411	2,576,766	2,929,310
Reserve for Federal and State Grants	1,048,029	1,178,238	1,866,544	1,959,191	1,665,069
Fund Balance	8,300,513	5,590,979	5,511,877	6,071,401	3,216,543
	<u>\$ 24,732,275</u>	<u>\$ 16,225,548</u>	<u>\$ 15,370,458</u>	<u>\$ 14,631,695</u>	<u>\$ 11,750,770</u>

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

**TOWNSHIP OF EVESHAM**  
**CURRENT FUND**

Statements of Operations and Changes in Fund Balance--Regulatory Basis

	For the Years Ended December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenue Realized:					
Current Tax Collections	\$ 148,731,999	\$ 145,009,373	\$ 141,773,844	\$ 137,362,862	\$ 135,341,866
Delinquent Tax Collections	1,100,331	1,329,283	1,269,138	1,387,305	1,313,683
<b>Total Taxes</b>	<b>149,832,330</b>	<b>146,338,656</b>	<b>143,042,982</b>	<b>138,750,167</b>	<b>136,655,549</b>
Miscellaneous Revenues Anticipated	10,281,070	9,566,484	8,984,313	8,769,092	8,823,371
Other Income	4,788,305	2,866,039	2,436,280	4,323,539	3,066,287
Fund Balance Utilized	3,950,000	3,775,000	3,575,000	2,610,000	1,400,000
<b>Total Income</b>	<b>168,851,705</b>	<b>162,546,179</b>	<b>158,038,575</b>	<b>154,452,798</b>	<b>149,945,207</b>
Expenditures:					
Operating	26,808,388	26,228,888	25,700,540	25,015,112	23,901,484
Capital Improvements	295,000	175,000	575,000	160,000	150,000
Debt Service	4,426,152	3,971,421	3,981,708	4,036,770	3,967,292
Deferred Charges and Statutory Expenditures	3,477,000	3,638,324	3,273,850	3,096,040	3,414,770
County Taxes	21,319,336	21,254,967	21,246,589	19,144,506	19,452,618
Local District School Purposes	60,469,229	59,139,428	57,535,190	56,538,572	55,379,394
Regional High School Tax	36,231,724	34,706,843	33,843,297	32,214,934	32,016,129
Fire District Taxes	7,135,522	7,234,524	7,174,263	7,114,035	6,886,165
Municipal Open Space Tax	1,573,593	1,577,843	1,571,018	1,565,737	1,568,988
Other Expenditures	456,227	764,839	407,644	102,234	538,756
<b>Total Expenditures and Encumbrances</b>	<b>162,192,171</b>	<b>158,692,077</b>	<b>155,309,099</b>	<b>148,987,940</b>	<b>147,275,596</b>
Excess in Revenues	6,659,534	3,854,102	2,729,476	5,464,858	2,669,611
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year			286,000		
Statutory Excess to Fund Balance	6,659,534	3,854,102	3,015,476	5,464,858	2,669,611
Fund Balance Beginning of Year	5,590,979	5,511,877	6,071,401	3,216,543	1,946,932
	12,250,513	9,365,979	9,086,877	8,681,401	4,616,543
Decreased by:					
Utilized as Revenue	3,950,000	3,775,000	3,575,000	2,610,000	1,400,000
<b>Fund Balance Ending of Year</b>	<b>\$ 8,300,513</b>	<b>\$ 5,590,979</b>	<b>\$ 5,511,877</b>	<b>\$ 6,071,401</b>	<b>\$ 3,216,543</b>

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

**TOWNSHIP OF EVESHAM**  
**GENERAL CAPITAL FUND**

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

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>					
Cash	\$ 9,098,425	\$ 8,000,272	\$ 6,710,986	\$ 6,905,320	\$ 10,213,212
Deferred Charges to Future Taxation:					
Funded	43,202,394	34,761,658	28,505,820	32,099,870	23,673,599
Unfunded	6,548,881	14,423,881	15,587,548	11,162,548	20,928,417
Due from State of New Jersey:					
Transportation Trust Fund				121,636	121,636
Interfunds Receivable	153,542	153,542	153,543	153,543	403,543
	<u>\$ 59,003,242</u>	<u>\$ 57,339,353</u>	<u>\$ 50,957,897</u>	<u>\$ 50,442,917</u>	<u>\$ 55,340,407</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Bond Anticipation Notes	\$ 6,380,000	\$ 14,255,000	\$ 15,084,521	\$ 10,659,521	\$ 20,425,440
General Serial Bonds	33,605,000	23,635,000	16,080,000	18,305,000	8,565,000
Loans Payable	9,597,394	11,126,658	12,425,820	13,794,870	15,108,599
Improvement Authorizations:					
Funded	4,901,326	1,669,022	701,645	3,134,637	66,350
Unfunded	490,806	2,975,130	3,255,084	2,777,627	5,859,695
Reserve for Encumbrances	2,337,100	1,228,747	1,012,226	954,779	4,408,747
Capital Improvement Fund	71,932	31,932	351,932	1,932	2,411
Reserve for Payment of Debt Service	483,513	483,513			
Other Liabilities and Special Funds	41,671	41,671	41,671	41,671	41,671
Fund Balance	1,094,500	1,892,680	2,005,000	772,880	862,494
	<u>\$ 59,003,242</u>	<u>\$ 57,339,353</u>	<u>\$ 50,957,897</u>	<u>\$ 50,442,917</u>	<u>\$ 55,340,407</u>

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

**TOWNSHIP OF EVESHAM**  
**GOLF COURSE UTILITY**

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

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>					
Operating Fund:					
Cash and Investments	\$ 420,867	\$ 344,644	\$ 386,667	\$ 280,614	\$ 391,857
Accounts Receivable	786	4,395	17,345	144,060	49,512
Inventory	32,796	27,795	13,865	27,665	43,622
Deferred Charge:					
Overexpenditure of Appropriation					8,822
<b>Total Operating Fund</b>	<b>454,449</b>	<b>376,834</b>	<b>417,876</b>	<b>452,339</b>	<b>493,813</b>
Capital Fund:					
Cash	626,164	791,732	413,175	399,082	795,638
Fixed Capital	12,564,428	12,564,429	7,613,765	7,613,765	7,613,765
Fixed Capital Authorized and Uncompleted	2,652,300	2,437,300	6,832,026	6,647,026	6,297,026
<b>Total Capital Fund</b>	<b>15,842,892</b>	<b>15,793,461</b>	<b>14,858,966</b>	<b>14,659,873</b>	<b>14,706,429</b>
<b>Total Assets</b>	<b>\$ 16,297,341</b>	<b>\$ 16,170,295</b>	<b>\$ 15,276,842</b>	<b>\$ 15,112,212</b>	<b>\$ 15,200,242</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Operating Fund:					
Appropriation Reserves	\$ 37,143	\$ 62,294	\$ 14,718	\$ 44,394	\$ 7,689
Reserve for Encumbrances	14,475	34,872	15,965	45,177	48,433
Accrued Interest on Bonds and Notes	70,637	62,096	63,929	80,263	106,998
NJ Sales Tax Payable	1,463	1,469	1,767	478	174
Interfunds Payable		130,676		25,000	
Prepaid Gift Cards				3,736	48,918
Other Liabilities	32,796	27,795	13,865	27,665	43,622
Fund Balance	297,935	57,632	307,632	225,626	237,979
<b>Total Operating Fund</b>	<b>454,449</b>	<b>376,834</b>	<b>417,876</b>	<b>452,339</b>	<b>493,813</b>
Capital Fund:					
Serial Bonds	4,490,000	5,105,000	6,060,000	7,000,000	7,335,000
Loans Payable	160,000	175,000	188,000	201,000	213,000
Bond Anticipation Notes	1,835,052	1,648,070	1,011,698	835,518	1,013,720
Reserve for Encumbrances	76,318	85,844	136,235	76,327	363,087
Improvement Authorizations:					
Funded	150,818		561,796	570,796	533,901
Unfunded	260,785	980,043	160,322	201,256	345,006
Capital Improvement Fund	12,914	12,914	37,014	35,834	45,596
Interfunds Payable	153,543	153,543	153,543	153,543	153,543
Reserve for Amortization	7,759,705	6,747,937	6,323,369	5,370,369	4,515,149
Reserve for Deferred Amortization	314,916	259,666	205,566	196,746	176,984
Fund Balance	628,841	625,444	21,423	18,484	11,443
<b>Total Capital Fund</b>	<b>15,842,892</b>	<b>15,793,461</b>	<b>14,858,966</b>	<b>14,659,873</b>	<b>14,706,429</b>
<b>Total Liabilities and Reserves</b>	<b>\$ 16,297,341</b>	<b>\$ 16,170,295</b>	<b>\$ 15,276,842</b>	<b>\$ 15,112,212</b>	<b>\$ 15,200,242</b>

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



**TOWNSHIP OF EVESHAM**  
**GOLF COURSE UTILITY**

Statements of Operations and Changes in Fund Balance--Regulatory Basis

	For the Years Ended December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenue Realized:					
Miscellaneous Revenues not Anticipated	\$ 149,126	\$ 101,912	\$ 136,950	\$ 108,648	\$ 74,158
Golf Course Fees	730,007	751,796	734,846	804,691	810,764
Golf Cart Fees	157,057	166,260	150,778	117,195	149,787
Golf Course Concession	249,996	245,000	240,000	199,300	173,000
Interest on Investments	15,031	4,285	4,232	3,548	1,371
Driving Range Sales	317,653	272,616	302,417	284,856	242,431
Pro Shop Sales	110,849	98,722	98,760	75,938	55,988
Dedicated Open Space / Recreation					
Trust Fund Anticipated	1,018,200	628,056	871,080	875,136	
Deficit (General Budget) - Due from Current Fund		69,324			
Other Credits to Income	58,864	7,077	47,394	22,750	33,081
Fund Balance	30,000	250,000	175,000	228,000	987,740
<b>Total Income</b>	<b>2,836,783</b>	<b>2,595,048</b>	<b>2,761,456</b>	<b>2,720,062</b>	<b>2,528,320</b>
Expenditures and Encumbrances:					
Operating	1,288,750	1,312,250	1,271,000	1,304,650	1,196,200
Capital Improvements	10,250	30,000	10,000	10,000	40,000
Debt Service	1,186,680	1,179,202	1,149,819	1,130,834	1,191,188
Deferred Charges and Statutory Expenditures	75,600	73,596	73,630	57,266	38,320
Other	600				
Other Charges to Income:					
Increase in Change Funds				800	
Cancellation of Utility Reimbursement A/R	4,600				
Refund of Prior Year Revenue				865	873
<b>Total Expenditures and Encumbrances</b>	<b>2,566,480</b>	<b>2,595,048</b>	<b>2,504,449</b>	<b>2,504,415</b>	<b>2,466,581</b>
Excess in Revenues	270,303		257,007	215,647	61,739
Adjustments to Income before Fund Balance:					
Expenditures included above which are by Statute					
Deferred Charges to Budget of Succeeding Year					8,822
Statutory Excess to Fund Balance	270,303		257,007	215,647	70,561
Fund Balance Beginning of Year	57,632	307,632	225,626	237,979	1,155,158
	327,935	307,632	482,632	453,626	1,225,719
Decreased by:					
Utilized as Revenue	30,000	250,000	175,000	228,000	987,740
Fund Balance End of Year	<b>\$ 297,935</b>	<b>\$ 57,632</b>	<b>\$ 307,632</b>	<b>\$ 225,626</b>	<b>\$ 237,979</b>

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

**TOWNSHIP OF EVESHAM**  
**TRUST FUND**

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

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>					
Cash and Investments	\$ 10,686,045	\$ 9,457,073	\$ 9,537,849	\$ 8,909,097	\$ 10,153,797
Accounts Receivable--Other				533	4,526
Interfunds Receivable				25,000	
	<u>\$ 10,686,045</u>	<u>\$ 9,457,073</u>	<u>\$ 9,537,849</u>	<u>\$ 8,934,631</u>	<u>\$ 10,158,323</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Interfund Loans Payable	\$ 187,047	\$ 2,443	\$ 2,150	\$ 2,480	\$ 387
Other Accounts Payable	11	\$ 86,264			
Reserve for Liabilities and Special Funds	10,498,987	9,368,366	9,535,699	8,932,150	\$ 10,157,936
	<u>\$ 10,686,045</u>	<u>\$ 9,457,073</u>	<u>\$ 9,537,849</u>	<u>\$ 8,934,631</u>	<u>\$ 10,158,323</u>

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

**TOWNSHIP OF EVESHAM**  
**PUBLIC ASSISTANCE FUND**  
 Statements of Assets, Liabilities and Reserves--Regulatory Basis

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>					
Cash	\$ 21,557	\$ 21,557	\$ 21,557	\$ 21,557	\$ 21,557
<b>LIABILITIES AND RESERVES</b>					
Reserve for Public Assistance	\$ 21,557	\$ 21,557	\$ 21,557	\$ 21,557	\$ 21,557

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

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

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

**Description of Financial Reporting Entity** - The Township of Evesham (hereafter referred to as the "Township") was incorporated in 1692. The Township, located in Burlington County, New Jersey, is located approximately fifteen miles from the City of Philadelphia. The Township borders Mount Laurel, Cherry Hill, Voorhees, Berlin, Waterford, and Medford. According to the 2010 census, the population is 45,538.

The Township has a Council - Manager form of government known as the Council - Manager Plan B under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. There are four Township Council Members who are elected to four-year terms. The Mayor is elected at large to a four-year term. Administrative responsibilities fall under the Township Manager, who is appointed by Council. Executive responsibilities rest with the Township Council.

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

Township of Evesham Municipal Utilities Authority  
100 Sharp Road  
Marlton, New Jersey 08053

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)** - In accordance with the *Requirements*, the Township accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

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

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

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

**Golf Course Utility Operating and Capital Funds** - The golf course utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned golf course operations.

**Public Assistance Fund** - The public assistance fund accounts for receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

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

**Budgets and Budgetary Accounting** - The Township must adopt an annual budget for its current, municipal open space, and golf course 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 Township's financial statements.

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

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

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

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

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

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

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

**General Fixed Assets** - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$2,000.00. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

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

**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.

**Fund Balance** - Fund balances included in the current fund and golf course utility operating fund 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 Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

**School Taxes** - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Evesham School District and the Lenape Regional High 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 January 1 to December 31. For the regional high school district, operations is charged for the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2016 and decreased by the amount deferred at December 31, 2017.

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

**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.

**Fire District Taxes** - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Evesham Fire District. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

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

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

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

**Appropriation Reserves** - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding 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 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

**Note 2: CASH AND CASH EQUIVALENTS**

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

As of December 31, 2017, the Township's bank balances of \$39,668,422.09 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 38,080,238.68
Uninsured and Uncollateralized	<u>1,588,183.41</u>
Total	<u><u>\$ 39,668,422.09</u></u>

**Note 3: PROPERTY TAXES**

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

	<u>Year Ended</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	<u>\$ 2.859</u>	<u>\$ 2.789</u>	<u>\$ 2.740</u>	<u>\$ 2.662</u>	<u>\$ 2.625</u>
Apportionment of Tax Rate:					
Municipal	\$ .430	\$ .415	\$ .415	\$ .420	\$ .420
County	.408	.407	.408	.368	.372
Local School	1.159	1.133	1.101	1.088	1.061
Regional School	.695	.665	.648	.619	.610
Fire District	.137	.139	.138	.137	.132
Municipal Open Space	.030	.030	.030	.030	.030

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

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

<u>Year</u>	<u>Amount</u>
2017	\$ 5,213,149,378.00
2016	5,217,827,831.00
2015	5,221,728,920.00
2014	5,196,459,478.00
2013	5,220,759,152.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 149,969,043.55	\$ 148,731,998.87	99.18%
2016	146,237,088.04	145,009,372.85	99.16%
2015	143,511,092.69	141,773,844.15	98.79%
2014	138,961,195.65	137,362,861.80	98.85%
2013	137,305,133.72	135,341,865.91	98.57%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 350,479.42	\$ 1,022,074.50	\$ 1,372,553.92	0.92%
2016	490,524.40	1,028,121.23	1,518,645.63	1.04%
2015	428,656.41	1,362,347.21	1,791,003.62	1.25%
2014	336,477.85	1,392,248.84	1,728,726.69	1.24%
2013	307,418.09	1,487,754.68	1,795,172.77	1.31%

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>
2017	27
2016	53
2015	32
2014	23
2013	23

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

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

<u>Year</u>	<u>Amount</u>
2017	\$ 788,207.00
2016	690,707.00
2015	690,707.00
2014	690,707.00
2013	690,707.00

**Note 5: 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>
2017	\$ 8,300,513.42	\$ 4,150,000.00	50.00%
2016	5,590,979.26	3,950,000.00	70.65%
2015	5,511,876.87	3,775,000.00	68.49%
2014	6,071,400.60	3,575,000.00	58.88%
2013	3,216,542.74	2,610,000.00	81.14%

**Golf Course Utility Fund**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 297,935.06	\$ 200,000.00	67.13%
2016	57,632.29	30,000.00	52.05%
2015	307,632.29	250,000.00	81.27%
2014	225,625.68	175,000.00	77.56%
2013	237,979.14	228,000.00	95.81%

**Note 6: INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 187,047.47	
Trust Other Fund		\$ 187,047.47
General Capital	153,542.81	
Golf Course Utility - Capital		153,542.81
Totals	<u>\$ 340,590.28</u>	<u>\$ 340,590.28</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 2018, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 7: PENSION PLANS**

A substantial number of the Township's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Township 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.state.nj.us/treasury/pensions/financial-reports.shtml>

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

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

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

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

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

**Vesting and Benefit Provisions**

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

The following represents the membership tiers for PERS:

**Tier Definition**

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

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

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

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

The following represents the membership tiers for PFRS:

**Tier Definition**

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

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

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

**Contributions**

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

The Township's contractually required contribution rate for the year ended December 31, 2017 was 12.06% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

**Public Employees' Retirement System (Cont'd)** - Based on the most recent PERS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$614,638.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$597,587.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$381,418.27.

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

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

The Township's contractually required contribution rate for the year ended December 31, 2017 was 25.51% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$1,839,189.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$1,748,120.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$749,196.14.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2017 was 2.49% of the Township's covered payroll.

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

**Police and Firemen's Retirement System (Cont'd)** - Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2017 is \$179,690.00, and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2016 was \$131,785.00, which was paid on April 1, 2017.

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

For the year ended December 31, 2017, employee contributions totaled \$789.03, and the Township's contributions were \$430.38. 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, 2017, the Township's proportionate share of the PERS net pension liability was \$15,444,618.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was .0663474166%, which was a decrease of .0009192522% from its proportion measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$1,151,092.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PERS was \$597,587.00, and was paid on April 1, 2017.

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

Township's Proportionate Share of Net Pension Liability	\$ 32,082,415.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>3,593,501.00</u>
	<u>\$ 35,675,916.00</u>



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

**Police and Firemen's Retirement System (Cont'd)** - The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was .2078136842%, which was a decrease of .0065899348% from its proportion measured as of June 30, 2016. Likewise, at June 30, 2017, the State of New Jersey's proportion, on-behalf of the Township, was .2078136842%, which was a decrease of .0065899348% from its proportion, on-behalf of the Township, measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$2,733,900.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PFRS was \$1,748,120.00, and was paid on April 1, 2017.

At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2017 measurement date is \$439,566.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 363,667.00	\$ 208,132.00	\$ 571,799.00	\$ -	\$ 188,297.00	\$ 188,297.00
Changes of Assumptions	3,111,558.00	3,956,120.00	7,067,678.00	3,100,151.00	5,254,161.00	8,354,312.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	105,167.00	612,208.00	717,375.00	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	999,934.00	1,152,614.00	2,152,548.00	707,166.00	1,708,793.00	2,415,959.00
Township Contributions Subsequent to the Measurement Date	307,319.00	919,595.00	1,226,914.00	-	-	-
	<u>\$ 4,887,645.00</u>	<u>\$ 6,848,669.00</u>	<u>\$ 11,736,314.00</u>	<u>\$ 3,807,317.00</u>	<u>\$ 7,151,251.00</u>	<u>\$ 10,958,568.00</u>

\$307,319.00 and \$919,595.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. These amounts were based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2017 to the Township's year end of December 31, 2017.

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

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

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

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

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

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

<b><u>Year Ending Dec 31,</u></b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2018	\$ 400,681.00	\$ 214,636.00	\$ 615,317.00
2019	585,753.00	881,537.00	1,467,290.00
2020	445,494.00	(77,460.00)	368,034.00
2021	(319,083.00)	(1,486,251.00)	(1,805,334.00)
2022	(339,836.00)	(754,639.00)	(1,094,475.00)
	<u>\$ 773,009.00</u>	<u>\$ (1,222,177.00)</u>	<u>\$ (449,168.00)</u>

**Actuarial Assumptions**

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

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

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

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

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

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS and 6.14% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2040 for PERS and through 2057 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for PERS and through 2057 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

**Note 7: PENSION PLANS (CONT'D)****Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

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

	<b>PERS</b>		
	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 19,160,097.00	\$ 15,444,618.00	\$ 12,349,164.00

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

	<b>PFRS</b>		
	<b>1% Decrease (5.14%)</b>	<b>Current Discount Rate (6.14%)</b>	<b>1% Increase (7.14%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 42,271,224.00	\$ 32,082,415.00	\$ 23,711,150.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	4,734,733.50	3,593,501.00	2,655,848.73
	<u>\$ 47,005,957.50</u>	<u>\$ 35,675,916.00</u>	<u>\$ 26,366,998.73</u>

**Pension Plan Fiduciary Net Position**

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

**Note 7: PENSION PLANS (CONT'D)****Supplementary Pension Information**

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

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.0663474166%	0.0673374014%	0.0590872660%
Township's Proportionate Share of the Net Pension Liability	\$ 15,444,618.00	\$ 19,943,407.00	\$ 13,263,907.00
Township's Covered Payroll (Plan Measurement Period)	\$ 4,688,112.00	\$ 4,708,052.00	\$ 4,109,132.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	329.44%	423.60%	322.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0633861465%	0.0650289382%	
Township's Proportionate Share of the Net Pension Liability	\$ 11,867,620.00	\$ 12,428,322.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 4,252,212.00	\$ 4,403,740.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	279.09%	282.22%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	

Note 7: PENSION PLANS (CONT'D)Supplementary Pension Information (Cont'd)*Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Five Years)*

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Contractually Required Contribution	\$ 614,638.00	\$ 598,216.00	\$ 507,992.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(614,638.00)</u>	<u>(598,216.00)</u>	<u>(507,992.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 5,096,762.00	\$ 4,713,047.00	\$ 4,699,685.00
Township's Contributions as a Percentage of Covered Payroll	12.06%	12.69%	10.81%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 522,546.00	\$ 489,980.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(522,546.00)</u>	<u>(489,980.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 4,258,075.00	\$ 4,227,722.00	
Township's Contributions as a Percentage of Covered Payroll	12.27%	11.59%	



Note 7: **PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Township's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Five Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.2078136842%	0.2121039622%	0.2016539777%
Township's Proportionate Share of the Net Pension Liability	\$ 32,082,415.00	\$ 40,517,283.00	\$ 33,588,524.00
State's Proportionate Share of the Net Pension Liability associated with the Township	3,593,501.00	3,402,447.00	2,945,604.00
Total	<u>\$ 35,675,916.00</u>	<u>\$ 43,919,730.00</u>	<u>\$ 36,534,128.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 6,756,584.00	\$ 6,818,104.00	\$ 6,451,000.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	474.83%	594.26%	520.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.2175848218%	0.2119724986%	
Township's Proportionate Share of the Net Pension Liability	\$ 27,370,153.00	\$ 28,179,831.00	
State's Proportionate Share of the Net Pension Liability associated with the Township	2,947,305.00	2,626,702.00	
Total	<u>\$ 30,317,458.00</u>	<u>\$ 30,806,533.00</u>	
Township's Covered Payroll (Plan Measurement Period)	\$ 6,869,784.00	\$ 6,699,096.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	398.41%	420.65%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.41%	58.70%	

Note 7: **PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS)  
(Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Contractually Required Contribution	\$ 1,839,189.00	\$ 1,729,370.00	\$ 1,639,146.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(1,839,189.00)</u>	<u>(1,729,370.00)</u>	<u>(1,639,146.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 7,208,793.00	\$ 6,796,216.00	\$ 6,692,824.00
Township's Contributions as a Percentage of Covered Payroll	25.51%	25.45%	24.49%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 1,671,202.00	\$ 1,546,504.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(1,671,202.00)</u>	<u>(1,546,504.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 6,451,735.00	\$ 6,761,162.00	
Township's Contributions as a Percentage of Covered Payroll	25.90%	22.87%	

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

Changes in Benefit Terms - None

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

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

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

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

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**Plan Description** - The Township provides postretirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The Township's plan provides an agent multiple-employer post-employment healthcare plan which covers the following retiree population:

Non-union individuals may receive \$5,000.00 payment to apply towards health benefits with a carrier of their choice. In order to receive this benefit these individuals must reach 15 years of service with the Township in the Public Employees Retirement System and have reached 62 years of age.

Civilian union members may be provided coverage upon retirement if they have saved a required amount of sick leave. Covered members must have a minimum of 20 years' service with the Township. New Hires are not eligible for this benefit. Coverage ends upon members reaching the eligibility age for Medicare.

**Funding Policy** - The contribution requirements of plan members and the Township are established and may be amended by the Township's governing body.

**Retirees** - The Township presently funds its current retiree postemployment benefit costs on a "pay-as-you-go" basis and receives monthly contributions from retirees to offset a portion of the cost. The Township's contributions to the plan for the years ended December 31, 2017, 2016, and 2015 were \$450,131.63, \$362,493.07, and \$126,415.92, respectively.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Funding Policy (Cont'd)**

**Future Retirees** - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Township is required to disclose the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$219,997.00 at an unfunded discount rate of 4.5%. As previously stated, the Township has funded the cost of existing retirees in the amount of \$450,131.63, and has incurred the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

**Annual OPEB Cost** - For year ended December 31, 2017, the Township's annual OPEB cost (expense) of \$194,397.00 for the plan was equal to the ARC plus certain adjustments because the Township's actual contributions in prior years differed from the ARC. The Township's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for years 2017, 2016, and 2015 are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution (ARC)	\$ 219,997.00	\$ 219,997.00	\$ 354,631.00
Interest on the Net OPEB Obligation	46,700.00	54,500.00	44,900.00
Adjustment to the ARC	(72,300.00)	(84,400.00)	(61,300.00)
	<hr/>	<hr/>	<hr/>
Annual OPEB Cost	194,397.00	190,097.00	338,231.00
Pay-as-You Go Cost (Existing Retirees)	(450,131.63)	(362,493.07)	(126,415.92)
	<hr/>	<hr/>	<hr/>
Increase (Decrease) in the Net OPEB Obligation	(255,734.63)	(172,396.07)	211,815.08
Net OPEB Obligation, January 1	1,036,737.07	1,209,133.14	997,318.06
	<hr/>	<hr/>	<hr/>
Net OPEB Obligation, December 31	\$ 781,002.44	\$ 1,036,737.07	\$ 1,209,133.14
	<hr/>	<hr/>	<hr/>
Percentage of Annual OPEB Cost Contributed	231.6%	190.7%	37.4%

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**Funded Status and Funding Progress** - The funded status of the plan as of the three past actuarial valuation dates is as follows:

	<u>2016</u>	<u>2014</u>	<u>2012</u>
Actuarial Accrued Liability (AAL)	\$ 3,155,285.00	\$ 5,210,673.00	\$ 4,818,630.00
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 3,155,285.00</u>	<u>\$ 5,210,673.00</u>	<u>\$ 4,818,630.00</u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%	0.0%	0.0%
Covered Payroll (Active Plan Members)	\$ 17,834,939.67	\$ 17,381,161.08	\$ 16,462,143.35
UAAL as a Percentage of Covered Payroll	17.7%	30.0%	29.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as shown above, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

**Actuarial Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2016 actuarial valuation, the Projected Unit Credit Funding Method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6% in 2016, reducing by .1% per annum, leveling at 5% per annum in 2026. The actuarial value of the Township Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three year period. The Township Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period is thirty years.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**Actuarial Methods and Assumptions (Cont'd)** - The information was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Projected Unit Credit Funding Method
Remaining Amortization	Period 30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.5%
Rate of Medical Inflation	6% in 2016, reducing by .1% per annum, leveling at 5% per annum in 2026
Mortality	RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years
Turnover	NJ State Pensions Ultimate Withdrawal Rates Prior to Benefits Eligibility
Retirement Age	Bargained Members – Age 55 with 20 Years of Service Non Bargained – Age 62 with 15 Years of Service
Full Attribution Period	Service to Assumed Retirement Age

For determining the GASB ARC, the rate of employer contributions to the Plan is composed of the Normal Cost plus amortization of the Unfunded Actuarial Liability. The Normal Cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The Actuarial Liability is that portion of the Present Value of Projected Benefits that will not be paid by Future Employer Normal Costs or active employee contributions. The difference between this liability and the funds accumulated as of the same date is the Unfunded Actuarial Liability.

**Note 9: COMPENSATED ABSENCES**

Township employees are granted vacation and sick leave in varying amounts under the Township's personnel policies.

Upon termination, an employee in good standing may take the unused portion of their annual vacation leave or may request payment for the same at their current rate of pay. An employee who terminates Township employment before they have been employed for a continuous period of six months shall not be entitled to such payment. No payment for unused vacation leave will be made to any employee who is dismissed.

Upon termination, and for employees retiring with fewer than fifteen (15) years of service, the Township will reimburse a non-union employee for ½ of their accrued sick leave, with a limit of 60 days. Non-union employees who retire with 15 – 24 years of service will be paid for 50% of all unused sick leave. Non-union employees who retire with 25 or more years of service will be paid for 75% of all unused sick leave. No payment for unused sick leave will be made for employees who are dismissed.

Upon termination, the Township will reimburse union employees for unused sick leave in accordance with the various union contracts.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2017, accrued benefits for compensated absences are valued at \$2,016,741.18.

**Note 9: COMPENSATED ABSENCES (CONT'D)**

The Township has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2017, the balance of the fund was \$116,343.10.

**Note 10: DEFERRED COMPENSATION SALARY ACCOUNT**

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

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

**Note 11: SANITARY LANDFILL ESCROW CLOSURE FUND**

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

Under the provisions of N.J.S.A.13:1E-1 et seq., known as the Solid Waste Management Act, approval was granted on November 2, 1995 by the State of New Jersey, Department of Environmental Protection (NJDEP) for a closure and post closure plan. On February 24, 2000, the NJDEP accepted the Township's As-Built Documents for the closure of the landfill as complete.

The Township presently holds funds in escrow in accordance with the post closure financial plan approved by the NJDEP on November 2, 1995.

**Note 12: LEASE OBLIGATIONS**

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

Operating:  
 Seventy-five (75) Golf Carts

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

<u>Year</u>	<u>Amount</u>
2018	\$ 80,328.00
2019	6,694.00

Rental payments under operating leases for the year 2017 were \$80,328.00.

**Note 13: CAPITAL DEBT****General Improvement Bonds**

General Obligation Bonds, Series 2010 - On July 27, 2010, the Township issued \$2,570,000.00 of General Obligation Bonds, with interest rates ranging from 2.0% to 3.5%. The purpose of the bonds is to fund various capital improvements. The final maturity of the bonds is February 15, 2025.

General Obligation Bonds, Series 2014 - On October 2, 2014, the Township issued \$12,085,000.00 of General Obligation Bonds, with interest rates ranging from 2.5% to 4.0%. The purpose of the bonds was to fund the various capital improvements. The final maturity of the bonds is June 1, 2031.

General Obligation Bonds, Series 2016 - On May 17, 2016, the Township issued \$5,375,000.00 of General Obligation Bonds, with interest rates ranging from 2.0% to 4.0%. The purpose of the bonds was to fund the open space improvements. The final maturity of the bonds is May 1, 2031.

Open Space Bonds, Series 2016 - On May 17, 2016, the Township issued \$4,490,000.00 of Open Space Bonds, with interest rates ranging from 2.0% to 4.0%. The purpose of the bonds was to fund the various open space improvements. The final maturity of the bonds is May 1, 2031.

General Obligation Bonds, Series 2017 - On May 15, 2017, the Township issued \$12,070,000.00 of General Obligation Bonds, with interest rates ranging from 3.0% to 5.0%. The purpose of the bonds was to fund the various capital and open space improvements. The final maturity of the bonds is February 1, 2033.

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

<b><u>Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2018	\$ 1,890,000.00	\$ 1,237,635.83	\$ 3,127,635.83
2019	2,010,000.00	1,076,387.50	3,086,387.50
2020	2,065,000.00	1,002,562.50	3,067,562.50
2021	2,120,000.00	917,362.50	3,037,362.50
2022	2,190,000.00	826,417.50	3,016,417.50
2023-2027	11,620,000.00	2,729,218.75	14,349,218.75
2028-2032	10,755,000.00	852,675.00	11,607,675.00
2033	955,000.00	14,325.00	969,325.00
Totals	<u>\$ 33,605,000.00</u>	<u>\$ 8,656,584.58</u>	<u>\$ 42,261,584.58</u>



**Note 13: CAPITAL DEBT (CONT'D)****General Debt - New Jersey Environmental Infrastructure Loans**

On November 8, 2001, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,313,250.00, at no interest, from the fund loan, and \$1,330,000.00 at 3.0% interest from the trust loan. The proceeds were used to finance various capital ordinances. Semiannual debt payments are due February 1st and August 1st through 2021.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 157,907.75	\$ 11,700.00	\$ 169,607.75
2019	162,357.09	9,000.00	171,357.09
2020	166,574.41	6,150.00	172,724.41
2021	<u>170,554.34</u>	<u>3,150.00</u>	<u>173,704.34</u>
Totals	<u>\$ 657,393.59</u>	<u>\$ 30,000.00</u>	<u>\$ 687,393.59</u>

**General Debt – Burlington County Bridge Commission Loans**

On October 24, 2002, the Township entered into a loan agreement with the Burlington County Bridge Commission to provide \$2,176,000.00, at 5.0% interest. The proceeds were used to finance various capital ordinances. The final maturity of the bonds is October 15, 2022.

On December 22, 2005, the Township entered into a loan agreement with the Burlington County Bridge Commission to provide \$6,260,000.00, with interest rates ranging from 4.0% to 4.5%. The proceeds were used to finance various capital ordinances. The final maturity of the bonds is December 15, 2020.

On July 29, 2009, the Township entered into a loan agreement with the Burlington County Bridge Commission to provide \$5,814,000.00, with interest rates ranging from 4.0% to 4.5%. The proceeds were used to finance various capital ordinances. The final maturity of the bonds is August 15, 2019.

On March 15, 2011, the Township entered into a loan agreement with the Burlington County Bridge Commission to provide \$1,155,000.00, with interest rates ranging from 4.0% to 4.5%. The proceeds were used to refund prior year debt issues. The final maturity of the bonds is October 15, 2021.

On February 28, 2013, the Township entered into a loan agreement with the Burlington County Bridge Commission to provide \$3,735,000.00 at 5.0% interest. The proceeds were used to refund prior year debt issues. The final maturity of the bonds is December 1, 2023.

On March 28, 2017, the Township entered into a loan agreement with the Burlington County Bridge Commission to provide \$2,858,000.00 with interest rates ranging from 3.0% to 4.0%. The proceeds were used to refund prior year debt issues. The final maturity of the bonds is August 15, 2023.

On March 28, 2017, the Township entered into a loan agreement with the Burlington County Bridge Commission to provide \$2,674,000.00 with interest rates ranging from 3.0% to 4.0%. The proceeds were used to refund prior year debt issues. The final maturity of the bonds is August 15, 2025.

**Note 13: CAPITAL DEBT (CONT'D)****General Debt – Burlington County Bridge Commission Loans (Cont'd)**

The following schedule represents the remaining debt service, through maturity, for the Burlington County Bridge Commission loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,223,000.00	\$ 384,085.00	\$ 1,607,085.00
2019	1,268,000.00	333,995.00	1,601,995.00
2020	1,341,000.00	266,505.00	1,607,505.00
2021	1,377,000.00	217,870.00	1,594,870.00
2022	1,440,000.00	158,740.00	1,598,740.00
2023-2025	2,291,000.00	153,490.00	2,444,490.00
Totals	<u>\$ 8,940,000.00</u>	<u>\$ 1,514,685.00</u>	<u>\$ 10,454,685.00</u>

**Golf Course Utility Debt - Improvement Bonds**

General Obligation Refunding Bonds, Series 2013 - On February 28, 2013, the Township issued \$2,370,000.00 of General Obligation Refunding Bonds with interest an interest rate of 3.18%, to advance refund \$1,760,000.00 General Obligation Refunding Bonds Series 2004 and \$360,000.00 in General Obligation Refunding Bonds Series 2011. The final maturity of the bonds is August 15, 2024.

General Obligation Refunding Bonds, Series 2014 - On June 4, 2014, the Township issued \$3,735,000.00 of General Obligation Refunding Bonds, with an interest rate of 2.365% to advance refund \$3,620,000.00 of General Obligation Refunding Bonds, Series 2004. The final maturity of the bonds is August 15, 2024.

General Obligation Bonds, Series 2014 - On October 2, 2014, the Township issued \$450,000.00 of General Obligation Bonds, with interest rates ranging from 2.5% to 4.0%. The purpose of the bonds was to fund various improvements to the golf course. The final maturity of the bonds is June 1, 2025.

General Obligation Bonds, Series 2017 - On May 15, 2017, the Township issued \$355,000.00 of General Obligation Bonds, with interest rates ranging from 3.0% to 5.0%. The purpose of the bonds was to fund various improvements to the golf course. The final maturity of the bonds is February 1, 2028.

The following schedule represents the remaining debt service, through maturity, for the golf course utility improvement bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 625,000.00	\$ 130,458.56	\$ 755,458.56
2019	640,000.00	110,018.50	750,018.50
2020	590,000.00	92,102.76	682,102.76
2021	585,000.00	75,300.76	660,300.76
2022	600,000.00	58,635.26	658,635.26
2023-2027	1,410,000.00	77,088.76	1,487,088.76
2028	40,000.00	600.00	40,600.00
Totals	<u>\$ 4,490,000.00</u>	<u>\$ 544,204.60</u>	<u>\$ 5,034,204.60</u>

**Note 13: CAPITAL DEBT (CONT'D)****Golf Course Debt – Burlington County Bridge Commission Loans**

On July 29, 2009, the Township entered into a loan agreement with the Burlington County Bridge Commission to provide \$259,000.00, with interest rates ranging from 2.5% to 5.0%. The proceeds were used to finance golf course improvements. The final maturity of the loan is August 15, 2019.

On March 28, 2017, the Township entered into a loan agreement with the Burlington County Bridge Commission to provide \$131,000.00 at 4.0% interest. The proceeds were used to refund prior debt issued. The final maturity of the loan is August 15, 2026.

The following schedule represents the remaining debt service, through maturity, for the Burlington County Bridge Commission loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 15,000.00	\$ 6,550.00	\$ 21,550.00
2019	15,000.00	5,950.00	20,950.00
2020	16,000.00	5,040.00	21,040.00
2021	17,000.00	4,560.00	21,560.00
2022	18,000.00	3,880.00	21,880.00
2023-2026	<u>79,000.00</u>	<u>7,780.00</u>	<u>86,780.00</u>
Totals	<u>\$ 160,000.00</u>	<u>\$ 33,760.00</u>	<u>\$ 193,760.00</u>

**Note 13: CAPITAL DEBT (CONT'D)**

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 49,582,394.09	\$ 49,016,657.53	\$ 43,590,340.65
Golf Course Utility			
Bonds, Loans and Notes	6,485,052.00	6,928,070.00	7,259,698.00
Miscellaneous Bonds and Notes:			
Bonds Issed by another Public Body			
Guaranteed by the Township	679,225.05	720,880.18	761,714.54
Total Issued	<u>56,746,671.14</u>	<u>56,665,607.71</u>	<u>51,611,753.19</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds, Loans and Notes	168,880.44	168,880.44	503,027.44
Golf Course Utility			
Bonds, Loans and Notes	657,055.59	1,066,055.59	657,157.90
Total Authorized but not Issued	<u>825,936.03</u>	<u>1,234,936.03</u>	<u>1,160,185.34</u>
Total Issued and Authorized but not Issued	<u>57,572,607.17</u>	<u>57,900,543.74</u>	<u>52,771,938.53</u>
<b><u>Deductions</u></b>			
General:			
Reserve for Payment of Debt Service	483,513.18	483,513.18	
Sewer Utility:			
Self-Liquidating			7,916,855.90
Total Deductions	<u>483,513.18</u>	<u>483,513.18</u>	<u>7,916,855.90</u>
<b>Net Debt</b>	<u>\$ 57,089,093.99</u>	<u>\$ 57,417,030.56</u>	<u>\$ 44,855,082.63</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 1.082%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Purposes	\$ 10,650,000.00	\$ 10,650,000.00	
Regional School Purposes	16,324,713.38	16,324,713.38	
Self-Liquidating	7,142,107.59		\$ 7,142,107.59
General	50,430,499.58	483,513.18	49,946,986.40
	<u>\$ 84,547,320.55</u>	<u>\$ 27,458,226.56</u>	<u>\$ 57,089,093.99</u>

Net debt \$57,089,093.40 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$5,277,303,839.00, equals 1.082%.

**Note 13: CAPITAL DEBT (CONT'D)****Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 184,705,634.37
Less: Net Debt	<u>57,089,093.99</u>
Remaining Borrowing Power	<u><u>\$ 127,616,540.38</u></u>

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

**Calculation of "Self-Liquidating Purpose,"  
Golf Course 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	\$ 1,759,718.82
Deductions:	
Operating and Maintenance Costs	\$ 1,364,950.00
Debt Service	<u>1,186,681.24</u>
Total Deductions	<u>2,551,631.24</u>
Deficit in Revenue	<u><u>\$ (791,912.42)</u></u>

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

**Note 14: CAPITAL DEBT REFUNDING**

On March 28, 2017, the Burlington County Bridge Commission issued, on behalf of the Township, \$5,663,000.00 in county guaranteed pooled loan revenue refunding bonds with interest rates from 3.0% to 4.0% to advance refund \$2,970,000.00 of outstanding 2005 series bonds, \$131,000.00 of outstanding 2009 golf course series bonds and \$2,689,000.00 of outstanding 2009 series bonds with interest rates from 4.0% to 5.0%. As a result of the refunding, the Township will reduce its total debt service payments over the next ten years by over \$406,383.29, which results in an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$349,558.29 of the principal amount being refunded.

**Note 15: ARBITRAGE REBATE**

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

**Note 15: ARBITRAGE REBATE (CONT'D)**

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

<u>Issue Date</u>	<u>Settlement Date</u>	<u>Amount</u>	<u>Liability</u>
October 2, 2014	October 2, 2014	\$ 12,985,000.00	(1)
May 17, 2016	May 17, 2016	9,865,000.00	(1)
May 15, 2017	May 15, 2017	12,425,000.00	(1)

- (1) The rebate calculations on these bonds are required to be made at least once every five years. However, the Township has not prepared the rebate calculation for purposes of determining any contingent liability for rebate. It is anticipated that when such calculation is made, the liability, if any, will be appropriated in that year's general budget.

**Note 16: SCHOOL TAXES**

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

	<u>Balance December 31,</u>	
	<u>2017</u>	<u>2016</u>
Balance of Tax	\$ 18,115,988.71	\$ 17,353,548.61
Deferred	<u>15,917,794.50</u>	<u>15,917,794.50</u>
Taxes Payable	<u>\$ 2,198,194.21</u>	<u>\$ 1,435,754.11</u>

**Note 17: RISK MANAGEMENT**

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

**New Jersey Unemployment Compensation Insurance** - On January 1, 2013, the Township was granted approval from the State to switch the funding of its New Jersey Unemployment Compensation Insurance from the Benefit Reimbursement Method to the Contributory Method. Under this plan, the Township remits quarterly contributions to the Unemployment Compensation Fund under a consolidated rate established annually by all governmental contributory members.

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

- Public Employees Bond
- Public Officials Bond
- Business Automobile
- Workers' Compensation and Employer's Liability
- Harbor Marine
- Automobile Physical Damage
- Public Officials Liability
- Environmental Liability
- Property Damage other than Motor Vehicles

**Note 17: RISK MANAGEMENT (CONT'D)**

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

The Fund publishes its own financial report for the year ended December 31, 2017, which can be obtained from:

Professional Municipal Management JIF  
250 Pehle Avenue, Suite 701  
Saddle Brook, New Jersey 07663

**Self-Insurance** - In 2012, the Township adopted a plan of self-insurance for employee health insurance and prescriptions. A Reserve for Employee Health Benefit Self Insurance Program was established in the Trust-- Other Fund to account for and finance its related uninsured risks of loss up to \$75,000.00 per person, per year. Insurance Administrators of America acts as administrator of the plan. The Township purchases commercial insurance for claims in excess of the \$75,000.00.

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

<u>Year</u>	<u>Receipts</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2017	\$ 2,869,022.51	\$ 2,799,280.29	\$ 1,197,711.94
2016	2,778,444.11	2,565,059.83	1,127,969.72
2015	3,227,814.38	2,813,882.99	914,585.44

At December 31, 2017, an estimate for the Incurred but Not Reported (IBNR) claims is \$167,995.63, as provided by the third party administrator. None of the pending claim have been recorded as accounts payable and charged to the reserve employee health benefit self-insurance program as of December 31, 2017. Any additional funding required for claims in excess of the aforementioned reserve will be paid and charged to future budgets.

There have been no settlements that exceed the Township's coverage for years ended December 31, 2017, 2016 and 2015.

**Note 18: DEBT SERVICE AGREEMENT (FINANCIAL GUARANTEE)**

On August 18, 2010, the Township entered into a debt service agreement to guarantee a NJEIT loan issuance of \$879,453.13 for the Marlton Civics Association. The loan matures annually through September 13, 2031, with semiannual interest payments. In the event that the Association is unable to make a payment, the Township is required to make that payment.

**Note 19: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST**

On November 3, 1999, and November 2, 2000 pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township authorized the establishment of the Township of Evesham Open Space, Recreation and Farmland Preservation Trust Fund effective January 1, 2000, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. Overall, as a result of the two referendums, the Township levies a tax not to exceed three cents per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a trust fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township of Evesham Open Space, Recreation and Farmland Preservation Trust Funds.

**Note 20: CONTINGENCIES**

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

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

**Note 21: CONCENTRATIONS**

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

**Note 22: SUBSEQUENT EVENTS**

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
<b>General Improvements</b>		
Various Capital Improvement and Related Expenses	04/10/18	\$ 4,761,500.00
<b>Golf Course Improvements</b>		
Improvements to the Township's Golf Course Grounds and Facilities and Acquisition of Equipment	04/10/18	304,700.00



**APPENDIX C**  
**FORM OF BOND COUNSEL OPINION**

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Letterhead of Bond Counsel

May 7, 2019

Mayor and Township Committee  
Township of Evesham, in the  
County of Burlington, New Jersey

Re: Township of Evesham,  
in the County of Burlington, New Jersey  
\$10,405,800 Bond Anticipation Notes, Series 2019A  
consisting of \$9,761,100 General Capital Notes and  
\$644,700 Golf Utility Notes

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Evesham, in the County of Burlington, New Jersey (the "Township") of its \$10,405,800 principal amount of Bond Anticipation Notes, Series 2019A, consisting of \$9,761,100 General Capital Notes and \$644,700 Golf Utility Notes (the "Notes"). The Notes are general obligations of the Township and the full faith, credit and taxing power of the Township are available to pay the principal of and the interest on the Notes. The Notes are dated May 7, 2019, mature on May 7, 2020, bear interest at a rate of 2.75% per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Local Bond Law") and by Bond Ordinance Nos. 07-04-2018, 08-04-2018, 12-26-18 and 06-04-2019 (the "Ordinances"). The Notes will be issued by the Township to (i) refund, on a current basis, a \$5,066,200 Bond Anticipation Note of the Township, dated and issued by the Township on May 17, 2018 and maturing on May 9, 2019, (ii) fund its 2019 Capital Plan and (iii) pay for certain of the costs of issuance of the Notes.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined such matters of law, including the Local Bond Law and the Internal Revenue Code of 1986, as amended (the "Code"), such documents, including the Ordinances, and such other statutes, resolutions, certificates, instruments and records of the Township, as we have deemed necessary or appropriate for the purpose of the opinion rendered below. In such examination, we have assumed and relied upon the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

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

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

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

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

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

Very truly yours,

Letterhead of Bond Counsel

May \_\_, 2019

Mayor and Township Committee  
Township of Evesham, in the  
County of Burlington, New Jersey

Re: Township of Evesham,  
in the County of Burlington, New Jersey  
\$8,049,052 Bond Anticipation Notes, Series 2019B consisting of \$6,295,700  
General Capital Notes and \$1,753,352 Golf Utility Notes (Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Evesham, in the County of Burlington, New Jersey (the "Township") of its \$8,049,052 principal amount of Bond Anticipation Notes, Series 2019B (Taxable), consisting of \$6,295,700 General Capital Notes and \$1,753,352 Golf Utility Notes (the "Notes"). The Notes are general obligations of the Township and the full faith, credit and taxing power of the Township are available to pay the principal of and the interest on the Notes. The Notes are dated May 7, 2019, mature on May 7, 2020, bear interest at a rate of 2.75% per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Local Bond Law") and by Bond Ordinance Nos. 08-04-2013, 19-06-2013, 10-4-2015, 8-4-2016, 24-12-2016 and 16-08-2016 (the "Ordinances"). The Notes will be issued by the Township to (i) currently refund, together with \$52,300 from the Township's 2019 budget, a \$1,753,352 portion of the Township's \$1,835,652 principal amount Golf Utility Bond Anticipation Note, (Taxable), dated and issued by the Township on May 10, 2018 and maturing on May 9, 2019, (ii) currently refund, together with \$84,300 from the Township's 2019 budget a \$6,295,700 portion of the Township's \$6,380,000 General Capital Bond Anticipation Note (Taxable) of the Township issued on May 10, 2018 and maturing on May 9, 2019 and (iii) pay for certain of the costs of issuance of the Notes.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined such matters of law, including the Local Bond Law and the Internal Revenue Code of 1986, as amended (the "Code"), such documents, including the Ordinances, and such other statutes, resolutions, certificates, instruments and records of the Township, as we have deemed necessary or appropriate for the purpose of the opinion rendered below. In such examination, we have assumed and relied upon the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents

submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

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

1. The Notes have been duly authorized, executed and delivered and constitute legal, valid and binding obligations of the Township enforceable in accordance with their terms.

2. The power and obligation of the Township to pay the Notes is unlimited, and, if not paid from other sources, the Township is required to levy ad valorem taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

3. Interest on the Notes is **not** excludable from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code.

4. Interest on the Notes and gain from the sale thereof is excludable from gross income under the New Jersey Gross Income Tax Act.

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

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

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

Very truly yours,