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**OFFICIAL STATEMENT DATED OCTOBER 2, 2019**

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

**\$11,742,000**  
**TOWNSHIP OF DELRAN**  
**County of Burlington, New Jersey**  
**GENERAL OBLIGATION BONDS, SERIES 2019**  
**(Non-Callable)**

**Dated: Date of Delivery****Due: October 15, as shown on inside front cover**

The Township of Delran, County of Burlington, New Jersey ("Township") is issuing \$11,742,000 aggregate principal amount of its General Obligation Bonds, Series 2019 ("Bonds"). The Bonds shall be issued in fully registered book-entry-only form without coupons.

The principal of the Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the Bonds at the offices of the Township or its hereafter designated paying agent, if any. Interest on the Bonds is payable semi-annually on April 15 and October 15 ("Interest Payment Dates"), commencing April 15, 2020, in each year until maturity. The Bonds are not subject to redemption prior to their stated maturity dates.

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

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) Bond Ordinances 2011-18; 2013-9; 2014-8; 2014-11; 2014-13; 2015-7; 2015-10; 2015-11; 2016-7; 2016-11; 2017-02; 2017-07; 2017-08; 2018-02, as amended by 2018-07; 2018-6; 2019-3 and 2019-18, each duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Council on September 10, 2019; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October 2, 2019.

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

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

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

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Solicitor, Stuart A. Platt, Esquire, of the law firm Platt & Riso, P.C., Stratford, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as Municipal Advisor to the Township in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery, in immediately available funds, through DTC in New York, New York on or about October 17, 2019.

**RBC Capital Markets, LLC**

**\$11,742,000**  
**TOWNSHIP OF DELRAN**  
**County of Burlington, New Jersey**

**GENERAL OBLIGATION BONDS, SERIES 2019**

**MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<u>Year</u>	<u>General Improvement</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>
2020	\$2,000,000	1.50%	1.51%	247235FF6
2021	1,500,000	1.50	1.55	247235FG4
2022	1,242,000	2.00	1.60	247235FH2
2023	1,000,000	2.00	1.65	247235FJ8
2024	1,000,000	2.00	1.70	247235FK5
2025	1,000,000	2.00	1.80	247235FL3
2026	1,000,000	2.00	1.85	247235FM1
2027	1,000,000	2.00	1.90	247235FN9
2028	1,000,000	2.00	1.95	247235FP4
2029	1,000,000	2.00	2.00	247235FQ2

<sup>1</sup>CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of The American Bankers Association by S&P Global Market Intelligence. The CUSIP Numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Township does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**TOWNSHIP OF DELRAN  
COUNTY OF BURLINGTON, NEW JERSEY**

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<u><b>Name</b></u>	<u><b>Title</b></u>
Ken Paris	Mayor
Gary Catrambone	Council President
Tyler Burrell	Council Vice-President
Virginia Parejo	Council Member
Thomas Lyon	Council Member
Michael Mormando	Council Member

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**Township Clerk**  
Jamey Eggers

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**Chief Financial Officer**  
Margaret Peak

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**Township Manager**  
Jeffrey Hatcher

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**Solicitor**  
Platt & Riso, P.C.  
Stratford, New Jersey

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**Auditor**  
Bowman & Company LLP  
Voorhees, New Jersey

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

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**Municipal Advisor**  
Phoenix Advisors, LLC  
Bordentown, New Jersey

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

References in this Official Statement to laws, rules, regulations, bond ordinances, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the office of the 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 there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or any underwriter.

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

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

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

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**\$11,742,000**  
**TOWNSHIP OF DELRAN**  
**County of Burlington, New Jersey**  
**GENERAL OBLIGATION BONDS, SERIES 2019**  
**(Non-Callable)**

**INTRODUCTION**

This Official Statement, including the cover page and Appendices hereto, is to provide certain information relating to the issuance by the Township of Delran, County of Burlington, New Jersey ("Township") of its \$11,742,000 aggregate principal amount of General Obligation Bonds, Series 2019 ("Bonds").

**AUTHORIZATION FOR THE BONDS**

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2011-18; 2013-9; 2014-8; 2014-11; 2014-13; 2015-7; 2015-10; 2015-11; 2016-7; 2016-11; 2017-02; 2017-07; 2017-08; 2018-02, as amended by 2018-07; 2018-6; 2019-3 and 2019-18 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Council on September 10, 2019; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October 2, 2019.

**PURPOSE OF THE ISSUE**

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

The Improvements to be permanently financed with the proceeds of the Bonds include the following:

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## General Improvement Bond Ordinances

<b>Ordinance Number</b>	<b>Purpose</b>	<b>Amount Authorized</b>	<b>Notes Outstanding</b>	<b>Bonds to be Issued</b>
2010-11	Various Capital Improvements	\$309,700	\$161,470	\$0
2011-7	Acquisition of Real Property	427,500	88,000	0
2011-9	Various Road Improvements	199,500	127,000	0
2011-11	Various Road Improvements	570,190	96,000	0
2011-18	Various Improvements to Recreational Areas	1,852,500	1,537,000	1,365,000
2011-20	Various Road Improvements	66,500	54,000	0
2012-4, as amended by 2014-2	Various Capital Improvements and the Acquisition of Various Capital Equipment; Construction of Sidewalks	950,000	682,000	0
2012-9	Construction of Sidewalks	200,000	200,000	0
2012-10	Various Road Improvements	200,000	157,000	0
2012-13	Various Road Improvements	93,100	82,000	0
2013-9	Various Capital Improvements; Acquisition of Various Capital Equipment	950,000	782,000	726,000
2013-12	Road Improvements	100,712	92,000	0
2014-5, as amended by 2017-4	Various Improvements to Township's Sewer Utility System	450,000	450,000	0
2014-8	Various Capital Improvements; Acquisition of Various Capital Equipment	1,662,500	1,511,000	1,412,900
2014-11	Lighting Improvements to Delran Community Park	235,600	218,000	209,000
2014-13	Construction of Sidewalks	285,000	62,580	47,000
2015-7	Various Capital Improvements; Acquisition of Various Capital Equipment	696,350	416,000	386,000
2015-10	Various Road Improvements	234,068	221,000	208,000
2015-11	Various Road Improvements	853,611	507,000	465,000
2016-7	Construction of Sidewalks	80,000	80,000	75,000
2016-11	Various Capital Improvements; Acquisition of Various Capital Equipment	344,470	289,465	265,525
2017-2	Various Road Improvements	1,752,000	1,752,000	1,752,000
2017-7	Various Capital Improvements	2,458,125	2,458,125	2,458,125
2017-8	Installation of Sports Lighting at Delran Community Park	45,000	45,000	45,000
2017-9	Various Sewer Utility Improvements	2,260,000	390,000	0
2018-2, as amended by 2018-7	Reconstruction of Certain Roads	1,337,000	1,072,950	1,072,950
2018-6	Various Capital Improvements; Acquisition of Various Capital Equipment	583,500	383,500	383,500
2019-3	Acquisition of a Dump Truck	104,000	0	104,000
2019-18	Various Capital Improvements; Acquisition of Various Capital Equipment	767,808	0	767,000
<b>TOTAL</b>		<b>\$20,068,734</b>	<b>\$13,915,090</b>	<b>\$11,742,000</b>

## DESCRIPTION OF THE BONDS

### General

The Bonds will be issued in the aggregate principal amount of \$11,742,000. The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on April 15 and October 15 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing April 15, 2020, in each year until maturity. The Bonds are not subject to redemption prior to their stated maturity dates.

Individual purchases of the Bonds may be made in the principal amount of \$5,000, or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS--Book-Entry-Only System" below. The Bonds will mature on October 15 in the years and in the principal amounts all as shown on the inside front cover page of this Official Statement.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the Township or its hereafter designated paying agent, if any. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Township for such purpose at the offices of Township or its hereafter designated paying agent, if any, as of the close of business on the first (1<sup>st</sup>) day of the calendar month containing an Interest Payment Date (each a "Record Date").

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

### 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 Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as such terms is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations as to the completeness or accuracy of such information.

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



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

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

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

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

Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

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

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

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

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

### **SECURITY FOR THE BONDS**

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

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

## GENERAL INFORMATION REGARDING THE TOWNSHIP

### General

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

### Financial

Appendix "B" to this Official Statement contains audited financial statements of the Township for the years ended December 31, 2018, 2017, 2016, 2015 and 2014. The financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete reports of audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

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

### Local Bond Law

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

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

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

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

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

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

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

### **Local Fiscal Affairs Law**

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

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

An independent examination of the 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 local unit's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper

within 30 days of its submission. The entire annual audit report for the year ended December 31, 2018 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 local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units

### **Local Budget Law**

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

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

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

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

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

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010 (S-29R1), which, among other things, imposes a two percent (2.00%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2.00%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.00%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.00% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 *et seq.*), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, *N.J.S.A. 40A:4-45-46*) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2.00%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2.00%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

### **Miscellaneous Revenues**

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

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

### **Real Estate Taxes**

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

**Current Year Tax Levy and Reserve for Uncollected Taxes** - The current year's taxes to be levied are determined by adding the sums of the cash required from taxes to support the

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

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

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

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

### **Deferral of Current Expenses**

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

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

### **Budget Transfers**

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



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

### **Capital Budget**

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

### **Related Constitutional and Statutory Provisions**

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

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

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

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

### **The Municipal Finance Commission**

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

local unit, the "Municipal Finance Commission Statutes" are available to assist in restoring the stability of the local unit.

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

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

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

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

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

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

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

## **TAXATION**

### **Procedure for Assessment and Collection of Taxes**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. The County of Burlington ("County") has implemented a County-wide assessment system whereby all assessments are done at the County level, and each municipality in the County is reassessed every three years. The Township's most recent property revaluation/reassessment occurred in 2011, and became effective for the 2012 tax year.

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

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

### **Tax Appeals**

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

## TAX MATTERS

### Federal

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

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

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

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

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

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Township has **not** designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

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

### **New Jersey**

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

### **Changes in Federal and State Tax Law**

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

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

### **LITIGATION**

To the knowledge of the Township's Solicitor, Stuart A. Platt, Esquire, of the firm Platt & Riso, P.C., Stratford, New Jersey ("Solicitor"), there is no litigation of any nature now pending, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or

the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

## **RATING**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("Rating Agency") has assigned a rating of "AA" to the Bonds based upon the creditworthiness of the Township.

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

## **PREPARATION OF OFFICIAL STATEMENT**

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

All of the information has been obtained from sources which 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.

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

Bowman & Company LLP, Voorhees, New Jersey, compiled this Official Statement from information obtained from Township management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto. Bowman & Company LLP does take responsibility for the financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Auditor's Report.

## **UNDERWRITING**

The Bonds have been purchased from the Township at a public sale by RBC Capital Markets, LLC, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated October 2, 2019. The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in connection with the Bonds. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

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

## **LEGALITY FOR INVESTMENT**

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

## **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as municipal advisor to the Township with respect to the issuance of the Bonds ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in 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.

## **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.

## CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule"), the Township has undertaken to file notice of certain enumerated events, pursuant to a Continuing Disclosure Agreement, in the form attached as Appendix "D" to this Official Statement.

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 years ending December 31, 2013, 2014, and 2015. 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. 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 May of 2015 to serve as continuing disclosure agent.

## LEGAL MATTERS

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

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

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

## ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Margaret Peak, Chief Financial Officer, Township of Delran, at 856-461-7734, or to the Township's Municipal Advisor, Phoenix Advisors, LLC at 609-291-0130.



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

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

This Official Statement has been duly executed and delivered by the Chief Financial Officer of the Township for and on behalf of the Township.

**TOWNSHIP OF DELRAN, NEW JERSEY**

**By: /s/ Margaret Peak**  
**MARGARET PEAK, Chief Financial Officer**

**Dated:** October 2, 2019

**APPENDIX A**

**CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION  
REGARDING THE TOWNSHIP OF DELRAN**

## **GENERAL INFORMATION ON THE TOWNSHIP**

### **History**

The Township was incorporated on February 12, 1880. It was created out of a division of Cinnaminson Township.

The Township is made up of approximately seven square miles and is located in Burlington County, New Jersey, about 10 miles north of Central Philadelphia and the City of Camden, with a mile of frontage on the Delaware River. The Township is operated under the Mayor/Council Plan D form of government established under the optional Municipal Charter Law of New Jersey (N.J.S.A.40:69A-1 et seq.). The Mayor and two Council members are elected at large and three Council members are elected by ward. All members serve a four-year term.

### **Business and Industry**

The Township is home to a variety of businesses and industry serving the Delaware Valley. Recently completed in the Township is the New Jersey American Water Company Water Treatment Plant. This water plant will treat water which is drawn from the Delaware River and pump it to water utilities in Burlington, Camden and Gloucester Counties through 40 miles of pipeline. Ball Corporation recently completed its 456,000 square foot plastic container manufacturing plant on River Road. The plant employs 200 people.

Simon & Schuster, Inc. is a major publishing company located within the Township. Other types of industries include computer services, boat manufacturing, builder developers, water transportation services and excavating and foundation work.

There are four neighborhood shopping centers.

### **Fire Protection and Emergency Services**

Two volunteer fire companies organized through a fire district serve the Township. The two fire companies are equipped with modern fire fighting apparatus, including four pumpers and an aerial ladder.

A fully-trained team of seventy-five volunteers provides twenty-four-hour ambulance service to the Township. Equipment is provided from a combination of municipal funds and contributions raised from residents. This equipment consists of four modern ambulances.

### **Police**

Thirty full-time officers serve to provide public safety to the Township residents. The department has a K-9 unit and a comprehensive education program provided in the local schools.

### **Public Works**

Routine trash collection is provided under a contractual agreement with a private company.

A mandatory recycling program of newspaper is serviced by curbside collection enhanced by a twenty-four-hour drop-off center for recycling of paper, glass, and aluminum. Tree branches and leaves are collected on a seasonal basis.

The Department of Public Works also cleans and maintains the 105 miles of streets and roads, as well as, many of the trees lining the Township. In addition, parks and recreation areas are the responsibility of the Department.

## Recreation

The Township offers a wide range of recreational facilities to its residents. These include ten parks, six soccer fields, eleven baseball fields, one football field, and two tennis courts. The Township maintains the playgrounds, which includes playground equipment for the enjoyment of young citizens with the recently completed Delran Community Park featuring a full accessible Jakes Place playground. Other recreational facilities available to citizens include a private swimming club and the 1,000 slip Dredge Harbor, the Delaware River's largest marina.

## Employee Collective Bargaining Units

There are three Collective Bargaining Units which cover the Township Police Patrolmen, Police Lieutenants and Sergeants Superior Officers - Public Works/Sewer/Clerical Employees. The current contract for the Patrolmen expires December 31, 2020 and the contract for the Public Works/Sewer/Clerical Employees expires December 31, 2020.

## Delran Sewerage Department

The Township of Delran abolished the Delran Sewerage Authority in 2009 and now maintains and exercises full executive and financial control over this operation.

The governing body of the Township is the governing authority of the sewer department with administrative and supervisory services being provided by the Business Administrator and the Supervisor of the Sewer Department.

The Sewer Department presently provides sewerage collection service to certain sections of the Township. The sewer system consists of a 2.5 million gallon a day wastewater plant, which was completed in 1994, six pumping stations, gravity sewers, force mains, 1,000 manholes, and 4,400 service connections.

## Township Employees

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Permanent Employees	88	79	80	74	72
Part-time Employees	<u>58</u>	<u>54</u>	<u>48</u>	<u>54</u>	<u>51</u>
Total	<u>146</u>	<u>133</u>	<u>128</u>	<u>128</u>	<u>123</u>

## Compensated Absences

Township employees are entitled to fifteen paid sick leave days per year. Unused sick leave may be accumulated and carried forward to the subsequent years. Vacation days not used during the year may not be accumulated and carried forward. For additional information regarding compensated absences, see Appendix B: Audited Financial Statements, Note 11 to Financial Statements.

## Pension Plans

Those Township employees who are eligible for pension coverage are enrolled in one of three pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. For additional information regarding pension plans, see Appendix B: Audited Financial Statements, Note 8 to Financial Statements.

**Population(1)**

2010 Federal Census	16,896
2000 Federal Census	15,536
1990 Federal Census	13,178
1980 Federal Census	14,811
1970 Federal Census	10,065

**Selected Census 2017 Data for the Township (1)**

Median household income	\$94,321
Median family income	\$111,132
Per capita income	\$37,836

**Labor Force(2)**

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

<u>Year</u>	<u>Labor Force</u>	<u>Employed Persons</u>	<u>Unemployed Persons</u>	<u>Unemployment Rate</u>
<b>Township</b>				
2018	9,005	8,690	315	3.5%
2017	9,094	8,765	329	3.6
2016	9,110	8,748	362	4.0
2015	9,121	8,697	424	4.6
2014	9,124	8,545	579	6.3
<b>County</b>				
2018	227,445	218,877	8,568	3.8%
2017	230,174	220,764	9,410	4.1
2016	230,271	219,995	10,276	4.5
2015	230,059	217,756	12,303	5.3
2014	228,530	213,837	14,693	6.4
<b>State</b>				
2018	4,422,900	4,239,600	183,400	4.1%
2017	4,453,500	4,247,500	206,000	4.6
2016	4,474,700	4,252,100	222,600	5.0
2015	4,545,083	4,291,650	253,417	5.6
2014	4,518,715	4,218,423	300,277	6.6

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

(2) Source: New Jersey Department of Labor

## TEN LARGEST NON-GOVERNMENTAL EMPLOYERS

The ten largest non-governmental employers in the Township employ approximately 1,519 people.

<u>Employer</u>	<u>Nature of Business</u>	<u>Employees</u>
Simon & Schuster	Distribution warehouse	450
ShopRite	Retail supermarket	169
Billow's Electric	Electrical Supply	145
Home Depot	Retail building materials	140
Target	Retail sales	136
Lowe's Home Center	Home improvement	117
Jacent Strategic Merchandising	Small Houseware Distributor	100
Rite Aid	Central Fill Pharmacy	100
Barlow Chevrolet	Automotive Dealership	92
Chick-fil-A	Restaurant	70

### Business and Transportation

The Township, located in the western sector of the County of Burlington, is predominantly a residential community with the majority of its commercial development in retail establishments and medium density office complexes.

### Building, Zoning and Development Codes

The Township has established development regulations governing the size of lots for various types of construction. The land requirements are based on the type and nature of the building.

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

The Township adopted the Municipal Land Use Law on November 1, 2000. The Municipal Land Use Law gave the Township Zoning Board of Adjustment and Planning Board authority to regulate most land use other than family residential use. In this way, the Township is able to guide the approximate use or development of land to promote the public health, safety and general welfare.

### Building Permits Issued(1)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2019(2)	484	\$8,861,493.00
2018	742	14,826,537.35
2017	816	16,868,413.89
2016	851	18,422,102.00
2015	744	22,916,592.59
2014	738	10,170,022.00

(1) Source: Township Construction Official

(2) As of August 15, 2019

## EDUCATION(1)

The Board of Education of the Township of Delran ("School District") boundaries are identical to Township boundaries, with separate administrative control provided by a directly elected Board of Education. The School District provides a variety of regionally recognized educational programs, ranging from advanced curriculum for the educationally gifted to specialized programs for the functionally impaired student.

A comprehensive range of programs is available throughout the School District that includes one high school, one middle school, one intermediate school, and one elementary school.

The School District operates under Chapter 7 of Title 18 of the Revised Statues. It is governed by a nine member Board elected by the voters. The Board is assisted in school administration by a Superintendent, Board Secretary, Treasurer, General Counsel and four full-time Principals.

### School District Enrollments(1)

<u>Grade</u>	<u>2018</u>	<u>2017</u>	<u>October 15, 2016</u>	<u>2015</u>	<u>2014</u>
Pre-School	45	28	24	45	46
K	196	193	190	233	238
1	196	192	222	218	238
2	193	210	207	234	196
3	221	220	237	197	219
4	215	243	200	226	199
5	238	207	235	210	245
6	169	195	185	209	186
7	198	182	217	189	168
8	185	215	189	178	198
9	210	181	183	195	184
10	188	186	202	187	206
11	184	197	191	203	191
12	189	192	202	189	170
Home Instruct	14	11	11	6	8
Sp. Education	<u>318</u>	<u>295</u>	<u>292</u>	<u>301</u>	<u>285</u>
Total	<u>2,959</u>	<u>2,947</u>	<u>2,987</u>	<u>3,020</u>	<u>2,977</u>

### Present School Facilities and Enrollment(1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment 10/15/18</u>
Millbridge	1970	1999	K- 2	585
Intermediate	1994	---	3 - 5	674
Middle School	1961	1964, 1998	6 - 8	552
High School	1975	1997	9 - 12	<u>771</u>
				<u>2,585</u>

(1) Source: School District officials

## HIGHER EDUCATION FACILITIES

### **Rowan College at Burlington County (Formerly Burlington County College)**

Rowan College at Burlington County (formerly Burlington County College) ("RCBC" or the "County College") is a comprehensive, publicly supported, coeducational, two-year institution developed by the County and the State and accredited by the Middle States Association of Colleges and Schools. The County College was founded in October 1965 and opened in September 1969. The 225-acre main campus is located on Pemberton-Browns Mills Road in Pemberton Township, while the Mount Laurel campus opened in July 1995. The Freeholder Board sponsors the College, appointing nine of the twelve Trustees.

In June 2015, the Rowan University Board of Trustees approved a resolution to partner with the County College thereby allowing students to obtain a bachelor's degree from Rowan University on the County College's Mount Laurel Campus. The unique partnership provides students the opportunity to seamlessly transition from the community college to the university. RCBC is the first community college in the region to offer junior-level courses as part of the "3+1" program in which students complete 75 percent of a Rowan University degree with the community college before completing their senior year at the university.

In July 2015, RCBC announced a transition from its original Pemberton Campus to the more accessible and modern Mount Laurel Campus. All of the academic programs have been moved to Mount Laurel, leaving only athletics and aquatic classes in Pemberton. An athletic facility is in the plans for Mount Laurel. Located at the intersection of Route 38 and I-295, the 100-acre Mount Laurel campus is already home to the Technology and Engineering Center. Joining it as part of the transformed Mount Laurel campus is a new Health Sciences Center as well as a new Student Success Center - a 78,000 square foot, \$25.4 million state-of-the-art building that will feature a one-stop shop for student services from enrollment to academic planning, knowledge commons library, bookstore, dining area and state-of-the-art technology. This building will serve as the gateway to the newly transformed Mount Laurel campus with a total investment of \$55 million and renovation of 240,000 square feet.

RCBC's enrollment as of Spring 2019 consisted of 7,626 students. In addition, the County College serves thousands of other County residents each semester through youth programs, Learning is for Everyone, workforce development, theatrical productions, guest speakers, and art exhibitions.

The Board of Trustees governs the County College and certain fiscal matters are subject to review by the Board of School Estimate. The County College is not permitted to borrow for capital expenditures. Instead, the Board of Trustees and the Board of School Estimate certify the need for funding to the Board, which either currently appropriates the amount certified or authorizes the issuance of County debt, generally in accordance with the provisions of the Local Bond Law.

### **Burlington County Institute of Technology**

The Burlington County Board of Vocational Education was created by the Board in 1962 after a favorable referendum. The enrollment for the two campuses, Westampton and Medford, is 2,098 students as of June 30, 2019.

The Burlington County Institute of Technology ("BCIT") is governed by a consolidated Board of Education of the Special Services School District and the Vocational School District of the County of Burlington and certain fiscal matters are subject to the review of the Board of School Estimate. BCIT is not permitted to borrow for capital expenditures. Instead, the Board of Education and the Board of School Estimate certify the need for funding to the Board which either currently appropriates the amount certified or authorizes the issuance of County debt, generally in accordance with the provisions of the Local Bond Law except that no down payment is required.



BCIT contributes to the County workforce each year an average of 462 high school seniors certified in one of thirty-three career and technical programs and, through its Adult School Division, approximately 760 adults who have completed either a certification or licensing program in one of the thirty-five career programs offered. The Superintendent of BCIT is the liaison between the education community of the County and business and industry.

**Burlington County Special Services School District**

The Burlington County Special Services School District (“Special Services School District”) was created by the Board in June 1972. The Special Services School District is comprised of state-of-the-art facilities located in the Townships of Westampton, Lumberton, Medford, and Mount Laurel and programs are provided for: (1) the orthopedically handicapped, the multiple handicapped, autistic and deaf and hard of hearing; (2) elementary school students with severe emotional and social problems; (3) students ages fourteen (14) through twenty-one (21) with educational needs which are beyond the capabilities of existing local school boards and regions; and (4) trainable mentally retarded young people from ages fourteen (14) to twenty-one (21). The enrollment for the Special Services School District for the 2018-19 academic year is 550 students.

**CERTAIN TAX & UTILITY INFORMATION**

**TEN LARGEST REAL PROPERTY TAXPAYERS (1)**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<b>2019 Assessed</b> <u>Valuation</u>
Berk & Berk at Swedes Run, LLC	Apartments	\$41,152,500
New Jersey American Water Co.	Water Treatment Plant	25,921,800
Hartford Corners Ownership, LLC	Shopping Center	24,359,800
Simon & Schuster	Publisher	20,900,000
SDK Tenby Chase	Apartments	16,460,400
GPT Cinnaminson Owner, LLC	Warehouse	10,500,000
Target	Shopping Center	9,598,900
Lowe's	Home Improvement Store	9,096,200
Millside Plaza	Shopping Center	7,729,400
Home Depot	Home Improvement Store	7,204,500

**CURRENT TAX COLLECTIONS (2)**

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2018	\$53,638,315	\$52,933,549	98.69%	\$635,136	1.18%
2017	52,617,639	51,936,735	98.71	615,546	1.17
2016	51,633,084	50,854,875	98.49	722,858	1.40
2015	50,868,961	50,166,879	98.62	682,749	1.34
2014	48,425,443	47,906,370	98.93	457,843	0.95

(1) Source: Township Tax Assessor

(2) Source: Annual Reports of Audit

**CERTAIN TAX & UTILITY INFORMATION (CONT'D)**

**DELINQUENT TAXES (1)**

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transferred To Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
			<u>Amount</u>	<u>Percentage</u>			
2018	\$619,048	\$2,500	\$612,233	98.50%	---	\$ 6	\$ 9,309
2017	722,858	2,000	708,471	97.74	\$12,886	---	3,502
2016	682,998	2,500	684,115	99.80	1,351	32	---
2015	459,969	2,520	461,563	99.80	676	---	250
2014	618,237	1,081	616,457	99.54	735	---	2,126

**TAX TITLE LIENS (1)**

<u>Year</u>	<u>Added by Sales and Transfers</u>			<u>Collected</u>	<u>Balance Dec. 31</u>
	<u>Balance Jan. 1</u>				
2018	\$163,065	\$25,182	---	---	\$188,247
2017	127,117	44,754	\$ 8,806	---	163,065
2016	104,712	22,405	---	---	127,117
2015	86,832	17,880	---	---	---
2014	76,525	14,674	4,367	---	86,832

**FORECLOSED PROPERTY (1)(2)**

<u>Year</u>	<u>Balance Dec. 31</u>
2018	\$282,015
2017	282,015
2016	282,015
2015	282,015
2014	282,015

**CURRENT SEWER UTILITY COLLECTIONS (1)**

	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
				<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2018	\$ 891,744	\$3,846,922	\$4,738,666	\$3,897,903	82.26%	\$ 840,763	17.42%
2017	949,798	3,876,302	4,826,100	3,934,356	81.52	891,744	19.92
2016	844,530	3,923,299	4,767,828	3,818,030	80.08	949,798	19.92
2015	886,295	3,902,499	4,788,794	3,944,265	82.36	844,530	17.64
2014	962,244	3,785,386	4,747,630	3,861,335	81.33	886,295	18.67

(1) Source: Annual Reports of Audit

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

**CERTAIN TAX & UTILITY INFORMATION (CONT'D)**

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

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total Rate</u>	<u>Tax Rate (2)</u>			
			<u>County</u>	<u>School</u>	<u>Local Municipal</u>	<u>Fire District</u>
2019	\$1,415,647,482	\$3.847	\$0.451	\$2.422	\$0.813 (3)	\$0.161
2018	1,411,655,182	3.783	0.447	2.383	0.795 (3)	0.158
2017	1,407,526,586	3.723	0.429	2.353	0.784 (3)	0.157
2016	1,401,551,386	3.668	0.437	2.294	0.787 (3)	0.150
2015	1,399,747,792	3.607	0.455	2.209	0.788 (3)	0.155

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita</u>
2019	\$1,415,647,392	88.78%	\$1,594,556,648	\$94,375 (5)
2018	1,411,655,092	89.92	1,569,901,125	92,916 (5)
2017	1,407,526,492	95.32	1,476,632,912	87,395 (5)
2016	1,401,551,292	93.74	1,495,147,527	88,491 (5)
2015	1,399,747,692	91.34	1,532,458,607	90,699 (5)

**REAL PROPERTY CLASSIFICATION (1)**

<u>Year</u>	<u>Assessed Value of Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Farm</u>	<u>Apartments</u>
2019	\$1,415,647,392	\$9,678,200	\$1,090,558,700	\$177,248,692	\$81,054,500	\$822,900	\$56,284,400
2018	1,411,655,092	12,164,300	1,084,555,700	176,468,292	81,554,500	822,900	56,089,400
2017	1,407,526,492	13,413,500	1,078,777,900	177,038,792	81,554,500	1,042,400	55,669,400
2016	1,401,551,292	13,182,000	1,077,929,700	168,505,292	84,813,300	1,421,600	55,699,400
2015	1,399,747,692	8,788,000	1,077,316,900	169,007,792	86,908,700	2,266,900	55,459,400

(1) Source: Township Tax Assessor

(2) Per \$100 of Assessed Valuation

(3) Includes Municipal Open Space tax levy of \$325,000 per approved referendum

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

(5) Based on 2010 Census of 16,896

**TOWNSHIP OF DELRAN**  
**STATEMENT OF INDEBTEDNESS (1)**

The following table summarizes the direct debt of the Township in accordance with the requirements of the Local Bond Law of the State (N.J.S.A. 40A:2-2 et seq.). The gross debt is comprised of short and long-term debt issued, including General, Sewer Utility and debt of the Local School District. Deductions from gross debt to arrive at net debt include deductible school debt, reserve to pay bonds, as well as, debt considered to be self-liquidating. The resulting net debt of \$16,113,656 represents 1.045% of the average of equalized valuations for the Township for the last three years, within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Debt Auth. But Not Issued	Gross Debt	Deductions			Net Debt
	Bond and Loans	Notes			School Debt	Funds Temporarily Reserve to Pay Bonds	Self- Liquidating	
General	\$ 1,464,000	\$ 13,075,090	\$ 1,857,142	\$ 16,396,232		\$ 282,576		\$ 16,113,656
Sewer Utility	1,403,859	840,000	6,091,446	8,335,305			\$ 8,335,305	
School District	22,430,000			22,430,000	\$ 22,430,000			
	<u>\$ 25,297,859</u>	<u>\$ 13,915,090</u>	<u>\$ 7,948,588</u>	<u>\$ 47,161,537</u>	<u>\$ 22,430,000</u>	<u>\$ 282,576</u>	<u>\$ 8,335,305</u>	<u>\$ 16,113,656</u>

(1) As of December 31, 2018

Source: Township Revised Annual Debt Statement

### DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2016, 2017 and 2018	\$ 1,541,911,285
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2016, 2017 and 2018	1.045%
2019 Net Valuation Taxable	\$ 1,415,647,482
2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 1,594,556,738
Gross Debt (2):	
As a percentage of 2019 Net Valuation Taxable	3.33%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.96%
Net Debt (2):	
As a percentage of 2019 Net Valuation Taxable	1.14%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.01%
Gross Debt Per Capita (3)	\$2,791
Net Debt Per Capita (3)	\$954

### TOWNSHIP BORROWING CAPACITY(1)

3.5% of Averaged (2016-18) Equalized Valuation of Real Property including Improvements (\$1,541,911,285)	\$ 53,966,895
Net Debt	<u>16,113,656</u>
Remaining Borrowing Capacity	<u><u>\$ 37,853,239</u></u>

### SCHOOL DISTRICT BORROWING CAPACITY(1)

4% of Averaged (2016-18) Equalized Valuation of Real Property including Improvements (\$1,541,911,285)	\$ 61,676,451
Gross Debt	<u>22,430,000</u>
Remaining Borrowing Capacity	<u><u>\$ 39,246,451</u></u>

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(1) As of December 31, 2018

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 16,896

**TOWNSHIP OF DELRAN**  
**SCHEDULE OF LONG TERM DEBT SERVICE**

Budget Year Ending Dec. 31	Existing Debt(1)						Total Existing Debt Service
	General		Open Space		Sewer Utility		
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 320,000.00	\$ 6,350.00	\$ 87,000.00	\$ 46,620.00	\$ 94,722.87	\$ 14,981.26	\$ 569,674.13
2020			92,000.00	41,300.00	94,722.87	13,981.26	242,004.13
2021			94,000.00	38,600.00	94,722.87	12,981.26	240,304.13
2022			97,000.00	34,840.00	99,722.87	11,981.26	243,544.13
2023			101,000.00	30,960.00	99,722.87	10,731.26	242,414.13
2024			98,000.00	26,920.00	99,722.87	9,481.26	234,124.13
2025			105,000.00	23,000.00	99,722.87	8,231.26	235,954.13
2026			114,000.00	17,600.00	99,722.87	7,481.26	238,804.13
2027			111,000.00	14,240.00	104,722.87	6,731.26	236,694.13
2028			120,000.00	9,800.00	104,722.87	5,831.26	240,354.13
2029			125,000.00	5,000.00	104,722.87	4,931.26	239,654.13
2030					104,722.87	4,031.26	108,754.13
2031					104,722.87	3,131.26	107,854.13
2032					62,461.96	2,231.26	64,693.22
2033					35,000.00	1,137.50	36,137.50
	<u>\$ 320,000.00</u>	<u>\$ 6,350.00</u>	<u>\$ 1,144,000.00</u>	<u>\$ 288,880.00</u>	<u>\$ 1,403,859.27</u>	<u>\$ 117,875.14</u>	<u>\$ 2,963,525.43</u>

Budget Year Ending Dec. 31	2019 GO Bonds		Total	Grand Total
	General		2019 GO Bonds	All Debt
	Principal	Interest	Debt Service	Service
2019				\$ 569,674.13
2020	\$ 2,000,000.00	\$ 216,132.56	\$ 2,216,132.56	2,458,136.69
2021	1,500,000.00	187,340.00	1,687,340.00	1,927,644.13
2022	1,242,000.00	164,840.00	1,406,840.00	1,650,384.13
2023	1,000,000.00	140,000.00	1,140,000.00	1,382,414.13
2024	1,000,000.00	120,000.00	1,120,000.00	1,354,124.13
2025	1,000,000.00	100,000.00	1,100,000.00	1,335,954.13
2026	1,000,000.00	80,000.00	1,080,000.00	1,318,804.13
2027	1,000,000.00	60,000.00	1,060,000.00	1,296,694.13
2028	1,000,000.00	40,000.00	1,040,000.00	1,280,354.13
2029	1,000,000.00	20,000.00	1,020,000.00	1,259,654.13
2030				108,754.13
2031				107,854.13
2032				64,693.22
2033				36,137.50
	<u>\$ 11,742,000.00</u>	<u>\$ 1,128,312.56</u>	<u>\$ 12,870,312.56</u>	<u>\$ 15,833,837.99</u>

(1) As of December 31, 2018

**TOWNSHIP OF DELRAN  
OVERLAPPING DEBT  
AS OF DECEMBER 31, 2018**

	<u>DEBT ISSUED</u>			Net Debt Outstanding Allocated to the Issuer	<b>Debt Auth. but not Issued</b>
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>		
Delran Township Fire District #1	\$ 1,675,000		\$ 1,675,000	\$ 1,675,000	
County of Burlington:					
General					
Bonds	184,476,000	\$ 22,040,827 (1)	162,435,173	5,399,637 (2)	
Notes	63,165,000		63,165,000	2,099,718 (2)	\$ 23,625,813
Loans	4,232,328		4,232,328	140,690 (2)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	353,917,000	353,917,000 (3)			
Solid Waste Utility	49,810,000	49,810,000			3,209,310
	<u>\$ 657,275,328</u>	<u>\$ 425,767,827</u>	<u>\$ 231,507,501</u>	<u>\$ 9,315,045</u>	<u>\$ 26,835,123</u>

- (1) Includes cash on hand, accounts receivable and County College Bonds paid with State Aid.
- (2) Such debt is allocated as a proportion of the Issuer's share of the total 2018 Net Valuations on which County taxes are apportioned, which is 3.32% .
- (3) Deductible in accordance with N.J.S. 40:37A-80.

**TOWNSHIP OF DELRAN  
2019 MUNICIPAL BUDGET**

**CURRENT FUND**

Anticipated Revenues:	
Fund Balance	\$ 4,008,000
Miscellaneous Revenues:	
Local Revenues	426,000
State Aid without Offsetting Appropriations	1,279,101
Dedicated Uniform Construction Code Fees Offset with Appropriations	150,000
Additional Revenues Offset with Appropriations	5,500
Public and Private Programs Offset with Appropriations	85,857
Other Special Items of Revenue	297,600
Receipts from Delinquent Taxes	300,000
Amount to be Raised by Taxation for Municipal Purposes	<u>11,201,613</u>
 Total Appropriated Revenues	 <u><u>\$ 17,753,671</u></u>
 Appropriations:	
Within CAPS:	
Operations	\$ 12,565,941
Excluded from CAPS:	
Other Operations	114,162
Additional Appropriations Offset by Revs.	5,500
Public and Private Programs	110,526
Capital Improvements	100,000
Debt Service	2,621,865
Deferred Charges	38,501
Reserve for Uncollected Taxes	<u>2,197,176</u>
 Total Appropriations	 <u><u>\$ 17,753,671</u></u>

**SEWER UTILITY FUND**

Anticipated Revenues:	
Fund Balance	\$ 815,000
Rents	3,674,000
Miscellaneous	5,000
Interest on Delinquencies	15,000
Reserve to Pay Debt	<u>640,000</u>
 Total Anticipated Revenues	 <u><u>\$ 5,149,000</u></u>
 Appropriations:	
Operating	\$ 2,666,176
Capital Improvements	657,000
Debt Service	1,029,835
Deferred Charges	640,000
Pension, Social Security, Unemployment Compensation	<u>155,989</u>
 Total Appropriations	 <u><u>\$ 5,149,000</u></u>

**OPEN SPACE**

Anticipated Revenues:	
Amount To Be Raised by Taxation	\$ 325,000
Reserve for Open Space	97,270
Reserve to Pay Debt	<u>20,100</u>
 Total Anticipated Revenues	 <u><u>\$ 442,370</u></u>
 Appropriations:	
Debt Service:	
Payment of Bond Principal	\$ 87,000
Payment of Bond Anticipation Notes and Capital Notes	260,000
Interest on Bonds	46,620
Interest on Notes	<u>48,750</u>
 Total Appropriations	 <u><u>\$ 442,370</u></u>



**TOWNSHIP OF DELRAN**  
**CAPITAL PROGRAM FOR THE YEARS 2019-2024**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Bonds and Notes</u>	
			<u>General</u>	<u>Self Liquidating</u>
<b><u>General Improvements</u></b>				
Acquisition of Audio Visual Equipment for Courtroom	\$ 60,000	\$ 3,000	\$ 57,000	
Acquisition of Equipment and Vehicles for Public Works	600,000	30,000	570,000	
Municipal Property Improvements	750,000	37,500	712,500	
Acquisition of Equipment for Police	250,000	12,500	237,500	
Acquisition of Computer Equipment/Server Upgrade	100,000	5,000	95,000	
Improvements to Storm Sewer Systems and Outfall	800,000	40,000	760,000	
Reconstruction of Roads and Sidewalks	4,800,000	240,000	4,560,000	
Improvements to Public Parks	120,000	6,000	114,000	
<b>Total General Improvements</b>	<u>7,480,000</u>	<u>374,000</u>	<u>7,106,000</u>	<u>\$ -</u>
<b><u>Sewer Improvements</u></b>				
Upgrade at Pump Station	2,000,000	500,000		1,500,000
Upgrade of Sewer Treatment Facility	2,500,000			2,500,000
Acquisition of Utility Trucks	382,000	382,000		
Acquisition of Utility Equipment	225,000	225,000		
<b>Total Sewer Improvements</b>	<u>5,107,000</u>	<u>1,107,000</u>	<u>-</u>	<u>4,000,000</u>
<b>Total Improvements</b>	<u>\$ 12,587,000</u>	<u>\$ 1,481,000</u>	<u>\$ 7,106,000</u>	<u>\$ 4,000,000</u>

**APPENDIX B**

**FINANCIAL STATEMENTS OF THE TOWNSHIP OF DELRAN**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Township Council  
Township of Delran  
Delran, New Jersey 08075

### **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 Delran, in the County of Burlington, State of New Jersey, (Township) as of December 31, 2018, 2017, 2016, 2015 and 2014, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

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

As described in note 1 to the financial statements, the 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 Delran, in the County of Burlington, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

### *Unmodified Opinion on Regulatory Basis of Accounting*

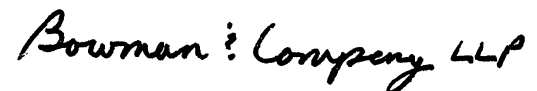
In our opinion, the financial statements referred to previously, except for the general fixed asset group of accounts - regulatory basis as of and for the year ended December 31, 2018, present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Delran, in the County of Burlington, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, 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.

## Emphasis of Matter

### *Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Township adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle resulted in a material note disclosure (see note 10). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Robert S. Marrone  
Certified Public Accountant  
Registered Municipal Accountant

**TOWNSHIP OF DELRAN  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--  
REGULATORY BASIS**

	As of December 31				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>					
Cash--Treasurer	\$ 12,954,608	\$ 13,906,082	\$ 12,187,528	\$ 11,342,928	\$ 9,610,127
Cash--Change Funds	200	200	200	150	150
Federal and State Grants Receivable			259,661	93,758	150,800
Federal and State Grant Fund--Interfund Receivable			13,930		
	<u>12,954,808</u>	<u>13,906,282</u>	<u>12,461,319</u>	<u>11,436,836</u>	<u>9,761,077</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	644,445	619,048	722,858	682,999	459,969
Tax Title Liens Receivable	188,247	163,065	127,117	104,711	86,832
Property Acquired for Taxes-- Assessed Valuation	282,015	282,015	282,015	282,015	282,015
Revenue Accounts Receivable	19,539	20,006	22,571	26,433	20,094
Interfunds Receivable	217,857	512,083	214,785	130,678	33,545
	<u>1,352,102</u>	<u>1,596,217</u>	<u>1,369,346</u>	<u>1,226,836</u>	<u>882,455</u>
Deferred Charges:					
Emergency Authorizations	30,000				
Special Emergency Authorizations				4,000	8,000
	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>8,000</u>
	<u>\$ 14,336,910</u>	<u>\$ 15,502,499</u>	<u>\$ 13,830,665</u>	<u>\$ 12,667,672</u>	<u>\$ 10,651,532</u>

(Continued)

**TOWNSHIP OF DELRAN  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--  
REGULATORY BASIS**

	As of December 31				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Appropriation Reserves	\$ 1,655,485	\$ 1,554,960	\$ 1,681,821	\$ 1,332,311	\$ 1,456,673
Accounts Payable	432,794	488,458			76,650
Payroll Deductions Payable	2,645	50,918	50,631	47,240	70,471
Reserve for Encumbrances	285,516	277,958	325,075	353,835	222,151
Prepaid Licenses, Fees and Permits	40,346	41,322	40,038	38,925	36,972
Prepaid Taxes	339,724	1,493,695	432,059	447,200	248,454
Tax Overpayments	80,391	50,303	33,632	23,151	23,704
Due to County for Added and Omitted Taxes	27,147	23,969	24,976	47,030	665
Due to State of NJ	17,591	16,940	14,366	9,895	3,668
Interfunds Payable					20,225
Reserve for Tax Map, Master Plan, Codification of Ordinances and Reassessment, Post Employment Benefits	118,088	118,088	118,088	118,089	118,089
Reserve for Tax Appeals	208,954	208,954	208,953	250,000	250,000
Reserve for Federal and State Grants	490,970	843,032	737,037	766,348	409,969
	3,699,650	5,168,597	3,666,676	3,434,024	2,937,691
Reserve for Receivables and Other Assets	1,352,102	1,596,216	1,369,346	1,226,836	882,455
Fund Balance	9,285,158	8,737,686	8,794,643	8,006,812	6,831,386
	<u>\$ 14,336,910</u>	<u>\$ 15,502,499</u>	<u>\$ 13,830,665</u>	<u>\$ 12,667,672</u>	<u>\$ 10,651,532</u>

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

**TOWNSHIP OF DELRAN  
CURRENT FUND  
STATEMENTS OF OPERATIONS  
AND CHANGES IN FUND BALANCE--REGULATORY BASIS**

	For the Years Ended December 31				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenue Realized:</b>					
Current Tax Collections	\$52,933,549	\$51,936,735	\$50,854,875	\$50,166,879	\$47,906,370
Delinquent Tax Collections	612,233	717,277	684,115	461,563	620,825
<b>Total Taxes</b>	<b>53,545,782</b>	<b>52,654,012</b>	<b>51,538,990</b>	<b>50,628,442</b>	<b>48,527,195</b>
Miscellaneous Revenues Anticipated	3,059,213	2,849,485	3,039,626	2,645,329	2,430,658
Non Budget Revenue	282,205	238,424	129,478	168,497	163,515
Other Credits to Income	1,624,231	1,005,892	1,310,533	1,139,984	1,447,861
Fund Balance Utilized	3,748,000	3,500,000	3,000,000	2,560,000	2,700,000
<b>Total Income</b>	<b>62,259,431</b>	<b>60,247,813</b>	<b>59,018,627</b>	<b>57,142,252</b>	<b>55,269,229</b>
<b>Expenditures and Encumbrances:</b>					
Operating	11,169,214	11,002,487	11,234,853	10,820,483	10,954,119
Capital Improvements	150,000	150,000	140,000	50,000	50,000
Debt Service	2,557,275	2,039,509	1,601,197	1,250,678	1,187,246
Deferred Charges	1,552,085	1,585,726	1,459,610	1,384,913	1,421,827
County Taxes	6,324,063	6,037,293	6,137,516	6,402,060	5,935,634
Local School Tax	33,642,169	33,132,758	32,137,856	30,910,794	29,666,560
Fire District Taxes	2,224,562	2,205,770	2,093,347	2,169,622	1,858,123
Open Space Trust Tax	325,000	325,000	325,000	325,000	325,000
Refund of Prior Year Revenues	6,170		1,002		
Cancellation of Grant Receivable		592			
Creation of Reserve	40,923	323,635	97,915	90,776	12,699
Other Expenditures	2,500	2,000	2,500	2,500	4,889
<b>Total Expenditures</b>	<b>57,993,960</b>	<b>56,804,770</b>	<b>55,230,796</b>	<b>53,406,826</b>	<b>51,416,096</b>
<b>Excess in Revenue</b>	<b>4,265,471</b>	<b>3,443,043</b>	<b>3,787,831</b>	<b>3,735,426</b>	<b>3,853,133</b>
Adjustments to Income Before Surplus:					
Expenditures included above which are by Statute Deferred Charges to budget of succeeding year	30,000				
<b>Statutory Excess to Fund Balance</b>	<b>4,295,471</b>	<b>3,443,043</b>	<b>3,787,831</b>	<b>3,735,426</b>	<b>3,853,133</b>
<b>Fund Balance, January 1</b>	<b>8,737,686</b>	<b>8,794,643</b>	<b>8,006,812</b>	<b>6,831,386</b>	<b>5,678,253</b>
	13,033,158	12,237,686	11,794,643	10,566,812	9,531,386
Decreased by:					
Utilized as Revenue	3,748,000	3,500,000	3,000,000	2,560,000	2,700,000
<b>Fund Balance December 31</b>	<b>\$ 9,285,158</b>	<b>\$ 8,737,686</b>	<b>\$ 8,794,643</b>	<b>\$ 8,006,812</b>	<b>\$ 6,831,386</b>

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

**TOWNSHIP OF DELRAN  
TRUST AND OTHER FUNDS  
STATEMENTS OF ASSETS, LIABILITIES AND RESERVES --  
REGULATORY BASIS**

	As of December 31				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>					
Animal Control License Fund:					
Cash --Treasurer and Clerk	\$ 27,975	\$ 13,248	\$ 7,642	\$ 16,099	\$ 42,245
Open Space Funds:					
Cash --Treasurer	2,116,141	2,206,105	2,078,592	1,981,815	1,896,990
Interfunds Receivable					93
Total Open Space	2,116,141	2,206,105	2,078,592	1,981,815	1,897,083
Trust--Other Funds:					
Cash --Treasurer	2,451,268	2,322,433	2,331,665	2,518,981	2,171,583
Investments--Length of Service Awards	618,240	727,124	629,568	532,849	
Accounts Receivable	5,560	5,280	4,880	1,600	
Total Trust -- Other Funds	3,075,067	3,054,837	2,966,113	3,053,430	2,171,583
	<u>\$ 5,219,183</u>	<u>\$ 5,274,190</u>	<u>\$ 5,052,347</u>	<u>\$ 5,051,344</u>	<u>\$ 4,110,911</u>
<b>LIABILITIES AND RESERVES</b>					
Animal Control License Fund:					
Interfund Payables	\$ 5,645				\$ 14,590
Due to State of New Jersey					4
Accounts Payable		\$ 765			
Reserve for Animal Expenditures	22,329	12,483	\$ 7,642	\$ 16,099	27,651
Total Animal Control License Fund	27,975	13,248	7,642	16,099	42,245
Open Space Funds:					
Interfund Payables	200,000	209,181	1,313	14,971	25,000
Reserve for Open Space	1,896,041	1,927,343	1,886,050	1,775,615	1,680,855
Reserve for Payment of Debt	20,100	69,581	191,229	191,229	191,229
Total Open Space Fund	2,116,141	2,206,105	2,078,592	1,981,815	1,897,083
Trust--Other Funds:					
Accounts Payable	84,624	93,875	77,972	76,256	65,789
Prepaid Outside Police	19,898	17,048	15,485	14,440	6,330
Interfund Payables	204,283	169,005	187,172	119,720	11,594
Reserve for Unemployment Compensation	66,584	60,144	53,121	50,736	47,598
Reserves for Special Funds	2,699,678	2,714,765	2,632,363	2,792,278	2,040,272
Total Trust -- Other Funds	3,075,067	3,054,837	2,966,113	3,053,430	2,171,583
	<u>\$ 5,219,183</u>	<u>\$ 5,274,190</u>	<u>\$ 5,052,347</u>	<u>\$ 5,051,344</u>	<u>\$ 4,110,911</u>

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



**TOWNSHIP OF DELRAN  
GENERAL CAPITAL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--  
REGULATORY BASIS**

	As of December 31				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>					
Cash and Investments	\$ 3,600,788	\$ 2,992,070	\$ 3,162,422	\$ 3,301,046	\$ 3,809,021
Due from Department of Transportation			24,365	24,365	24,365
Grants Receivable	243,099	356,000			
Interfunds Receivable	215,195	576,675			25,000
Deferred Charges to Future Taxation:					
Funded	1,464,000	2,836,000	4,164,000	5,455,000	6,409,000
Unfunded	14,932,232	14,262,159	10,875,102	10,298,489	9,498,970
	<u>\$20,455,314</u>	<u>\$21,022,904</u>	<u>\$18,225,889</u>	<u>\$19,078,900</u>	<u>\$19,766,356</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
General Serial Bonds and Notes	\$ 14,539,090	\$ 13,790,000	\$ 13,451,251	\$ 14,570,630	\$ 14,168,542
Interfunds Payable	3,866	316,257	14,421	640	9,016
Improvement Authorizations:					
Funded	288,316	569,121	276,602	411,684	456,728
Unfunded	4,120,708	4,365,520	2,242,049	3,172,914	3,437,800
Contracts Payable	931,627	947,997	1,270,360	281,571	1,075,187
Reserve for:					
Preliminary Expenses	1,250	1,250	1,250	1,250	1,250
Repairs and Improvements to Drainage					
Facilities--Delran Harbor	15,000	15,000	15,000	15,000	15,000
Generator	20,000	20,000	20,000	20,000	20,000
Traffic Improvements	15,000	15,000	15,000	15,000	15,000
Storm Sewer Maintenance	21,750	21,750	21,750	21,750	21,750
Payment of Bonds or Notes	282,576	794,078	657,467	439,592	418,244
Capital Improvement Fund	143,493	94,294	168,102	56,232	55,202
Fund Balance	72,637	72,637	72,637	72,637	72,637
	<u>\$20,455,314</u>	<u>\$21,022,904</u>	<u>\$18,225,889</u>	<u>\$19,078,900</u>	<u>\$19,766,356</u>

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

**TOWNSHIP OF DELRAN  
SEWER UTILITY FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE-  
REGULATORY BASIS**

<b>ASSETS</b>	As of December 31				
	<u>2018</u>	<u>2017</u>	(Restated) <u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Fund:					
Cash--Treasurer	\$ 7,617,279	\$ 6,737,438	\$ 5,408,148	\$ 4,813,275	\$ 4,359,834
Change Fund -- Collector	100	100	100	100	50
Interfunds Receivable	278,758	248,574	247,498	101,037	21,786
	<u>7,896,137</u>	<u>6,986,112</u>	<u>5,655,746</u>	<u>4,914,412</u>	<u>4,381,670</u>
Receivables with Full Reserves:					
Consumer Accounts Receivable	840,763	891,744	949,798	844,529	886,295
Deferred Charges					34,824
Total Operating Fund	<u>8,736,900</u>	<u>7,877,856</u>	<u>6,605,544</u>	<u>5,758,941</u>	<u>5,302,789</u>
Capital Fund:					
Cash--Treasurer	216,805	1,005,578	971,808	1,991,877	548,165
Fixed Capital	13,346,732	13,272,596	13,272,596	29,387,659	29,387,659
Fixed Capital Authorized and Uncompleted	9,904,000	7,954,000	5,244,000	5,244,000	5,244,000
NJEIT Loan Receivable		12,171	40,662	189,186	1,604,177
Interfunds Receivable					312,462
Total Capital Fund	<u>23,467,537</u>	<u>22,244,345</u>	<u>19,529,066</u>	<u>36,812,722</u>	<u>37,096,463</u>
	<u>\$32,204,437</u>	<u>\$30,122,201</u>	<u>\$26,134,610</u>	<u>\$42,571,663</u>	<u>\$42,399,252</u>

(Continued)

**TOWNSHIP OF DELRAN  
SEWER UTILITY FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE-  
REGULATORY BASIS**

<b>LIABILITIES, RESERVES AND FUND BALANCES</b>	As of December 31				
	<u>2018</u>	<u>2017</u>	<u>(Restated)</u> <u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Operating Fund:</b>					
<b>Liabilities:</b>					
Appropriation Reserves	\$ 1,252,452	\$ 412,609	\$ 253,222	\$ 186,565	\$ 215,152
Reserve for Encumbrances	214,545	347,390	248,399	171,569	186,306
Accounts Payable					24,900
Sewer Rent Prepayments	13,877	29,855	9,085	7,242	16,127
Prepaid Connection Fees	42,666	137,142	88,380	6,095	
Accrued Interest on Bonds, Notes and Loans	9,563	8,052	5,707	8,492	7,513
Developer's Escrow Deposits	39,959	33,254	55,800	36,220	82,105
Interfund Payables	20,911	19,294	30,464		312,463
	1,593,973	987,596	691,057	416,183	844,566
Reserves for Receivables	840,763	891,744	949,798	844,530	886,295
Fund Balance	6,302,164	5,998,516	4,964,689	4,498,228	3,571,928
	8,736,900	7,877,856	6,605,544	5,758,941	5,302,789
<b>Capital Fund:</b>					
Reserve for Payment of Debt	640,000				
Interfunds Payable	277,104	246,920	242,844	96,383	
Contracts Payable	644,666	1,747,935	150,743	23,350	1,235,526
Improvement Authorizations	4,411,397	3,017,085	2,514,584	3,087,497	3,308,446
Reserve for Amortization	13,889,977	13,733,289	13,667,057	29,687,397	29,597,674
Reserve for Deferred Amortization	1,025,450	1,025,450	1,025,450	568,000	320,000
Bond Anticipation Notes Payable	840,000	640,000		1,205,000	500,000
NJ Wastewater Treatment Loan Payable	1,403,859	1,498,582	1,593,305	1,810,012	1,899,735
Capital Improvement Fund	325,000	325,000	325,000	325,000	225,000
Fund Balance	10,084	10,084	10,083	10,083	10,084
	23,467,537	22,244,345	19,529,066	36,812,722	37,096,463
	\$32,204,437	\$30,122,201	\$26,134,610	\$42,571,663	\$42,399,252

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

**TOWNSHIP OF DELRAN  
SEWER UTILITY FUND  
STATEMENTS OF OPERATIONS  
AND CHANGES IN FUND BALANCE--REGULATORY BASIS**

<b>Revenue and Other Income Realized</b>	For the Years Ended December 31				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Fund Balance Anticipated	\$ 600,000				
Rents	3,841,294	\$ 3,871,716	\$ 3,757,500	\$ 3,888,194	\$ 3,798,863
Miscellaneous	121,827	95,811	79,007	67,103	75,734
Non-Budget Revenues	173,713	91,428	6,095	14,666	32,168
Other Credits to Income:					
Refund of Prior Years Expenditures					21,255
Cancellation of Prior Year Accounts Payable				7,422	
Unexpended Balance of Appropriation Reserves	391,311	233,656	99,491	154,331	369,316
<b>Total Income</b>	<b>5,128,145</b>	<b>4,292,611</b>	<b>3,942,093</b>	<b>4,131,716</b>	<b>4,297,336</b>
<b>Expenditures</b>					
Operating	2,655,939	2,853,887	2,720,208	2,534,730	2,439,546
Capital Improvements	657,000	155,000	25,000	125,000	125,000
Debt Service	754,558	91,897	331,924	111,433	54,824
Deferred Charges and Statutory Expenditures	157,000	158,000	398,500	431,570	445,454
Refund of Prior Year Revenue				2,683	
<b>Total Expenditures</b>	<b>4,224,497</b>	<b>3,258,784</b>	<b>3,475,632</b>	<b>3,205,416</b>	<b>3,064,824</b>
Excess in Revenue	903,648	1,033,827	466,461	926,300	1,232,512
Less:					
Adjustments to Income Before Fund Balance:					
Expenditures Included Above Which are by Statute Deferred to Following Year					34,824
Statutory Excess to Fund Balance	903,648	1,033,827	466,461	926,300	1,267,336
<b>Fund Balance</b>					
Fund Balance, Beginning	5,998,516	4,964,689	4,498,228	3,571,928	2,304,592
	6,902,164	5,998,516	4,964,689	4,498,228	3,571,928
Decreased by:					
Utilized by Sewer Operating Budget	600,000				
<b>Fund Balance December 31</b>	<b>\$ 6,302,164</b>	<b>\$ 5,998,516</b>	<b>\$ 4,964,689</b>	<b>\$ 4,498,228</b>	<b>\$ 3,571,928</b>

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

**TOWNSHIP OF DELRAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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

**Description of Financial Reporting Entity** - The Township of Delran was incorporated in 1880 and is located in Burlington County, New Jersey approximately fifteen miles from the City of Philadelphia. The population according to the latest census is 13,178.

The Township has a Mayor-Council form of government known as the Mayor-Council Plan D under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor and two Council members are elected at large and three Council members are elected by ward. All members serve four-year terms.

**Component Units** - The Township had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39, No. 61 and No. 80.

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

In accordance with the *Requirements*, the Township of Delran 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.

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

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

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

**Budgets and Budgetary Accounting** - The Township of Delran must adopt an annual budget for its current, open space trust and sewer 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. Investments recorded in the trust fund for the Township's length of service awards program, however, are stated at fair value.

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

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

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

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

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

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

**General Fixed Assets** - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The 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.

**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 utility operating fund represent amounts available for anticipation as revenue in future year's budgets, with certain restrictions.

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

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

**County Taxes** - The Township 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 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 Township is responsible for levying, collecting, and remitting Fire District Taxes for Township of Delran 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.

**Open Space Fund** - In 2005, the Township established an Open Space Trust Fund as a result of a referendum passed in the general election in November 2004. The amount raised each year is limited to \$325,000.00.

**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.



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

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

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

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

**Impact of Recently Issued Accounting Principles**

**Recently Issued and Adopted Accounting Pronouncements**

For the year ended December 31, 2018, the Township adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of adopting Statement No. 75, the Township was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their postemployment benefits plan. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosures. There exists no impact on the financial statements of the Township.

**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 trust 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 shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2018, the Township's bank balances of \$29,045,814.65 were exposed to custodial credit risk as follows:

Insured by FDIC	\$ 500,000.00
Insured by GUDPA	27,577,830.27
Uninsured and Uncollateralized	<u>967,984.38</u>
Total	<u>\$ 29,045,814.65</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:

**Comparative Schedule of Tax Rates**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	\$ 3.783	\$ 3.723	\$ 3.668	\$ 3.607	\$ 3.450
Apportionment of Tax Rate:					
Municipal	\$ 0.772	\$ 0.761	\$ 0.764	\$ 0.765	\$ 0.756
Municipal Open Space	0.023	0.023	0.023	0.023	0.023
County & County Library	0.419	0.386	0.394	0.411	0.408
County Open Space Preservation					
Trust Fund	0.028	0.043	0.043	0.044	0.017
Local School	2.383	2.353	2.294	2.209	2.113
Special District Rates:					
Fire District	0.158	0.157	0.150	0.155	0.133

**Assessed Valuation**

<u>Year</u>	<u>Assessed Valuation</u>
2018	\$ 1,411,655,182.00
2017	1,407,526,492.00
2016	1,401,551,386.00
2015	1,399,747,792.00
2014	1,403,370,633.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 53,638,315.47	\$ 52,933,549.13	98.69%
2017	52,617,638.70	51,936,735.45	98.71%
2016	51,633,084.37	50,854,874.92	98.49%
2015	50,868,960.59	50,166,878.86	98.62%
2014	48,425,442.76	47,906,370.48	98.93%

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

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 (Cont'd):

**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>
2018	\$ 188,246.82	\$ 644,445.08	\$ 832,691.90	1.55%
2017	163,064.45	619,048.14	782,112.59	1.49%
2016	127,116.94	722,858.24	849,975.18	1.65%
2015	104,711.44	682,998.77	787,710.21	1.55%
2014	86,831.68	459,969.01	546,800.69	1.13%

The following comparison is made of the number of tax title liens receivable on December 31 of the last five years:

<u>Year</u>	<u>Number of Tax Title Liens Receivable</u>
2018	13
2017	13
2016	11
2015	10
2014	9

**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>
2018	\$ 282,015.00
2017	282,015.00
2016	282,015.00
2015	282,015.00
2014	282,015.00

**Note 5: SEWER UTILITY SERVICE CHARGES**

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

<u>Year</u>	<u>Receivable Balance as of January 1</u>	<u>Levy</u>	<u>Total</u>	<u>Collections</u>	<u>Percentage of Collection</u>
2018	\$ 891,743.86	\$ 3,846,407.30	\$ 4,738,151.16	\$ 3,897,388.50	82.26%
2017	949,798.17	3,876,301.51	4,826,099.68	3,934,355.82	81.52%
2016	844,529.62	3,923,298.51	4,767,828.13	3,818,029.96	80.08%
2015	886,294.99	3,902,499.31	4,788,794.30	3,944,264.68	82.36%
2014	962,244.02	3,785,385.74	4,747,629.76	3,861,334.77	81.33%

**Note 6: FUND BALANCES APPROPRIATED**

The following schedule details 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:

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b><u>Current Fund</u></b>			
2018	\$ 9,285,157.65	\$ 4,008,000.00	43.17%
2017	8,737,686.32	3,748,000.00	42.89%
2016	8,794,642.68	3,500,000.00	39.80%
2015	8,006,811.57	3,000,000.00	37.47%
2014	6,831,386.39	2,560,000.00	37.47%
<b><u>Sewer Utility Operating Fund</u></b>			
2018	\$ 6,302,163.72	\$ 815,000.00	12.93%
2017	5,998,516.00	600,000.00	10.00%
2016	4,964,688.66	None	None
2015	4,498,177.99	None	None
2014	3,571,927.55	None	None

**Note 7: 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, 2018:

<u>Fund</u>	<u>Interfunds Receivables</u>	<u>Interfunds Payable</u>
Current Fund	\$ 217,856.78	
Trust-Animal Control Fund		\$ 5,645.45
Trust-Open Space Fund		200,000.00
Trust-Other Funds		204,283.07
General Capital Fund	215,194.85	3,866.25
Sewer Utility Operating Fund	278,758.37	20,910.90
Sewer Utility Capital Fund		277,104.33
	<u>\$ 711,810.00</u>	<u>\$ 711,810.00</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 2019, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 8: 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, required supplementary information and detailed information about the PERS and PFRS plan's fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey  
 Division of Pensions and Benefits  
 P.O. Box 295  
 Trenton, New Jersey 08625-0295  
<https://www.nj.gov/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' 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' Board of Trustees is primarily responsible for the administration of the PERS.

**Note 8: 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' 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' 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 New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (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. 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 8: 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. 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 7.34% in State fiscal year 2018. 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 (P.L. 2001, C. 366) was 10% in State fiscal year 2018. 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, 2018 was 15.03% 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 8: 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, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$363,486.00, and was payable by April 1, 2019. 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, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$336,624.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$182,555.23.

**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 P.L. 2011, C. 78, the active member contribution rate was 10% in State fiscal year 2018. 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, 2018 was 29.20% 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, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$844,410.00, and was payable by April 1, 2019. 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, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$761,124.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$290,738.10.

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, 2018 was 3.25% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2018 is \$94,022.00, and was payable by April 1, 2019. Based on the 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 was \$74,362.00, which was paid on April 1, 2018.



**Note 8: PENSION PLANS (CONT'D)**

**General Information about the Pension Plans (Cont'd)**

**Contributions (Cont'd)**

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the 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, 2018, employee contributions totaled \$3,078.81, and the Township's contributions were \$2,142.39. 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, 2018, the Township's proportionate share of the PERS net pension liability was \$7,195,159.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. 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, 2018 measurement date, the Township's proportion was .0365431220%%, which was an increase of .0002060678% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$404,563.00. 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, 2018, the Township's contribution to PERS was \$336,624.00, and was paid on April 1, 2018.

**Police and Firemen's Retirement System** - At December 31, 2018, 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	\$ 11,687,506.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>1,587,554.00</u>
	<u>\$ 13,275,060.00</u>

Note 8: **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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. 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, 2018 measurement date, the Township's proportion was .0863716364% which was an increase of .0003707182% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the Township, was .0863716364% which was an increase of .0003707182% from its proportion, on-behalf of the Township, measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$852,714.00. 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, 2018, the Township's contribution to PFRS was \$761,124.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is \$188,043.00. 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, 2018, 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	\$ 137,213.00	\$ 118,905.00	\$ 256,118.00	\$ 37,101.00	\$ 48,366.00	\$ 85,467.00
Changes of Assumptions	1,185,643.00	1,003,215.00	2,188,858.00	2,300,629.00	2,995,306.00	5,295,935.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	67,491.00	63,941.00	131,432.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	181,264.00	139,128.00	320,392.00	88,154.00	344,665.00	432,819.00
Township Contributions Subsequent to the Measurement Date	181,743.00	422,205.00	603,948.00	-	-	-
	<u>\$ 1,685,863.00</u>	<u>\$ 1,683,453.00</u>	<u>\$ 3,369,316.00</u>	<u>\$ 2,493,375.00</u>	<u>\$ 3,452,278.00</u>	<u>\$ 5,945,653.00</u>

\$181,743.00 and \$422,205.00 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, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the Township's year end of December 31, 2018.

Note 8: **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:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
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
June 30, 2018	-	5.63	-	5.73
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
June 30, 2018	-	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
June 30, 2018	5.63	5.63	5.73	5.73

Note 8: **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>Year Ending Dec 31,</b>	<b>PERS</b>	<b>PFRS</b>	<b>Total</b>
2019	\$ 55,637.00	\$ 46,746.00	\$ 102,383.00
2020	(45,049.00)	(417,665.00)	(462,714.00)
2021	(452,624.00)	(1,020,257.00)	(1,472,881.00)
2022	(414,804.00)	(616,526.00)	(1,031,330.00)
2023	(132,415.00)	(183,328.00)	(315,743.00)
	<u>\$ (989,255.00)</u>	<u>\$ (2,191,030.00)</u>	<u>\$ (3,180,285.00)</u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b>PERS</b>	<b>PFRS</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%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

**Note 8: 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. 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 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvements assumed. Post-retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvements assumed.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2018) 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' and PFRS' target asset allocation as of June 30, 2018 are summarized in the table on the following page.

Note 8: 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>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Asset	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, 2018 was 5.66% for PERS and 6.51% 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 3.87% as of June 30, 2018, 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 50% 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 2046 for PERS and through 2062 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046 for PERS and through 2062 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 8: **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, 2018, the Plan's measurement date, calculated using a discount rate of 5.66%, 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 (4.66%)</b>	<b>Current Discount Rate (5.66%)</b>	<b>1% Increase (6.66%)</b>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 9,047,083.00</u>	<u>\$ 7,195,159.00</u>	<u>\$ 5,641,513.00</u>

**Police and Firemen's Retirement System (PFRS)** - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2018, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.51%, 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 (5.51%)</b>	<b>Current Discount Rate (6.51%)</b>	<b>1% Increase (7.51%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 15,642,276.00	\$ 11,687,506.00	\$ 8,425,541.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>2,124,744.02</u>	<u>1,587,554.00</u>	<u>1,144,470.08</u>
	<u>\$ 17,767,020.02</u>	<u>\$ 13,275,060.00</u>	<u>\$ 9,570,011.08</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 <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Note 8: **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 Six Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0365431220%	0.0363370542%	0.0359861706%
Township's Proportionate Share of the Net Pension Liability	\$ 7,195,159.00	\$ 8,458,685.00	\$ 10,658,072.00
Township's Covered Payroll (Plan Measurement Period)	\$ 2,532,432.00	\$ 2,537,328.00	\$ 2,528,524.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	284.12%	333.37%	421.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0349554359%	0.0361696042%	0.0365878531%
Township's Proportionate Share of the Net Pension Liability	\$ 7,846,795.00	\$ 6,771,939.00	\$ 6,992,666.00
Township's Covered Payroll (Plan Measurement Period)	\$ 2,360,716.00	\$ 2,484,836.00	\$ 2,530,596.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	332.39%	272.53%	276.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%



Note 8: **PENSION PLANS (CONT'D)**

**Supplementary Pension Information (Cont'd)**

***Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 363,486.00	\$ 336,624.00	\$ 319,696.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(363,486.00)</u>	<u>(336,624.00)</u>	<u>(319,696.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 2,417,904.00	\$ 2,531,886.00	\$ 2,581,927.00
Township's Contributions as a Percentage of Covered Payroll	15.03%	13.30%	12.38%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 300,523.00	\$ 298,177.00	\$ 275,682.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(300,523.00)</u>	<u>(298,177.00)</u>	<u>(275,682.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 2,556,514.00	\$ 2,371,131.00	\$ 2,409,705.00
Township's Contributions as a Percentage of Covered Payroll	11.76%	12.58%	11.44%

Note 8: **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 Six Years)**

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0863716364%	0.0860009182%	0.0871336477%
Township's Proportionate Share of the Net Pension Liability	\$ 11,687,506.00	\$ 13,276,879.00	\$ 16,644,756.00
State's Proportionate Share of the Net Pension Liability associated with the Township	<u>1,587,554.00</u>	<u>1,487,122.00</u>	<u>1,324,570.00</u>
Total	<u>\$ 13,275,060.00</u>	<u>\$ 14,764,001.00</u>	<u>\$ 17,969,326.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 2,985,956.00	\$ 2,901,144.00	\$ 2,892,160.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	391.42%	457.64%	575.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0906792440%	0.0882256595%	0.0883850972%
Township's Proportionate Share of the Net Pension Liability	\$ 15,104,001.00	\$ 11,097,970.00	\$ 11,750,001.00
State's Proportionate Share of the Net Pension Liability associated with the Township	<u>1,324,570.00</u>	<u>1,195,065.00</u>	<u>1,095,243.00</u>
Total	<u>\$ 16,428,571.00</u>	<u>\$ 12,293,035.00</u>	<u>\$ 12,845,244.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 3,078,700.00	\$ 2,929,272.00	\$ 2,924,976.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	490.60%	378.86%	401.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

Note 8: **PENSION PLANS (CONT'D)**

**Supplementary Pension Information (Cont'd)**

**Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS) (Last Six Years)**

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 844,410.00	\$ 761,124.00	\$ 710,436.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(844,410.00)</u>	<u>(761,124.00)</u>	<u>(710,436.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 2,891,717.00	\$ 2,936,631.00	\$ 2,914,484.00
Township's Contributions as a Percentage of Covered Payroll	29.20%	25.92%	24.38%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 737,087.00	\$ 677,634.00	\$ 644,838.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(737,087.00)</u>	<u>(677,634.00)</u>	<u>(644,838.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 2,882,684.00	\$ 2,923,223.00	\$ 2,929,231.00
Township's Contributions as a Percentage of Covered Payroll	25.57%	23.18%	22.01%

**Note 8: PENSION PLANS (CONT'D)**

**Other Notes to Supplementary Pension Information**

***Public Employees' Retirement System (PERS)***

Changes in Benefit Terms

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017 and 5.66% 2018.

The Long-term Expected Rate of Return changed at June 30<sup>th</sup> over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, 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 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.

***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

The Discount Rate changed at June 30th over the following years, 6.32% 2014, 5.79% 2015, 5.55% 2016, 6.14% 2017 and 6.51% 2018.

The Long-term Expected Rate of Return changed at June 30<sup>th</sup> over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, 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, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

**Note 9: LENGTH OF SERVICE AWARDS PROGRAM**

**Plan Description** - The Township's length of service awards program (the "Plan"), which is a defined contribution plan reported in the Township's trust fund, was created by a Township Ordinance adopted on June 7, 2006 pursuant to Section 457(e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The accumulated assets of the Plan are not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

The voters of the Township approved the adoption of the Plan at the general election held on November 7, 2006, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2007. The Plan provides tax deferred income benefits to active volunteer emergency medical personnel, and is administered by VALIC ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The Township's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

The tax deferred income benefits for emergency service volunteers of the Delran Township Emergency Squad, consisting of the Emergency Squad, come from contributions made solely by the governing body of the Township, on behalf of those volunteers who meet the criteria of the Plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

**Plan Amendments** - The Township may make minor amendments to the provisions of the Plan at any time, provided, however, that no amendment affects the rights of participants or their beneficiaries regarding vested accumulated deferrals at the time of the amendment. The Plan can only be amended by resolution of the governing body of the Township, and the following procedures must be followed: (a) any amendment to the Plan shall be submitted for review and approval by the Director of Local Government Services, State of New Jersey (the "Director") prior to implementation by the Township's governing body, provided, however, that any amendment required by the IRS, may be adopted by the Township's governing body without the advance approval of the Director (although such amendment shall be filed with the Director); (b) the documentation submitted to the Director shall identify the regulatory authority for the amendment and the specific language of the change; and (c) the Township shall adopt the amendment by resolution of the governing body, and a certified copy of the resolution shall be forwarded to the Director. The Township may amend the Plan agreement to accommodate changes in the Internal Revenue Code, Federal statutes, state laws or rules or operational experience. In cases of all amendments to the Plan, the Township shall notify all participants in writing prior to making any amendment to the Plan.

**Contributions** - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100.00 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The Township elected to contribute between \$40.25 and \$1,150.00 for the year ended December 31, 2018, per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Township has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2018, the Township's total expenditure, net of forfeitures of \$4,718.45, to the Plan was \$38,506.60.

**Note 9: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)**

**Participant Accounts** - Each participant's account is credited with the Township's contribution and Plan earnings, and charged with administrative expenses. For the year ended December 31, 2018, the Township elected to pay substantially all of the Plan's administrative costs. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Township has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the Plan participants and their beneficiaries. The contributions from the Township to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the Township. These funds, however, are not available for funding the operations of the Township.

**Vesting** - The Township, in accordance with N.J.S.A. 40A:14-188 and N.J.A.C. 5:30-11.63 may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

**Payment of Benefits** - Upon separation from volunteer service, retirement or disability, termination of the Plan, participants may select various payout options of vested accumulated deferrals, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

**Forfeited Accounts** - For the year ended December 31, 2018, forfeited non-vested accounts totaled \$4,718.45. The forfeited accounts are due to the current fund.

**Investments** - The investments of the length of service awards program reported in the trust - other funds on the statements of assets, liabilities, reserves, and fund balance - regulatory basis are recorded at fair value.

**Plan Information** - Additional information about the Township's length of service awards program can be obtained by contacting the Plan Administrator.

**Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

The Township provides postemployment benefits other than pension benefits through the State Health Benefits Local Government Retired Employees Plan and through reimbursement of health insurance premiums directly to employees if they choose not to participate in the State Health Benefit Plan. The reimbursement for health insurance premiums and the amount of the benefit is established by the Township.

**State Health Benefits Local Government Retired Employees Plan****General Information about the OPEB Plan**

**Plan Description and Benefits Provided** - The Township contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug benefit coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****State Health Benefits Local Government Retired Employees Plan (Cont'd)****General Information about the OPEB Plan (Cont'd)**

**Contributions** - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Township was billed monthly by the Plan and paid \$16,999.92 for the year ended December 31, 2018, representing 0.32% of the Township's covered payroll. During the year ended December 31, 2018, retirees were required to contribute \$6,343.28.

*Special Funding Situation Component* - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 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, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Township, is not known, however, under the Special Funding Situation, the State's OPEB expense, on-behalf of the Township, is \$244,922.00 for the year ended December 31, 2018 representing 4.61% of the Township's covered payroll.



**Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

**OPEB Liability** - At December 31, 2018 the Township's and State's proportionate share of the net OPEB liability were as follows:

Township's Proportionate Share of Net OPEB Liability	\$ 7,563,844.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township	<u>8,090,923.00</u>
	<u>\$ 15,654,767.00</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The Township's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Township's proportion was .048280% which was a decrease of .002236% from its proportion measured as of the June 30, 2017 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the Township was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the State's proportion on-behalf of the Township was .130208% which was an increase of .000874% from its proportion measured as of the June 30, 2017 measurement date.

**OPEB Expense** - At December 31, 2018, the Township's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is \$117,123.00. 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, 2018, the Township made contributions to the Plan totaling \$16,999.92.

At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is \$244,922.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

**Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2018, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ -	\$ 1,535,730.00
Changes of Assumptions	-	1,918,668.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	3,998.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	-	1,139,161.00
Township Contributions Subsequent to the Measurement Date	-	-
	<u>\$ 3,998.00</u>	<u>\$ 4,593,559.00</u>

**Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**State Health Benefits Local Government Retired Employees Plan (Cont'd)**

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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 the OPEB liability over the following number of years:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

<b>Year Ending <u>Dec. 31,</u></b>	
2019	\$ (683,903.00)
2020	(683,903.00)
2021	(683,903.00)
2022	(684,326.00)
2023	(685,008.00)
Thereafter	<u>(1,168,518.00)</u>
	<u><u>\$ (4,589,561.00)</u></u>

**Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**State Health Benefits Local Government Retired Employees Plan (Cont'd)**

**Actuarial Assumptions**

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

\* Salary Increases are Based on the Defined Benefit Plan that the Member is Enrolled in and his or her Age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

**Discount Rate** - The discount rate used to measure the OPEB Liability at June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Health Care Trend Assumptions** - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**State Health Benefits Local Government Retired Employees Plan (Cont'd)**

**Sensitivity of the net OPEB Liability to Changes in the Discount Rate**

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays a portion of the Township's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2018, the Plans measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	<b>1% Decrease (2.87%)</b>	<b>Current Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
Township's Proportionate Share of the Net OPEB Liability	\$ 8,874,389.00	\$ 7,563,844.00	\$ 6,517,015.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>9,492,792.00</u>	<u>8,090,923.00</u>	<u>6,971,147.00</u>
	<u>\$ 18,367,181.00</u>	<u>\$ 15,654,767.00</u>	<u>\$ 13,488,162.00</u>

**Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The Township's and State's proportionate share of the net OPEB Liability as of June 30, 2018, the Plans measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Township's Proportionate Share of the Net OPEB Liability	\$ 6,309,459.00	\$ 7,563,844.00	\$ 9,187,205.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>6,749,127.00</u>	<u>8,090,923.00</u>	<u>9,827,406.00</u>
	<u>\$ 13,058,586.00</u>	<u>\$ 15,654,767.00</u>	<u>\$ 19,014,611.00</u>

**OPEB Plan Fiduciary Net Position**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (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 the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**State Health Benefits Local Government Retired Employees Plan (Cont'd)**

**Supplementary OPEB Information**

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. 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 OPEB Liability (Last 2 Years)***

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.048280%	0.050516%
Township's Proportionate Share of the Net OPEB Liability	\$ 7,563,844.00	\$ 10,313,240.00
State's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>8,090,923.00</u>	<u>11,246,126.00</u>
Total	<u>\$ 15,654,767.00</u>	<u>\$ 21,559,366.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 5,360,975.00	\$ 5,509,377.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	141.09%	187.19%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

***Schedule of the Township's Contributions (Last 2 Years)***

	<u>Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Township's Required Contributions	\$ 16,999.92	\$ 21,202.15
Township's Contributions in Relation to the Required Contribution	<u>(16,999.92)</u>	<u>(21,202.15)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 5,309,621.00	\$ 5,468,517.00
Township's Contributions as a Percentage of Covered Payroll	0.32%	0.39%

**Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**State Health Benefits Local Government Retired Employees Plan (Cont'd)**

**Other Notes to Supplementary OPEB Information**

Changes in Benefit Terms

None

Changes in Assumptions

In 2017, the discount rate changed to 3.58% from 2.85%. In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

**Township of Delran Postemployment Health Benefit Plan**

**General Information about the OPEB Plan**

**Plan Description and Benefits Provided** - The Township provides reimbursement for postretirement health care benefits through a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The Township provides this benefit for ten years after the employee retires or until the death of the employee. The benefit is determined by negotiated contract for each collective bargaining unit. The Plan is administered by the Township; therefore, reimbursements to the retirees are paid in monthly installments directly to the retirees.

**Employees Covered by Benefit Terms** - As of January 1, 2018, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	12
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	
Active Employees	58
	70

**Contributions** - Employees are not required to contribute to the plan.

**Total OPEB Liability**

The Township's total OPEB liability of \$1,218,703.00 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2018.

**Actuarial Assumptions and Other Inputs** - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% Annually
Salary Increases	3.00% Annually
Discount Rate	3.64%
Healthcare Cost Trend Rates	
Delran Police Association Employees	5.00% Annually
All Other Employees	0.00%

The discount rate was based on the 20-Bond General Obligation (GO) Index.

Mortality rates were based on RP-2014 mortality table with MP-2016 projection.

**Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**Township of Delran Postemployment Health Benefit Plan (Cont'd)**

**Total OPEB Liability (Cont'd)**

An experience study was not performed on the actuarial assumptions used in the January 1, 2018 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates and termination rates were based on standard tables either issued by the SOA or developed for the applicable grade of employee. The actuary has used his/her professional judgement in applying these assumptions to this plan.

**Changes in Total OPEB Liability**

Balance at Beginning of Year		\$ 1,177,792.00
Changes for the Year:		
Service Cost	29,737.00	
Interest Cost	41,895.00	
Benefit Payments	(53,634.00)	
Actuarial Assumption Changes	-	
Actuarial Demographic Gains / (Losses)	<u>22,913.00</u>	
Net Changes		<u>40,911.00</u>
Balance at End of Year		<u><u>\$ 1,218,703.00</u></u>

There were no changes of benefit terms or changes of assumptions at December 31, 2018.

**Sensitivity of Total OPEB Liability to Changes in Discount Rate** - The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage -point lower or 1-percentage-point higher than the current discount rate:

	<b>1.00% Decrease <u>(2.64%)</u></b>	<b>Current Discount Rate <u>(3.64%)</u></b>	<b>1.00% Increase <u>(4.64%)</u></b>
Total OPEB Liability	<u>\$1,358,179.00</u>	<u>\$1,218,703.00</u>	<u>\$1,079,227.00</u>

**Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates** - The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1.00% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1.00% Increase</b>
Total OPEB Liability	<u>\$ 1,051,549.00</u>	<u>\$ 1,218,703.00</u>	<u>\$ 1,419,481.00</u>



**Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**Township of Delran Postemployment Health Benefit Plan (Cont'd)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2018, the Township recognized OPEB expense of \$73,923.00. As of December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions or Other Inputs	\$ -	\$ -
Difference between expected and actual experience	<u>20,622.00</u>	<u>-</u>
	<b><u>\$ 20,622.00</u></b>	<b><u>\$ -</u></b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b><u>Year Ending December 31,</u></b>	
2019	\$ 2,291.00
2020	2,291.00
2021	2,291.00
2022	2,291.00
2023	2,291.00
Thereafter	<u>9,167.00</u>
	<b><u>\$ 20,622.00</u></b>

**Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**Township of Delran Postemployment Health Benefit Plan (Cont'd)**

**Supplementary OPEB Information**

In accordance with GASB 75, the following information is also presented for the Township Plan. 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 Changes in the Township's Total OPEB Liability and Related Ratios –***

<b>Total OPEB Liability</b>	<b><u>December 31, 2018</u></b>
Service Cost	\$ 29,737.00
Interest Cost	41,895.00
Benefit Payments	(53,634.00)
Actuarial Assumption Changes	-
Differences Between Expected and Actual Experience	<u>22,913.00</u>
Net Change in Total OPEB Liability	40,911.00
Total OPEB Liability - Beginning of Fiscal Year	<u>1,177,792.00</u>
Total OPEB Liability - End of Fiscal Year	<u><u>\$ 1,218,703.00</u></u>
Covered-Employee Payroll	\$ 6,588,724.00
Total OPEB Liability as a Percentage of Covered-Employee Payroll	18.50%

**Other Notes to Supplementary OPEB Information**

Changes in Benefit Terms - None

Changes in Assumptions - None

**Note 11: COMPENSATED ABSENCES**

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year.

The Township compensates employees for unused sick leave upon termination or retirement. The current policy provides one compensated day for every two days accumulated. There is a maximum pay-out of fifty days' pay, and is paid at the rate of pay upon termination or retirement.

The Township has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2018, the balance of the fund was \$205,221.03. It is estimated that, at December 31, 2018, accrued benefits for compensated absences are valued at \$654,386.04.

**Note 12: 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 13: CAPITAL DEBT**

**General Obligation Bonds**

General Obligation Bonds, Series 2009 - On August 15, 2009, the Township issued \$4,056,000.00 in general obligation bonds, with interest rates ranging from 4.00% to 5.00% through the Burlington County Bridge Commission in their capacity as County Improvement Authority. The bonds were issued to fund various Township improvements. The final maturity of the bonds was August 15, 2018.

General Obligation Bonds – Open Space, Series 2009 - On August 15, 2009, the Township issued \$1,829,000.00 in general obligation bonds, with interest rates ranging from 4.00% to 5.00% through the Burlington County Bridge Commission in their capacity as County Improvement Authority. The bonds were issued to acquire various pieces of property for preservation and recreation. This issue was refunded by the County Guaranteed Pooled Loan Revenue Refunding Bonds, Series 2017A - Open Space. The revised final maturity of the bonds is August 15, 2019.

General Obligation Refunding Bonds, Series 2009 - On November 3, 2009, the Township issued \$4,215,000.00 in general obligation refunding bonds, with interest rates ranging from 2.00% to 4.50%. The bonds were issued to currently refund the \$4,747,000.00 General Obligation Bonds, Series 1998. The final maturity of the bonds was January 1, 2019.

County Guaranteed Pooled Loan Revenue Refunding Bonds, Series 2017A - Open Space - On March 28, 2017, the Township issued \$1,063,000.00 in county guaranteed pooled loan refunding bonds, with interest rates of 4.00% through the Burlington County Bridge Commission in their capacity as County Improvement Authority. The bonds were issued to refund the General Obligation Bonds – Open Space, Series 2009 bonds. The final maturity of the bonds is July 15, 2029.

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

Year	<u>Bonded Debt</u>				
	<u>General</u>		<u>Open Space</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 320,000.00	\$ 6,350.00	\$ 87,000.00	\$ 46,620.00	\$ 459,970.00
2020			92,000.00	41,300.00	133,300.00
2021			94,000.00	38,600.00	132,600.00
2022			97,000.00	34,840.00	131,840.00
2023			101,000.00	30,960.00	131,960.00
2024-2028			548,000.00	91,560.00	639,560.00
2029			125,000.00	5,000.00	130,000.00
	<u>\$ 320,000.00</u>	<u>\$ 6,350.00</u>	<u>\$ 1,144,000.00</u>	<u>\$ 288,880.00</u>	<u>\$ 1,759,230.00</u>

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

**New Jersey Environmental Infrastructure Trust Loans**

**Sewer Utility Debt** - On May 21, 2014, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,469,550.00, at no interest, from the fund loan, and \$480,000.00 at interest rates ranging from 3.00% to 5.00% from the trust loan. The proceeds were used to fund the renovations to the waste water treatment plant. Semiannual debt payments are due March 1<sup>st</sup> and September 1<sup>st</sup> through 2033.

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>
2019	\$ 94,722.87	\$ 14,981.26	\$ 109,704.13
2020	94,722.87	13,981.26	108,704.13
2021	94,722.87	12,981.26	107,704.13
2022	99,722.87	11,981.26	111,704.13
2023	99,722.87	10,731.26	110,454.13
2024-2028	508,614.35	37,756.30	546,370.65
2029-2033	411,630.57	15,462.54	427,093.11
	<u>\$ 1,403,859.27</u>	<u>\$ 117,875.14</u>	<u>\$ 1,521,734.41</u>

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

**Summary of Debt**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b><u>Issued</u></b>			
General:			
Bonds and Notes	\$ 14,539,090.00	\$ 13,790,000.00	\$ 13,451,251.00
Sewer Utility:			
Loans and Notes	2,243,859.27	2,138,582.14	1,593,305.01
Total Issued	<u>16,782,949.27</u>	<u>15,928,582.14</u>	<u>15,044,556.01</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds and Notes	1,857,141.58	3,308,158.50	1,587,859.47
Sewer Utility:			
Bonds and Notes	6,091,446.00	4,329,274.63	2,108,800.00
Total Authorized but Not Issued	<u>7,948,587.58</u>	<u>7,637,433.13</u>	<u>3,696,659.47</u>
Total Issued and Authorized but Not Issued	<u>24,731,536.85</u>	<u>23,566,015.27</u>	<u>18,741,215.48</u>
Deductions:			
Funds Temporarily Held To Pay Notes	282,575.97	794,077.97	657,466.96
Self-liquidating Debt	8,335,305.27	6,467,856.77	3,702,105.01
Total Deductions	<u>8,617,881.24</u>	<u>7,261,934.74</u>	<u>4,359,571.97</u>
Net Debt	<u>\$ 16,113,655.61</u>	<u>\$ 16,304,080.53</u>	<u>\$ 14,381,643.51</u>

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

**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 1.045%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 22,430,000.00	\$ 22,430,000.00	
Sewer Utility	8,335,305.27	8,335,305.27	
General	16,396,231.58	282,575.97	\$ 16,113,655.61
	<u>\$ 47,161,536.85</u>	<u>\$ 31,047,881.24</u>	<u>\$ 16,113,655.61</u>

Net Debt \$16,113,655.61 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$1,541,911,285.33 equals 1.045%.

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

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 53,966,894.99
Net Debt	<u>16,113,655.61</u>
Remaining Borrowing Power	<u>\$ 37,853,239.38</u>

**Calculation of "Self Liquidating Purpose," - Sewer Utility Per N.J.S.A. 40A:2-45**

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest, and Other Investment Income, and Other Charges for Year	\$ 4,736,833.67
Deductions:	
Operating and Maintenance Cost	\$ 2,812,939.00
Debt Service per Sewer Fund	<u>754,557.99</u>
Total Deductions	<u>3,567,496.99</u>
Excess in Revenue	<u>\$ 1,169,336.68</u>

**Note 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the following deferred charge is shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

<u>Description</u>	<u>Balance December 31, 2018</u>	<u>2019 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorization	\$ 30,000.00	\$ 30,000.00

The appropriations in the 2019 Budget as adopted are not less than that required by the statutes.

**Note 15: 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** - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

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

<u>Year</u>	<u>Township and Utility Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2018	\$ 3,000.00	\$ 8,629.32	\$ 7.45	\$ 5,196.00	\$ 66,584.27
2017	3,000.00	8,346.92		4,324.23	60,143.50
2016	3,000.00	8,157.27		8,773.18	53,120.81

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

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

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

The Fund provides the Township with the following coverage:

- Property - Blanket Building and Grounds
- Boiler and Machinery
- General and Automobile Liability
- Burglary and Theft
- Fire Insurance

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$500,000 based on the line of coverage for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2018, which can be obtained from:

Burlington County Municipal Joint Insurance Fund  
 Five Greentree Centre/525 Lincoln Drive West  
 P.O. Box 489  
 Marlton, NJ 08053

**Note 16: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the 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 17: 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 18: SUBSEQUENT EVENTS**

**Tax Appeals** - As of December 31, 2018, there was one pending tax appeal against the Township. Based upon information provided by the tax assessor, if such appeal is not settled in favor of the Township, the estimated impact of the tax refunds could be material. However, the Township maintains a Reserve for Tax Appeals in the current fund of \$208,953.75. In the event there are insufficient funds to settle this appeal, the Township has the ability to raise the funds in the budget subsequent to 2018 and may, depending upon approval from the New Jersey State Local Finance Board, borrow to fund the payment of the appeal.

**Authorization of Debt** - Subsequent to December 31, the Township of Delran authorized additional Bonds and Notes as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
General Capital:		
Bonds and Notes:		
Purchase of Dump Truck	February 5, 2019	\$ 104,761.00
Reconstruction and /or Repair of Various Roads	March 5, 2019	1,142,858.00



**APPENDIX C**

**FORM OF BOND COUNSEL OPINION**

October 17, 2019

Mayor and Township Council  
of the Township of Delran  
900 Chester Avenue  
Delran, New Jersey**RE: \$11,742,000 TOWNSHIP OF DELRAN, COUNTY OF BURLINGTON,  
NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2019**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds") by the Township of Delran, County of Burlington, New Jersey ("Township").

The Bonds are authorized pursuant to and in accordance with: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Township Council and published in accordance with the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Township Council on September 10, 2019 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on October 2, 2019 ("Award Certificate").

The Bonds are dated their date of delivery, mature on October 15 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum in the table below, payable semi-annually on April 15 and October 15, commencing April 15, 2020, in each year until maturity.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020	\$2,000,000	1.500%	2025	\$1,000,000	2.000%
2021	1,500,000	1.500	2026	1,000,000	2.000
2022	1,242,000	2.000	2027	1,000,000	2.000
2023	1,000,000	2.000	2028	1,000,000	2.000
2024	1,000,000	2.000	2029	1,000,000	2.000

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

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**



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

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

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

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

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

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

3. Interest on the Bonds will not be includible for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

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

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



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

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

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Township has *not* designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

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

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

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



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

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

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

Very truly yours,

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this 17th day of October, 2019 between the Township of Delran, County of Burlington, New Jersey ("Township") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its General Obligation Bonds, Series 2019, in the principal amount of \$11,742,000 ("Bonds").

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

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

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

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

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

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

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

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

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

**"MSRB"** shall mean the Municipal Securities Rulemaking Board.

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

**"Official Statement"** shall mean the Official Statement of the Township, dated October 2, 2019, relating to the Bonds.

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

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

**SECTION 3. Provision of Annual Report.**

(a) The Township shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Township's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Township (commencing for the fiscal year ending December 31, 2019). Each Annual Report provided to the Dissemination Agent by the Township shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

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

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

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



## **SECTION 5. Reporting of Significant Events.**

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

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

(b) The Township shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13), (14) or (15) of subsection (a) of this Section 5, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel.

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<sup>1</sup> The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

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

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

**SECTION 7. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Township may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The Township shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

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

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

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

(i) If to the Township:

Township of Delran  
900 Chester Avenue  
Delran, New Jersey 08075  
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC  
625 Farnsworth Avenue  
Bordentown, New Jersey 08505

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

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

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

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

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

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

**TOWNSHIP OF DELRAN, NEW JERSEY**

By: \_\_\_\_\_  
**MARGARET PEAK, Chief Financial Officer**

**PHOENIX ADVISORS, LLC,  
as Dissemination Agent**

By: \_\_\_\_\_  
**SHERRY L. TRACEY, Senior Managing Director**

**EXHIBIT A**

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

Name of Issuer: Township of Delran, County of Burlington, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2019

Date of Issuance of the Affected  
Bond Issue: October 17, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated October 17, 2019, between the Township and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

PHOENIX ADVISORS, LLC,  
as Dissemination Agent

cc: Township of Delran, New Jersey