

OFFICIAL STATEMENT DATED NOVEMBER 13, 2019

NEW ISSUE
(Book-Entry-Only)

RATING: Standard & Poor's "AA"
(See "RATING" herein)

In the opinion of Malamut & Associates, LLC, Bond Counsel to the Township, based on certifications of the Township (as hereinafter defined) and assuming continuing compliance with their respective covenants pertaining to provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds (as hereinafter defined), interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference for purposes of calculating the alternative minimum tax. In the opinion of Bond Counsel, interest on the Bonds and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein for a full discussion.

\$7,885,000
TOWNSHIP OF FLORENCE
COUNTY OF BURLINGTON, NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2019
Consisting of:
\$1,425,000 Open Space Bonds
\$6,460,000 Water/Sewer Utility Bonds
(Bank-Qualified) (Callable)

Dated: Date of Delivery

Due: November 1, as shown on the inside front cover

The \$7,885,000 aggregate principal amount of General Obligation Bonds, Series 2019, consisting of \$1,425,000 Open Space Bonds (the "Open Space Bonds") and \$6,460,000 Water/Sewer Utility Bonds (the "Water/Sewer Utility Bonds" and, together with the Open Space Bonds, the "Bonds") are general obligations of the Township of Florence, in the County of Burlington, State of New Jersey (the "Township") for which the full faith and credit of the Township are pledged. The Township is authorized and required by law to levy ad valorem taxes on all taxable property within the Township without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The Bonds will be issued in fully registered book-entry-only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry-only form in the principal amount of \$5,000 or any integral multiple of \$1,000 or in excess thereof through book entries made on the books and records of DTC and its participants.

Interest on the Bonds will be payable semiannually on May 1 and November 1 in each year until maturity, or earlier redemption commencing on May 1, 2020. Principal and interest on the Bonds will be paid to DTC by the Township, as paying agent for the Bonds. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding April 15 and October 15 (the "Record Dates" for the payment of interest on the Bonds). The Bonds are subject to redemption prior to their stated maturities. See "DESCRIPTION OF THE BONDS – Redemption Provisions" herein.

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), various bond ordinances duly adopted by the Township Council on the dates set forth herein and by Resolution 2019-169 duly adopted by the Township Council on September 18, 2019.

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

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

This cover 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 and delivered to the Underwriter, subject to withdrawal or modification of the offer without notice, to the prior approval of legality by the law firm of Malamut & Associates, LLC, Cherry Hill, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its counsel, Malamut & Associates, LLC, Cherry Hill, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, served as Municipal Advisor to the Township in connection with the Bonds. It is expected that delivery of the Bonds in book-entry-only form will be made at DTC, on or about December 5, 2019.

Fidelity Capital Markets

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS**

**\$7,885,000
GENERAL OBLIGATION BONDS, SERIES 2019
Consisting of:
\$1,425,000 Open Space Bonds
\$6,460,000 Water/Sewer Utility Bonds
(Bank-Qualified) (Callable)**

<u>Maturity (November 1)</u>	<u>Open Space Principal Amounts</u>	<u>Water/Sewer Principal Amounts</u>	<u>Combined Principal Amounts</u>	<u>Interest Rates</u>	<u>Yields</u>	<u>CUSIPs**</u>
2020	\$50,000	\$355,000	\$405,000	4.000%	1.140%	340279KJ6
2021	65,000	365,000	430,000	4.000	1.180	340279KK3
2022	65,000	375,000	440,000	4.000	1.210	340279KL1
2023	70,000	385,000	455,000	4.000	1.260	340279KM9
2024	70,000	395,000	465,000	4.000	1.330	340279KN7
2025	70,000	405,000	475,000	4.000	1.400	340279KP2
2026	75,000	415,000	490,000	4.000	1.470	340279KQ0
2027	75,000	425,000	500,000	3.000	1.700*	340279KR8
2028	75,000	440,000	515,000	3.000	1.900*	340279KS6
2029	80,000	450,000	530,000	2.125	2.200	340279KT4
2030	80,000	465,000	545,000	2.250	2.300	340279KU1
2031	85,000	475,000	560,000	2.375	2.400	340279KV9
2032	85,000	490,000	575,000	2.375	2.500	340279KW7
2033	90,000	505,000	595,000	2.500	2.570	340279KX5
2034	90,000	515,000	605,000	2.500	2.610	340279KY3
2035	100,000		100,000	2.625	2.700	340279KZ0
2036	100,000		100,000	2.625	2.740	340279LA4
2037	100,000		100,000	2.750	2.800	340279LB2

* Priced at the stated yield to the first optional redemption date of November 1, 2026 at a redemption price of 100%.

** CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. CUSIP data is included solely for the managed convenience of the registered owners of the applicable bonds. Neither the Township or the Underwriter, is responsible for the selection of the CUSIP data, and no representation is made as to the correctness of the CUSIP data on the applicable bonds or as included herein. The CUSIP number for a specific maturity of the Bonds 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 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 FLORENCE, IN THE
COUNTY OF BURLINGTON, NEW JERSEY**

MAYOR

Craig H. Wilkie

TOWNSHIP COUNCIL

Jerry Sandusky, President
David Woolston, Vice President
Frank K. Baldorossi, Jr.
Theodore J. Lovenduski
Paul C. Ostrander

TOWNSHIP ADMINISTRATOR

Richard A. Brook

CHIEF FINANCIAL OFFICER

Sandra Blacker

TOWNSHIP CLERK

Nancy L. Erlston, RMC

TOWNSHIP COUNSEL

Kelly A. Grant, Esq.
Malamut & Associates, LLC
Cherry Hill, New Jersey

BOND COUNSEL

Malamut & Associates, LLC
Cherry Hill, New Jersey

TOWNSHIP AUDITOR

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

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 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 the Underwriter. The Underwriter has reviewed the information in this official statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

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

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

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

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REGARDING THE TOWNSHIP

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APPENDIX C: FORM OF BOND COUNSEL OPINION

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

**\$7,885,000
GENERAL OBLIGATION BONDS, SERIES 2019**

**Consisting of:
\$1,425,000 Open Space Bonds
\$6,460,000 Water/Sewer Utility Bonds
(Bank-Qualified) (Callable)**

INTRODUCTION

The purpose of this Official Statement, including the cover page hereof and the Appendices attached hereto, is to provide certain information relating to the \$7,885,000 aggregate principal amount of General Obligation Bonds, Series 2019, consisting of \$1,425,000 Open Space Bonds (the “Open Space Bonds”) and \$6,460,000 Water/Sewer Utility Bonds (the “Water/Sewer Utility Bonds” and, together with the Open Space Bonds, the “Bonds”), to be issued by the Township of Florence (the “Township”), in the County of Burlington (the “County”), State of New Jersey (the “State”).

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

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

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

DESCRIPTION OF THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Bonds will be issued in the aggregate principal amount, will be dated their date of delivery, as shown on the front cover page and bear interest from that date at the rates set forth on the inside front cover page. Interest on the Bonds will be payable initially on May 1, 2020 and semiannually thereafter on November 1 and May 1 (the “Interest Payment Dates”) in each year until maturity by check mailed by the Township, as

paying agent for the Bonds, to the registered owners of the Bonds as of the October 15 and April 15 immediately preceding the respective Interest Payment Dates (the “Record Dates”). The Bonds will mature on November 1 in the years and in the principal amounts, all as shown on the inside front cover of this Official Statement. The Bonds may be purchased in book-entry-only form in the amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and the records of The Depository Trust Company, New York, New York (“DTC”) and its participants. See “BOOK-ENTRY-ONLY”.

Redemption Provisions

The Bonds maturing prior to November 1, 2027 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after November 1, 2027 are redeemable at the option of the Township, in whole or in part, on any date on or after November 1, 2026 at a redemption price equal to 100% of the principal amount thereof (the “Redemption Price”), plus accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as securities depository for the Bonds (“Securities Depository”), such Notice of Redemption shall be sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Township; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

Authorization for the Issuance of the Bonds

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”), and are authorized by various bond ordinances duly adopted by the Township Council on the dates set forth in the charts on the following page and published and approved as required by law, and by Resolution 2019-169, duly adopted by the Township Council on September 18, 2019.

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel period has concluded as of the date of this Official Statement.

Purpose of the Open Space Bonds

The proceeds of the Open Space Bonds will be used, along with other available funds of the Township in the amount of \$298,250, to: (i) refund, on a current basis, a \$941,250 portion of the bond anticipation notes of the Township issued in the aggregate principal amount of \$6,565,250, dated January 22, 2019 and maturing January 21, 2020; (ii) refund, on a current basis, a \$1,062,000 portion of the bond anticipation notes of the Township issued in the aggregate principal amount of \$1,987,500, dated October 29, 2019 and maturing January 21, 2020; and (iii) pay the costs associated with the issuance of the Open Space Bonds.

The purposes for which the Open Space Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Township, which bond ordinances are described in the following table:

Bond Ordinances		
Ordinance Number	Purpose	Amount Funded with Bond Proceeds
2012-12	Acquisition of Property – Adjacent to Marter Park	\$146,000
2017-13	Acquisition of Property – Hornberger Avenue	369,000
2014-03	Acquisition of Property – 1042 Potts Mill Road	128,000
2016-31	Acquisition of Property – Block 165.07, Lot 17 (Flor/Columbus Road)	<u>1,062,000</u>
TOTAL:		<u>\$1,705,000*</u>

Purpose of the Water/Sewer Utility Bonds

The proceeds of the Water/Sewer Utility Bonds will be used, along with other available funds of the Township in the amount of \$803,500, to: (i) refund, on a current basis, a \$1,546,500 portion of the bond anticipation notes of the Township issued in the aggregate principal amount of \$6,565,250, dated January 22, 2019 and maturing January 21, 2020; (ii) refund, on a current basis, a \$5,242,000 portion of the bond anticipation notes of the Township issued in the aggregate principal amount of \$14,325,000, dated July 16, 2019 and maturing January 20, 2020; (iii) permanently finance various water/sewer utility capital improvements in and by the Township in the amount of \$475,000; and (iv) pay the costs associated with the issuance of the Open Space Bonds.

The purposes for which the Water/Sewer Utility Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Township, which bond ordinances are described in the following table:

Bond Ordinances		
Ordinance Number	Purpose	Amount Funded with Bond Proceeds
2013-15	Cedar Lane Water Tower Rehabilitation	\$275,000
2014-07	Wastewater Treatment Plant and Wallace Ave Pump Station Improvements	149,500

* Represents \$1,425,000 in par amount of the Open Space Bonds plus \$280,000 in original issue premium.

Bond Ordinances		
Ordinance Number	Purpose	Amount Funded with Bond Proceeds
2014-08	Repairs to Wells 3, 4 & 5	292,250
2014-09	Acquisition of Water and Sewer Vehicles	168,400
2014-22	Rehab of Sewer Digesters	389,750
2016-16	Improvements to WW Treatment Plant	433,000
2016-34	Improvement to Water Treatment Plant	2,280,000
2017-22	Redevelopment of Well #6	92,100
2018-08	Water Main Replacement – West Front St.	405,000
2018-18	Repainting of Water Tower	1,500,000
2019-06	Mallard Creek Pump Station - Upgrades	285,000
2019-07	Wastewater Treatment Plant Improvements	<u>190,000</u>
TOTAL:		<u>\$6,460,000</u>

BOOK-ENTRY-ONLY SYSTEM

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

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation

and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of the Bonds (“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 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not 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 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 as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Township. 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 Underwriter take any responsibility for the accuracy thereof.

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

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

Discontinuation of Book-Entry-Only System

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

SECURITY AND SOURCE OF PAYMENT

Taxing Power

The Bonds are valid and binding general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Bonds are direct obligations of the Township and, unless paid from other sources, the Township is required by law to levy ad valorem taxes upon all the real property taxable within the Township for the payment of the principal of and the interest on the Bonds without limitation as to rate or amount. Enforcement of a claim for the payment of principal of or interest on bonds or notes of the Township is subject to applicable provisions of Federal bankruptcy law and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State, providing extension with respect to the

payment of principal of or interest on the Bonds or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission.

MARKET PROTECTION

In addition to the issuance of the Bonds, the Township issued its \$1,987,500 Bond Anticipation Notes, Series 2019C and \$1,018,000 Taxable Bond Anticipation Notes, Series 2019D on October 29, 2019. The Township may issue additional bond anticipation notes, as necessary, during calendar year 2019.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Local Bond Law

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

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

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

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

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

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

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

Local Fiscal Affairs Law

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

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

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

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

Local Budget Law

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

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

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

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

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

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

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

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

Miscellaneous Revenues

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

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

Real Estate Taxes

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

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

Deferral of Current Expenses

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

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

Budget Transfers

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

Capital Budget

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

Related Constitutional and Statutory Provisions

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

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

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

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

Rights and Remedies of Owners of Bonds

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

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

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

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

Limitation of Remedies Under Federal Bankruptcy Code

The rights and remedies of the registered owners of the 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 municipality's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

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

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

TAX MATTERS

In the opinion of Malamut & Associates, LLC, Bond Counsel to the Township, assuming continuing compliance by the Township with its covenants pertaining to provisions of the Internal Revenue Code of 1986, as amended (the "Code"), pertaining to the issuance of the Bonds, and subject to certain provisions of the Code that are described below, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and will not be treated as an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. In the

opinion of Bond Counsel to the Township, interest on the Bonds and any gain from the sale thereof are excludable from gross income of the owners thereof under the New Jersey Gross Income Tax Act.

The Code contains a number of provisions that apply to the Bonds, including restrictions relating to the use or investment of the proceeds of the Bonds and the payment of certain arbitrage earnings in excess of the “yield” on the Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Bonds being includable in gross income for federal income tax purposes retroactive on the date of issuance of the Bonds. The Township has covenanted in its non-arbitration certification to comply with these requirements. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to the changes in the law after the date of issuance of the Bonds that may affect the tax-exempt status of the interest thereon.

The Code imposes an alternative minimum tax on individuals and corporations. Interest received with respect to certain types of private activity bonds issued after August 7, 1986 is considered a tax preference subject to the alternative minimum tax. As the Bonds are not private activity bonds, interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

Section 265(b) of the Code generally denies to banks, thrift institutions and other financial institutions any deduction for that portion of interest expense incurred or continued to purchase or carry tax-exempt obligations.

The Bonds will be designated as qualified under Section 265 of the Code by the Township for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

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

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

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

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such obligations at maturity (the “Discount Bonds”). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

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

Additional Federal Income Tax Consequences of Holding the Bonds

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

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

Changes in Federal Tax Law Regarding the Bonds

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

State Taxation

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

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

LEGALITY FOR INVESTMENT

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

LITIGATION

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

SECONDARY MARKET DISCLOSURE

The Township has agreed to undertake for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to the Rule. Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Township will:

(a) as detailed in a Continuing Disclosure Certificate to be executed on behalf of the Township by its Chief Financial Officer, in the form appearing in Appendix “D” attached hereto (the “Continuing Disclosure Certificate”), provide to the Municipal Securities Rulemaking Board (“MSRB”) through the Electronic Municipal Market Access data port (“EMMA”), certain financial information and operating data with respect to the Township to comply with the provisions of the Rule promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented;

(b) in a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB, notice of any of the following events with respect to the Bonds (herein “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 security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, 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 of the Township, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Township, if any such event reflects financial difficulties.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the

existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

For purposes of subparagraphs (15) and (16), the term “Financial Obligation” shall mean 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).

(c) in a timely manner to the MSRB, notice of failure of the Township to provide required annual financial information on or before the date specified in the Continuing Disclosure Certificate.

In the event that the Township fails to comply with the above-described undertaking and covenants, the Township shall not be liable for any monetary damages, remedy of the beneficial owners of the Bonds being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the Township from time to time, without the consent of the Bondholders or the beneficial owners of the Bonds, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

The Township has previously entered into continuing disclosure undertakings under the Rule. The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey in December of 2015 to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations.

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

APPROVAL OF LEGAL PROCEEDINGS

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

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

NO DEFAULT

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

RATING

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

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

UNDERWRITING

The Bonds have been purchased by Fidelity Capital Markets, Boston, Massachusetts (the "Underwriter") at a price of \$8,198,022.68, consisting of the par amount of the Bonds plus a net original issue premium of \$372,031.30 and less an Underwriter's discount of \$59,008.62.

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

MUNICIPAL ADVISOR

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

PREPARATION OF OFFICIAL STATEMENT

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

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

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

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

FINANCIAL STATEMENTS

Appendix “B” contains certain audited financial information of the Township for the fiscal year ended December 31, 2018. The audited financial information was extracted from the report prepared by Holman Frenia Allison, P.C., Medford, New Jersey (the “Auditor”) to the extent and for the period set forth in their report appearing in Appendix “B” to this Official Statement. The Auditor 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 for the financial statements appearing in Appendix “B” hereto) and, accordingly, will express no opinion with respect thereto. See “APPENDIX B - FINANCIAL STATEMENTS OF THE TOWNSHIP”.

CERTIFICATES OF THE TOWNSHIP

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Sandra Blacker, Chief Financial Officer, Township of Florence, 711 Broad Street, Florence, New Jersey 08518, (609) 499-2525 or to Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey, (609) 291-0130.

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

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of 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 this Official Statement is not guaranteed.

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

By: /s/ Sandra Blacker
SANDRA BLACKER,
Chief Financial Officer

Dated: November 13, 2019

APPENDIX A

CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP

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INFORMATION REGARDING THE TOWNSHIP¹

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

General Information

The Township is located in the northern portion of the County approximately 12 miles south of Trenton and 20 miles north of Philadelphia and Camden. The Township has about 3 miles of frontage on the Delaware River and encompasses an area of 9.65 square miles. The Township consists of three areas: Florence, the Historic Village of Roebling, and Bustleton. The Township was incorporated on March 7, 1872.

The Township provides a variety of municipal services. All municipal services performed within the Township are supervised and coordinated through a full-time Township Administrator.

Major highway routes provide the primary transportation links with other parts of the State and the nation. Route 130 and Interstate Route 295 traverse the Township in a north-south direction. The Pennsylvania Extension of the New Jersey Turnpike is located within the Township, providing access to and from the Pennsylvania and New Jersey Turnpikes. The Township has been notified by the New Jersey Turnpike Authority that there has been preliminary approval of a new east-west interchange which will provide enhanced access to the Turnpike Extension and the main north-south Turnpike.

Form of Government

The present form of government is the Mayor-Council Plan F under the provisions of the Faulkner Act, Chapter 210 of the 1971 laws of New Jersey, as amended, N.J.S.A. 40:69A-1 et seq. Under this form of government, the voters elect a Mayor for a 4-year term and 2 Councilmen-At-Large and 3 Councilmen from the 3 Wards, for overlapping terms of 4 years. The legislative power is vested in the Council, and the executive power is vested in the Mayor. The Mayor appoints a professionally qualified Township Administrator with the advice and consent of the Council.

Public Safety

The Township provides police protection on a 24-hour, 7 day a week basis. Additional manpower serves in an administrative, clerical and special capacity, including the staffing of the Township's detective bureau.

The Fire District consolidated all of its fire company locations and is housed in a firehouse that is located on Firehouse Lane. They are officially called the Florence Township Volunteer Fire Company #1. They sold a building (on Delaware Avenue) to a private investor

¹ Source: The Township, unless otherwise indicated.

who converted it into professional office space. The building in Roebling was given to the Township and was converted into a community/senior center. Ownership of the last building on West Third Street reverted back to the Township and is used for the storage of municipal equipment. First aid service is provided by the Florence Township Volunteer Fire Company #1. The Township turned over all emergency medical services to the fire company.

Public Utilities

Along with trash and garbage removal and disposal, the Township supplies water and sewerage service to customers within the Florence and Roebling sections of the Township through the municipally owned Water and Sewer Department. The Township previously expended over one million dollars for the renovation of the sewerage treatment facility in order to ensure that it is in compliance with all applicable permits and New Jersey Department of Environmental Protection and Energy guidelines. The plant capacity increased from 1.5 million gallons per day to 2.5 million gallons per day as a result of the upgrades. The plant is operating with more than sufficient capacity to handle daily demands and future growth.

Gas and electric service is provided by the privately-owned Public Service Electric and Gas Co. Telephone service is provided by Verizon.

School District

The School District serving the Township is an independent legal entity under the laws of the State but is geographically coterminous with the Township. It provides a comprehensive program for students from kindergarten (K) to twelve grade (12) with one (1) elementary school, one (1) middle school and one (1) high school.

The School District is governed by the Board, which consists of nine (9) members who serve 3-year, staggered terms. The Board President is appointed by the members of the Board.

There is also a charter school for students in grades K to grade 3.

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

The Public Employees' Retirement System ("PERS") 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, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") 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, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

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Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2018	6,938	6,682	256	3.7%
2017	7,011	6,740	271	3.9%
2016	7,031	6,711	320	4.6%
2015	7,041	6,640	401	5.7%
2014	6,771	6,351	420	6.2%
<u>County</u>				
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%
<u>State</u>				
2018	4,422,900	4,239,600	183,400	4.1%
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%

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

Income (as of 2017)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$81,011	\$82,839	\$76,475
Median Family Income	96,583	99,356	94,337
Per Capita Income	39,687	39,528	39,069

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

Population

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

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2017 Estimate	12,645	4.43%	449,192	0.10%	8,960,161	1.91%
2010	12,109	12.68	448,734	5.98	8,791,894	4.49
2000	10,746	4.68	423,394	7.17	8,414,350	8.85
1990	10,266	13.01	395,066	8.97	7,730,188	4.96
1980	9,084	6.12	362,542	12.20	7,365,001	2.75

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2018 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Haines Center Florence, LLC	\$60,516,100	4.84%
Christmas Tree Shops, Inc.	33,166,000	2.65%
RTC Properties Inc.	8,212,000	0.66%
Foxdale Properties, LLC.	7,700,000	0.62%
Individual Taxpayer #1	6,750,000	0.54%
SPAF Cedar Management Co.	4,574,000	0.37%
Dean Northeast, LLC	4,450,000	0.36%
Turnpike Crossings Urban Renewal, LLC	3,870,000	0.31%
DC Fabricators	3,798,000	0.30%
Griffin Pipe Products Company	<u>3,787,500</u>	<u>0.30%</u>
Total	<u>\$136,823,600</u>	<u>10.94%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2018	\$31,783,012	\$31,386,835	98.75%
2017	31,319,803	30,843,256	98.48%
2016	30,863,274	30,488,949	98.79%
2015	30,394,096	29,919,446	98.44%
2014	29,994,234	29,538,467	98.48%

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2018	\$243,292	\$331,972	\$575,264	1.81%
2017	220,355	461,139	681,494	2.18%
2016	223,220	343,335	566,555	1.84%
2015	198,555	442,944	641,499	2.11%
2014	189,433	413,658	603,091	2.01%

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2018	\$70,240
2017	70,240
2016	70,240
2015	70,240
2014	70,240

Source: Annual Audit Reports of the Township

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

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

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>	<u>Fire District</u>	<u>Total</u>
2019	\$0.449	\$1.536	\$0.405	\$0.165	\$2.555
2018	0.449	1.516	0.405	0.163	2.533
2017	0.447	1.498	0.411	0.146	2.502
2016	0.448	1.479	0.392	0.135	2.454
2015	0.448	1.447	0.385	0.124	2.404

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2019	\$1,251,653,100	\$1,253,282,367	99.87%	\$100	\$1,253,282,467
2018	1,250,717,500	1,252,345,549	99.87	100	1,252,345,649
2017	1,249,273,300	1,247,775,969	100.12	100	1,247,776,069
2016	1,245,367,900	1,237,940,258	100.60	2,083,890	1,240,024,148
2015	1,255,716,200	1,186,316,675	105.85	2,228,341	1,188,545,016

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2019	\$28,650,000	\$1,008,475,400	\$10,818,400	\$52,974,800	\$139,339,900	\$11,394,600	\$1,251,653,100
2018	27,327,400	1,008,855,800	10,826,100	52,297,200	140,029,900	11,381,100	1,250,717,500
2017	25,253,700	1,007,111,800	11,056,200	51,904,600	142,517,900	11,429,100	1,249,273,300
2016	26,237,600	1,004,456,300	11,771,200	48,471,900	143,001,800	11,429,100	1,245,367,900
2015	27,317,300	1,009,500,300	12,408,000	49,907,700	145,153,800	11,429,100	1,255,716,200

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fund Balance Utilized	\$1,600,000	\$1,416,600	\$1,800,000	\$1,818,000	\$1,826,000
Miscellaneous Revenues	3,567,383	4,906,810	4,034,999	4,363,527	4,830,981
Receipts from Delinquent Taxes	420,000	390,000	300,000	424,000	300,000
Amount to be Raised by Taxation	<u>5,524,030</u>	<u>5,476,446</u>	<u>5,480,411</u>	<u>5,483,816</u>	<u>5,500,593</u>
Total Revenue:	<u>\$11,111,413</u>	<u>\$12,189,856</u>	<u>\$11,615,410</u>	<u>\$12,089,343</u>	<u>\$12,457,574</u>
<u>Appropriations</u>					
General Appropriations	\$8,184,833	\$8,710,749	\$8,999,844	\$10,105,638	\$10,512,899
Operations (Excluded from CAPS)	95,212	109,913	99,166	23,512	69,199
Deferred Charges and Statutory Expenditures	843,675	893,689	934,739	14,000	6,000
Judgments	0	0	100,000	0	0
Capital Improvement Fund	75,000	25,000	36,000	230,000	0
Municipal Debt Service	1,268,693	1,802,505	833,660	1,156,330	1,268,870
Tranferred to Board of Education	20,000	20,000	40,000	40,000	40,000
Reserve for Uncollected Taxes	<u>624,000</u>	<u>628,000</u>	<u>572,000</u>	<u>519,863</u>	<u>560,606</u>
Total Appropriations:	<u>\$11,111,413</u>	<u>\$12,189,856</u>	<u>\$11,615,409</u>	<u>\$12,089,343</u>	<u>\$12,457,574</u>

Fund Balance

Current Fund

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

<u>Fund Balance - Current Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2018	\$2,854,617	\$1,826,000
2017	3,030,150	1,818,000
2016	3,178,452	1,800,000
2015	2,510,330	1,416,600
2014	2,623,166	1,600,000

Source: Annual Audit Reports of the Township

Water & Sewer Utility Operating Fund

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

<u>Fund Balance - Water and Sewer Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2018	\$3,053,494	\$820,000
2017	2,755,233	566,430
2016	2,817,914	567,959
2015	2,011,927	354,036
2014	2,085,847	342,506

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2018

General Purpose Debt

Serial Bonds	\$2,865,000
Bond Anticipation Notes	13,616,190
Bonds and Notes Authorized but Not Issued	10,696,664
Other Bonds, Notes and Loans	<u>15,724</u>
Total:	\$27,193,577

Local School District Debt

Serial Bonds	\$18,800,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$18,800,000

Self-Liquidating Debt

Serial Bonds	\$1,252,000
Bond Anticipation Notes	5,340,650
Bonds and Notes Authorized but Not Issued	5,242,000
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$11,834,650

TOTAL GROSS DEBT

\$57,828,227

Less: Statutory Deductions	
General Purpose Debt	\$2,196,500
Local School District Debt	18,800,000
Self-Liquidating Debt	<u>11,834,650</u>
Total:	\$32,831,150

TOTAL NET DEBT

\$24,997,077

Source: Annual Debt Statement of the Township

Overlapping Debt (as of December 31, 2018)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$18,800,000	100.00%	\$18,800,000
County	682,435,451	2.63%	<u>17,932,302</u>
Net Indirect Debt			\$36,732,302
Net Direct Debt			<u>24,997,077</u>
Total Net Direct and Indirect Debt			<u>\$61,729,379</u>

Debt Limit

Average Equalized Valuation Basis (2016, 2017, 2018)	\$1,246,020,592
Permitted Debt Limitation (3 1/2%)	43,610,721
Less: Net Debt	<u>24,997,077</u>
Remaining Borrowing Power	<u>\$18,613,643</u>
Percentage of Net Debt to Average Equalized Valuation	2.006%
Gross Debt Per Capita based on 2010 population of 12,109	\$4,776
Net Debt Per Capita based on 2010 population of 12,109	\$2,064

Source: Annual Debt Statement of the Township

Litigation

The status of pending litigation is included in the Notes to Financial Statements of the Township's annual audit report.

² Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

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APPENDIX B

FINANCIAL STATEMENTS OF THE TOWNSHIP

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**TOWNSHIP OF FLORENCE
COUNTY OF BURLINGTON**

FOR THE YEAR ENDED DECEMBER 31, 2018

**TOWNSHIP OF FLORENCE
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**TOWNSHIP OF FLORENCE
COUNTY OF BURLINGTON**

PART I

**INDEPENDENT AUDITOR'S REPORTS,
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Township of Florence
Florence, New Jersey

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Florence as of December 31, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, the financial statements are prepared by the Township of Florence 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 U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township, as of December 31, 2018 and 2017, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2018 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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended December 31, 2018 the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, & 74. Our opinion is not modified with respect to this matter.

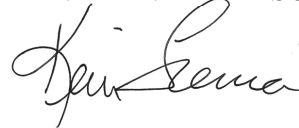
Other Matters

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 24, 2019 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "Kevin Frenia", is written over the printed name.

Kevin Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA No. 435

Medford, New Jersey
July 24, 2019

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

Honorable Mayor and Members
of the Township Council
Township of Florence
County of Burlington
Florence, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Florence, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 24, 2019. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

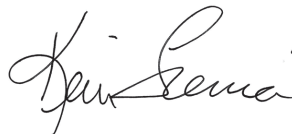
As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "Kevin Frenia", is positioned above the printed name and title.

Kevin Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA No. 435

Medford, New Jersey
July 24, 2019

TOWNSHIP OF FLORENCE
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Current Fund:		
Cash	\$ 6,617,166.02	\$ 8,117,589.85
Change Funds	550.00	550.00
	<u>6,617,716.02</u>	<u>8,118,139.85</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	331,972.23	461,139.47
Tax Title Liens Receivable	243,291.88	220,354.96
Other Municipal Liens	19,072.53	20,775.70
Property Acquired for Taxes - Assessed Valuation	70,240.01	70,240.01
Revenue Accounts Receivable	36,985.52	66,347.18
	<u>701,562.17</u>	<u>838,857.32</u>
Total Assets	<u>7,319,278.19</u>	<u>8,956,997.17</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	165,201.00	8,701.00
Due from Current Fund	89,461.14	190,193.36
	<u>254,662.14</u>	<u>198,894.36</u>
Total Assets	<u>\$ 7,573,940.33</u>	<u>\$ 9,155,891.53</u>

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

TOWNSHIP OF FLORENCE
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Current Fund:		
Appropriation Reserves	\$ 461,803.46	\$ 701,362.50
Reserve for Encumbrances	300,077.49	286,511.67
Due to State of NJ - Senior Citizens & Veterans Deductions	60,654.51	63,131.22
Due to County for Added Taxes	16,983.23	10,300.85
Prepaid Taxes	310,610.92	812,313.52
Tax Overpayments	-	399.43
Local School District School Tax Payable	-	(2.00)
Tax Anticipation Notes Payable	2,500,000.00	3,000,000.00
Due to State of NJ - Marriage License Fees	262.00	412.00
Due to State of NJ - DCA Training Fees	2,954.00	2,578.00
Reserve for Library Expenditures	3,732.95	4,229.50
Reserve for Tax Appeals	16,560.30	16,560.30
Due to Federal and State Grant Fund	<u>89,461.14</u>	<u>190,193.36</u>
	3,763,100.00	5,087,990.35
Reserve for Receivables and Other Assets	701,562.17	838,857.32
Fund Balance	<u>2,854,616.02</u>	<u>3,030,149.50</u>
	<u>7,319,278.19</u>	<u>8,956,997.17</u>
Federal and State Grant Fund:		
Reserve for Encumbrances	1,355.00	3,031.00
Reserve for Federal and State Grants:		
Appropriated	<u>253,307.14</u>	<u>195,863.36</u>
	<u>254,662.14</u>	<u>198,894.36</u>
Total Liabilities, Reserves and Fund Balance	<u><u>\$ 7,573,940.33</u></u>	<u><u>\$ 9,155,891.53</u></u>

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

TOWNSHIP OF FLORENCE
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 1,818,000.00	\$ 1,800,000.00
Miscellaneous Revenue Anticipated	5,504,803.68	5,397,708.53
Receipts From Delinquent Taxes	450,654.87	357,582.11
Receipts From Current Taxes	31,386,834.88	30,843,255.95
Non-Budget Revenue	146,680.11	96,014.44
Other Credit To Income:		
Unexpended Balance of Appropriation Reserves	427,710.53	277,897.94
Interfunds Liquidated	-	1,500.00
Tax Overpayment Adjustment	<u>6,592.84</u>	<u>-</u>
Total Income	<u>39,741,276.91</u>	<u>38,773,958.97</u>
Expenditures:		
Budget and Emergency Appropriations :		
Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	5,490,762.00	5,216,584.00
Other Expenses	3,431,043.00	3,500,760.00
Deferred Charges and Statutory Expenditures	1,060,820.75	924,739.29
Appropriations Excluded From "CAPS":		
Operations:		
Other Expenses	453,478.33	195,337.99
Capital Improvements	267,000.00	533,500.00
Municipal Debt Service	1,156,324.62	833,650.46
Judgements	-	100,000.00
Transferred to Board of Education for Use of Local Scho	40,000.00	40,000.00
County Taxes	5,065,399.76	5,114,224.26
County Share of Added and Omitted Taxes	16,983.23	10,300.85
Local District School Tax	18,960,399.00	18,705,976.00
Municipal Open Space Tax	125,483.43	124,927.00
Special District Taxes	2,029,806.00	1,819,342.00
Refund of Prior Year Revenue	-	853.18
Prior Years' Senior Citizens and Veterans		
Deducations Disallowed	<u>1,310.27</u>	<u>2,066.43</u>
Total Expenditures	<u>38,098,810.39</u>	<u>37,122,261.46</u>

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

TOWNSHIP OF FLORENCE
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
Excess in Revenue	1,642,466.52	1,651,697.51
Fund Balance, January 1	<u>3,030,149.50</u>	<u>3,178,451.99</u>
	4,672,616.02	4,830,149.50
Decreased By:		
Utilized as Anticipated Revenue	<u>1,818,000.00</u>	<u>1,800,000.00</u>
Fund Balance, December 31	<u><u>\$ 2,854,616.02</u></u>	<u><u>\$ 3,030,149.50</u></u>

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

TOWNSHIP OF FLORENCE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Special N.J.S.A 40A:4-87</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Anticipated	\$ 1,818,000.00	\$ -	\$ 1,818,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	28,600.00	-	27,000.00	(1,600.00)
Fees and Permits	433,500.00	-	429,033.63	(4,466.37)
Fines and Costs:				
Municipal Court	257,500.00	-	228,665.38	(28,834.62)
Interest and Costs on Taxes	73,500.00	-	79,485.29	5,985.29
Interest on Investments and Deposits	27,000.00	-	66,208.81	39,208.81
Landfill Fees - Host Community Benefits	377,000.00	-	380,746.82	3,746.82
Consolidated Municipal Property Tax Relief Aid	124,948.00	-	90,175.00	(34,773.00)
Energy Receipts Tax	1,226,415.00	-	1,261,188.00	34,773.00
Uniform Construction Code Fees	471,500.00	-	395,612.00	(75,888.00)
Special Items of General Revenue Anticipated with Prior Written				
Consent of Director of Local Government Services:				
Municipal Alliance on Alcoholism and Drug Abuse	-	8,701.00	8,701.00	-
Clean Communities Program	-	26,452.93	26,452.93	-
State of New Jersey DDE Grant	-	6,936.40	6,936.40	-
Burlington County Parks Grant	-	156,500.00	156,500.00	-
NJ Transportation Trust Fund	-	250,000.00	250,000.00	-
Recreation Contribution Grant	-	876.00	876.00	-
PILOT Programs	1,200,000.00	-	1,953,658.89	753,658.89
Reserve for Debt Service	1,054.15	-	1,054.15	-
Waste Management Agreement - Debt Service	142,509.38	-	142,509.38	-
Total Miscellaneous Revenues	4,363,526.53	449,466.33	5,504,803.68	691,810.82
Receipts from Delinquent Taxes	424,000.00	-	450,654.87	26,654.87
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes	5,483,816.47	-	5,708,624.46	224,807.99
Total Amount to be Raised by Taxes for Support of Municipal Budget	5,483,816.47	-	5,708,624.46	224,807.99
Budget Totals	12,089,343.00	449,466.33	13,482,083.01	943,273.68
Non-Budget Revenues	-	-	146,680.11	146,680.11
	<u>\$ 12,089,343.00</u>	<u>\$ 449,466.33</u>	<u>\$ 13,628,763.12</u>	<u>\$ 1,089,953.79</u>

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

**TOWNSHIP OF FLORENCE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue From Collections	\$ 31,386,834.88
Allocated To School, County, and Municipal Open Space Taxes	<u>26,198,073.42</u>

Balance for Support of Municipal Budget Appropriations 5,188,761.46

Add: Appropriation "Reserve for Uncollected Taxes" 519,863.00

Amount for Support of Municipal Budget Appropriations \$ 5,708,624.46

Receipts From Delinquent Taxes:

Delinquent Tax Collections	\$ 436,995.73
Tax Title Lien Collections	<u>13,659.14</u>

\$ 450,654.87

Fees & Permits - Other:

Clerk	\$ 319,964.19
Vital Statistics	6,794.35
Recreation	35,337.00
Housing Inspections	<u>54,625.00</u>

\$ 429,033.63

**TOWNSHIP OF FLORENCE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended			Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
<u>OPERATIONS WITHIN "CAPS":</u>						
<u>GENERAL GOVERNMENT:</u>						
Mayor and Council						
Salaries and Wages	\$ 40,654.00	\$ 40,654.00	\$ 40,653.96	\$ -	\$ 0.04	\$ -
Other Expenses	11,220.00	11,220.00	10,719.99	155.70	344.31	-
Municipal Clerk						
Salaries and Wages	113,603.00	113,603.00	111,911.30	-	1,691.70	-
Other Expenses	23,720.00	21,720.00	15,643.20	119.10	5,957.70	-
Business Administration Office:						
Salaries and Wages	272,038.00	265,038.00	261,059.65	-	3,978.35	-
Other Expenses	36,730.00	34,230.00	23,388.65	2,106.76	8,734.59	-
Audit Services:		-				-
Other Expenses	29,500.00	29,500.00	26,100.00	-	3,400.00	-
Revenue Administration (Tax Collection):						
Salaries and Wages	72,283.00	64,283.00	60,730.41	-	3,552.59	-
Other Expenses	10,800.00	10,800.00	8,743.56	106.51	1,949.93	-
Bureau of Assessments:						
Salaries and Wages	86,905.00	83,405.00	82,090.68	-	1,314.32	-
Other Expenses	30,125.00	22,125.00	13,168.65	4,542.41	4,413.94	-
Tax Map Revisions	4,700.00	4,700.00	1,800.00	2,065.49	834.51	-
Township Solicitor:						
Other Expenses	47,000.00	47,000.00	43,992.15	-	3,007.85	-
Special Counsel:						
Other Expenses	87,600.00	87,600.00	40,955.24	4,000.00	42,644.76	-
Treasurer:						
Salaries and Wages	74,010.00	67,010.00	64,856.90	-	2,153.10	-
Other Expenses	8,840.00	8,840.00	6,862.23	258.37	1,719.40	-
Cost of Registered Bonds	800.00	800.00	650.00	-	150.00	-
Engineering Services:		-				-
Other Expenses	81,800.00	118,800.00	80,125.90	17,534.05	21,140.05	-
Industrial Development Promotion:						
Other Expenses	27,000.00	17,000.00	10,265.72	-	6,734.28	-
Expense at Participation of Free County Library						
Salaries and Wages	87,822.00	87,822.00	87,822.00	-	-	-
Other Expenses	21,180.00	21,180.00	16,935.86	2,150.77	2,093.37	-
<u>LAND USE ADMINISTRATION</u>						
Planning Board:						
Salaries and Wages	16,500.00	13,500.00	11,032.67	-	2,467.33	-
Other Expenses	39,830.00	31,830.00	14,229.35	1,400.50	16,200.15	-
Zoning Board of Adjustment:						
Other Expenses	14,955.00	14,955.00	5,755.31	-	9,199.69	-
<u>INSURANCE</u>						
General Liability Insurance	82,000.00	82,000.00	81,968.88	0.00	31.12	-
Workers Compensation Insurance	104,700.00	104,700.00	104,700.00	-	-	-
Employee Group Insurance	1,002,900.00	980,800.00	796,675.37	160,812.67	23,311.96	-
Health Benefit Waiver	34,650.00	34,650.00	34,650.00	-	-	-
<u>PUBLIC SAFETY</u>						
Police Department:						
Salaries and Wages	3,200,509.00	3,186,509.00	3,160,300.23	-	16,208.77	10,000.00
Other Expenses	262,833.00	278,833.00	218,373.82	31,697.58	28,761.60	-
Office of Emergency Management:						
Salaries and Wages	3,530.00	3,530.00	3,508.00	-	22.00	-
Other Expenses	4,010.00	4,010.00	-	2,359.00	1,651.00	-
Municipal Prosecutor						
Salaries and Wages	25,830.00	25,830.00	21,758.00	-	4,072.00	-
Maintenance of Traffic Lights						
Other Expenses	3,200.00	3,200.00	2,715.30	-	484.70	-
Aid to Fire District	5,000.00	5,000.00	5,000.00	-	-	-

**TOWNSHIP OF FLORENCE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended			Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
<u>PUBLIC WORKS FUNCTIONS</u>						
Streets and Road Maintenance:						
Salaries and Wages	257,772.00	279,772.00	251,503.53	-	25,268.47	3,000.00
Other Expenses	190,080.00	190,080.00	157,775.81	13,518.68	3,785.51	15,000.00
Sanitation Department:						
Salaries and Wages	457,394.00	457,394.00	443,245.16	-	5,148.84	9,000.00
Other Expenses	68,170.00	68,170.00	46,147.44	1,600.99	15,421.57	5,000.00
Contractual	335,000.00	335,000.00	322,550.31	1,320.00	8,129.69	3,000.00
Buildings and Grounds:						
Salaries and Wages	141,175.00	141,175.00	137,129.40	-	4,045.60	-
Other Expenses	93,715.00	93,715.00	83,337.78	7,324.77	3,052.45	-
Parks and Playgrounds						
Salaries and Wages	49,841.00	49,841.00	23,872.13	-	10,968.87	15,000.00
Other Expenses	67,415.00	67,415.00	63,565.20	1,040.00	2,809.80	-
<u>LANDFILL/ SOLID WASTE DISPOSAL COSTS</u>						
Landfill:						
Recycling Taxes	19,500.00	19,500.00	17,262.40	-	2,237.60	-
Landfill Taxes	25,800.00	25,800.00	19,904.76	-	5,895.24	-
<u>HEALTH AND WELFARE</u>						
Board of Health:						
Salaries and Wages	3,860.00	3,860.00	3,852.00	-	8.00	-
Other Expenses	1,075.00	1,075.00	808.97	-	266.03	-
Animal Control Services						
Other Expenses	1,500.00	1,500.00	175.00		325.00	1,000.00
Shade Tree Committee						
Other Expenses	36,010.00	36,010.00	32,987.00	-	3,023.00	-
Environmental Commission						
Other Expenses	750.00	750.00	224.71	-	525.29	-
<u>PARKS AND RECREATION</u>						
Recreation Services and Programs:						
Other Expenses	84,765.00	84,765.00	80,742.66	-	4,022.34	-
Celebration of Public Events, Anniversary or Holiday						
Other Expenses	17,400.00	17,400.00	15,545.40	-	1,854.60	-
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Electricity & Natural Gas	121,000.00	106,000.00	65,339.67	2,770.45	22,889.88	15,000.00
Street Lighting	184,000.00	184,000.00	155,581.03	7,838.65	20,580.32	-
Telephone	32,500.00	32,500.00	32,306.62	173.68	19.70	-
Gasoline	122,000.00	122,000.00	96,056.50	20,997.84	4,945.66	-
<u>UNIFORM CONSTRUCTION CODE APPROPRIATIONS</u>						
<u>OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>						
Salaries and Wages	369,169.00	389,169.00	365,831.52	-	23,337.48	-
Other Expenses	46,550.00	32,550.00	22,317.99	2,887.19	7,344.82	-
<u>MUNICIPAL COURT:</u>						
Municipal Court:						
Salaries and Wages	218,367.00	218,367.00	194,092.96	-	14,274.04	10,000.00
Other Expenses	25,820.00	25,820.00	19,155.01	575.55	6,089.44	-
<u>UNCLASSIFIED:</u>						
Contributions to Senior Citizens Centers :						
Florence Center	4,250.00	4,250.00	4,250.00	-	-	-
Roebbling Center	4,250.00	4,250.00	4,250.00	-	-	-
Condominium Services:						
Other Expenses	114,000.00	104,000.00	38,974.13	10,720.78	39,305.09	15,000.00
Total Operations - Within "CAPS"	9,061,905.00	9,022,805.00	8,167,928.07	300,077.49	453,799.44	101,000.00
Detail:						
Salaries and Wages	5,491,262.00	5,490,762.00	5,325,250.50	-	118,511.50	47,000.00
Other Expenses (Including Contingent)	3,570,643.00	3,532,043.00	2,842,677.57	300,077.49	335,287.94	54,000.00

**TOWNSHIP OF FLORENCE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended			Unexpended Balance
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Cancelled
DEFERRED CHARGES AND STATUTORY EXPENDITURES - WITHIN "CAPS"						
Deferred Charges:						
Prior Year's Bills	14,000.00	14,000.00	5,487.75	-	-	8,512.25
Statutory Expenditures:						
Contribution To:						
Public Employees Retirement System	245,700.00	245,700.00	245,700.00	-	-	-
Social Security System (O.A.S.I.)	191,000.00	191,000.00	173,517.40	-	7,482.60	10,000.00
Police and Firemen's Pension Fund	623,233.00	623,233.00	623,233.00	-	-	-
Defined Contribution Retirement Program	3,300.00	5,400.00	4,878.58	-	521.42	-
Total Deferred Charges and Statutory Expenditures - Within "CAPS"	1,077,233.00	1,079,333.00	1,052,816.73	-	8,004.02	18,512.25
Total General Appropriations for Municipal Purposes - Within "CAPS"	10,139,138.00	10,102,138.00	9,220,744.80	300,077.49	461,803.46	119,512.25
OPERATIONS- EXCLUDED FROM "CAPS"						
Other Operations - Excluded from "CAPS":						
Sanitation:						
SFSP Fire District Payment	4,012.00	4,012.00	4,012.00	-	-	-
Public and Private Programs Offset by Revenues:						
Municipal Alliance on Alcoholism and Drug Abuse	-	8,701.00	8,701.00	-	-	-
Drunk Driving Enforcement Fund	-	6,936.40	6,936.40	-	-	-
Clean Communities Program	-	26,452.93	26,452.93	-	-	-
NJ Transportation Trust Fund	-	250,000.00	250,000.00	-	-	-
Burlington County Parks Grant	-	156,500.00	156,500.00	-	-	-
Recreation Contribution Grant (Camp)	-	876.00	876.00	-	-	-
Total Operations - Excluded from "CAPS"	4,012.00	453,478.33	453,478.33	-	-	-
Detail:						
Other Expenses	4,012.00	453,478.33	453,478.33	-	-	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":						
Capital Improvement Fund	230,000.00	267,000.00	267,000.00	-	-	-
Total Capital Improvements - Excluded From "CAPS"	230,000.00	267,000.00	267,000.00	-	-	-
DEBT SERVICE- EXCLUDED FROM "CAPS"						
Payment of Bond Principal	585,000.00	585,000.00	585,000.00	-	-	-
Interest on Bonds	98,480.00	98,480.00	98,478.14	-	-	1.86
Interest on Notes	263,275.00	263,275.00	263,274.99	-	-	0.01
Payment of Bond Anticipation and Capital Notes	177,810.00	177,810.00	177,810.00	-	-	-
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	31,765.00	31,765.00	31,761.49	-	-	3.51
Total Debt Service - Excluded From "CAPS"	1,156,330.00	1,156,330.00	1,156,324.62	-	-	5.38
TRANSFERRED TO BOARD OF EDUCATION FOR THE USE OF LOCAL SCHOOLS						
	40,000.00	40,000.00	40,000.00	-	-	-
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	1,430,342.00	1,916,808.33	1,916,802.95	-	-	5.38
Subtotal General Appropriations	11,569,480.00	12,018,946.33	11,137,547.75	300,077.49	461,803.46	119,517.63
Reserve for Uncollected Taxes	519,863.00	519,863.00	519,863.00	-	-	-
	<u>\$ 12,089,343.00</u>	<u>\$ 12,538,809.33</u>	<u>\$ 11,657,410.75</u>	<u>\$ 300,077.49</u>	<u>\$ 461,803.46</u>	<u>\$ 119,517.63</u>

Analysis of Budget after Modification:

Original Budget \$ 12,089,343.00
Appropriation by N.J.S.A. 40A:4-47 449,466.33

\$ 12,538,809.33

Analysis of Paid or Charged:

Reserve for Uncollected Taxes \$ 519,863.00
Reserve for State & Federal Grants Appropriated 449,466.33
Refunds (1,321,879.20)
Due to General Capital Fund 267,000.00
Disbursed 11,742,960.62
\$ 11,657,410.75

**TOWNSHIP OF FLORENCE
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Assessment Trust Fund		
Cash	\$ 9,341.77	\$ 9,341.77
	<u>9,341.77</u>	<u>9,341.77</u>
Animal Control Trust Fund:		
Cash	<u>17,174.41</u>	<u>15,434.19</u>
	<u>17,174.41</u>	<u>15,434.19</u>
Open Space Trust Fund		
Cash	<u>340,992.18</u>	<u>329,292.56</u>
	<u>340,992.18</u>	<u>329,292.56</u>
Other Trust Funds:		
Cash	<u>2,018,685.39</u>	<u>2,353,923.04</u>
	<u>2,018,685.39</u>	<u>2,353,923.04</u>
Total Assets	<u><u>\$ 2,386,193.75</u></u>	<u><u>\$ 2,707,991.56</u></u>

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

**TOWNSHIP OF FLORENCE
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Assessment Trust Fund		
Fund Balance	\$ 9,341.77	\$ 9,341.77
	<u>9,341.77</u>	<u>9,341.77</u>
Animal Control Trust Fund:		
Reserve for Animal Control Fund Expenditures	17,164.21	15,423.99
Due to State of New Jersey	10.20	10.20
	<u>17,174.41</u>	<u>15,434.19</u>
Open Space Trust Fund		
Reserve for Open Space Trust Fund	340,992.18	329,292.56
	<u>340,992.18</u>	<u>329,292.56</u>
Other Trust Funds:		
Reserve for Miscellaneous Trust Funds	2,018,685.39	2,353,923.04
	<u>2,018,685.39</u>	<u>2,353,923.04</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 2,386,193.75</u>	<u>\$ 2,707,991.56</u>

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

**TOWNSHIP OF FLORENCE
OPEN SPACE TRUST FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Amount to be Raised by Taxation	\$ 125,071.00	\$ 125,071.00	\$ -
Interest Income	-	2,122.12	2,122.12
	<u>\$ 125,071.00</u>	<u>\$ 127,193.12</u>	<u>\$ 2,122.12</u>

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

**TOWNSHIP OF FLORENCE
OPEN SPACE TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriations</u>		<u>Expended</u>			
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Cancelled</u>
Debt Service:						
Payment of Bond Anticipation Notes and Capital Notes	75,000.00	75,000.00	75,000.00	-	-	-
Interest on Notes	32,823.00	32,823.00	31,437.64	-	-	1,385.36
	107,823.00	107,823.00	106,437.64	-	-	1,385.36
Reserve for Future Use	17,248.00	17,248.00	17,248.00	-	-	-
	17,248.00	17,248.00	17,248.00	-	-	-
	<u>\$ 125,071.00</u>	<u>\$ 125,071.00</u>	<u>\$ 123,685.64</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,385.36</u>

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

**TOWNSHIP OF FLORENCE
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 971,699.47	\$ 4,272,396.93
Grant Receivable	814,608.58	564,608.58
Deferred Charges To Future Taxation:		
Funded	2,880,723.51	3,496,705.04
Unfunded	<u>24,312,853.77</u>	<u>24,090,663.77</u>
Total Assets	<u>\$ 28,979,885.33</u>	<u>\$ 32,424,374.32</u>
 <u>Liabilities, Reserves and Fund Balance</u>		
Serial Bonds Payable	\$ 2,865,000.00	\$ 3,450,000.00
Bond Anticipation Notes	13,616,190.00	13,869,000.00
Loans Payable	15,723.51	46,705.04
Improvement Authorizations:		
Funded	113,170.85	239,894.73
Unfunded	9,832,300.21	12,536,558.31
Reserve for Encumbrances	418,556.56	643,822.84
Capital Improvement Fund	489,804.85	247,804.85
Reserve for:		
Debt Service	-	1,054.15
Environmental Remediation Encumbrances	687.50	687.50
Recreation Improvements - Unappropriated	198,099.98	198,099.98
Developer Impact Fees - Unappropriated	97,000.00	97,000.00
Sidewalk Improvements - Unappropriated	62,130.00	62,130.00
Reserve for Receivables:		
Local Aid Bikeway Program Grant	97,118.91	97,118.91
Transportation Trust Fund Grants	668,489.67	418,489.67
Fund Balance	<u>505,613.29</u>	<u>516,008.34</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 28,979,885.33</u>	<u>\$ 32,424,374.32</u>

There were Bonds & Notes Authorized but not Issued on December 31, 2018 of \$10,696,663.77 and on December 31, 2017 was \$10,221,663.77.

**TOWNSHIP OF FLORENCE
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 516,008.34
Increased By:		
Improvement Authorizations Cancelled - Funded	\$ 17,751.85	
Premium on Notes	<u>71,853.10</u>	
		<u>89,604.95</u>
		605,613.29
Decreased By:		
To Fund Improvement Authorization		<u>100,000.00</u>
Balance, December 31, 2018		<u><u>\$ 505,613.29</u></u>

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

TOWNSHIP OF FLORENCE
WATER & SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ 3,720,965.25	\$ 3,669,192.62
	<u>3,720,965.25</u>	<u>3,669,192.62</u>
Receivables With Full Reserves:		
Consumer Accounts Receivable	299,746.90	324,838.28
Utility Liens Receivable	<u>10,852.33</u>	<u>753.01</u>
	<u>310,599.23</u>	<u>325,591.29</u>
Total Operating Fund	<u>4,031,564.48</u>	<u>3,994,783.91</u>
Assessment Trust Fund:		
Cash	313,256.98	319,586.66
Assessments Receivable	<u>128,808.05</u>	<u>177,478.37</u>
Total Assessment Fund	<u>442,065.03</u>	<u>497,065.03</u>
Capital Fund:		
Cash	1,734,821.59	552,876.68
Fixed Capital	36,197,056.56	36,029,156.56
Fixed Capital Authorized and Uncompleted	<u>7,060,000.00</u>	<u>4,760,000.00</u>
Total Capital Fund	<u>44,991,878.15</u>	<u>41,342,033.24</u>
Total Assets	<u>\$ 49,465,507.66</u>	<u>\$ 45,833,882.18</u>

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

**TOWNSHIP OF FLORENCE
WATER & SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balances</u>		
Operating Fund:		
Appropriation Reserves	\$ 489,589.69	\$ 434,891.20
Reserve for Encumbrances	118,098.81	403,639.31
Accrued Interest Payable	59,773.06	63,332.65
Accounts Payable	10.00	10.00
Reserve for Developer Contributions - Toll Bros.	-	12,086.75
	<hr/> 667,471.56	<hr/> 913,959.91
Reserve for Receivables	310,599.23	325,591.29
Fund Balance	<hr/> 3,053,493.69	<hr/> 2,755,232.71
Total Operating Fund	<hr/> 4,031,564.48	<hr/> 3,994,783.91
Assessment Trust Fund:		
Assessment Bonds	316,000.00	371,000.00
Fund Balance	<hr/> 126,065.03	<hr/> 126,065.03
Total Assessment Fund	<hr/> 442,065.03	<hr/> 497,065.03
Capital Fund:		
Serial Bonds	1,252,000.00	1,717,000.00
Loans Payable	-	845,000.00
Bond Anticipation Notes	5,340,650.00	1,650,000.00
Improvement Authorizations:		
Funded	-	486.23
Unfunded	2,596,826.39	966,005.25
Reserve for Encumbrances	66,345.28	1,995,277.82
Capital Improvement Fund	299,140.62	339,140.62
Reserve for Amortization	34,945,056.56	33,467,156.56
Reserve for Deferred Amortization	219,350.00	128,000.00
Reserve for Developer Contributions, Hovnanian	25,000.00	25,000.00
Fund Balance	<hr/> 247,509.30	<hr/> 208,966.76
Total Capital Fund	<hr/> 44,991,878.15	<hr/> 41,342,033.24
Total Liabilities, Reserves and Fund Balances	<hr/> <u>\$ 49,465,507.66</u>	<hr/> <u>\$ 45,833,882.18</u>

There were Bonds & Notes Authorized but not Issued on December 31, 2018 of \$1,500,000 and on December 31, 2017 was \$2,982,000.

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

TOWNSHIP OF FLORENCE
WATER & SEWER OPERATING FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 566,430.00	\$ 567,959.00
Rents	4,794,771.63	4,870,746.15
Miscellaneous	913,818.56	522,830.98
Accrued Interest Adjustment	28,946.46	-
Other Credits To Income:		
Unexpended Balance of Appropriation Reserves	<u>375,349.88</u>	<u>233,038.95</u>
Total Revenue	<u>6,679,316.53</u>	<u>6,194,575.08</u>
Expenditures:		
Budget Appropriations:		
Operating	3,890,855.00	3,754,348.00
Capital Improvements	130,000.00	250,000.00
Debt Service	1,503,423.12	1,449,118.17
Deferred Charges and Statutory Expenditures	256,800.00	235,831.00
Refund of Prior Year Revenue	547.44	-
Interfund Created	<u>32,999.99</u>	<u>-</u>
Total Expenditures	<u>5,814,625.55</u>	<u>5,689,297.17</u>
Excess (Deficit) in Revenue	864,690.98	505,277.91
Fund Balance, January 1	<u>2,755,232.71</u>	<u>2,817,913.80</u>
	3,619,923.69	3,323,191.71
Decreased By:		
Utilized as Anticipated Revenue	<u>566,430.00</u>	<u>567,959.00</u>
Fund Balance, December 31	<u><u>\$ 3,053,493.69</u></u>	<u><u>\$ 2,755,232.71</u></u>

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

**TOWNSHIP OF FLORENCE
WATER & SEWER CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 208,966.76
Increased By:	
Premium on Bond, Loan, Notes issued	<u>38,542.54</u>
Balance, December 31, 2018	<u><u>\$ 247,509.30</u></u>

**TOWNSHIP OF FLORENCE
WATER & SEWER OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Anticipated	\$ 566,430.00	\$ 566,430.00	\$ -
Water and Sewer Rents	4,850,000.00	4,794,771.63	(55,228.37)
Miscellaneous	365,000.00	913,818.56	548,818.56
	<u>\$ 5,781,430.00</u>	<u>\$ 6,275,020.19</u>	<u>\$ 493,590.19</u>

Analysis of Realized Revenues

Water and Sewer Rents:	
Collections	<u>\$ 4,794,771.63</u>
	<u>\$ 4,794,771.63</u>
Miscellaneous:	
Interest Earnings	\$ 45,624.85
Interest on Assessments	7,780.37
Sludge Dumping	346,431.03
Connection Fees & Taps	313,055.00
Penalties & Costs on Delinquent Accounts	25,162.22
Miscellaneous - Other	<u>175,765.09</u>
	<u>\$ 913,818.56</u>

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

TOWNSHIP OF FLORENCE
WATER & SEWER OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Expended			
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:						
Salaries and Wages	\$ 1,432,120.00	\$ 1,497,120.00	\$ 1,433,854.09	\$ -	\$ 63,265.91	\$ -
Other Expenses	2,050,535.00	1,982,535.00	1,577,375.35	118,098.81	287,060.84	-
Group Insurance Plan For Employees	411,200.00	411,200.00	272,761.19	-	138,438.81	-
	<u>3,893,855.00</u>	<u>3,890,855.00</u>	<u>3,283,990.63</u>	<u>118,098.81</u>	<u>488,765.56</u>	<u>-</u>
Capital Improvements:						
Capital Outlay	130,000.00	130,000.00	130,000.00	-	-	-
	<u>130,000.00</u>	<u>130,000.00</u>	<u>130,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal	1,310,000.00	1,310,000.00	1,310,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	51,350.00	51,350.00	51,350.00	-	-	-
Interest on Bonds	92,425.00	92,425.00	92,073.12	-	-	351.88
Interest on Notes	50,000.00	50,000.00	50,000.00	-	-	-
	<u>1,503,775.00</u>	<u>1,503,775.00</u>	<u>1,503,423.12</u>	<u>-</u>	<u>-</u>	<u>351.88</u>
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contributions To:						
Public Employees' Retirement System	144,300.00	144,300.00	144,299.12	-	0.88	-
Social Security System (O.A.S.I.)	109,500.00	112,500.00	111,676.75	-	823.25	-
	<u>253,800.00</u>	<u>256,800.00</u>	<u>255,975.87</u>	<u>-</u>	<u>824.13</u>	<u>-</u>
	<u>\$ 5,781,430.00</u>	<u>\$ 5,781,430.00</u>	<u>\$ 5,173,389.62</u>	<u>\$ 118,098.81</u>	<u>\$ 489,589.69</u>	<u>\$ 351.88</u>
Cash Disbursements			\$ 5,189,229.46			
Refunds			(92,576.71)			
Accrued Interest			25,386.87			
Bond Anticipation Note paid by General Capital			<u>51,350.00</u>			
			<u>\$ 5,173,389.62</u>			

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

**TOWNSHIP OF FLORENCE
WATER & SEWER ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2018 & 2017

\$ 126,065.03

**TOWNSHIP OF FLORENCE
WATER & SEWER UTILITY ASSESSMENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Assessment Cash	\$ 75,000.00	\$ 75,000.00	\$ -
	<u>\$ 75,000.00</u>	<u>\$ 75,000.00</u>	<u>\$ -</u>

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

TOWNSHIP OF FLORENCE
WATER & SEWER UTILITY ASSESSMENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriations</u>		<u>Expended</u>			
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Cancelled</u>
Debt Service:						
Payment of Bond Principal	\$ 75,000.00	\$ 75,000.00	\$ 55,000.00	\$ -	\$ -	\$ 20,000.00
	75,000.00	75,000.00	55,000.00	-	-	20,000.00

**TOWNSHIP OF FLORENCE
GENERAL FIXED ASSETS ACCOUNT GROUP -
STATEMENTS OF ASSETS AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Land	\$ 570,986.01	\$ 570,986.01
Buildings & Improvements	2,473,929.96	2,473,929.96
Vehicles and Equipment	<u>4,229,486.90</u>	<u>4,204,308.98</u>
Total Assets	<u>\$ 7,274,402.87</u>	<u>\$ 7,249,224.95</u>
 <u>Fund Balance</u>		
Investment in Fixed Assets	<u>\$ 7,274,402.87</u>	<u>\$ 7,249,224.95</u>
Fund Balance	<u>\$ 7,274,402.87</u>	<u>\$ 7,249,224.95</u>

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

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**TOWNSHIP OF FLORENCE
COUNTY OF BURLINGTON**

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

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TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Township of Florence, County of Burlington, New Jersey (hereafter referred to as the "Township") is governed by the Mayor-Council Plan F form of government under the New Jersey Laws of 1950 (the Faulkner Act), with a Mayor and 5-member Township Council. Administrative responsibilities are assigned to the Township Administrator. Policy is determined by the Township Council and the Administrator is responsible for carrying out such policy.

Component Units - GASB Statement 14, as amended by GASB Statements 39 and 61, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statement No. 39 and No. 61.

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

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

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

Trust Assessment Fund– This fund accounts for special assessments levied against property for the cost of an improvement (i.e. new sidewalk for a community) including debt service.

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

Utility Operating and Capital Funds – These funds accounts for utility operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the utility to the general public be financed through user fees. Operations relating to the acquisition of capital facilities for utility purposes are recorded in the Utility Capital Fund.

Utility Assessment Fund – This fund accounts for all local improvements assessed for municipal owned utility purposes.

TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued)

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its Current and Utility Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must 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 Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities 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, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

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

TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Utility Fixed Assets – Property and equipment purchases by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization in the utility capital fund represent the cost of the utility fixed assets reduced by the outstanding balances of bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued)

Foreclosed property – Foreclosed Property or “Property Acquired for Taxes” 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 Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

Fund Balance – Fund Balance included in the Current and Utility Operating Fund represent the amount available for anticipation as revenue in future year’s budgets, with certain restrictions.

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

Utility Revenues – Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Townships utility operating fund.

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, Fire Districts, and Florence Township School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Burlington. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th 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 10th of the current year and due to be paid to the County by February 15th of the following year.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Florence Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district July 1 to June 30.

TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued)

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

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

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

Long-Term Debt - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General and Utility Capital Fund. 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 – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncement effective for the current year did have a significant impact on the Township’s financial statements.

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1. Summary of Significant Accounting Policies (continued)

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

Note 2. Deposits and Investments

The Township is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township 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 balance of \$15,790,432.94 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 9,261,529.43
NJ Cash Management Fund	4,124,248.93
Uninsured and Uncollateralized	<u>2,404,654.58</u>
	<u><u>\$ 15,790,432.94</u></u>

Investments

The Township had no investments as of December 31, 2018.

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 3. Property Taxes

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

Comparison Schedule of Tax Rates

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 2.533</u>	<u>\$ 2.502</u>	<u>\$ 2.454</u>
Apportionment of Tax Rate:			
Municipal	0.439	0.439	0.439
Municipal Open Space	0.010	0.010	0.009
County	0.405	0.409	0.392
Local School	1.516	1.498	1.479
Fire District	0.163	0.146	0.135

Assessed Valuation (Net Valuation Taxable)

<u>Year</u>	<u>Amount</u>
2018	\$ 1,250,717,600.00
2017	1,249,273,400.00
2016	1,247,451,790.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2018	\$ 31,783,012.31	\$ 31,386,834.88	98.75%
2017	31,319,802.57	30,843,255.95	98.47%
2016	30,863,274.00	30,488,949.00	98.78%

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	\$ 243,291.88	\$ 331,972.23	\$ 575,264.11	1.81%
2017	220,354.96	461,139.47	681,494.43	2.18%
2016	223,220.00	343,335.00	566,555.00	1.84%

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 3. Property Taxes (continued)

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2018	16
2017	21
2016	21

The last tax sale was held on July 27, 2018.

Note: 4: Property Acquired By Tax Title Lien Liquidation

The value of properties acquired by liquidation of tax title liens based on the last assessed valuation of such properties as of December 31, was as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 70,240.00
2017	70,240.00
2016	70,240.00

Note: 5: Water-Sewer Utility Service Charges

The following is a three-year comparison of water-sewer utility charges (rents) and collections for the current and previous two years.

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2018	\$ 324,838.28	\$ 4,779,779.57	\$ 5,104,617.85	\$ 4,794,771.63	93.93%
2017	333,624.42	4,862,100.01	5,195,724.43	4,870,886.15	93.74%
2016	312,966.08	5,016,906.98	5,329,873.06	4,996,248.64	93.74%

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2018	\$ 2,854,616.02	\$ 1,826,000.00	63.97%
2017	3,030,149.50	1,818,000.00	60.00%
2016	3,178,452.00	1,800,000.00	56.63%
Utility Operating Fund:			
2018	\$ 3,053,493.69	\$ 820,000.00	26.85%
2017	2,755,232.71	566,430.00	20.56%
2016	2,817,914.00	567,959.00	20.16%

Note 7. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 8. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2018:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 89,461.14
State and Federal Grant Fund	89,461.14	-
	<u>\$ 89,461.14</u>	<u>\$ 89,461.14</u>

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

TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 8. Interfund Receivables, Payables and Transfers (continued)

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 778,816.92	\$ 879,549.14
State and Federal Grant Fund	856,018.03	755,285.81
General Capital Fund	84,349.99	84,349.99
Trust Other Fund	23,531.11	23,531.11
Utility Operating Fund	93,970.06	93,970.06
Utility Assessment Fund	9,620.07	9,620.07
	<u>\$ 1,846,306.18</u>	<u>\$ 1,846,306.18</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

Note 9. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2018.

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
Land	\$ 570,986.01	\$ -	\$ -	\$ 570,986.01
Buildings and Improvements	2,473,929.96	-	-	2,473,929.96
Machinery & Equipment	4,204,308.98	\$ 88,940.92	\$ (63,763.00)	4,229,486.90
	<u>\$ 7,249,224.95</u>	<u>\$ 88,940.92</u>	<u>\$ (63,763.00)</u>	<u>\$ 7,274,402.87</u>

TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10. Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. The local

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS)

employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2018, the Township's contractually required contribution to PERS plan was \$431,976.

Components of Net Pension Liability - At December 31, 2018, the Township's proportionate share of the PERS net pension liability was \$8,550,909. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Township's proportion measured as of June 30, 2018, was .0434287700% which was an increase of .0024516774% from its proportion measured as of June 30, 2017.

Collective Balances at December 31, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 2,536,582	\$ 2,901,141
Deferred Inflows of Resources	2,923,492	2,024,950
Net Pension Liability	8,550,909	9,538,812
Township's portion of the Plan's total net pension Liability	0.04343%	0.04098%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2018, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2018 measurement date is \$709,061. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$431,976 to the plan in 2018.

TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS)

At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 163,067	\$ 44,091
Changes of Assumptions	1,409,048	2,734,126
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	80,208
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>964,467</u>	<u>65,067</u>
	<u>\$ 2,536,582</u>	<u>\$ 2,923,492</u>

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS)

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending Dec 31,	Amount
2019	\$ 84,810
2020	65,268
2021	14,421
2022	(461,743)
2023	(89,667)
	<u>\$ (386,911)</u>

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

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS)

base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% 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's target asset allocation as of June 30, 2018 are summarized in the following table:

<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>	

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS)

Discount Rate - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. The single blended discount rate was based on 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, 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-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Township's Proportionate Share of the Net Pension Liability	\$ 10,751,782	\$ 8,550,908	\$ 6,704,516

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

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

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

The following represents the membership tiers for PFRS:

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

TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10. Pension Obligations (continued)

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

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

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2018, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2018, the Township's contractually required contributions to PFRS plan was \$701,486.

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

Net Pension Liability and Pension Expense - At December 31, 2018 the Township's proportionate share of the PFRS net pension liability was \$9,709,291. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Township's proportion measured as of June 30, 2018, was .0717524588%, which was an increase of .0013621755% from its proportion measured as of June 30, 2017.

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

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

Collective Balances at December 31, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/31/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 1,878,107	\$ 2,646,954
Deferred Inflows of Resources	2,593,121	1,862,475
Net Pension Liability	9,709,291	10,866,899
Township's portion of the Plan's total net pension Liability	0.07175%	0.07039%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2018, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2018 measurement date was \$1,043,361. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$701,486 to the plan in 2018.

At December 31, 2018, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 98,779	\$ 40,179
Changes of Assumptions	833,412	2,488,324
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	53,119
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>945,916</u>	<u>11,499</u>
	<u>\$ 1,878,107</u>	<u>\$ 2,593,121</u>

The Township will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10. Pension Obligations (continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

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

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending		
<u>Dec 31,</u>	<u>Amount</u>	
2019	\$	404,931
2020		54,798
2021		(320,428)
2022		(697,313)
2023		<u>(157,001)</u>
	<u>\$</u>	<u>(715,013)</u>

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

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the Township is \$1,318,847 as of December 31, 2018. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The State's proportion of the net pension liability associated with the Township 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 members, actuarially determined. The State's proportion measured as of June 30, 2018 was .0717524588%, which was an increase of .0013621755% from its proportion measured as of June 30, 2017, which is the same proportion as the Township's. At December 31, 2018, the Township's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

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

Township's Proportionate Share of Net Pension Liability	\$ 9,709,291
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>1,318,847</u>
	<u><u>\$ 11,028,138</u></u>

At December 31, 2018, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2018 measurement date was \$156,215.

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

Inflation	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2010 - June 30, 2013

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% 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 PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

<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 was 6.51% as of June 30, 2018. The single blended discount rate was based on 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

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

that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, 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-percentage-point lower (5.51%) or 1-percentage-point higher (7.51%) than the current rate:

	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Township's Proportionate Share of the Net Pension Liability	\$ 12,994,681	\$ 9,709,291	\$ 6,980,491
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>1,765,113</u>	<u>1,318,847</u>	<u>948,185</u>
	<u>\$ 14,759,794</u>	<u>\$ 11,028,138</u>	<u>\$ 7,928,676</u>

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Township.

TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 11. Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) 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. 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 to retirees and their covered dependents of the participating 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.

Basis of Presentation

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

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued):

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers 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. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Special Funding Situation

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 percent 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 participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued):

Additionally, the State's proportionate share of the OPEB liability attributable to the Township is \$7,216,262.00 as of December 31, 2018. The OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The State's proportion of the OPEB liability associated with the Township was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2018 was 0.116132%, which was a decrease of 0.006016% from its proportion measured as of June 30, 2017, which is the same proportion as the Township's. At December 31, 2018, the Township's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township	\$ 7,216,262.00

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 was \$218,445.00

TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 12. Municipal Debt

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 16,496,913.51	\$ 17,365,705.04	\$ 12,976,076.00
Utility:			
Bonds, Notes and Loans	6,908,650.00	4,583,000.00	5,908,000.00
	<hr/>	<hr/>	<hr/>
Total Debt Issued	23,405,563.51	21,948,705.04	18,884,076.00
	<hr/>	<hr/>	<hr/>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	10,969,663.77	10,221,663.77	8,425,664.00
Utility:			
Bonds, Notes and Loans	1,500,000.00	2,982,000.00	2,830,000.00
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	12,469,663.77	13,203,663.77	11,255,664.00
	<hr/>	<hr/>	<hr/>
Total Gross Debt	<u>\$ 35,875,227.28</u>	<u>\$ 35,152,368.81</u>	<u>\$ 30,139,740.00</u>
	<hr/>	<hr/>	<hr/>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	-	-	1,054.00
Open Space	2,196,500.00	2,271,500.00	2,421,500.00
Utility:			
Self Liquidating Debt	\$ 8,408,650.00	\$ 7,565,000.00	\$ 8,738,000.00
	<hr/>	<hr/>	<hr/>
Total Deductions	10,605,150.00	9,836,500.00	11,160,554.00
	<hr/>	<hr/>	<hr/>
Total Net Debt	<u>\$ 25,270,077.28</u>	<u>\$ 25,315,868.81</u>	<u>\$ 18,979,186.00</u>
	<hr/>	<hr/>	<hr/>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 12. Municipal Debt (continued)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 27,466,577.28	\$ 2,196,500.00	\$ 25,270,077.28
Utility Debt	8,408,650.00	8,408,650.00	-
	<u>\$ 35,875,227.28</u>	<u>\$ 10,605,150.00</u>	<u>\$ 25,270,077.28</u>

Net Debt \$25,270,077.28 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$1,246,020,592.00, equals 2.028%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2018 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 43,610,720.72
Net Debt	<u>25,270,077.28</u>
Remaining Borrowing Power	<u>\$ 18,340,643.44</u>

Self-Liquidating Utility Calculation per N.J.S.A. 40A:2-46

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 6,725,020.19
Deductions:	
Operating and Maintenance Costs	\$ 4,147,655.00
Debt Service	<u>1,503,423.12</u>
Total Deductions	<u>5,651,078.12</u>
Excess/(Deficit) in Revenue	<u>\$ 1,073,942.07</u>

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 12. Municipal Debt (continued)

General Debt

A. Serial Bonds Payable

On March 1, 2004, the Township issued \$3,380,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.000% to 3.375% and mature on March 1, 2019.

On June 21, 2011, the Township issued \$5,000,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.000% to 3.375% and mature on March 1, 2024.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 585,000.00	\$ 81,125.01	\$ 666,125.01
2020	450,000.00	65,093.76	515,093.76
2021	455,000.00	51,518.76	506,518.76
2022	455,000.00	37,584.38	492,584.38
2023	460,000.00	230,000.00	690,000.00
2024	460,000.00	7,762.50	467,762.50
	<u>\$ 2,865,000.00</u>	<u>\$ 473,084.41</u>	<u>\$ 3,338,084.41</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2018:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2018</u>
Series 2016D	10/31/2018	10/30/2019	2.340%	\$ 2,280,000.00
Series 2017A	1/23/2018	1/23/2019	2.500%	6,186,190.00
Series 2017B	9/20/2018	7/17/2019	3.000%	<u>5,150,000.00</u>
				<u>\$ 13,616,190.00</u>

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 12. Municipal Debt (continued)

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2018, the Township had \$10,696,663.77 in various General Capital bonds and notes authorized but not issued.

Water & Sewer Utility Debt

A. Serial Bonds Payable

On June 21, 2011, the Township issued \$967,000 of Utility Revenue Bonds. The Bonds were issued at interest rates varying from 2.000% to 3.375% and mature on March 1, 2024.

On March 11, 2013, the Township issued \$1,310,000 of Bridge Commission Bonds. The Bonds were issued at interest rates varying from 2.000% to 5.000% and mature on November 1, 2023.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 275,000.00	\$ 60,195.02	\$ 335,195.02
2020	280,000.00	49,345.02	329,345.02
2021	290,000.00	38,245.02	328,245.02
2022	295,000.00	26,554.39	321,554.39
2023	295,000.00	14,513.76	309,513.76
2024	133,000.00	2,244.38	135,244.38
	<u>\$ 1,568,000.00</u>	<u>\$ 191,097.59</u>	<u>\$ 1,759,097.59</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the Utility Capital Fund at December 31, 2018:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2018</u>
Series 2017A	1/23/2018	1/23/2019	2.500%	\$ 1,598,650.00
Series 2018A	7/18/2018	7/17/2019	2.750%	<u>3,742,000.00</u>
				<u>\$ 5,340,650.00</u>

The purpose of these short-term borrowings was to provide resources for utility capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 12. Municipal Debt (continued)

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2018 the Township had \$1,500,000 in various Utility bonds and notes authorized but not issued.

Summary of Principal Debt

A summary of the changes in long-term and short term debt of the Township is as follows:

	Balance December 31, <u>2017</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2018</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 3,450,000.00	\$ -	\$ 585,000.00	\$ 2,865,000.00	\$ 585,000.00
Bond Anticipation Notes	13,869,000.00	13,616,190.00	13,869,000.00	13,616,190.00	13,616,190.00
Loans	46,705.04	-	30,981.53	15,723.51	15,723.51
	<u>\$ 17,365,705.04</u>	<u>\$ 13,616,190.00</u>	<u>\$ 14,484,981.53</u>	<u>\$ 16,496,913.51</u>	<u>\$ 14,216,913.51</u>
Utility Capital:					
Utility Bonds	\$ 2,088,000.00	\$ -	\$ 520,000.00	\$ 1,568,000.00	\$ 275,000.00
Bond Anticipation Notes	1,650,000.00	5,340,650.00	1,650,000.00	5,340,650.00	5,340,650.00
Loans				-	
	<u>\$ 3,738,000.00</u>	<u>\$ 5,340,650.00</u>	<u>\$ 2,170,000.00</u>	<u>\$ 6,908,650.00</u>	<u>\$ 5,615,650.00</u>

Note 13. Tax Anticipation Note

On July 18, 2018 the Township issued \$2,500,000 in Tax Anticipation Notes, 2018 Series 2018A. The purpose of the Note was to provide short-term cash flow needs prior to the collection of taxes. The Notes bear an interest rate of 2.75% and mature on March 22, 2019.

Note 14. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$1,092,235.30 at December 31, 2018.

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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.

Joint Insurance Pool

The Township is a member of the Municipal Excess Liability Joint Insurance Fund. The Fund provides the Township with the following coverage

Worker's Compensation	\$300,000
Commercial General Liability	\$300,000
Law Enforcement Professional Liability	\$300,000
Employer's Liability	\$300,000
Auto Liability	\$300,000
Crime	\$ 50,000

Contributions to the Funds are payable in two installments and are based on actuarial assumptions determined by the Funds' actuaries. The Fund publishes its own financial report for the year ended December 31, 2018 which can be obtained on the Fund's website.

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Reimbursement Method." Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed 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 unemployment trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ -	\$ 9,254.93	\$ -	\$ 7,200.00	\$ 40,832.42
2017	118.07	11,117.42	-	25,336.00	38,777.49
2016	119.00	8,061.00	-	14,392.00	52,878.00

**TOWNSHIP OF FLORENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 16. Contingencies

Grantor Agencies

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2018 the Township estimates that no material liabilities will result from such audits.

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.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2018.

Note 17. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2018 and July 24, 2019, the date the financial statements were available to be issued. They have determined that there are no material subsequent events that need to be disclosed.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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December __, 2019

Mayor and Township Council
Township of Florence, in the
County of Burlington, New Jersey

Re: Township of Florence, in the County of Burlington, New Jersey
\$7,885,000 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 \$7,885,000 General Obligation Bonds, Series 2019, consisting of \$1,425,000 Open Space Bonds (the "Open Space Bonds") and \$6,460,000 Water/Sewer Utility Bonds (the "Water/Sewer Utility Bonds" and, together with the Open Space Bonds, the "Bonds") by the Township of Florence (the "Township") in the County of Burlington, New Jersey (the "County").

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) Resolution 2019-169 of the Township adopted by the Township Council on September 18, 2019 ("Authorizing Resolution") and (iii) the bond ordinances set forth in the Authorizing Resolution of the Township (the "Bond Ordinances").

The Bonds are dated December 5, 2019, and mature on November 1 in each of the years and in the respective principal amounts as set forth on the inside cover of an Official Statement dated November 13, 2019 related to the Bonds, and bear interest at the respective interest rates per annum set forth in the Official Statement, payable semi-annually thereafter on May 1st and November 1st of each year, commencing May 1, 2020.

The Bonds are issued without coupons. The principal amounts of the Bonds are not subject to optional redemption prior to their respective maturity and principal payment dates as set forth therein.

The proceeds of the Open Space Bonds will be used, along with other available funds of the Township in the amount of \$298,250, to: (i) refund, on a current basis, a \$941,250 portion of the bond anticipation notes of the Township issued in the aggregate principal amount of \$6,565,250, dated January 22, 2019 and maturing January 21, 2020; (ii) refund, on a current basis, a \$1,062,000 portion of the bond anticipation notes of the Township issued in the aggregate principal amount of \$1,987,500, dated October 29, 2019 and maturing January 21, 2020; and (iii) pay the costs associated with the issuance of the Open Space Bonds.

The proceeds of the Water/Sewer Utility Bonds will be used, along with other available funds of the Township in the amount of \$803,500, to: (i) refund, on a current basis, a \$1,546,500 portion of the bond anticipation notes of the Township issued in the aggregate principal amount of \$6,565,250, dated January 22, 2019 and maturing January 21, 2020; (ii) refund, on a current basis, a \$5,242,000 portion of

the bond anticipation notes of the Township issued in the aggregate principal amount of \$14,325,000, dated July 16, 2019 and maturing January 20, 2020; (iii) permanently finance various water/sewer utility capital improvements in and by the Township in the amount of \$475,000; and (iv) pay the costs associated with the issuance of the Open Space 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 proceedings of the Township Council in connection with the adoption of the Ordinances and the Authorizing Resolution, and the other certifications, instruments, documents and opinions prepared in connection with the Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined.

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

1. The Bond Ordinances and the Authorizing Resolution have been duly adopted by the Township Council and are in full force and effect.

2. 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 or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

3. For the payment of principal of 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 jurisdiction of the Township without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

4. On the date hereof, the Township has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the Township continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Township in its Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

We express no other opinion regarding other federal or State tax consequences arising with respect to the Bonds.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention after the date of this opinion, or any changes in law or interpretations thereof that may occur after the date of this opinion, or for any reason whatsoever.

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

We express no opinion herein as to the adequacy, accuracy or completeness of any official statement, private placement memorandum or other offering material pertaining to the offering of the Bonds.

Very truly yours,

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Florence, in the County of Burlington, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its \$7,885,000 General Obligation Bonds, Series 2019 consisting of the Township's \$1,425,000 Open Space Bonds and its \$6,460,000 Water/Sewer Utility Bonds (together the "2019 Bonds"). The 2019 Bonds are being issued pursuant to a Resolution 2019-169 duly adopted by the Township on September 18, 2019 (the "Resolution") and the bond ordinances listed therein (the "Ordinances"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the 2019 Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2019 Bonds (including persons holding 2019 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2019 Bonds for federal income tax purposes.

"Bondholder" shall mean any person who is the registered owner of any 2019 Bond, including Beneficial Owners of the 2019 Bonds.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer 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 Securities and Exchange Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt and taxable bonds, including the 2019 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.

"Financial Obligation" shall mean 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).

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

"MSRB" shall mean the Municipal Securities Rulemaking Board via the internet facilities of the Electronic Municipal Market Access System (EMMA).

"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.

"Participating Underwriter" shall mean the original underwriter of the 2019 Bonds required to comply with the Rule in connection with the offering of the 2019 Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

SECTION 3. Provision of Annual Reports.

(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 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 Securities and Exchange 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 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 Repository and stating the date it was provided to the 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 copies of said notice to the Township) to the Repository in substantially the form attached as EXHIBIT "A" hereto.

SECTION 4. Contents of Annual Report. Annual Report shall mean: annual financial information with respect to the Township consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Township and certain financial information and operating data consisting of (i) the Township and overlapping indebtedness including a schedule of outstanding debt issued by the Township, (ii) the Township's most current adopted budget, (iii) property valuation information, and (iv) tax rate, levy and collection data. The audited financial information will be prepared in accordance with modified cash accounting as mandated by State of New Jersey statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law and shall be filed electronically and accompanied by identifying information with the MSRB.

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 Tax Exempt Bonds or other material events affecting the tax status of the 2019 Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) 2019 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 2019 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Township;
- (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a “financial obligation” of the Township, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Township, if any such event reflects financial difficulties.

(b) The Township shall, promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events which are material, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the Township's obligation to provide, notification of the occurrence of any of the Listed Events which are material.

(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 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 Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2019 Bonds. If such termination occurs prior to the final maturity of the 2019 Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2019 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the 2019 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. If the Issuer 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 Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the 2019 Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default on the 2019 Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. 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 12. 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 13. 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 14. 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 15. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

SECTION 16. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the Bondholders and Beneficial Owners from time to time of the 2019 Bonds and shall create no rights in any other person or entity.

Date December 5, 2019

THE TOWNSHIP OF FLORENCE, IN THE
COUNTY OF BURLINGTON, NEW JERSEY

By: _____
Sandra Blacker,
Chief Financial Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: TOWNSHIP OF FLORENCE, IN THE
COUNTY OF BURLINGTON, NEW JERSEY

Name of Bond Issue: \$7,885,000 GENERAL OBLIGATION BONDS, SERIES 2019

Date of Issuance: December 5, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated December 5, 2019. The Issuer anticipates that the Annual Report will be filed by

_____.

Dated:

TOWNSHIP OF FLORENCE, IN THE
COUNTY OF BURLINGTON, NEW JERSEY

By: _____
Authorized Officer

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