

**PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 5, 2017**

*In the opinion of Capehart & Scatchard, P.A., Trenton, New Jersey, Bond Counsel, assuming continuing compliance by the Township with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") pertaining to the issuance of the Refunding Bonds, and subject to certain provisions of the Code which are described herein, interest on the Refunding 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. For certain corporate holders, interest on the Refunding Bonds is includable in adjusted current earnings for purposes of computing such holders' alternative minimum tax liability. In the opinion of Bond Counsel, interest on the Refunding Bonds and gain on the sale thereof are excludable from gross income of the owners thereof under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**\$10,785,000\***  
**TOWNSHIP OF MOUNT LAUREL**  
**County of Burlington, New Jersey**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017**  
**(Callable)**

**Dated: Date of Delivery**

**Due: April 15, as shown below**

The \$10,785,000\* General Obligation Refunding Bonds, Series 2017 (the "Refunding Bonds") of the Township of Mount Laurel, County of Burlington, New Jersey (the "Township") will be issued in the form of one certificate for the aggregate principal amount of each maturity of the Refunding Bonds and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Interest on the Refunding Bonds will be payable semiannually on April 15th and October 15th in each year until maturity or earlier redemption, commencing on April 15, 2018. Principal and interest on the Refunding Bonds will be paid to DTC by the Township, as paying agent for the Refunding Bonds. Interest on the Refunding Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding April 1st and October 1st (the "Record Dates" for the payment of interest on the Refunding Bonds). The Refunding Bonds are subject to redemption prior to their stated maturities on the terms and conditions stated therein. See "DESCRIPTION OF THE REFUNDING BONDS – Redemption Provisions" herein.

The proceeds of the Refunding Bonds will be used to: (i) advance refund and redeem up to all of the \$11,105,000 aggregate principal amount of General Obligation Bonds, Series 2011A, maturing on April 15 in the years 2022 through and including 2031 (the "Refunded Bonds"); and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

The Refunding Bonds are issued pursuant to: (i) the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented ("Local Bond Law"); (ii) a refunding bond ordinance duly and finally adopted by the Township on September 11, 2017; and (iii) a resolution adopted by the Township on September 11, 2017.

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Refunding Bonds. The Refunding 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.

**MATURITY SCHEDULE, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS**

<u>Maturity Date</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>
2022	\$905,000	%	%
2023	940,000		
2024	980,000		
2025	1,020,000		
2026	1,060,000		
2027	1,100,000		
2028	1,140,000		
2029	1,180,000		
2030	1,220,000		
2031	1,240,000		

**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 Refunding Bonds are offered when, as and if issued, and delivered to the Underwriter (as hereinafter defined), subject to withdrawal or modification of the offer without notice, to the prior approval of legality by the law firm of Capehart & Scatchard, P.A., Trenton, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its counsel, Tyler Prime, Esq., Mount Laurel, New Jersey and for the Underwriter by its counsel Parker McCay P.A., Mount Laurel, New Jersey. NW Financial Group, LLC, Hoboken, New Jersey served as Municipal Advisor to the Township in connection with the Refunding Bonds. It is expected that delivery of the Refunding Bonds in book-entry only form will be made at DTC in New York, New York on or about October 26, 2017.*



\* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment or other change without notice. The Township has authorized the distribution of this Preliminary Official Statement for informational purposes only. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Refunding Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful under the laws of such jurisdiction.

**TOWNSHIP OF MOUNT LAUREL  
COUNTY OF BURLINGTON, NEW JERSEY**

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**Mayor and Township Council  
Dennis Riley, Mayor  
Rich Van Noord, Deputy Mayor  
Kurt Folcher  
Linda Bobo  
Irwin Edelson**

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**Chief Financial Officer/Acting Manager  
Meredith Tomczyk**

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**Solicitor  
Tyler Prime, Esquire  
Mount Laurel, New Jersey**

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

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**Bond Counsel  
Capehart & Scatchard, P.A.  
Trenton, New Jersey**

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**Municipal Advisor  
NW Financial Group, LLC  
Hoboken, New Jersey**

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The information which is set forth herein has been provided by the Township of Mount Laurel, County of Burlington, New Jersey ("Township"), the Depository Trust Company and by other sources which are believed to be reliable by the Township, but the information provided by such sources is not guaranteed as to accuracy or completeness by the Township. Certain general and financial information concerning the Township is contained in Appendix "A" to this Official Statement. Such information has been furnished by the Township.

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 Refunding 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 Refunding 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 REFUNDING BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE. THE PUBLIC OFFERING PRICES STATED ON THE COVER HEREOF MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER WITHOUT PRIOR NOTICE.

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

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

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
DESCRIPTION OF THE REFUNDING BONDS .....	1
Terms and Interest Payment Dates .....	1
Redemption Provisions .....	1
Authorization and Purpose .....	2
Refunding Plan.....	2
ESTIMATED SOURCES AND USES OF FUNDS .....	3
BOOK-ENTRY ONLY SYSTEM .....	3
Discontinuance of Book-Entry Only System .....	5
SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS .....	6
Taxing Power .....	6
CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT .....	6
Local Bond Law.....	6
Local Fiscal Affairs Law .....	7
Local Budget Law.....	7
Miscellaneous Revenues .....	9
Real Estate Taxes.....	9
Deferral of Current Expenses .....	9
Budget Transfers.....	10
Capital Budget.....	10
Related Constitutional and Statutory Provisions.....	10
Rights and Remedies of Owners of Bonds.....	10
Limitation of Remedies Under Federal Bankruptcy Code.....	11
TAXATION.....	11
Procedure for Assessment and Collection of Taxes .....	11
Tax Appeals .....	12
TAX EXEMPTION AND CERTAIN OTHER TAX MATTERS .....	12
Federal Income Tax Matters .....	12
Certain New Jersey Tax Matters.....	13
Changes in Federal and State Tax Law.....	13
INFORMATION REGARDING THE TOWNSHIP .....	14
General.....	14
Financial.....	14
LITIGATION.....	14
SECONDARY MARKET DISCLOSURE .....	14
APPROVAL OF LEGAL PROCEEDINGS .....	15
NO DEFAULT .....	15
RATING .....	15
UNDERWRITING .....	15
LEGALITY FOR INVESTMENT.....	16
MUNICIPAL ADVISOR.....	16
VERIFICATION OF MATHEMATICAL COMPUTATIONS.....	16
PREPARATION OF OFFICIAL STATEMENT.....	16
FINANCIAL STATEMENTS.....	17
ADDITIONAL INFORMATION.....	17
MISCELLANEOUS .....	17
APPENDIX A: CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP	
APPENDIX B: AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP	
APPENDIX C: FORM OF BOND COUNSEL'S OPINION	
APPENDIX D: FORM OF CONTINUING DISCLOSURE AGREEMENT	

**OFFICIAL STATEMENT**  
**RELATING TO**  
**\$10,785,000\***  
**TOWNSHIP OF MOUNT LAUREL**  
**COUNTY OF BURLINGTON, NEW JERSEY**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017**  
**(CALLABLE) (BOOK-ENTRY-ONLY ISSUE)**

**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 \$10,785,000\* aggregate principal amount of General Obligation Refunding Bonds, Series 2017 (the "Refunding Bonds"), to be issued by the Township of Mount Laurel (the "Township"), County of Burlington (the "County"), State of New Jersey (the "State").

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

**DESCRIPTION OF THE REFUNDING BONDS**

The following is a summary of certain provisions of the Refunding Bonds. Reference is made to the Refunding 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 Refunding Bonds will be issued in the aggregate principal amount of \$10,785,000\*, will be dated their date of delivery and bear interest from that date at the rates set forth on the front cover page hereof. Interest on the Refunding Bonds will be payable initially on April 15, 2018 and semiannually thereafter on April 15 and October 15 (the "Interest Payment Dates") in each year until maturity or earlier redemption by check mailed by the Township, as paying agent for the Refunding Bonds, to the registered owners of the Refunding Bonds as of the April 1 and October 1 immediately preceding the respective Interest Payment Dates (the "Record Dates"). The Refunding Bonds will mature on April 15 in the years and in the principal amounts, all as shown on the front cover of this Official Statement. The Refunding Bonds may be purchased in book-entry only form in the amount of \$5,000 or any integral multiple thereof, except where necessary, also in the amount of \$1,000, 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 SYSTEM ONLY".

**Redemption Provisions**

The Refunding Bonds maturing prior to April 15, 2028 are not subject to redemption prior to their stated maturity dates. The Refunding Bonds maturing on and after April 15, 2028 are subject to redemption prior to their stated maturity dates at the option of the Township, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Township shall determine and within any such maturity by lot) on any date on or after April 15, 2027 at a redemption price equal to one hundred percent (100%) of the principal amount of the Refunding Bonds to be redeemed, plus accrued interest to the redemption date.

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\* Preliminary, subject to change

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Refunding Bond of which all or a portion is to be redeemed at his or her last known address, if any, appearing on the registration books of the Township. So long as the Refunding Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC and not be sent to the Beneficial Owners of the Refunding Bonds. Failure of an owner of the Refunding Bonds to receive such notice or of DTC to advise any Participant or any failure of a Participant to notify any Beneficial Owner of the Refunding Bonds shall not affect the validity of any proceedings for the redemption of Refunding Bonds. Such notice shall specify: (i) the series and maturity of the Refunding Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Refunding Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Refunding Bonds to be redeemed; (iv) in the case of a Refunding Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Refunding Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Refunding Bonds or portion thereof to be redeemed shall cease to accrue and be payable.

### **Authorization and Purpose**

The Refunding Bonds have been authorized and are issued pursuant to the laws of the State of New Jersey, including Chapter 2 of Title 40A of the Revised Statutes of the State of New Jersey (the "Local Bond Law"), a refunding bond ordinance of the Township duly and finally adopted on September 11, 2017 and by a resolution duly adopted by the Township on September 11, 2017 authorizing the sale of the Refunding Bonds (the "Resolution").

The proceeds of the Refunding Bonds will be used to: (i) advance refund and redeem \$11,105,000 aggregate principal amount of General Obligation Bonds, Series 2011A, maturing on April 15 in the years 2022 through and including 2031 (the "Refunded Bonds"); and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

### **Refunding Plan**

Pursuant to an Escrow Deposit Agreement, dated the date of issuance of the Refunding Bonds, between the Township and TD Bank, National Association, Cherry Hill, New Jersey (the "Escrow Agent"), the Township will irrevocably deposit cash and direct non-callable obligations, the principal of and interest on which are unconditionally guaranteed by the United States of America (the "Government Obligations") with the Escrow Agent, which Government Obligations will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, sufficient moneys will be available to make full and timely payments of the interest on and the redemption price (the "Redemption Price") of the Refunded Bonds on April 15, 2021, with respect to the Refunded Bonds (the "Redemption Date").

The mathematical calculations of the adequacy of the deposit to provide for payment of the Refunded Bonds will be verified by Bowman & Company LLP, Voorhees, New Jersey, at the time of delivery of the Refunding Bonds (See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein). All moneys and Government Obligations deposited for the payment of the Refunded Bonds, including interest thereon, are pledged solely and irrevocably for the benefit of the respective holders of the Refunded Bonds.

## ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Refunding Bonds.

Sources of Funds:

Par Amount of Refunding Bonds	\$
[Net] Original Issue [Premium/Discount]	

Total Sources of Funds:	<u>\$</u>
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Uses of Funds:

Deposit to Escrow Fund	\$
Costs of Issuance <sup>(1)</sup>	
Underwriter's Discount	

Total Uses of Funds	<u>\$</u>
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<sup>(1)</sup> Includes, legal fees, municipal advisor fees, printing costs, rating agency's fees, additional proceeds and miscellaneous expenses incurred in connection with the issuance of the Refunding Bonds.

### BOOK-ENTRY ONLY SYSTEM\*

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Refunding Bonds, payment of principal and interest, and other payments on the Refunding Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Refunding 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 Refunding Bonds. The Refunding 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 Refunding Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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\*Source: The Depository Trust Company

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

Purchases of the Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of the Refunding 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 Refunding 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 Refunding Bonds, except in the event that use of the book-entry system for the Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Refunding 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 Refunding 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 Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Refunding 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 Refunding 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 Refunding 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 Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Refunding 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 Refunding 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, the Municipal Advisor (as hereinafter defined), nor the Underwriter (as hereinafter defined) take any responsibility for the accuracy or completeness 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 REFUNDING BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE REFUNDING BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE REFUNDING BONDS.**

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

If the Township, in its sole discretion, determines at any time that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Refunding 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 to discontinue use of the system of book-entry-only transfers through DTC, or determines, in its sole discretion, 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 SOURCES OF PAYMENT FOR THE REFUNDING BONDS

### Taxing Power

The Refunding 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 Refunding Bonds. The Refunding 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 Refunding Bonds, without limitation as to rate or amount. Enforcement of a claim for the payment of principal of or interest on bonds of the Township is subject to applicable provisions of Federal bankruptcy law and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Refunding 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.

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

#### Local Bond Law

**General** – New Jersey Statute 40A: 2-1 et seq., as amended and supplemented (“Local Bond Law”) governs the issuance of bonds and notes by counties and municipalities (including the Township) for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation of the county or municipality to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy ad valorem taxes upon all taxable property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

**Debt Limits** - The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) 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 excluded from the Township’s total bonded indebtedness for purposes of computing the statutory debt limit.

The calculation of the Township’s debt limitation is set forth in Appendix A.

**Exceptions to Debt Limits – Extensions of Credit** - The Township may exceed its statutory 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 the Township’s 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.

**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 bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of bonds.

### **Local Fiscal Affairs Law**

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

Each 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 who is licensed by the State Board of Public Accountancy 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.

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 annual audit 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. Once completed, the entire annual audit report for the fiscal year most recently 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 calendar year end municipalities and August 10 for June 30 fiscal year end municipalities. Once completed, the Annual Compiled Financial Statement for the fiscal year most recently 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 his or her 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 (and referred to herein) as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the Cap Law. Since its inception, the Cap Law has been amended and modified several times, most recently on July 13, 2010. While the revised Cap Law is more restrictive on the ability of a municipality to increase its overall appropriations, it does not limit the obligation of the Township to levy ad valorem taxes upon all taxable real property within the Township to pay debt service on the Refunding Bonds. The Cap Law provides that a municipality shall limit any increase of its budget to 2.5% or the index rate (defined below), 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, subject only to very limited exceptions and certain specified adjustments, described below.

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 2012 amendments to the tax levy sections of the Cap Law (specifically, N.J.S.A. 40A:4-45 and 46) 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 two percent (2%) 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, including the Refunding Bonds.

## **Miscellaneous Revenues**

N.J.S.A. 40A:4-26 provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the 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 "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. For municipalities that have lost tax appeals in the previous year, the governing body may elect, prior to the introduction for its budget, to calculate its Reserve for Uncollected Taxes using either (i) the average of the previous three years in accordance with P.L. 2000, c. 126, or (ii) 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 must be obtained.

The exceptions to the general requirement that the full amount of emergency appropriations be included in the following fiscal year's budget are as follows: (a) 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, may be amortized over three years; and (b) costs for 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 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, in which case 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 (the "Act"), provides that when it has been established, by court proceedings, that a municipality has defaulted for over sixty (60) 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 Refunding Bonds are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States (the "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 REFUNDING 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 STATUTORY OR CONSTITUTIONAL PROVISIONS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PARTICULAR STATUTE OR CONSTITUTION, THE FULL TEXT OF WHICH MAY CONTAIN QUALIFICATIONS OF AND EXCEPTIONS TO STATEMENTS MADE HEREIN.**

## **TAXATION**

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

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in an increase of the assessment ratio to its present level of 92.09%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last complete revaluation of property within the Township was in 2013 effective for the 2014 tax year.

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

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. Tax liens retained by the Township are periodically assigned to the Township Solicitor for "in rem foreclosures" in order to acquire title to these properties.

### **Tax Appeals**

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

## **TAX EXEMPTION AND CERTAIN OTHER TAX MATTERS**

### **Federal Income Tax Matters**

On the date of delivery of the Refunding Bonds, Capehart and Scatchard, P.A. ("Bond Counsel") will issue an opinion to the effect that under existing statutes and court decisions as of the date of initial delivery of the Refunding Bonds, interest on the Refunding Bonds is excluded from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although interest on the Refunding Bonds is taken into account for purposes of computing alternative minimum tax that may be imposed by the Code on certain corporations. The opinion of Bond Counsel will assume the accuracy of certifications made by the Township and will be subject to the condition that the Township comply with all requirements of the Code. Failure to comply with such requirements could cause the interest on the Refunding Bonds to be included in gross income prospectively and/or retroactively to the date of issuance of the Refunding Bonds.

Notwithstanding the general exclusion of interest on the Refunding Bonds from gross income and the exemption of the Refunding Bonds and the interest thereon from certain taxes, ownership of the Refunding Bonds may result in certain other federal income tax consequences to certain taxpayers, including, without limitation, certain foreign corporations doing business in the United States that are subject to the branch profits tax imposed by the Code, financial institutions, property and casualty insurance companies, certain subchapter S corporations with substantial passive income and Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or



continued indebtedness to purchase or carry the Refunding Bonds. Bond Counsel will express no opinion as to such other tax consequences, and prospective purchasers of the Refunding Bonds should consult their tax advisors as to all matters relating to the acquisition, ownership and disposition of the Refunding Bonds.

### **Certain New Jersey Tax Matters**

On the date of delivery of the Refunding Bonds, Bond Counsel will issue an opinion to the effect that, under the laws of the State of New Jersey as enacted and construed as of the date of initial delivery of the Refunding Bonds, interest on the Refunding Bonds and the income derived from the sale thereof is excludable from gross income of the owner of the Refunding Bonds under the New Jersey Gross Income Tax Act.

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

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Refunding Bonds or otherwise prevent holders of the Refunding Bonds from realizing the full benefit of the tax exemption of interest on the Refunding Bonds.

Further, such proposals may impact the marketability or market value of the Refunding Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Refunding Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Refunding Bonds would be impacted thereby.

Purchasers of the Refunding Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Refunding Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE REFUNDING BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE REFUNDING BONDS AND ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL TAX LEGISLATION. ANY STATEMENTS REGARDING TAX MATTERS HEREIN CANNOT BE RELIED UPON BY ANY PERSON TO AVOID TAX PENALTIES.

## **INFORMATION REGARDING THE TOWNSHIP**

### **General**

The Township is located in the Northwestern section of the County and comprises approximately 22.15 square miles. General information concerning the Township, including economic, financial, demographic and other relevant data, is set forth in Appendix A to this Official Statement.

### **Financial**

Appendix "B" to this Official Statement contains audited financial statements of the Township for the years ended December 31, 2016, 2015, 2014, 2013 and 2012. Copies of the entire completed Reports of Audit may be obtained upon request to the office of the Township Clerk or EMMA Platform.

### **LITIGATION**

Upon delivery of the Refunding Bonds, the Township shall furnish an opinion of its counsel, Tyler Prime, Esq., Mount Laurel, New Jersey (the "Township Counsel"), dated the date of delivery of the Refunding Bonds, to the effect that to his knowledge there is no litigation of any nature, pending or threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Refunding Bonds, or in any way contesting or affecting the validity of the Refunding 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 Refunding Bonds. In addition such opinion 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 Refunding Bonds.

### **SECONDARY MARKET DISCLOSURE**

The Township, pursuant to the Resolution, has covenanted for the benefit of the Bondholders and the beneficial owners of the Refunding Bonds to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Prior to the issuance of the Bonds, the Township will execute a continuing disclosure certificate substantially in the form set forth in Appendix "D" hereto.

The Township has bonds outstanding issued in 2011 and 2014 (the "Township Bonds"). For each series of Township Bonds, the Township executed an undertaking providing for an Annual Report (as defined in the respective undertaking) consisting of audited financial statements and annual financial information.

For the previous five (5) years, the Township failed to timely file its operating data for the 2012 calendar year. Such filing was made through the EMMA website on October 3, 2013. In addition, in general, while audit and operating data was available through the EMMA website timely (other than for 2012 as indicated in the previous sentence), the information was not always linked to all applicable CUSIPS, and the failure to include a specific CUSIP would be a technical violation for the undertaking related to the series of Township Bonds including that CUSIP. The Township has also previously failed to file certain material event notices in connection with various underlying and bond insurer rating changes on bonds previously issued by the Township. The Township has since filed notices covering these rating changes on EMMA.

There can be no assurance that there will be a secondary market for the sale or purchase of the Refunding 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 Board may affect the future liquidity of the Refunding Bonds.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Resolution, insofar as the provisions of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Township prior to their offering. Such officer is authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings or the undertakings set forth in the Resolution, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, sale and delivery of the Refunding Bonds are subject to the approval of Capehart & Scatchard, P.A., Trenton, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Refunding 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 Refunding 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 Refunding Bonds a rating of "AA" (outlook stable).

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Township furnished to the Rating Agency certain information and materials concerning the Refunding 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 Refunding Bonds.

### **UNDERWRITING**

The Refunding Bonds are being purchased from the Township by Raymond James & Associates, Inc., New York, New York (the "Underwriter"), pursuant to a purchase contract (the "Purchase Contract"), dated the date of this Official Statement, at a purchase price of \$\_\_\_\_\_ (the "Purchase Price"). The Purchase Price of the Refunding Bonds reflects the par amount of the Refunding Bonds, less an

Underwriter's discount of \$\_\_\_\_\_, plus a [net] original issue [premium/discount] of \$\_\_\_\_\_. The Underwriter is obligated to purchase all of the Refunding Bonds if any of the Refunding Bonds are purchased. The obligation of the Underwriter to accept delivery of and pay for the Refunding Bonds is subject to various conditions contained in the Purchase Contract.

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

### **LEGALITY FOR INVESTMENT**

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

### **MUNICIPAL ADVISOR**

NW Financial Group, LLC, Hoboken, New Jersey has served as Municipal Advisor to the Township (the "Municipal Advisor") with respect to the issuance of the Refunding Bonds. 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.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The accuracy of the arithmetic computations and yield calculations supporting the conclusion that the deposit of cash and principal amounts of, and the interest earned on, the Government Obligations to be acquired with a portion of the proceeds of the Refunding Bonds, are sufficient to pay, when due, the interest accrued on the Refunded Bonds to the Redemption Date and the Redemption Price of the Refunded Bonds on the Redemption Date, will be independently verified by Bowman & Company LLP, Voorhees, New Jersey.

### **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 Refunding 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.

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

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

Bowman & Company LLP, Voorhees, New Jersey, (the "Independent Auditor") 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, except for the audited financial statements contained in Appendix B, hereto, to the extent specified in the Independent Auditor's Report.

### **FINANCIAL STATEMENTS**

Appendix B to this Official Statement contains audited financial statements of the Township for the years ended December 31, 2016, 2015, 2014, 2013 and 2012. The audited financial statements have been prepared by the Independent Auditor as stated in their Independent Auditor's Report appearing in Appendix B.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Meredith Tomczyk, Chief Financial Officer, Township of Mount Laurel, 100 Mount Laurel Road, Mount Laurel, New Jersey, (856) 234-0001 x 233.

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 Refunding 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 Refunding 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 MOUNT LAUREL,  
COUNTY OF BURLINGTON, NEW JERSEY**

By: \_\_\_\_\_  
**MEREDITH TOMCZYK,  
Chief Financial Officer**

**Dated: October \_\_, 2017**

**APPENDIX A**

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

## **GENERAL INFORMATION ON THE TOWNSHIP**

### **History**

The Township was incorporated in 1872. It is located in the Northwestern section of the County, bordered on the north by Moorestown Township, on the south by Evesham Township and on the west by Cherry Hill Township in Camden County. The land area of the Township is approximately 22.15 square miles with a resident population of 41,864, according to the 2010 census.

The Township encompasses the unincorporated communities of Amberfield, Ashurst Glen, Autumnwood Estates, Bedford Walk, Bedford Walk Estates, Bedford Walk Manor, Birchfield, Bobby's Hunt, Bridlewood, Courts of Brookfield, Cambridge Estates, Canterbury Greene, Chalfonte Estates, Chamonix, Christopher's Crossing, Claridge Estates, Country Club Villas, Countryside Farms, Devoonshire, Eagle Pointe, Enclave, Fairfield Estates, Fox Run, Grande at Springville, Hartford, Hartford Woods, Heather Glen, Hickory Knoll, Hidden Lake Estate, Holiday-on-the-Green, Holiday Village, Holiday Village East, Hunters Crossing, Innisfree, Ivy Ridge, Jerrick Court, Krysta Court, Larchmont (including Devonshire Village, the Lakes and Brentwood Village), Larchmont Estates, Larchmont Manor, Laurel Creek, Laurel Knoll, Laurel Knoll East, Laurel Place, Laurel Pond, Laurel Ridings, Laurelton, Laurelwood, Ethel R. Lawrence, Longwood, Madison Place, Maple Glen, Masonville, Michaelson's Gate, Mill Run, Park Place, Parkers Creek, Pembroke, Pennoak, Pheasantmere, Ramblewood, Ramblewood Farms, Ramblewood Mews, Ramblewood-on-the-Green, Rancocas Pointe, Rancocas Woods, Ravenscliff, Rolling Glen, Saratoga Farms, Saybrook, Springville, Spring Valley Estates, Stonegate, Stone Mill Estates, Stoney Hill, Tara Estates, Timbercrest, Tricia Meadows, Trotter's Landing, Union Mill Farms, Union Mill Terrace, Wellesley Reserve, Wilderness Run, Wildflowers, Willowmere, Wellsey Hunt and Wellington Estates.

### **Police**

The Township has a full-time police department that has been accredited by the New Jersey State Association of Chiefs of Police since 2009. The department's professional and well trained staff consists of approximately seventy (70) sworn officers and is arranged into four divisions; Office of The Chief of Police, Operations Division, Administrative Division and the Office of Professional Standards. Many of the department's support and logistical functions are handled by it's seven (7) civilian employees, one (1) full time and three (3) part time Special Law Enforcement Officers. Dispatch and 911 services for the Mount Laurel Police Department are handled by Burlington County Central Communications.

### **Emergency Medical Services**

Mount Laurel Township Emergency Medical Services (MLEMS) is a combination career and volunteer department that supplies basic life support ambulance services to the township. MLEMS is a NJ Department of Health Licensed Ambulance Service and is funded and operated as a Township Department. The department is composed of approximately 100 volunteers and 30 career emergency services personnel that respond from Station 369, (the Rodger Sharp Building on Masonville Road), Station 368, (the Charles Kritz Building on South Church Street) and Station 367(MLFD Station 362 on Church Road). MLEMS, Inc., is the voluntary component of the combination department that provides volunteer ambulance staffing from 6:30 PM to 5:30 AM Monday through Friday and 24 Hours on the weekends in addition to all call EMS assignments during career staff operation hours. The career staff are township employees that are scheduled to provide staffing for three (3) ambulances five (5) days a week and one ambulance on the weekends from 5:30AM to 6:30PM. MLEMS minimal staffing is two (2) basic life support ambulances staffed by a minimum of two (2) EMTs operating one (1) ambulance out of each of the two (2) EMS Stations, an on-call EMS crew, an EMS Supervisor and a Duty EMS Chief 24/7. Mount Laurel Township EMS operates seven (7) ambulances, three (3)first responder/command vehicles, a disaster medical supply trailer, a Incident Rehabilitation Trailer, a 4x4 Pickup Truck, three (3) Bariatric Transport Units and a fifteen (15) passenger van.

## **Emergency Management**

Mount Laurel Office of Emergency Management (MLOEM) is a Township Department that is responsible for local emergency preparedness, response, recovery and mitigation following an "All-Hazard" approach to community safety. MLOEM is staffed by an Emergency Management Coordinator, three (3) Deputy Coordinators and eighteen (18) Annex Coordinators. MLOEM operates a state of the art, fixed facility, Emergency Operations Center. MLOEM communicates with the community thru Social Media, Nixel and Swift Reach Reverse 9-1-1 System. Mount Laurel Township is a FEMA EMA Funded Town. MLOEM has a Community Emergency Response Team (CERT) with over twenty-five (25) volunteers. MLOEM also has a CERT SUV and Trailer stocked with supplies to operate a one hundred ten (110) person Shelter Facility and a Medical Counter Measures – Point of Distribution (POD). MLOEM in cooperation with the Local Emergency Planning Committee maintains a State Approved Township Emergency Operation Plan which is updated and tested annually. MLOEM also participates in the Burlington County Multi-Jurisdictional All Hazards Mitigation Plan.

## **Public Works**

The Township's Department of Public Works is headed by a Director and is responsible for weekly trash collection which is outsourced to a private company, road repair and maintenance and upkeep of all public buildings and parks. In addition, the Township participates in a recycling program for glass, paper, aluminum and used motor oil. There are a total of forty-one (41) employees in the Township's Department of Public Works who operate various equipment owned by the Township.

## **Recreation**

Twenty-six (26) parks and other various recreational areas are located in the Township including nineteen (19) tennis courts, twenty-six (26) baseball fields, fourteen (14) tot lots, seventeen (17) basketball courts, twenty-four (24) soccer fields, three (3) volleyball courts, two (2) football fields and two (2) street hockey courts. The Township maintains a senior citizen building for the Township's senior citizens. All parks and recreational areas are maintained by the Township's Parks and Recreation Division. The Township has three (3) large parks, Laurel Acres, PAWS Sports Complex and Memorial Complex. Laurel Acres, a full ninety-eight (98) acre recreational facility, has six (6) soccer fields, five (5) ball fields, walking/biking paths, two (2) fenced-in dog runs, a pavilion, barbecue areas, a lake, volleyball courts, playground equipment, a maintenance building and rest rooms. The PAWS Sports Complex is situated on thirty-four (34) acres, has two (2) football/soccer fields, two (2) ball fields, two (2) sand volleyball courts and one (1) basketball court. The Memorial Multi-Sport facility has a turf-field, three (3) multipurpose grass fields and a concession stand utilized by football, lacrosse, field hockey and soccer. Spencer Park is a ten (10)-acre section of Rancocas State Park leased and maintained by the Township and contains five (5) softball fields. In the last fifteen (15) years, the Township purchased over 741 acres of land for open space purposes.

## **Library**

The Township's Free Public Library opened its doors in September 1975 and the building was expanded in 1992. The library currently houses 124,907 volumes of books, audio books, DVDs, CDs and other formats. The library provides access to nearly 600,000 digital items as well as programs and activities for the community. There are currently 21,383 active library card holders.

## **Mount Laurel Municipal Utilities Authority**

The Mount Laurel Municipal Utilities Authority ("MUA") furnishes water and sewer services to Township residents. Bills are mailed to the residents monthly, and average between \$55.00 and \$75.00 per household per month. The MUA was organized by an ordinance of the Township Council on December 6, 1965.



In conjunction with the Utility System Revenue Bond Resolution dated July 1, 1992, as amended and supplemented, the MUA has entered into a service agreement with the Township. In the unlikely event that it become necessary, the Township has agreed to advance to the MUA sufficient monies to eliminate any deficiency in the MUA's revenues required for its operation and administrative expenses, including certain debt service requirements, and to meet certain coverage requirements. Any monies advanced in accordance with this agreement would be refunded at such time as the MUA deems appropriate.

The computation of sufficiency of revenues of the MUA for the years ended June 30, 2016, 2015, 2014, 2013 and 2012 as defined by the Utility System Revenue Bond Resolution is as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Operating Revenues:</b>					
Utility Service Charges	\$19,267,645	\$18,924,464	\$17,726,908	\$19,603,512	\$18,503,996
Connection Fees	2,235,022	832,266	1,031,044	288,907	299,483
Investment and Misc. Income	<u>664,556</u>	<u>537,994</u>	<u>586,080</u>	<u>672,177</u>	<u>539,053</u>
Total Revenues	<u>22,167,223</u>	<u>20,294,724</u>	<u>19,344,032</u>	<u>20,564,596</u>	<u>19,342,532</u>
<b>Operating Expenses:</b>					
Cost of Providing Services	11,471,478	10,867,126	10,445,476	10,340,183	10,097,985
Administrative	2,203,608	1,946,125	1,918,110	1,849,354	2,086,048
Other Operating Expenses	<u>447,716</u>	<u>498,892</u>	<u>578,390</u>	<u>586,000</u>	<u>788,540</u>
Total Operating Expenses	<u>14,122,802</u>	<u>13,312,144</u>	<u>12,941,976</u>	<u>12,775,537</u>	<u>12,972,573</u>
Excess of Revenues	8,044,421	6,982,581	6,402,056	7,789,059	6,369,959
110% of Current Fiscal Year's Annual Debt Service Requirement	<u>2,629,074</u>	<u>2,972,638</u>	<u>3,866,251</u>	<u>4,173,933</u>	<u>4,258,988</u>
Sufficiency of Revenues	<u>\$5,415,347</u>	<u>\$4,009,943</u>	<u>\$2,535,805</u>	<u>\$3,614,125</u>	<u>\$2,110,970</u>

### Township Employees

	<u>2016</u>	<u>2015</u>	<u>December 31,</u>		<u>2012</u>
			<u>2014</u>	<u>2013</u>	
Full Time	150	150	154	157	160
Part Time	<u>54</u>	<u>53</u>	<u>55</u>	<u>52</u>	<u>41</u>
	<u>204</u>	<u>203</u>	<u>209</u>	<u>209</u>	<u>201</u>

### Employee Collective Bargaining Units

The Township has six collective bargaining agreements with organizations representing the Police Department, Public Works Department, EMS, Clerical and Supervisor of Administrative Staff. Members of these collective bargaining units are represented by POA, SOA, CWA, AFSCME, and IAFF. The POA, SOA and CWA Supervisors contracts expire on December 31, 2019. The Public Works AFSCME-AFL-CIO agreement expires December 31, 2018. The IAFF agreement for EMS expires December 31, 2017 and the CWA Clerical agreement expired December 31, 2016; both these agreements are currently under negotiations.

### Compensated Absences

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

The Township compensates employees for unused sick leave upon termination if they have ten years of service or retirement. The number of years of service required and the amount of compensated pay varies by contract with a maximum pay-out of \$15,000.00. All unused vacation days are paid out upon termination or retirement. Compensation is paid at the rate of pay upon termination or retirement.

**Pension Plans**

Those Township employees who are eligible for pension coverage are enrolled in one of three pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. For additional information regarding pension plans, see Appendix B: Financial Statements of the Township, Note 7 to Financial Statements.

**Township Population(1)**

2010 Federal Census	41,864
2000 Federal Census	40,221
1990 Federal Census	30,270
1980 Federal Census	17,164
1970 Federal Census	11,221

**Selected Census 2015 Data for the Township(1)**

Median household income	\$87,724
Median family income	107,473
Per capita income	46,104

**Labor Force(2)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Township</b>					
Labor Force	22,736	22,605	22,288	23,490	23,614
Employment	21,889	21,592	21,109	21,945	21,907
Unemployment	847	1,013	1,179	1,545	1,707
Unemployment Rate	3.7%	4.5%	5.3%	6.6%	7.2%
<b>County</b>					
Labor Force	233,042	232,133	229,962	239,184	241,433
Employment	222,708	219,693	215,260	220,181	219,803
Unemployment	10,334	12,440	14,702	19,003	21,630
Unemployment Rate	4.4%	5.4%	6.4%	7.9%	9.0%
<b>State</b>					
Labor Force	4,524,300	4,530,500	4,515,800	4,531,900	4,588,000
Employment	4,299,900	4,267,900	4,211,500	4,159,500	4,160,000
Unemployment	224,300	262,600	304,300	372,300	428,000
Unemployment Rate	5.0%	5.8%	6.7%	8.2%	9.3%

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

(2) Source: New Jersey Department of Labor

## Business and Industry

Commercial development within the Township has kept pace with the population increase and residential housing construction. The Route 73 corridor has complete hotel build out and is now experiencing retail development with a super Wal-Mart under construction within the Fellowship Road Redevelopment Area. Lifetime Fitness, also incentivized by the redevelopment area, is now complete.

Commercial growth in the entertainment sector is highlighted by the pending construction of an I Fly facility. Indoor parachuting chambers will be provided for training as well as enjoyment. Across town, adjacent to Centerton Square, a new Top Flite Golf is under construction. The facility is a premier recreational social center providing three stories of tee off space with computer tracked balls for driving performance and stats. A club restaurant will be the social heart of the venue.

On the northern side of the Township, along the 38 corridor, there is a surge in commercial growth. Two new hotels, a new super WaWa, a Royal Farms, infill retail centers (Taylor Rental Center site), and the expansion of Rowan University at Burlington all combine to make Mount Laurel a vibrant hub in the county. Additionally, the construction of the Bancroft Neuro Health Campus on Walton Avenue will bring a cutting edge medical treatment facility to the mix of current commercial growth. In conjunction, the northern side of the Township is about to see a spurt in residential growth (catering to young professionals) with a mix of high end apartments and townhouses at Signature Place.

### TEN LARGEST NON-GOVERNMENTAL EMPLOYERS (1)

<u>Employer</u>	<u>Nature of Business</u>	<u>Employees</u>
PHH Mortgage	Mortgage Services	2,000
Computer Science Corporation	Software	1,200
TD Bank	Corporate Offices	1,178
Lockheed Martin	Government Support	1,000
ARI	Automotive Fleet Management	753
ADP Financial Information Services	Financial Information Services	561
Okidata North American Headquarters	Commercial Machines/Equipment	500
Lifetime Fitness	Gym	500
Monarch Art Plastics	Plastics	300
GMAC Mortgage	Mortgage Services	250

### Building, Zoning and Development Codes

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

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

The Township adopted the Municipal Land Use Law to give the Township Planning Board and the Township Zoning Board of Adjustment authority to regulate most land use other than single-family residential use. Accordingly, the Township is able to guide the approximate use or development of land to promote the public health, safety and general welfare.

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(1) Source: Township officials

**Building Permits (1)**

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2017(2)	2,090	\$ 44,687,684
2016	2,994	107,793,325
2015	2,634	69,939,395
2014	2,732	76,095,064
2013	2,647	47,615,155
2012	2,274	41,725,443

**GENERAL INFORMATION ON THE SCHOOL DISTRICT(3)**

The public school system in the Township is operated by the Board as a Type II school district. It functions independently of the Township through a nine (9) member board, elected by the voters in alternate three (3) year terms.

The Township's public school system has a total of eight (8) schools - seven (7) elementary schools and one (1) middle school. Students in grades nine through twelve attend Lenape Regional High School. The Lenape Regional High School District ("School District") is comprised of the following Burlington County municipalities: Evesham Township, Medford Township, Medford Lakes Borough, Mount Laurel Township, Shamong Township, Southampton Township, Tabernacle Township and Woodland Township. The School District has four senior high schools, Cherokee – North and South, Lenape, Shawnee, and Seneca High School. The District also has a transition high school, Sequoia. Students in grades nine through twelve may also elect to attend the Burlington County Vocational School.

**TOWNSHIP OF MOUNT LAUREL SCHOOL DISTRICT  
SCHOOL ENROLLMENTS(3)**

<u>Grade</u>	<u>2017</u>	<u>2016</u>	<u>June 30, 2015</u>	<u>2014</u>	<u>2013</u>
PreK- K	421	396	372	389	374
Pre-1 - 1	383	400	435	377	403
2	417	438	385	404	395
3	427	379	407	403	427
4	375	389	401	429	415
5	400	400	425	425	392
6	409	433	428	408	380
7	433	414	413	388	391
8	416	408	407	398	388
Spec. Ed.	<u>540</u>	<u>545</u>	<u>543</u>	<u>548</u>	<u>562</u>
Total	<u>4,221</u>	<u>4,202</u>	<u>4,216</u>	<u>4,169</u>	<u>4,127</u>

(1) Source: Township construction officials

(2) As of September 14, 2017

(3) Source: Local School District officials

## School Facilities, Enrollment and Capacity(1)

The School District currently consists of eight (8) schools including grades K to 8. Below is a schedule of school facilities with current enrollments.

<u>Facilities</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Enrollment Grades</u>	<u>Functional 06/30/17</u>	<u>Capacity</u>
Countryside	1971	1987/2003	K-4	322	418
Fleetwood	1963	1987/2003	K-4	374	417
Hillside	1954	1959/1987/1998/2003	K-4	367	443
Parkway	1966	1987/2003	K-4	361	405
Harrington Middle	1969	2001/2003	7-8	982	1,213
Larchmont	1990	2003	K-4	403	444
Hartford School	1995	2001/2003	5-6	943	1,178
Springville	2001	---	K-4	<u>480</u>	<u>502</u>
Total				<u>4,232</u> (2)	<u>5,020</u>

## Lenape Regional High School District School Enrollments (3)(4)

	<u>2017</u>	<u>2016</u>	<u>June 30, 2015</u>	<u>2014</u>	<u>2013</u>
Totals	<u>1,814</u>	<u>1,760</u>	<u>1,875</u>	<u>1,857</u>	<u>1,878</u>

## HIGHER EDUCATION FACILITIES

### Rowan College at Burlington County

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

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

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

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

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- (1) Source: Local School District officials
  - (2) Does not include students attending out of district schools
  - (3) Source: Regional District officials
  - (4) Township of Mount Laurel students only

The enrollment as of Spring 2015 consisted of 8,720 students. In addition, the College serves thousands of other County residents each semester through youth programs, the Learning Institute for Elders, customized training for local businesses, theatrical productions, guest speakers, and art exhibitions.

**Burlington County Institute of Technology**

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

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

**Burlington County Special Services School District**

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

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

**CERTAIN TAX INFORMATION**

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

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2017 Assessed Valuation</u>
Centerton Square, LLC	Retail Shopping Center	\$ 66,097,200
Istar Bishops Gate, LLC	Office Buildings	64,129,800
Centerton Road, LLC	Housing	58,185,700
Laurel Corporate Center LLC	Office Space	46,917,500
TD Bank	Office Buildings/Banks	46,260,900
Map Fee Owner LLC	Office Space	45,575,200
Mount Laurel Crossing, LLC	Apartments	38,018,400
Fairfield Ramblewood, LP	Apartments	37,210,700
US MJW East Gate I, LLC	Retail/Strip Center	37,128,800
Gateway Park, LLC	Office/Warehouse Buildings	35,454,500

(1) Source: Township Tax Assessor

**CURRENT TAX COLLECTIONS (1)**

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2016	\$ 159,826,997	\$ 158,034,048	98.88%	\$ 1,496,332	0.94%
2015	157,689,640	155,973,142	98.91%	1,181,684	0.75%
2014	156,157,708	154,140,219	98.71%	1,874,368	1.20%
2013	153,183,710	151,419,228	98.85%	1,347,674	0.88%
2012	148,938,525	146,978,062	98.68%	1,616,270	1.09%

**DELINQUENT TAXES (1)**

<u>Year</u>	<u>Outstanding</u>		<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
	<u>Jan. 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2016	\$ 1,181,934	\$ 26,010	\$ 1,046,111	86.60%	\$ 45,917	\$ 115,570	\$ 346
2015	2,165,612	72,234	2,146,255	95.91%	25,195	66,146	250
2014	1,359,482	60,651	1,101,889	77.59%	21,200	5,800	291,244
2013	1,626,741	15,409	1,619,331	98.61%	4,832	6,179	11,808
2012	1,764,746	18,587	1,723,715	96.66%	37,153	11,993	10,471

**TAX TITLE LIENS (1)**

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by</u>		<u>Cancelled/Foreclosures</u>	<u>Balance Dec. 31</u>
		<u>Sales and Transfers</u>	<u>Collected</u>		
2016	\$ 178,215	\$ 136,701	\$ 118,599	\$ 103,976	\$ 92,341
2015	136,065	94,609	52,459		178,215
2014	120,966	69,787	54,688		136,065
2013	547,120	76,702	155,167	347,689	120,966
2012	419,755	136,660	9,296		547,119

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

<u>Year</u>	<u>Balance Dec. 31</u>
2016	\$ 1,834,100
2015	1,207,100
2014	1,317,700
2013	1,341,900
2012	749,300

(1) Source: Township Reports of Audit

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

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

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total Rate</u>	<u>Tax Rate (2)</u>							
			<u>County</u>	<u>County/ Farm Open Space</u>	<u>Municipal</u>	<u>Municipal Open Space</u>	<u>Municipal Library</u>	<u>Local School</u>	<u>Regional High School</u>	<u>Fire District</u>
2017	\$ 5,764,242,792	\$ 2.787	\$ 0.362	\$ 0.044	\$ 0.347	\$ 0.080	\$ 0.036	\$ 1.081	\$ 0.677	\$ 0.160
2016	5,763,738,392	2.745	0.364	0.044	0.342	0.080	0.036	1.064	0.671	0.144
2015	5,790,653,194	2.713	0.360	0.043	0.343	0.080	0.035	1.040	0.669	0.143
2014 *	5,786,157,100	2.686	0.370	0.017	0.337	0.080	0.036	1.021	0.682	0.143
2013	3,358,044,200	4.550	0.628	0.027	0.573	0.080	0.065	1.724	1.205	0.248

**RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA (3)**

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita</u>	<u>Estimated Population (4)</u>
2017	\$ 5,764,242,700	92.09%	\$ 6,259,357,911	\$ 149,968	41,738
2016	5,763,738,300	91.68%	6,286,800,065	150,625	41,738
2015	5,790,653,100	91.68%	6,316,157,395	150,524	41,961
2014 *	5,786,157,100	90.57%	6,388,602,297	152,327	41,940
2013	3,358,044,200	52.19%	6,434,267,484	154,218	41,722

**REAL PROPERTY CLASSIFICATION (1)**

<u>Year</u>	<u>Assessed Value of land and</u>				<u>Farmland &amp;</u>		
	<u>Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	
2017	\$ 5,764,242,700	\$ 48,256,300	\$ 3,894,567,900	\$ 1,519,573,000	\$ 151,451,900	\$ 150,393,600	
2016	5,763,738,300	47,516,000	3,895,112,500	1,521,702,600	155,673,100	143,734,100	
2015	5,790,653,100	44,712,700	3,891,222,600	1,568,164,600	159,425,000	127,128,200	
2014 *	5,786,157,100	53,450,200	3,881,977,200	1,571,550,300	160,139,500	119,039,900	
2013	3,358,044,200	31,753,500	2,321,692,900	860,497,100	88,843,800	55,256,900	

(1) Source: Township Assessor  
 (2) Per \$100 of assessed valuation  
 (3) Source: State of New Jersey, Department of Treasury, Division of Taxation  
 (4) Based on Estimates by New Jersey Department of Labor  
 \* Revaluation



**TOWNSHIP OF MOUNT LAUREL  
STATEMENT OF INDEBTEDNESS (1)**

The following table summarizes the direct debt of the Township in accordance with the requirements of the Local Bond Law of the State (N.J.S.A. 40A:2-2 et seq.). The gross debt is comprised of short and long-term debt issued, including General, debt of the Local School District and the Regional High School District. Deductions from gross debt to arrive at net debt include deductible school debt, as well as excess funds. The resulting net debt of \$57,964,602 represents .93% of the average of equalized valuations for the Township for the last three years, within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	<u>Debt Issued</u>			<u>Debt Auth. But Not Issued</u>	<u>Gross Debt</u>	<u>Deductions</u>		<u>Net Debt</u>
	<u>Bonds</u>	<u>Loans</u>	<u>Notes</u>			<u>School Debt</u>	<u>Excess Funds</u>	
General	\$ 23,455,000		\$ 18,475,243	\$ 19,795,243	\$ 61,725,486		\$ 3,760,883	\$ 57,964,602
School - Local	10,985,000				10,985,000	\$ 10,985,000		
School - Regional	21,328,494				21,328,494	21,328,494		
	<u>\$ 55,768,494</u>	<u>\$ -</u>	<u>\$ 18,475,243</u>	<u>\$ 19,795,243</u>	<u>\$ 94,038,980</u>	<u>\$ 32,313,494</u>	<u>\$ 3,760,883</u>	<u>\$ 57,964,602</u>

(1) As of December 31, 2016

Source: Township Audit Report

## DEBT RATIOS AND VALUATIONS (1)

Average of Equalized Valuations of Real Property with Improvements and Second class Railroad Property for 2016, 2015, and 2014	\$ 6,239,998,079
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2016, 2015, and 2014	0.93%
2016 Net Valuation Taxable	\$ 5,763,738,392
2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 6,258,810,278
Gross Debt (2)	
As a Percentage of 2016 Net Valuation Taxable	1.63%
As a Percentage of 2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.50%
Net Debt (2)	
As a Percentage of 2016 Net Valuation Taxable	1.01%
As a Percentage of 2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.93%
Gross Debt per Capita(3)	\$ 2,253
Net Debt per Capita(3)	\$ 1,389

## TOWNSHIP BORROWING CAPACITY (1)

3.5% of Average (2014-16) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$6,239,998,079)	\$ 218,399,933
Net Debt	<u>57,964,602</u>
Remaining Borrowing Capacity	<u>\$ 160,435,330</u>

(1) As of December 31, 2016

(2) Excluding Overlapping Debt

(3) Based upon 2016 Estimate from New Jersey Department of Labor of 41,738

**LOCAL SCHOOL DISTRICT BORROWING CAPACITY (1)**

3.0% of Average (2014-16) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$6,239,998,079)	\$	187,199,942
Local School Debt		<u>10,985,000</u>
Remaining Borrowing Capacity	\$	<u>176,214,942</u>

**REGIONAL HIGH SCHOOL DISTRICT BORROWING CAPACITY (1)**

3.0% of Average (2014-16) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$17,723,664,726)	\$	531,709,942
Regional School Debt (2)		<u>60,580,000</u>
Remaining Borrowing Capacity	\$	<u>471,129,942</u>

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(1) As of December 31, 2016

(2) Mount Laurel's share of Regional High School Debt is \$21,328,494 which is included in this number.

**TOWNSHIP OF MOUNT LAUREL  
OVERLAPPING DEBT  
AS OF DECEMBER 31, 2016**

	<b>DEBT ISSUED</b>				
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<b>Debt Auth. but not Issued</b>
Township of Mount Laurel Fire District No. 1	\$ 4,585,000		\$ 4,585,000	\$ 4,585,000	(4)
Township of Mount Laurel Municipal Utilities Authority	17,554,771		17,473,516	17,473,516	(4)
County of Burlington(1):					
General:					
Bonds	267,578,645	\$ 31,063,639	(2) 236,515,006	31,976,829	(5)
Bonds Issued by Other Public Bodies					
Guaranteed by the County	329,726,000	329,726,000	(3)		
Solid Waste Utility	68,116,000	68,116,000			\$ 6,193,733
	<u>\$ 687,560,416</u>	<u>\$ 428,905,639</u>	<u>\$ 258,573,522</u>	<u>\$ 54,035,344</u>	<u>\$ 6,193,733</u>

(1) Source: County of Burlington

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

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

(4) Source: Mount Laurel Fire District No. 1 2016 Audit Report and Mount Laurel Municipal Utilities Authority 2016 Audit Report

(5) Such debt is allocated as a proportion of the Issuer's share of the total 2016 Net Valuation on which County taxes are apportioned, which is 13.1%

**TOWNSHIP OF MOUNT LAUREL  
2017 MUNICIPAL BUDGET**

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**CURRENT FUND**

Anticipated Revenues:	
Fund Balance	\$ 6,300,000.00
Miscellaneous Revenues:	
Local Revenues	1,455,000.00
State Aid without Offsetting Appropriations	2,825,561.00
Dedicated Uniform Construction Code Fees	1,000,000.00
Public and Private Programs Offset with Appropriations	168,097.24
Other Special Items Offset with Appropriations	3,960,000.00
Receipts from Delinquent Taxes	950,000.00
Amount to be Raised by Taxation for Municipal Purposes:	
Local Tax	20,002,454.75
Minimum Library Tax	2,086,268.01
	<hr/>
Total Anticipated Revenues	<u>\$ 38,747,381.00</u>

Appropriations:	
Within CAPS:	
Operations	\$ 25,100,848.47
Deferred Charges and Statutory Expenditures	3,071,100.00
Excluded from CAPS:	
Other Operations	2,491,996.01
Shared Service Agreements	25,000.00
Public and Private Programs	168,097.24
Capital Improvements	350,000.00
Debt Service	3,440,465.00
Deferred Charges	563,752.74
Reserve for Uncollected Taxes	3,536,121.54
	<hr/>
Total Appropriations	<u>\$ 38,747,381.00</u>

**MUNICIPAL OPEN SPACE FUND**

Anticipated Revenues:	
Amount to be Raised by Taxation	\$ 4,611,394.23
Reserve for Payment of Debt	5,847.91
	<hr/>
Total Anticipated Revenues	<u>\$ 4,617,242.14</u>

Appropriations:	
Acquisition of Lands for Recreation and Conservation	\$ 5,847.91
Payment on Bond Principal	750,000.00
Interest on Bonds	623,362.50
Reserve for Future Use	3,238,031.73
	<hr/>
Total Appropriations	<u>\$ 4,617,242.14</u>

**TOWNSHIP OF MOUNT LAUREL  
CAPITAL PROGRAM  
PROJECTS SCHEDULED FOR THE YEARS 2017 - 2022**

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	<b><u>Estimated Total Cost</u></b>	<b><u>Capital Improvement Fund</u></b>	<b><u>Bonds and Notes General</u></b>
Purchase of Public Works Vehicles and Equipment	\$ 3,750,000	\$ 187,500	\$ 3,562,500
Upgrade and Installation of Information Technology	150,000	7,500	142,500
Improvements to Parks and Public Property	232,500	11,625	220,875
Acquisition of Police Vehicles and Equipment	645,000	32,250	612,750
Acquisition of Equipment and Improvements for EMS	360,000	18,000	342,000
Inside and Outside Road Programs	22,800,000	1,140,000	21,660,000
	<b><u>\$ 27,937,500</u></b>	<b><u>\$ 1,396,875</u></b>	<b><u>\$ 26,540,625</u></b>

**TOWNSHIP OF MOUNT LAUREL  
SCHEDULE OF DEBT SERVICE  
(BONDED DEBT ONLY) (1)**

Year	General			Open Space			Grand Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 2,630,000.00	\$ 297,250.00	\$ 2,927,250.00	\$ 750,000.00	\$ 623,362.50	\$ 1,373,362.50	\$ 3,380,000.00	\$ 920,612.50	\$ 4,300,612.50
2018	2,185,000.00	218,350.00	2,403,350.00	785,000.00	592,662.50	1,377,662.50	2,970,000.00	811,012.50	3,781,012.50
2019	1,560,000.00	137,600.00	1,697,600.00	825,000.00	560,462.50	1,385,462.50	2,385,000.00	698,062.50	3,083,062.50
2020	770,000.00	75,200.00	845,200.00	850,000.00	526,962.50	1,376,962.50	1,620,000.00	602,162.50	2,222,162.50
2021	770,000.00	44,400.00	814,400.00	885,000.00	492,262.50	1,377,262.50	1,655,000.00	536,662.50	2,191,662.50
2022	340,000.00	13,600.00	353,600.00	925,000.00	456,062.50	1,381,062.50	1,265,000.00	469,662.50	1,734,662.50
2023				960,000.00	418,362.50	1,378,362.50	960,000.00	418,362.50	1,378,362.50
2024				1,000,000.00	379,162.50	1,379,162.50	1,000,000.00	379,162.50	1,379,162.50
2025				1,040,000.00	338,362.50	1,378,362.50	1,040,000.00	338,362.50	1,378,362.50
2026				1,085,000.00	294,506.25	1,379,506.25	1,085,000.00	294,506.25	1,379,506.25
2027				1,130,000.00	247,437.50	1,377,437.50	1,130,000.00	247,437.50	1,377,437.50
2028				1,175,000.00	196,987.50	1,371,987.50	1,175,000.00	196,987.50	1,371,987.50
2029				1,220,000.00	143,100.00	1,363,100.00	1,220,000.00	143,100.00	1,363,100.00
2030				1,270,000.00	87,075.00	1,357,075.00	1,270,000.00	87,075.00	1,357,075.00
2031				1,300,000.00	29,250.00	1,329,250.00	1,300,000.00	29,250.00	1,329,250.00
	<u>\$ 8,255,000.00</u>	<u>\$ 786,400.00</u>	<u>\$ 9,041,400.00</u>	<u>\$ 15,200,000.00</u>	<u>\$ 5,386,018.75</u>	<u>\$ 20,586,018.75</u>	<u>\$ 23,455,000.00</u>	<u>\$ 6,172,418.75</u>	<u>\$ 29,627,418.75</u>

(1) As of December 31, 2016  
Source: Township Auditor

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP**



## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Township Council  
Township of Mount Laurel  
Mount Laurel, New Jersey 08054

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

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

**Opinions**

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

As described in note 1 to the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

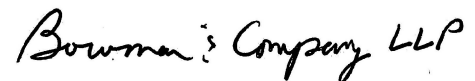
*Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Mount Laurel, in the County of Burlington, State of New Jersey, as of December 31, 2016, 2015, 2014, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended.

*Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Mount Laurel, in the County of Burlington, State of New Jersey, as of December 31, 2016, 2015, 2014, 2013 and 2012, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Robert S. Marrone  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
May 30, 2017

**TOWNSHIP OF MOUNT LAUREL  
CURRENT FUND**

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

ASSETS	As of December 31				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Regular Fund:					
Cash--Treasurer	\$20,672,087	\$18,451,595	\$26,743,197	\$22,923,678	\$18,875,318
Due from State of New Jersey	14,334		9,857	4,045	
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	1,496,678	1,181,934	2,165,612	1,359,482	1,626,741
Tax Title Liens Receivable	92,841	178,215	136,065	120,966	547,120
Property Acquired for Taxes--					
Assessed Valuation	1,834,100	1,207,100	1,317,700	1,341,900	749,300
Property Maintenance Liens Receivable	7,924	11,137	7,883	21,366	4,820
Revenue Accounts Receivable	38,110	49,934	62,289	52,207	54,416
Due From Mt. Laurel Library	98,715	144,700			
Accounts Receivable--Other					
Prepaid Local School Tax					
Interfunds Receivable	1,088,175	2,343,606	1,874,473	1,204,909	1,234,187
Due from Bank					
Deferred Charges:					
Special Emergency	300,000	600,000	920,000	1,240,000	1,560,000
<b>Total Regular Fund</b>	<b>25,642,964</b>	<b>24,168,222</b>	<b>33,237,076</b>	<b>28,268,553</b>	<b>24,651,902</b>
Federal and State Grant Fund:					
Cash	493,567	1,334,699	1,455,770	1,251,156	1,340,336
Federal and State Grants Receivable	1,153,641	838,296	1,110,978	979,798	1,317,597
<b>Total Federal and State Grant Fund</b>	<b>1,647,208</b>	<b>2,172,994</b>	<b>2,566,748</b>	<b>2,230,954</b>	<b>2,657,933</b>
	<b>\$27,290,172</b>	<b>\$26,341,216</b>	<b>\$35,803,824</b>	<b>\$30,499,507</b>	<b>\$27,309,835</b>

(Continued)

**TOWNSHIP OF MOUNT LAUREL  
CURRENT FUND**

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

LIABILITIES, RESERVES AND FUND BALANCE:	As of December 31				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Regular Fund:					
Appropriation Reserves	\$2,586,910	\$2,309,955	\$1,982,664	\$1,549,708	\$2,196,148
Reserve for Encumbrances	890,140	1,204,662	1,226,780	1,410,424	1,211,958
Accounts Payable	114,871	57,978	44,053	53,210	56,732
Contracts Payable				144,930	969,272
Due to State of New Jersey	29,308	35,981	24,942	16,592	15,716
Prepaid Taxes	1,093,783	1,247,479	922,742	685,859	758,792
Tax Overpayments	326,412	648,103	493,688	494,285	189,362
Reserve for Insurance Reimbursements	42,453	42,453	42,453	42,453	42,453
Reserve for FEMA Flood Repairs	49,807	49,807	49,807	49,807	49,807
Reserve for Revaluation	471,163	471,164	471,163	471,163	471,163
Reserve for Sale of Municipal Assets	50,058	50,058	50,058	50,058	50,058
Reserve for Master Plan	11,800	11,800	11,800	11,800	11,800
Reserve to Pay Debt					
Reserve for Tax Map					
Due County for Added and Omitted Taxes	251,380	92,166	112,848	56,839	73,806
Local School District Taxes Payable	3,347,110	2,782,292	2,221,282	1,634,505	1,067,199
Regional High School Taxes Payable	1,152,387	1,200,191	1,559,674	2,069,044	430,757
Open Space Taxes Payable		18,040	10,651,746	5,999,986	4,688,721
Interfunds Payable				361,868	91,665
Reserve for Receivable and Other Assets	4,656,543	5,116,627	5,564,022	4,100,830	4,216,584
Fund Balance	10,568,839	8,829,466	7,807,354	9,065,192	8,059,909
Total Regular Fund	25,642,964	24,168,222	33,237,076	28,268,553	24,651,902
Federal and State Grant Fund:					
Unappropriated Reserves	72,000	3,800	67,965	170,147	135,006
Appropriated Reserves	937,070	1,164,195	1,743,508	1,223,565	1,614,138
Reserve for Encumbrances	137,385	275,811	26,086	108,053	179,600
Interfund Payable	500,753	729,189	729,189	729,189	729,189
Total Federal and State Grant Fund	1,647,208	2,172,994	2,566,748	2,230,954	2,657,933
	<u>\$27,290,172</u>	<u>\$26,341,216</u>	<u>\$35,803,824</u>	<u>\$30,499,507</u>	<u>\$27,309,835</u>

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

**TOWNSHIP OF MOUNT LAUREL  
CURRENT FUND**

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

	For the Years Ended December 31				
	2016	2015	2014	2013	2012
Revenue and Other Income Realized:					
Tax Collections:					
Current	\$158,034,048	\$155,973,142	\$154,140,219	\$151,419,228	\$146,978,062
Delinquent	1,164,710	2,198,714	1,156,577	1,774,498	1,733,011
Total Taxes	159,198,758	158,171,856	155,296,796	153,193,726	148,711,073
Miscellaneous Revenues Anticipated	10,998,545	10,682,362	11,131,029	10,689,526	12,051,500
Other Income	2,104,529	2,532,202	1,776,956	2,855,511	5,123,355
Fund Balance Utilized	6,000,000	5,600,000	5,600,000	5,600,000	4,100,000
Liquidation of Reserves for Other Receivables and Interfunds	1,301,416				
Total Income	179,603,248	176,986,420	173,804,781	172,338,763	169,985,928
Expenditures and Encumbrances:					
Operations	27,455,567	26,588,664	26,910,044	25,186,909	27,671,781
Capital Improvements	300,000	270,000	50,000	50,000	50,000
Debt Service	4,084,486	4,401,028	4,544,713	4,961,440	4,927,155
Deferred Charges and Statutory Expenditures	3,249,180	3,260,229	3,424,518	4,104,714	3,380,178
County Taxes	23,715,992	23,379,839	22,459,413	22,038,482	22,393,974
Special District Taxes	8,279,556	8,273,976	8,223,613	8,316,129	8,253,589
Local School District Taxes	61,305,366	60,175,731	59,053,711	57,880,157	56,745,545
Regional High School District Taxes	38,635,346	38,730,954	39,449,921	40,468,661	37,192,087
Local Municipal Open Space Tax	4,660,516	4,650,562	4,651,761	2,693,378	2,747,320
Reserve for Interfunds and Other Assets		613,833	669,564	6,478	380,465
Other Expenditures	177,866	19,492	25,361	27,132	19,992
Total Expenditures and Encumbrances	171,863,875	170,364,308	169,462,619	165,733,480	163,762,086
Excess in Revenues	7,739,372	6,622,112	4,342,162	6,605,283	6,223,842
Adjustments to Income Before Fund Balance:					
Expenditures Included above which are by Statute Deferred Charges to Budget of Succeeding Year					1,500,000
Statutory Excess to Fund Balance	7,739,372	6,622,112	4,342,162	6,605,283	7,723,842
Fund Balance, January 1	8,829,466	7,807,354	9,065,192	8,059,909	4,436,067
Less: Utilized as Revenue	16,568,839	14,429,466	13,407,354	14,665,192	12,159,909
	6,000,000	5,600,000	5,600,000	5,600,000	4,100,000
Fund Balance, December 31	\$ 10,568,839	\$ 8,829,466	\$ 7,807,354	\$ 9,065,192	\$ 8,059,909

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

**TOWNSHIP OF MOUNT LAUREL**  
**TRUST FUND**  
Statements of Assets, Liabilities and Reserves --Regulatory Basis

	As of December 31				
	<u>2016</u>	(Restated) <u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>					
<b>Animal Control Fund:</b>					
Cash	\$ 48,267	\$ 57,222	\$ 40,599	\$ 25,765	\$ 12,482
Deferred Charge - Animal Control Deficit					2,026
	<u>48,267</u>	<u>57,222</u>	<u>40,599</u>	<u>25,765</u>	<u>14,508</u>
<b>Assessment Fund:</b>					
Cash	40	179,498	144,479	84,086	40,393
Due from Capital Fund		167,433	167,433	167,433	251,000
Assessments Receivable	211,990	227,695	260,849	317,799	355,014
	<u>212,030</u>	<u>574,626</u>	<u>572,761</u>	<u>569,318</u>	<u>646,407</u>
<b>Municipal Open Space Fund:</b>					
Cash	18,047,551	15,960,883	1,963,033	3,224,052	4,500,971
Interfunds Receivable	8,330	50,592	10,684,298	6,032,538	4,721,273
	<u>18,055,881</u>	<u>16,011,475</u>	<u>12,647,331</u>	<u>9,256,590</u>	<u>9,222,244</u>
<b>Other Funds:</b>					
Cash	12,529,405	11,852,392	12,022,356	11,192,146	11,681,352
Deferred Charge - PAWS Deficit	18,344	4,142		12,173	49,321
Investments - LOSAP	609,631	530,965			
	<u>13,157,380</u>	<u>12,387,499</u>	<u>12,022,356</u>	<u>11,204,319</u>	<u>11,730,673</u>
	<u>\$ 31,473,558</u>	<u>\$ 29,030,822</u>	<u>\$ 25,283,047</u>	<u>\$ 21,055,992</u>	<u>\$ 21,613,832</u>

(Continued)

**TOWNSHIP OF MOUNT LAUREL**  
**TRUST FUND**  
Statements of Assets, Liabilities and Reserves--Regulatory Basis

	As of December 31				
	<u>2016</u>	(Restated) <u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES AND RESERVES</b>					
<b>Animal Control Fund:</b>					
Reserve for Animal Control Fund Expenditures	\$ 36,560	\$ 32,467	\$ 28,112	\$ 13,281	
Interfunds Payable	11,698	24,751	12,487	12,484	\$ 14,507
Due to State of New Jersey	8	4			1
	<u>48,267</u>	<u>57,222</u>	<u>40,599</u>	<u>25,765</u>	<u>14,508</u>
<b>Assessment Fund:</b>					
Interfunds Payable	212,030	514,626	459,520	401,885	395,407
Bond Anticipation Notes		60,000	113,241	167,433	251,000
	<u>212,030</u>	<u>574,626</u>	<u>572,761</u>	<u>569,318</u>	<u>646,407</u>
<b>Municipal Open Space Fund:</b>					
Interfunds Payable	15,328	1,338,601	1,338,601	1,338,601	1,338,601
Contracts Payable	1,136	38,374	79,121	49,682	
Reserve for Encumbrances	240,985	40,855	7,679	6,492	71,756
Reserve for Municipal Open Space Trust Fund	14,813,433	11,735,845	8,493,730	5,265,615	5,350,087
Reserve for Payment of Debt	2,985,000	2,857,800	2,728,200	2,596,200	2,461,800
	<u>18,055,881</u>	<u>16,011,475</u>	<u>12,647,331</u>	<u>9,256,590</u>	<u>9,222,244</u>
<b>Other Funds:</b>					
Interfunds Payable	1,008,157	974,259	963,591	844,730	878,464
Accounts Payable	239,608	209,558	205,965	201,019	174,251
Reserve for Encumbrances	683,184	416,414	538,190	494,146	466,523
Reserve for Special Funds	11,226,431	10,787,268	10,314,610	9,664,424	10,211,435
	<u>13,157,380</u>	<u>12,387,499</u>	<u>12,022,356</u>	<u>11,204,319</u>	<u>11,730,673</u>
	<u>\$ 31,473,558</u>	<u>\$ 29,030,822</u>	<u>\$ 25,283,047</u>	<u>\$ 21,055,992</u>	<u>\$ 21,613,832</u>

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

**TOWNSHIP OF MOUNT LAUREL  
GENERAL CAPITAL FUND**

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

	As of December 31				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>					
Cash	\$13,732,583	\$5,724,319	\$2,276,626	\$3,006,833	\$5,019,106
Interfunds Receivable	516,081	2,089,428	2,089,427	2,451,295	2,181,092
Due from Bank					
Deferred Charges to Future Taxation:					
Funded	23,455,000	26,835,000	30,595,000	34,820,000	39,570,000
Unfunded	38,270,485	30,505,985	31,482,504	25,594,491	25,855,066
	<u>\$75,974,149</u>	<u>\$65,154,732</u>	<u>\$66,443,557</u>	<u>\$65,872,619</u>	<u>\$72,625,264</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Serial Bonds	\$23,455,000	\$26,835,000	\$30,595,000	\$34,820,000	\$39,570,000
Bond Anticipation Notes	18,475,243	10,710,743	4,429,860	5,829,295	3,389,870
Improvement Authorizations:					
Funded	1,991,082	2,037,777	2,039,867	2,172,410	2,254,062
Unfunded	26,566,288	21,462,648	26,704,592	19,892,705	24,139,865
Contracts Payable	485,972	1,455,201	478,883	305,909	75,832
Capital Improvement Fund	53,788	303,788	33,788	367,340	317,340
Retained Percentage Due Contractors					
Other Liabilities and Special Funds	4,865,998	1,238,961	1,442,050	2,258,507	2,568,275
Interfunds Payable	21,757	1,051,592	660,497	167,433	251,000
Fund Balance	59,020	59,020	59,020	59,020	59,020
	<u>\$75,974,149</u>	<u>\$65,154,732</u>	<u>\$66,443,557</u>	<u>\$65,872,619</u>	<u>\$72,625,264</u>

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



**TOWNSHIP OF MOUNT LAUREL**  
Notes to Financial Statements  
For the Year Ended December 31, 2016

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

**Description of Financial Reporting Entity** - The Township of Mount Laurel (hereafter referred to as the "Township") was incorporated as a township by an act of the New Jersey legislature on March 7, 1872 from portions of Evesham Township. The Township, located in Burlington County, New Jersey, has a total area of approximately twenty-two square miles, and is located approximately fifteen miles from the City of Philadelphia. The Township borders Moorestown Township, Maple Shade Township, Cherry Hill Township, Medford Township, Hainesport Township, Lumberton Township, Westampton Township, Willingboro Township and Evesham Township. According to the 2010 census, the population is 41,864.

The Township is governed under the Faulkner Act System using Council-Manager form of government, with a five-member Council. The Council is elected directly by the voters in partisan elections to serve four-year terms of office on a staggered basis, with two or three seats coming up for election in odd-numbered years. At an annual reorganization meeting, the Council selects one of its members to serve as Mayor and another as Deputy Mayor. The Township Manager oversees the daily functions of the Township.

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

Mount Laurel Municipal Utilities Authority  
1201 S. Church Street  
Mount Laurel, New Jersey 08054

Mount Laurel Public Library  
100 Walt Whitman Avenue  
Mount Laurel, New Jersey 08054

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

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** - 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** - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

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

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

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

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

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded. Investments recorded in the trust fund for the Township's length of service awards program, however, are stated at fair value.

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

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

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

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

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

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

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

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

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

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

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

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

**Fund Balance** - Fund balance included in the current fund represents amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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

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

**School Taxes** - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Mount Laurel School District and the Lenape Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016. For the regional high school district, operations is charged for the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016.

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

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

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

**Open Space Taxes** - Currently, the Township assesses, by referendum, all taxable property at 8 cents per \$100.00 of assessed value for the acquisition and limited maintenance of open space property within the Township.

**Mount Laurel Public Library** - The municipality is required to collect library taxes required by N.J.S.A. 40:54-8 which is based on 1/3 of a mil of the Township's equalized valuation of the prior year.

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

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

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

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

**Long-Term Debt** - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital 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 and Postemployment Benefits** - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

**Note 2: CASH AND CASH EQUIVALENTS**

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

As of December 31, 2016, the Township's bank balances of \$66,121,090.60 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 62,747,164.65
Uninsured and Uncollateralized	3,373,925.95
Total	\$ 66,121,090.60

**Note 3: PROPERTY TAXES**

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

	Year Ended				
	<u>2016</u>	<u>2015</u>	<u>2014*</u>	<u>2013</u>	<u>2012</u>
Tax Rate	\$ 2.745	\$ 2.713	\$ 2.686	\$ 4.550	\$ 4.337
Apportionment of Tax Rate:					
Municipal	\$ .342	\$ .343	\$ .337	\$ .573	\$ .555
Municipal Library	.036	.035	.036	.065	.062
Municipal Open Space					
Preservation Trust Fund	.080	.080	.080	.080	.080
County	.364	.360	.370	.628	.578
County Open Space					
Preservation Trust Fund	.044	.043	.017	.027	.075
Local School	1.064	1.040	1.021	1.724	1.658
Regional School	.671	.669	.682	1.205	1.087
Special District Rates:					
Fire District	.144	.143	.143	.248	.242

\*Revaluation

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

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

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2016	\$ 5,763,738,392.00
2015	5,790,653,194.00
2014*	5,786,157,100.00
2013	3,358,044,200.00
2012	3,422,869,013.00

\*Revaluation

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2016	\$ 159,826,997.23	\$ 158,034,048.00	98.88%
2015	157,689,639.55	155,973,141.86	98.91%
2014	156,157,707.62	154,140,219.35	98.71%
2013	153,183,709.94	151,419,227.78	98.85%
2012	148,938,524.50	146,978,062.08	98.68%

**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>
2016	\$ 92,841.21	\$ 1,496,678.13	\$ 1,589,519.34	0.99%
2015	178,215.44	1,181,934.18	1,360,149.62	0.86%
2014	136,065.37	2,165,611.76	2,301,677.13	1.47%
2013	120,966.38	1,359,481.89	1,480,448.27	0.97%
2012	547,119.62	1,626,740.96	2,173,860.58	1.46%

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

<u>Year</u>	<u>Number</u>
2016	14
2015	22
2014	23
2013	18
2012	61

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

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

<u>Year</u>	<u>Amount</u>
2016	\$ 1,834,100.00
2015	1,207,100.00
2014	1,317,700.00
2013	1,341,900.00
2012	749,300.00

**Note 5: FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available in the current fund 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>
2016	\$ 10,568,839.13	\$ 6,300,000.00	59.61%
2015	8,829,465.92	6,000,000.00	67.95%
2014	7,807,354.16	5,600,000.00	71.73%
2013	9,065,191.51	5,600,000.00	61.77%
2012	8,059,908.70	5,600,000.00	69.48%

**Note 6: INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 1,088,174.46	
Federal and State Grant		\$ 500,752.72
Trust - Animal Control		11,698.39
Trust - Assessment		212,029.62
Trust - Municipal Open Space	8,330.00	15,327.80
Trust - Other		851,019.47
General Capital	516,080.52	21,756.98
	<u>\$ 1,612,584.98</u>	<u>\$ 1,612,584.98</u>

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



**Note 7: PENSION PLANS**

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

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

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

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

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

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

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

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

The following represents the membership tiers for PERS:

**Tier Definition**

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

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

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

The following represents the membership tiers for PFRS:

**Tier Definition**

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

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

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

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

**Contributions**

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

The Township's contractually required contribution rate for the year ended December 31, 2016 was 12.64% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 is \$517,342.00, and is payable by April 1, 2017. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$518,145.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were \$304,257.91.

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

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans****Contributions (Cont'd)****Police and Firemen's Retirement System (Cont'd)**

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

The Township's contractually required contribution rate for the year ended December 31, 2016 was 25.97% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 is \$1,543,697.00, and is payable by April 1, 2017. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$1,446,496.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were \$598,893.70.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2016 was 1.96% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2016 is \$116,375.00 and is payable by April 1, 2017. Based on the PFRS measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2015 was \$135,312.00, which was paid on April 1, 2016.

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

For the year ended December 31, 2016, employee contributions totaled \$2,570.47, and the Township's contributions were \$1,402.33. There were no forfeitures during the year.

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

**Public Employees' Retirement System** - At December 31, 2016, the Township's proportionate share of the PERS net pension liability was \$17,247,233.00. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the Township's proportion was 0.0582339743%, which was a decrease of 0.0020352771% from its proportion measured as of June 30, 2015.

At December 31, 2016, the Township's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2016 measurement date is \$1,624,905.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2016, the Township's contribution to PERS was \$518,154.00, and was paid on April 1, 2016.

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

Township's Proportionate Share of Net Pension Liability	\$ 36,167,169.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>3,037,145.00</u>
	<u><u>\$ 39,204,314.00</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2016 measurement date, the Township's proportion was 0.1893315521%, which was an increase of 0.0113781169% from its proportion measured as of June 30, 2015. Likewise, at June 30, 2016, the State of New Jersey's proportion, on-behalf of the Township, was 0.1893315521%, which was an increase of 0.0113781169% from its proportion, on-behalf of the Township, measured as of June 30, 2015.

At December 31, 2016, the Township's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2016 measurement date is \$3,987,204.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2016, the Township's contribution to PFRS was \$1,446,496.00, and was paid on April 1, 2016.

At December 31, 2016, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the plan as of the June 30, 2016 measurement date is \$387,915.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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

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

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 320,746.00	\$ -	\$ 320,746.00	\$ -	\$ 237,081.00	\$ 237,081.00
Changes of Assumptions	3,572,705.00	5,009,450.00	8,582,155.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	657,653.00	2,534,161.00	3,191,814.00	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	375,180.00	1,800,865.00	2,176,045.00	548,225.00	1,142,137.00	1,690,362.00
Township Contributions Subsequent to the Measurement Date	258,671.00	771,849.00	1,030,520.00	-	-	-
	<u>\$ 5,184,955.00</u>	<u>\$ 10,116,325.00</u>	<u>\$ 15,301,280.00</u>	<u>\$ 548,225.00</u>	<u>\$ 1,379,218.00</u>	<u>\$ 1,927,443.00</u>

\$258,671.00 and \$771,849.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2017. These amounts were based on an estimated April 1, 2018 contractually required contribution, prorated from the pension plans measurement date of June 30, 2016 to the Township's year end of December 31, 2016.

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

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

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

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

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

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

<b>Year Ending Dec 31,</b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2017	\$ 1,002,917.00	\$ 1,866,441.00	\$ 2,869,358.00
2018	1,002,917.00	1,866,441.00	2,869,358.00
2019	1,165,357.00	2,474,031.00	3,639,388.00
2020	930,815.00	1,534,214.00	2,465,029.00
2021	276,053.00	224,131.00	500,184.00
	<u>\$ 4,378,059.00</u>	<u>\$ 7,965,258.00</u>	<u>\$ 12,343,317.00</u>

**Actuarial Assumptions**

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

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



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

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

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

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

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

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

**Discount Rate** - The discount rate used to measure the total pension liability at June 30, 2016 was 3.98% for PERS and 5.55% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 for PERS and through 2050 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 for PERS and through 2050 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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

**Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

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

	<b>PERS</b>		
	<b>1% Decrease (2.98%)</b>	<b>Current Discount Rate (3.98%)</b>	<b>1% Increase (4.98%)</b>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 21,134,471.00</u>	<u>\$ 17,247,233.00</u>	<u>\$ 14,037,981.00</u>

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

	<b>PFRS</b>		
	<b>1% Decrease (4.55%)</b>	<b>Current Discount Rate (5.55%)</b>	<b>1% Increase (6.55%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 46,634,912.00	\$ 36,167,169.00	\$ 27,631,354.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>3,916,175.78</u>	<u>3,037,145.00</u>	<u>2,320,348.27</u>
	<u>\$ 50,551,087.78</u>	<u>\$ 39,204,314.00</u>	<u>\$ 29,951,702.27</u>

**Pension Plan Fiduciary Net Position**

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

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

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

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0582339743%	0.0602692515%	0.0619989505%	0.0583238991%
Township's Proportionate Share of the Net Pension Liability	\$ 17,247,233.00	\$ 13,529,239.00	\$ 11,607,899.00	\$ 11,146,856.00
Township's Covered Payroll (Plan Measurement Period)	\$ 3,904,004.00	\$ 4,013,668.00	\$ 4,104,736.00	\$ 3,819,180.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	441.78%	337.08%	282.79%	291.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 517,342.00	\$ 518,154.00	\$ 511,110.00	\$ 439,459.00
Township's Contribution in Relation to the Contractually Required Contribution	(517,342.00)	(518,154.00)	(511,110.00)	(439,459.00)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Township's Covered Payroll (Calendar Year)	\$ 4,093,353.00	\$ 3,903,433.00	\$ 3,998,793.00	\$ 4,036,733.00
Township's Contributions as a Percentage of its Covered Payroll	12.64%	13.27%	12.78%	10.89%

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.1893315521%	0.1779534352%	0.1913154771%	0.1841119754%
Township's Proportionate Share of the Net Pension Liability	\$ 36,167,169.00	\$ 29,640,839.00	\$ 24,065,713.00	\$ 24,476,026.00
State's Proportionate Share of the Net Pension Liability associated with the Township	3,037,145.00	2,599,402.00	2,591,473.00	2,281,463.00
Total	<u>\$ 39,204,314.00</u>	<u>\$ 32,240,241.00</u>	<u>\$ 26,657,186.00</u>	<u>\$ 26,757,489.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 6,008,508.00	\$ 5,635,452.00	\$ 5,899,404.00	\$ 5,778,048.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	601.93%	525.97%	407.93%	423.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%

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

	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 1,543,697.00	\$ 1,446,496.00	\$ 1,469,435.00	\$ 1,343,240.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(1,543,697.00)</u>	<u>(1,446,496.00)</u>	<u>(1,469,435.00)</u>	<u>(1,343,240.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 5,944,839.00	\$ 5,907,397.00	\$ 5,680,094.00	\$ 5,714,809.00
Township's Contributions as a Percentage of its Covered Payroll	25.97%	24.49%	25.87%	23.50%

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

Changes in Benefit Terms - None

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

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

Changes in Benefit Terms - None

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

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

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2005, the Township authorized participation in the SHBP's post-retirement benefit program through resolution number 05-R-144. Eligible SHBP employees are only covered under police contract. Those employees must work 25 years with the Township to receive postretirement healthcare benefits which includes healthcare, dental and prescription for the retired employee, their spouse and any dependents under the age of 26. Those eligible retirees that started their service prior to 12/31/85 are entitled for 36 months of postretirement health benefits. Eligible hires after 01/01/86 are entitled for 18 months of postretirement health benefits. SHBP medical plans include NJ Direct 10 and NJ Direct 15 administered by Horizon Blue Cross Blue Shield of New Jersey, Aetna HMO and CIGNA Healthcare. Dental care is administered through Aetna.

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

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

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits. The Township's contributions to SHBP for the years ended December 31, 2016, 2015, and 2014, were \$435,316.17, \$402,308.91, and \$495,999.74, respectively, which equaled the required contributions each year. There were approximately 18 retired participants eligible at December 31, 2016.

**Note 9: COMPENSATED ABSENCES**

Under the existing policy of the Township, full-time employees are entitled to accumulate annual unused sick leave and vacation days. Unused sick leave and vacation days may be accumulated and carried forward to the subsequent year.

The Township compensates employees for unused sick leave upon termination if they have ten years of service or retirement. The current contract provides for compensated pay of 30%, 40% or 50% of sick days accumulated with a maximum pay-out of thirty or forty days' pay or \$15,000.00 depending on which contract. All unused vacation days are paid out upon termination or retirement. Compensation is paid at the rate of pay upon termination or retirement.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2016, accrued benefits for compensated absences are valued at \$949,593.97.

**Note 10: DEFERRED COMPENSATION SALARY ACCOUNT**

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

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

**Note 11: LENGTH OF SERVICE AWARDS PROGRAM**

The Township's length of service awards program ("LOSAP"), which is reported in the Township's trust fund, was created by a Township Ordinance adopted on June 20, 2005 pursuant to Section 457 (e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The voters of the Township approved the adoption of the LOSAP at the general election held on November 5, 2005, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2006. The LOSAP provides tax deferred income benefits to active emergency medical personnel.

**Note 11: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)**

The first year of eligibility for entrance into the Plan was calendar year 2006. The tax deferred income benefits for emergency service volunteers of the Emergency Medical Services, Inc., consisting of the volunteer first aid organization, come from contributions made solely by the governing body of the Township, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

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

The Township elected to contribute between \$165.60 and \$1,150.00 for the year ended December 31, 2016, and \$130.53 and \$1,150.00 for the year ended December 31, 2015, per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Township has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

**Participant Accounts** - Each participant's account is credited with the Township's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Township has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Township's creditors until distributed as benefit payments, are not available for funding the operations of the Township.

Lincoln National Life Insurance Company ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Township's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

**Vesting** - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

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

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

**Forfeited Accounts** - For the years ended December 31, 2016 and 2015, no accounts were forfeited.

**Investments** - The investments of the length of service awards program reported in the trust - other funds on the statement of assets, liabilities, reserves, and fund balance - regulatory basis are recorded at fair value. The trust - other fund statements of assets, liabilities, reserves, and fund balance - regulatory basis has been restated for the year ended December 31, 2015 to include the program.

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



**Note 12: LEASE OBLIGATIONS**

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

Operating:  
 Eleven (11) Photocopy Machines  
 One (1) Postage Meter  
 One (1) Mail Stacker

**Operating Leases** - Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 35,720.04
2018	18,331.07
2019	17,408.80
2020	6,594.00

Rental payments under operating leases for the year 2016 were \$32,287.04.

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

Open Space Bonds, Series 2011 - On April 7, 2011, the Township issued \$18,600,000.00 of open space bonds, with interest rates ranging from 4.0% to 4.5%. The purpose of the bonds is to fund various capital ordinances. The final maturity of the bonds is April 15, 2031.

General Improvement Refunding Bonds, Series 2011 - On April 7, 2011, the Township issued \$8,805,000.00 of general improvement refunding bonds, with interest rates ranging from 2.0% to 3.0% to advance refund \$8,658,000.00 outstanding 1998, 2001 and 2002 general improvement bonds with an interest rates of 3.375% to 4.750%. The final maturity of the bonds is August 1, 2018.

General Improvement Refunding Bonds, Series 2014 - On December 10, 2014, the Township issued \$9,190,000.00 in general improvement refunding bonds, with interest rates ranging from 1.0% to 4.0%, to advance refund \$9,550,000.00 outstanding 2004, 2005 and 2006 general improvement bonds with an interest rates 3.750 to 4.300%. The final maturity of the bonds is September 1, 2022.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,630,000.00	\$ 297,250.00	\$ 2,927,250.00
2018	2,185,000.00	218,350.00	2,403,350.00
2019	1,560,000.00	137,600.00	1,697,600.00
2020	770,000.00	75,200.00	845,200.00
2021	770,000.00	44,400.00	814,400.00
2022	340,000.00	13,600.00	353,600.00
	<u>\$ 8,255,000.00</u>	<u>\$ 786,400.00</u>	<u>\$ 9,041,400.00</u>

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

**General Improvement Bonds (Cont'd)** The following schedule represents the remaining debt service, through maturity, for the open space bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 750,000.00	\$ 623,362.50	\$ 1,373,362.50
2018	785,000.00	592,662.50	1,377,662.50
2019	825,000.00	560,462.50	1,385,462.50
2020	850,000.00	526,962.50	1,376,962.50
2021	885,000.00	492,262.50	1,377,262.50
2022-2026	5,010,000.00	1,886,456.25	6,896,456.25
2027-2031	6,095,000.00	703,850.00	6,798,850.00
	<u>\$ 15,200,000.00</u>	<u>\$ 5,386,018.75</u>	<u>\$ 20,586,018.75</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Issued</u></b>			
Assessment:			
Notes		\$ 60,000.00	\$ 113,241.00
General:			
Bonds and Notes	\$ 41,930,243.00	37,545,743.00	35,024,860.00
Total Issued	<u>41,930,243.00</u>	<u>37,605,743.00</u>	<u>35,138,101.00</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds and Notes	19,795,242.62	19,795,242.62	27,052,643.62
Total Authorized but not Issued	<u>19,795,242.62</u>	<u>19,795,242.62</u>	<u>27,052,643.62</u>
Total Issued and Authorized but not Issued	<u>61,725,485.62</u>	<u>57,400,985.62</u>	<u>62,190,744.62</u>
<b><u>Deductions</u></b>			
General:			
Reserve for Payment of Bonds	3,760,883.13	3,820,066.56	3,968,774.61
Total Deductions	<u>3,760,883.13</u>	<u>3,820,066.56</u>	<u>3,968,774.61</u>
<b>Net Debt</b>	<u>\$ 57,964,602.49</u>	<u>\$ 53,580,919.06</u>	<u>\$ 58,221,970.01</u>

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

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .929%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Purposes	\$ 10,985,000.00	\$ 10,985,000.00	
Regional School Purposes	21,328,494.39	21,328,494.39	
General	61,725,485.62	3,760,883.13	\$ 57,964,602.49
	<u>\$ 94,038,980.01</u>	<u>\$ 36,074,377.52</u>	<u>\$ 57,964,602.49</u>

Net debt \$57,964,602.49 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$6,239,998,079.33, equals .929%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 218,399,932.78
Less: Net Debt	<u>57,964,602.49</u>
Remaining Borrowing Power	<u>\$ 160,435,330.29</u>

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

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

<u>Description</u>	<u>Balance December 31, 2016</u>	<u>2017 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorization	\$ 300,000.00	\$ 300,000.00

The appropriations in the 2017 Budget as adopted are not less than that required by the statutes.

**Note 15: SCHOOL TAXES**

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

	<b><u>Balance December 31,</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
Balance of Tax	\$ 30,652,675.00	\$ 30,087,857.50
Deferred	<u>27,305,565.35</u>	<u>27,305,565.35</u>
	<b><u>\$ 3,347,109.65</u></b>	<b><u>\$ 2,782,292.15</u></b>

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

	<b><u>Balance December 31,</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
Balance of Tax	\$ 19,317,673.16	\$ 19,365,477.20
Deferred	<u>18,165,286.57</u>	<u>18,165,286.57</u>
	<b><u>\$ 1,152,386.59</u></b>	<b><u>\$ 1,200,190.63</u></b>

**Note 16: RISK MANAGEMENT**

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

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

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

<b><u>Year</u></b>	<b><u>Township Contributions</u></b>	<b><u>Employee Contributions</u></b>	<b><u>Interest Earnings</u></b>	<b><u>Amount Reimbursed</u></b>	<b><u>Ending Balance</u></b>
2016	-	\$ 16,272.48	\$ 118.78	\$ 4,369.00	\$ 271,328.09
2015	-	15,550.05	119.01	449.58	259,305.83
2014	-	14,846.84	19.44	6,551.45	244,086.35

It is estimated that there are no unreimbursed payments on behalf of the Township at December 31, 2016.

**Note 16: RISK MANAGEMENT (CONT'D)**

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

Workers' Compensation including Employer's Liability  
 General Liability including Police Professional and Employee Benefit Liability  
 Automobile Liability  
 Blanket Crime including Public Employee Dishonesty  
 Property Including Boiler and Machinery  
 Public Officials and Employment Practices Liability  
 Volunteer Directors and Officers Liability  
 Cyber Liability

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation  
 Excess General Liability  
 Non-Owned Aircraft Liability  
 Excess Auto Liability  
 Fidelity and Performance (Blanket)  
 Excess Property including Boiler and Machinery  
 Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

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

The Township's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2016, which can be obtained from:

Burlington County Municipal Joint Insurance Fund  
 P.O. Box 489  
 Marlton, New Jersey 08053

**Self-Insurance Plan** - The Township previously had adopted a plan of self-insurance for eye care and vision correction devices for employees, and as a result, had established an optical trust fund to fund potential claims. The Township no longer is self-insured and all claims are paid through as part of the Township's health benefits. The remaining reserve in the Trust – Other Funds will be liquidated.

**Note 17: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST**

On November 3, 1998, November 6, 2001 and November 5, 2002 pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township authorized the establishment of the Township of Mount Laurel Open Space, Recreation and Farmland Preservation Trust Fund effective January 1, 1999, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. Overall, as a result of the three referendums, the Township currently levies a tax not to exceed eight cents per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. In 2007, the voters of the Township extended the yearly provisions of the 1998 and 2001 referendums. All revenue received is accounted for in a trust fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township of Mount Laurel Open Space, Recreation and Farmland Preservation Trust Funds.

**Note 18: CONTINGENCIES**

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

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

**Note 19: CONCENTRATIONS**

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

**Note 20: SUBSEQUENT EVENTS**

**Tax Appeals** - As of December 31, 2016, several tax appeals were on file against the Township. Based upon information provided by the tax assessor, if such appeals are not settled in favor of the Township, the estimated impact of the tax refunds could be material. However, the Township maintains a Reserve for Revaluation Appeals in the current fund of \$471,163.48 in addition to \$565,773.42 of unencumbered 2016 appropriation reserves and budgeted \$500,000.00 in the 2017 budget. In the event there are insufficient funds to settle any of these appeals, the Township has the ability to raise the funds in the budget subsequent to 2017 and may, depending upon approval from the New Jersey State Local Finance Board, borrow to fund the payment of appeals.

**APPENDIX C**

**FORM OF BOND COUNSEL'S OPINION**



October \_\_, 2017

Township Council  
Township of Mount Laurel  
Columbus, New Jersey 08022

**RE: \$ \_\_\_\_\_ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017  
OF THE TOWNSHIP OF MOUNT LAUREL, COUNTY OF BURLINGTON,  
NEW JERSEY**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligation (the "Refunding Bonds") by the Township of Mount Laurel (the "Township") in the County of Burlington, New Jersey (the "County") to Raymond James and Associates, Inc. (the "Purchaser").

The Refunding 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) refunding bond ordinance duly and finally adopted by the Township Committee on September 11, 2017 and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution adopted by the Township Committee on September 11, 2017 ("Authorizing Resolution").

The Refunding Bonds are dated \_\_\_\_\_, 2017, and mature on April 15<sup>th</sup>, in each of the years and in the respective principal amounts and bears interest at the respective interest rates per annum, payable semi-annually thereafter on April 15<sup>th</sup> and October 15<sup>th</sup> in each year until maturity, commencing on April 15, 2018.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022			2027		
2023			2028		
2024			2029		
2025			2030		
2026			2031		

The Refunding Bonds are issued without coupons. The principal amounts of the Refunding Bonds are *not* subject to optional redemption and prepayment prior to their respective maturity and principal payment dates.

Proceeds of the Refunding Bonds will be used to (i) advance refund \$11,105,000 principal amount of General Obligation Bonds, Series 2011A maturing in the years 2022 through 2031 (the



“Refunded Bonds”); and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Refunding 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 Committee in connection with the adoption of the Refunding Bond Ordinance and the Authorizing Resolution, and the other certifications, instruments, documents and opinions prepared in connection with the Refunding 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 Refunding Bond Ordinance and the Authorizing Resolution have been duly adopted by the Township Committee and are in full force and effect.
2. The Refunding 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 Refunding 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. Interest on the Refunding Bonds are not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals or corporations pursuant to Section 55 of the Code. For certain corporate holders, interest on the Refunding Bonds is included in adjusted current earnings for purposes of calculating the alternative minimum tax imposed on such holders.

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

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

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

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

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

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

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

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

Very truly yours,

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Mount Laurel, (the "Township") in the County of Burlington, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its \$ \_\_\_\_\_ General Obligation Refunding Bonds, Series 2017 (the "2017 Bonds"). The 2017 Bonds are being issued pursuant to the refunding bond ordinance duly and finally adopted by the Township Committee on September 11, 2017 and published in accordance with the requirements of the Local Bond Law (the "Ordinance") a resolution adopted by the Township Committee on September 11, 2017 (the "Resolution"). 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 2017 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 who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2017 Bonds (including persons holding 2017 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2017 Bonds for federal income tax purposes.

"Bondholder" shall mean any person who is the registered owner of any 2017 Bond, including Beneficial Owners of the 2017 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 2017 Bonds, and other filers on behalf of such issuers shall upload continuing disclosure information to assist underwriters in complying with the Rule and to provide the general public with access to such continuing disclosure information.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure 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 2017 Bonds required to comply with the Rule in connection with the offering of the 2017 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 Issuer 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 Issuer’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 Issuer (commencing for the fiscal year ending December 31, 2017). Each Annual Report provided to the Dissemination Agent by the Issuer shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Securities and Exchange Commission.

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

(c) If the Issuer 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 Issuer advising of such failure. Whether or not such notice is given or received, if the Issuer 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 Issuer) to the National 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 Issuer 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 Issuer and certain financial information and operating data consisting of (i) the Issuer and overlapping indebtedness including a schedule of outstanding debt issued by the Issuer, (ii) the Issuer'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 2017 Bonds or other material events affecting the tax status of the 2017 Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) 2017 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 2017 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; and

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Township shall, promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events (but not later than 5 business days following the occurrence of such event), 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 in which materiality is a factor, 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 National Repository within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Township.

SECTION 6. Termination of Reporting 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 2017 Bonds. If such termination occurs prior to the final maturity of the 2017 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 2017 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 2017 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 2017 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 2017 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 2017 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 Underwriters and the Bondholders and Beneficial Owners from time to time of the 2017 Bonds, and shall create no rights in any other person or entity.

Date: October \_\_, 2017

THE TOWNSHIP OF MOUNT LAUREL, IN THE  
COUNTY OF BURLINGTON, NEW JERSEY

By: \_\_\_\_\_  
Meredith Tomczk,  
Chief Financial Officer

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

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

Name of Bond Issue: GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017

Date of Issuance: October\_\_\_\_, 2017

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 October \_\_, 2017. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated:

TOWNSHIP OF MOUNT LAUREL, IN THE  
COUNTY OF BURLINGTON, NEW JERSEY

By: \_\_\_\_\_  
Authorized Officer