

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 17, 2017

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township (as hereinafter defined), assuming continuing compliance by the Township with certain tax covenants described herein, under existing law, interest on the 2017 Bonds (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code. In the case of certain corporations that own the 2017 Bonds, the interest thereon is not excludable in computing the alternative minimum tax as a result of the inclusion of interest on the 2017 Bonds in "adjusted current earnings". In addition, interest on the 2017 Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the 2017 Bonds and any gain from the sale thereof is not includable in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.

\$9,205,000*
TOWNSHIP OF BERLIN
County of Camden, New Jersey
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017
(Callable)

Dated: Date of Delivery**Due: July 1, 2017 and January 1, as shown on the inside front cover**

The Township of Berlin, County of Camden, New Jersey ("Township") is offering \$9,205,000* General Obligation Refunding Bonds, Series 2017 ("2017 Bonds"). The 2017 Bonds shall be issued in fully registered book-entry-only form without coupons.

The principal of the 2017 Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the 2017 Bonds at the principal corporate trust office of TD Bank, National Association, Cherry Hill, New Jersey, as bond registrar and paying agent ("Paying Agent"). Interest on the 2017 Bonds is payable semi-annually on January 1 and July 1, commencing July 1, 2017, in each year until maturity or earlier redemption. The 2017 Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions stated herein. (see "Redemption Provisions" herein).

Upon initial issuance, the 2017 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2017 Bonds. So long as Cede & Co. is the registered owner of the 2017 Bonds, payments of principal and interest on the 2017 Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as hereinafter defined) which will, in turn, remit such payments to the Beneficial Owners (as hereinafter defined) of the 2017 Bonds. Purchasers will not receive certificates representing their ownership interest in the 2017 Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such 2017 Bond.

The 2017 Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) a refunding bond ordinance, duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution adopted by the Township Council on November 4, 2016.

The 2017 Bonds are being issued by the Township to provide funds which will be used to: (i) advance refund and redeem up to all of the Township's outstanding callable General Obligation Refunding Bonds, Series 2008, maturing on September 15 in the years 2019 through 2025, both dates inclusive; (ii) advance refund and redeem up to all of the Township's outstanding callable General Obligation Bonds, Series 2010A, maturing on January 1 in the years 2022 through 2035, both dates inclusive; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the 2017 Bonds.

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the 2017 Bonds. The 2017 Bonds are general obligations of the Township payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the Township without limitation as to rate or amount.

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

The 2017 Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Solicitor, Stuart Platt, Esquire of the law firm Platt & Riso, P.C., Stratford, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as Financial Advisor to the Township in connection with the issuance of the 2017 Bonds. It is anticipated that the 2017 Bonds in definitive form will be available for delivery, in immediately available funds, through DTC in New York, New York on or about February 2, 2017.



* Preliminary, subject to change.

\$9,205,000*
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017
MATURITY SCHEDULE, INTEREST RATES AND YIELDS

<u>Year</u>	<u>General Improvement*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>General Improvement*</u>	<u>Interest Rate</u>	<u>Yield</u>
7/1/2017	\$80,000	%	%	1/1/2027	\$530,000	%	%
1/1/2018	15,000			1/1/2028	530,000		
1/1/2019	140,000			1/1/2029	630,000		
1/1/2020	145,000			1/1/2030	625,000		
1/1/2021	150,000			1/1/2031	615,000		
1/1/2022	550,000			1/1/2032	605,000		
1/1/2023	665,000			1/1/2033	695,000		
1/1/2024	670,000			1/1/2034	690,000		
1/1/2025	690,000			1/1/2035	650,000		
1/1/2026	530,000						

* Preliminary, subject to change.

**TOWNSHIP OF BERLIN
COUNTY OF CAMDEN, NEW JERSEY**

Township Council

Phyllis A. Magazzu	Mayor
Christopher T. Morris	Council President
Marion H. Bodanza	Councilperson
Frank J. Epifanio, Jr.	Councilperson
Jerome McIntosh	Councilperson

**Lori A. Campisano
Chief Financial Officer**

**Catherine Underwood
Township Clerk**

**Dana O'Hara
Tax Collector**

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

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

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

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

**Paying Agent
TD Bank, National Association
Cherry Hill, New Jersey**

The information which is set forth herein has been provided by the Township of Berlin, County of Camden, New Jersey ("Township"), The Depository Trust Company ("DTC") 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.

This Official Statement is submitted in connection with the sale of the 2017 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the 2017 Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Township. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by any underwriter or, as to information from sources other than itself, by the Township. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there be any sale of the 2017 Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

Upon issuance, the 2017 Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, State, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2017 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

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

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OFFICIAL STATEMENT

\$9,205,000*
TOWNSHIP OF BERLIN
County of Camden, New Jersey
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017
(Callable)

INTRODUCTION

The purpose of this Official Statement, including the cover page and Appendices attached hereto, is to provide certain information relating to the issuance by the Township of Berlin, County of Camden, New Jersey ("Township") of its \$9,205,000* General Obligation Refunding Bonds, Series 2017 ("2017 Bonds").

AUTHORIZATION FOR THE 2017 BONDS

The 2017 Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey ("State"), as amended and supplemented ("Local Bond Law"); (ii) a refunding bond ordinance, duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution adopted by the Township Council on November 4, 2016.

PURPOSE OF THE ISSUE

The 2017 Bonds are being issued by the Township to provide funds which will be used to: (i) advance refund and redeem on September 15, 2018 ("2008 Bonds Redemption Date") at a price of 100% ("2008 Bonds Redemption Price") up to all of the Township's outstanding callable General Obligation Refunding Bonds, Series 2008, maturing on September 15 in the years 2019 through 2025, both dates inclusive ("2008 Refunded Bonds"); (ii) advance refund and redeem on January 1, 2021 ("2010A Bonds Redemption Date", and together with the 2008 Bonds Redemption Date, the "Redemption Dates") at a price of 100% ("2010A Bonds Redemption Price", and together with the 2008 Bonds Redemption Price, the "Redemption Price") up to all of the Township's outstanding callable General Obligation Bonds, Series 2010A, maturing on January 1 in the years 2022 through 2035, both dates inclusive ("2010A Refunded Bonds" and, together with the 2008 Refunded Bonds, the "Refunded Bonds"); and (iii) pay certain costs and expenses incidental to the issuance and delivery of the 2017 Bonds.

* Preliminary, subject to change.

A portion of the proceeds of the 2017 Bonds will be deposited upon delivery thereof in an escrow account for the 2017 Bonds with TD Bank, National Association, Cherry Hill, New Jersey ("Escrow Agent"), and such proceeds will be in cash or invested in direct non-callable obligations of the United States of America ("Government Obligations"), the principal of which, together with cash and any investment earnings thereon, will be sufficient to pay, when due, the principal of, redemption premium, if any, and interest on the Refunded Bonds to the Redemption Dates. The Township will give irrevocable instructions to the Escrow Agent on the delivery date to have the Refunded Bonds called for redemption on the Redemption Dates.

DESCRIPTION OF THE 2017 BONDS

General

The 2017 Bonds will be issued in the aggregate principal amount of \$9,205,000*. The 2017 Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the 2017 Bonds is payable semi-annually on January 1 and July 1 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing July 1, 2017, in each year until maturity or earlier redemption. Individual purchases of the 2017 Bonds may be made in the principal amount of \$5,000, or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the 2017 Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE 2017 BONDS--Book-Entry-Only System" below. The 2017 Bonds will mature initially on July 1 2017 and thereafter on January 1 in the years and in the principal amounts, all as shown on the inside front cover page of this Official Statement.

The 2017 Bonds will be issued in fully registered book-entry only form without coupons. The principal of the 2017 Bonds will be payable to the registered owners at maturity upon presentation and surrender of the 2017 Bonds at the principal corporate trust office of TD Bank, National Association, Cherry Hill, New Jersey, as registrar and paying agent ("Paying Agent"). Interest on each 2017 Bond shall be payable on each Interest Payment Date of such 2017 Bond to the registered owner of record thereof appearing on the registration books kept by the Township for such purpose at the offices of the Township or the Paying Agent, as of the close of business on the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date (each a "Record Date").

So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the 2017 Bonds, payments of the principal of and interest on the 2017 Bonds will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the 2017 Bonds is the responsibility of the DTC Participants and not the Township or the Paying Agent.

* Preliminary, subject to change.

Redemption Provisions

The 2017 Bonds maturing prior to January 1, 2028 are not subject to redemption prior to their stated maturity dates. The 2017 Bonds maturing on and after January 1, 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 January 1, 2027 at a redemption price equal to one hundred percent (100%) of the principal amount of the 2017 Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of Redemption

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 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 2017 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 2017 Bonds. Failure of an owner of the 2017 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 2017 Bonds shall not affect the validity of any proceedings for the redemption of 2017 Bonds. Such notice shall specify: (i) the series and maturity of the 2017 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 2017 Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the 2017 Bonds to be redeemed; (iv) in the case of a 2017 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 2017 Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such 2017 Bonds or portion thereof to be redeemed shall cease to accrue and be payable.

Book-Entry-Only System ¹

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the 2017 Bonds, payment of principal and interest, and other payments on the 2017 Bonds to DTC Participants or Beneficial Owners (as such terms is hereinafter defined), confirmation and transfer of beneficial ownership interests in the 2017 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.

¹ Source: The Depository Trust Company

The DTC will act as securities depository for the 2017 Bonds. The 2017 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 2017 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of the 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2017 Bonds, except in the event that use of the book-entry system for the 2017 Bonds is discontinued.

To facilitate subsequent transfers, all the 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC.

The deposit of the 2017 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 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices, if any, shall be sent to DTC. If less than all of the 2017 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 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township or the Paying Agent, as soon as possible after the applicable Record Dates. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2017 Bonds are credited on the applicable Record Dates (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the 2017 Bonds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Township or its Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or its Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2017 Bonds at any time by giving reasonable notice to the Township or its Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2017 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE 2017 BONDS (OTHER THAN UNDER THE HEADING "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2017 BONDS.

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the 2017 Bonds, the following provisions would apply: (i) the 2017 Bonds may be exchanged for an equal principal amount of 2017 Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the Township or its Paying Agent; (ii) the transfer of the 2017 Bonds may be registered on the books maintained by the Township or its Paying Agent for such purposes only upon the surrender thereof to the Township or its Paying Agent, together with the duly executed assignment in form satisfactory to the Township or its Paying Agent; and (iii) for every exchange or registration of transfer of the 2017 Bonds, the Township or its Paying Agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the 2017 Bonds. In such event, interest on the 2017 Bonds will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the applicable Record Dates, whether or not a business day.

SECURITY FOR THE 2017 BONDS

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the 2017 Bonds. The 2017 Bonds are general obligations of the Township payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the Township without limitation as to rate or amount.

The Township may pledge only its own credit and taxing power in respect of the 2017 Bonds, and has no power to pledge the credit or taxing power of the State or any other political subdivision thereof, nor shall the 2017 Bonds be deemed to be obligations

of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of or interest on the 2017 Bonds.

GENERAL INFORMATION REGARDING THE TOWNSHIP

General

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

Financial

Appendix "B" to this Official Statement contains audited financial statements of the Township for the years ending December 31, 2015, December 31, 2014, December 31, 2013, the sixth month reversion period ended December 31, 2012 and the fiscal year ended June 30, 2012. The audited financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

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

Local Bond Law

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

Debt Limits - The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.50%) of its equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized

value of all taxable real property and improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The Township, including the issuance of the 2017 Bonds, will not exceed its three and one half percent (3.50%) debt limit.

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

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

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

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

Local Fiscal Affairs Law

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

Each local unit is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six months after the close of its fiscal year by either a Registered Municipal Accountant or, by agreement with the

Director ("Director") of the Division of Local Government Services ("Division") in the Department of Community Affairs, by qualified employees of the Division.

An independent examination of the Township's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The Annual Audit for the year ended December 31, 2015 is on file with the Township Clerk and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the chief financial officer of the local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units.

Local Budget Law

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

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

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

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

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a local unit to increase its overall appropriations, it does not limit the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on the 2017 Bonds. The Cap Law provides that a local unit shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final

appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

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

Exclusions from the two percent (2.00%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of two percent (2.00%); (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of two percent (2.00%) of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 *et seq.*), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, N.J.S.A. 40A:4-45.46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2.00%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2.00%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on its bonds or notes, including the 2017 Bonds.

Miscellaneous Revenues

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

the local unit." Such determination may be made by the governing body and the chief financial officer in any year during which the local unit is subject to local examination.

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

Real Estate Taxes

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

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

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

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

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

Deferral of Current Expenses

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

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

Budget Transfers

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

Capital Budget

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

Operation of Utility

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

Related Constitutional and Statutory Provisions

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

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

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

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

The Municipal Finance Commission

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

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

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

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

Limitation of Remedies Under Federal Bankruptcy Code

The rights and remedies of the registered owners of the 2017 Bonds are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

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

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE TOWNSHIP EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE 2017 BONDS.

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

TAXATION

Procedure for Assessment and Collection of Taxes

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

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

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

Tax Appeals

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

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township ("Bond Counsel"), assuming continuing compliance by the Township with the tax covenants described below, under existing law, interest on the 2017 Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the

excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).

Interest on the 2017 Bonds is included in computing a corporation's "adjusted current earnings." Accordingly, a portion of the interest on the 2017 Bonds is included in computing such corporation's alternative minimum taxable income for such year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the 2017 Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the 2017 Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering its opinion, Bond Counsel has relied on the Township's covenants contained in the Certificate as to Non-Arbitrage and Other Tax Matters, that it will comply with the applicable requirements of the Code, relating to, *inter alia*, the use and investment of proceeds of the 2017 Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Township to comply with such covenants could result in the interest on the 2017 Bonds being subject to federal income tax from the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the 2017 Bonds that may affect the tax-exempt status of the interest on the 2017 Bonds.

Ownership of the 2017 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the 2017 Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the 2017 Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals.

"Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the 2017 Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Township has **not** designated the 2017 Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(1) of the Code.

Owners of the 2017 Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

New Jersey

Bond Counsel is also of the opinion that interest on the 2017 Bonds and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value of the 2017 Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to bonds or notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2017 Bonds.

PROSPECTIVE PURCHASERS OF THE 2017 BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE 2017 BONDS AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

LITIGATION

To the knowledge of the Township's Solicitor, Stuart Platt, Esquire of the law firm Platt & Riso, P.C., Stratford, New Jersey ("Solicitor"), there is no litigation of any nature now pending, restraining or enjoining the issuance or the delivery of the 2017 Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the 2017 Bonds, or in any manner questioning the authority or the proceedings for the issuance of the 2017 Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("Rating Agency") has assigned a rating of "AA-/stable outlook" to the 2017 Bonds, based upon the creditworthiness of the Township.

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

The rating reflects only the views of the Rating Agency. Any desired explanation of the significance of such rating should be obtained directly from the Rating Agency. The Township furnished to the Rating Agency certain information and materials concerning the 2017 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 2017 Bonds.

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein and in the Appendices attached hereto, including financial and statistical statements, are true and correct in all material respects, and it will confirm the same to the purchasers of the 2017 Bonds by certificates signed by various officers and officials of the Township upon issuance and delivery of the 2017 Bonds.

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

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

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

UNDERWRITING

The 2017 Bonds are being purchased from the Township by FTN Financial Capital Markets, Philadelphia, Pennsylvania (the "Underwriter"), at a price of \$ _____ consisting of \$ _____ par amount of 2017 Bonds plus an original issue premium of \$ _____ less an underwriter's discount in the amount of \$ _____. The Underwriter is obligated to purchase all of the 2017 Bonds if any 2017 Bonds are purchased.

The Underwriter intends to offer the 2017 Bonds to the public initially at the reoffering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the 2017 Bonds to the public. The Underwriter may offer and sell the 2017 Bonds to certain dealers (including dealers depositing 2017 Bonds into investment trusts) at yields higher than the public reoffering yields set forth on the inside front cover, and such public reoffering yields may be changed, from time to time, by the Underwriter without prior notice.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds and notes of the Township, including the 2017 Bonds, and such bonds and notes are authorized security for any and all public deposits.

NO DEFAULT

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

FINANCIAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Financial Advisor to the Township with respect to the issuance of the 2017 Bonds ("Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Financial 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: (i) the arithmetic computations supporting the conclusion that the principal amounts of, and interest earned on, the Government Obligations to be acquired with a portion of the proceeds of the 2017 Bonds, are sufficient to pay the Redemption Prices on the Redemption Dates and interest on the 2017 Refunded Bonds up to the Redemption Dates; and (ii) the mathematical computations supporting the conclusion that the 2017 Bonds will not be "arbitrage bonds" under the Code, will be independently verified by Bowman & Company LLP, certified public accountants, Voorhees, New Jersey.

CONTINUING DISCLOSURE

In accordance with the provisions of Rule 15c2-12, as amended, promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, the Township will, prior to the issuance of the 2017 Bonds, enter into a continuing disclosure agreement, substantially in the form set forth in Appendix "D" hereto.

During the five-year period preceding the date of this Official Statement, the Township previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) its audited financial statements for the years ended June 30, 2011 and 2012 and December 31, 2012; (ii) its adopted budgets for the years ended June 30, 2012 and December 31, 2012 and 2013; and (iii) annual operating data for the years ended June 30, 2011 and 2012 and December 31, 2012. Additionally, the Township acknowledges that it previously failed to file event notices and late filing notices in connection with (i) its audited financial statements, adopted budgets and annual operating data; and (ii) certain underlying and bond insurer rating changes. Such notices of events and late filings have been filed with EMMA as of the date of this Official Statement. The Township appointed Phoenix Advisors, LLC,

Bordentown, New Jersey, in December of 2014 to act as Continuing Disclosure Agent to ensure compliance with its continuing disclosure obligations.

LEGAL MATTERS

The legality of the 2017 Bonds will be subject to the approving legal opinion of Bond Counsel. Such opinion substantially in the form set forth in Appendix "C" hereto, will accompany the 2017 Bonds and provide, *inter alia*, that the 2017 Bonds are valid and binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township without limitation as to rate or amount for the payment of the 2017 Bonds and interest thereon. The enforceability of rights or remedies with respect to the 2017 Bonds may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereinafter enacted. Certain legal matters will be passed upon for the Township by its Solicitor.

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

The legal opinions to be delivered concurrently with the delivery of the 2017 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Lori A. Campisano, Chief Financial Officer, Township of Berlin at (856) 767-1854, or the Financial Advisor at (609) 291-0130.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth merely as opinions and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement, which may have been made verbally or in writing, is to be construed as a contract with, or a covenant for the benefit of, the holders of the 2017 Bonds. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the 2017 Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

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

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

TOWNSHIP OF BERLIN, NEW JERSEY

By: _____
LORI A. CAMPISANO,
Chief Financial Officer

Dated: January __, 2017

APPENDIX A

**ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE
SCHOOL DISTRICT AND THE TOWNSHIP OF BERLIN, NEW JERSEY**

GENERAL INFORMATION ON THE TOWNSHIP

History

Originally, a portion of the Township of Berlin, County of Camden, New Jersey ("Township") was created by an act of legislation on April 11, 1910. On April 26, 1927, the Borough of Berlin seceded from the Township. Today, the Township covers an area of 3.27 square miles.

Township Government

The Township is governed by the Council which is comprised of a Mayor and four Council Members, all of whom are elected at large. Terms of the Mayor and Council Members are staggered with terms ending on December 31 of each year.

Fire Protection and Emergency Services

Fire protection is provided by a 50-member volunteer fire department. Fire equipment is owned and maintained by the Berlin Township Fire District #1. Present fire equipment includes a ladder truck, one pumper, a rescue utility truck with pump, a brush truck, boat and trailer, a pick-up truck, a fire chief's car, a fire inspector's car, a station vehicle and a highway hazard trailer, and a foam trailer.

Ambulance service is provided by an ambulance association serviced by a full time and volunteer staff which also provides service to Berlin Borough. A facility is located in Berlin Borough and houses two ambulances. A paging system is used through county communications for the volunteers.

Library

The Township library was opened in 1965 by the Berlin Interboro Women's Club. Until 1999, the library was housed within the Township municipal building. In 1999, the Township purchased and fully renovated an existing office building to meet the expanding needs of its residents. The state-of-the-art facility offers computers with internet access, as well as special events and a new playground. The library is considered a station of the Camden County Library system and has two part-time employees and two volunteers on staff.

Police

The Township has a paid, full-time police department which consists of one chief and 16 full time officers and one part-time Class II Special Law Enforcement Officer. A modern communications system operated by the County of Camden is manned by dispatchers on a twenty-four hour basis.

Public Works/Engineering

The Department of Public Works is headed by a Director who is a State Certified Public Works Manager and who is also the Township Engineer. The department is staffed by a Deputy Director of Public Works and 12 employees and is comprised of seven divisions. Responsibilities of each division include the following:

- Engineering
- Operation and Maintenance of Buildings
- Maintenance and Repair of Streets and Roads
- Collection and Disposal of Trash and Recyclables
- Construction and Maintenance of Parks and Playgrounds
- Maintenance and Repairs of Vehicles
- Operation and Maintenance of the Township Sewer System

Independent contractors are also used for major road improvement projects under the Capital Improvement Program. Efforts of the public works department are utilized to offset costs of such major projects.

Recreation

The Township has completed a multi-phased recreation enhancement program. In 1999, the Township was successful in obtaining voter approval for a dedicated tax of \$.04 per \$100 of assessed valuation for the purposes of establishing an Open Space, Recreation and Historic Preservation Trust. This funding, along with the Township's capital funding, has enabled the Township to construct a new soccer complex, baseball complex and renovate and expand many of its existing recreation facilities.

Water and Sewer

Township residents obtain water service from neighboring Berlin Borough. With respect to sewerage service, the Township is a constituent municipality of the Camden County Municipal Utilities Authority ("CCMUA"). The Township was connected to the CCMUA's interceptor in the spring of 1988. A majority of property owners of the Township are currently serviced by the County system. The Township completed the last phase of construction of a public sanitary sewer system in June of 1998. The entire system, costing approximately \$12,240,000, was originally funded through grants and low interest loans from United States Department of Agricultural Rural Economic and Community Development (formerly known as Farmers Home Administration).

Township Employees

	<u>December 31,</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Permanent	42	44	44	44	44
Part-Time	<u>19</u>	<u>17</u>	<u>18</u>	<u>15</u>	<u>20</u>
Total	<u>61</u>	<u>61</u>	<u>62</u>	<u>59</u>	<u>64</u>

Employee Collective Bargaining Units

There are two collective bargaining units between the Township and its employees, as follows:

Berlin Police Association covers 16 full time police officers with the exception of the Chief. The contract expires December 31, 2018.

Berlin Township Employee Association covers 12 public works employees with the exception of the Director and the Deputy Director. The current contract expires December 31, 2018.

Compensated Absences

Township employees are entitled to varying amounts of sick leave depending upon their department. All employees may accumulate unused sick leave with no limit. General personnel may carry unused vacation days forward to a maximum of five days. However, after one year the unused vacation leave will be forfeited. Police personnel have the option of carrying forward their unused vacation or selling days at 100% of their prevailing salary rate.

Only police personnel may be compensated for accumulated sick leave upon retirement or resignation at 100% of their prevailing rate for a maximum of 680 hours. Any police personnel hired after January 1, 1983 must be employed continuously for a period of fifteen years before unused sick leave may be sold back to the Township. For additional information regarding compensated absences, see Appendix B: Financial Statements of the Township, Note 11 to Financial Statements.

Pension Plans

Those Township employees who are eligible for pension coverage are enrolled in one of two 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 8 to Financial Statements.

Population (1)

2010 Federal Census	5,357
2000 Federal Census	5,290
1990 Federal Census	5,466
1980 Federal Census	5,348
1970 Federal Census	4,692

Selected Census 2014 Data for the Township(1)

Median household income	\$67,241
Median family income	\$78,789
Per capita income	\$27,616

Labor Force(2)

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

	<u>December 31,</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Township					
Labor Force	2,782	2,763	2,813	2,902	2,880
Employment	2,588	2,525	2,526	2,531	2,701
Unemployment	194	238	287	371	179
Unemployment Rate	7.0%	8.6%	10.2%	12.8%	6.2%
County					
Labor Force	255,354	252,870	258,486	262,503	268,850
Employment	239,308	233,430	234,463	234,424	240,783
Unemployment	16,046	19,440	24,023	28,079	28,083
Unemployment Rate	6.3%	7.7%	9.3%	10.7%	10.5%
State					
Labor Force	4,543,800	4,513,600	4,528,500	4,585,300	4,513,783
Employment	4,288,800	4,209,700	4,157,600	4,158,600	4,095,358
Unemployment	255,000	303,900	370,800	426,800	418,425
Unemployment Rate	5.6%	6.7%	8.2%	9.3%	9.3%

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 New Jersey Uniform Construction Code. These codes and other Municipal Codes are codified as basis for improved administration and regulation.

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

(2) Source: New Jersey Department of Labor

In May 1976, the Township, adopted a new land development and zoning ordinance under the Municipal Land Use Law. In 1982, in order to incorporate amendments thereto, the zoning and land use ordinances were adopted. The last substantial amendment to the zoning ordinance was adopted on September 13, 1999. In this way, the Township is able to promote orderly development and to protect the character and maintain the stability of residential, business and manufacturing areas and secure and protect open space and recreation areas within the Township.

BUILDING PERMITS(1)

<u>Year</u>	<u>Total Units Authorized</u>	<u>Est. Construction Value</u>
2016(2)	264	\$5,815,296
2015	318	12,817,878
2014	308	6,852,658
2013	270	10,392,351
2012	239	13,923,869
2011	238	4,998,976

TEN LARGEST NON-GOVERNMENTAL EMPLOYERS(3)

<u>Name</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Shop-Rite	Supermarket	350
Sahara Sams	Amusement/Entertainment	300
Wal-Mart	Discount Department Store	300
Home Depot	Retail Home Improvement Products	250
Med Plast	Manufacturer	130
Diggerland	Amusement/Entertainment	100
Sunhillo	Software/Hardware Engineer Company	87
B B Drywall	Construction/Drywall	60
Red White & Blue	Thrift Store	60
Victory Lane	Restaurant	40

EDUCATION(4)

Primary and Secondary Education

The public school system in the Township is operated by the Berlin Township Board of Education (the "Board of Education") as a Type II school district. It functions independently through a nine-member board, three members of which are elected annually to serve three-year terms.

The Board of Education prepares annually an operating and maintenance, capital outlay and debt service budget. The amounts to be raised by taxation for operating and maintenance expenses and capital outlay projects are submitted to the voters for approval. If the amounts are disapproved, the Township Council fixes an amount and certifies same to the Board of Education and to the County Board of Taxation. If the Board of Education determines that the amount certified by the Township is insufficient to operate a thorough and efficient school system, the Board of Education may appeal to the State Commission of Education to restore the local funds eliminated.

(1) Source: Township's Construction Code Official
 (2) As of September 15, 2016
 (3) Source: Township Officials
 (4) Source: School District Officials

The Township's public school system consists of one elementary and one middle school. Whenever possible, special education students are mainstreamed into the public school system.

Berlin Township School District is a Pk-8 district. The Township's high school students attend Overbrook High School in Pine Hill through a sending/receiving relationship with Pine Hill. Pine Hill also provides (via contract) for transportation of all of the Township's high school students.

**TOWNSHIP OF BERLIN SCHOOL DISTRICT
SCHOOL ENROLLMENTS(1)**

<u>Grade</u>	<u>2015</u>	<u>2014</u>	<u>October 15, Actual</u> <u>2013</u>	<u>2012</u>	<u>2011</u>
Pk (4 year olds)	44	40	50	44	31
K	66	68	79	70	36
1	73	67	67	59	55
2	84	63	56	45	38
3	62	53	42	62	51
4	58	43	55	35	42
5	47	51	37	57	55
6	58	31	56	49	49
7	33	43	47	64	45
8	58	36	60	57	44
Special Education	<u>112</u>	<u>105</u>	<u>100</u>	<u>114</u>	<u>139</u>
Totals	<u>695</u>	<u>600</u>	<u>649</u>	<u>656</u>	<u>585</u>

PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY(1)

<u>Facilities</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment 10/15/15</u>	<u>Functional Capacity</u>
John F. Kennedy School	1964	1993/1999	PS-3	380	450
D.D. Eisenhower School	1969	1972/1993/1999	4-8	<u>315</u>	<u>375</u>
				<u>695</u>	<u>825</u>

**OVERBROOK HIGH SCHOOL IN PINE HILL SCHOOL DISTRICT
BERLIN TOWNSHIP STUDENT ENROLLMENTS (1)**

<u>Grade</u>	<u>2015</u>	<u>2014</u>	<u>October 15, Actual</u> <u>2013</u>	<u>2012</u>	<u>2011</u>
9	29	42	38	31	39
10	41	38	29	42	42
11	35	24	31	36	39
12	29	37	38	41	34
Sp. Education	<u>32</u>	<u>26</u>	<u>28</u>	<u>22</u>	<u>29</u>
Total	<u>166</u>	<u>167</u>	<u>164</u>	<u>172</u>	<u>183</u>

(1) Source: School District officials

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

Rutgers University-Camden ("Rutgers"), is a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. As of the Fall 2015, there were approximately 4,899 undergraduate students and 1,509 graduate/professional students for a total of 6,408.

The New Jersey State Legislature is considering legislation to further reorganize all or portions of the New Jersey State University System, which may include Rowan University, Rowan Medical School and Rutgers University. Such legislation is in a formative stage and no assurances can be made as to when, or if, such legislation would be approved or what effect such legislation would have on the above referenced Universities.

Camden County College

Fully accredited by the Middle States Association of Colleges and Secondary Schools, Camden County College ("College") is a comprehensive publicly supported, co-educational two-year institution developed under the State Department of Higher Education. It is funded in part by the County Board of Chosen Freeholders who appoint an eleven (11) member Board of Trustees. The College has three distinct campuses in Blackwood, Camden and Cherry Hill – along with its satellite locations in Lakeland, Sicklerville and elsewhere throughout the County.

As of the Fall of 2015, full time enrollment was 5,646 and part-time enrollment was 5,617 for a total of 11,263.

Camden County Technical Schools

From a vocational school that opened with 400 students in 12 trade areas in 1928, Camden County Technical Schools ("CCTS") has grown to be one of the largest and most comprehensive technical schools in the nation. The district today encompasses a full range of day and evening programs at campuses in Pennsauken and Gloucester Township. Beginning in 2012, the adult programs were operated by Camden County College as part of the Camden County shared services agreement.

For high school students, there are 37 career programs from which to choose. For the 2015-2016 school year, 1,318 students are enrolled at the Gloucester Township Campus, and 767 at the Pennsauken Campus, including 491 Special Education Students. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

In addition to the facilities mentioned above, Stockton University, University of Pennsylvania, Temple University, LaSalle University, Villanova University, St. Joseph's University, Drexel University and Rowan University are all within a commuting distance from the Township.

CERTAIN TAX INFORMATION

TEN LARGEST TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2016 Assessed Valuation</u>
ACP Jersey Associates	Shopping Center	\$28,578,600
Wal-Mart Property Tax Department	Discount Department Store	13,983,100
Store Master Funding VII LLC	Sahara Sam's Oasis Waterpark	6,237,300
Greenway Apartments LLC	Apartment Complex	5,175,100
215-225 Rt. 73 North LLC	Shopping Center	3,499,800
Resintech Realty Assoc, LLC	Warehouse Space	2,866,400
Berlin PF, LLP % Future Fitness	Gym	2,501,200
Bloom Organization of So Jersey LLC	Developer	2,449,300
Bloom Organization of So Jersey LLC	Developer	2,338,400
Bloom Organization of So Jersey LLC	Developer	2,233,700

CURRENT TAX COLLECTIONS (1)

<u>Period Ended</u>	<u>Total Levy</u>	<u>Current Collection</u>		<u>Outstanding Balance</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2015 (2)	\$20,674,887	\$20,023,160	96.85%	\$597,020	2.89%
2014 (2)	20,200,233	19,694,963	97.50	445,999	2.21
2013 (2)	19,617,140	19,238,946	98.07	316,492	1.61
2012 (3)	9,634,815	9,397,611	97.54	206,461	2.14
2012 (4)	19,390,961	19,224,709	99.14 (5)	2,035	.01

DELINQUENT TAXES (1)

<u>Period Ended</u>	<u>Beginning Balance</u>	<u>Added</u>	<u>Collected</u>		<u>Transfer to Liens</u>	<u>Other Credits</u>	<u>Ending Balance</u>
			<u>Amount</u>	<u>Percent</u>			
2015 (2)	\$474,339	\$1,000	\$428,540	90.15%	\$837	---	\$45,962
2014 (2)	316,492	1,750	289,874	91.09	28	---	28,340
2013 (2)	207,559	2,934	209,982	99.76	511	---	---
2012 (3)	2,035	---	937	46.04	---	---	1,098
2012 (4)	2,134	---	2,134	100.00	---	---	---

- (1) Source: Annual Reports of Audit
(2) For the calendar year ended December 31
(3) For the six month reversion period ended December 31, 2012
(4) For the fiscal year ended June 30
(5) Accelerated Tax Sale

TAX TITLE LIENS (1)

<u>Period Ended</u>	<u>Beginning Balance</u>	<u>Added by Sale & Transfers</u>	<u>Collected</u>	<u>Other Credits</u>	<u>Ending Balance</u>
2015 (2)	\$333,975	\$61,207	---	---	\$395,182
2014 (2)	277,597	58,979	\$2,589	\$12	333,975
2013 (2)	223,856	58,761	5,020	---	277,597
2012 (3)	198,337	27,884	2,365	---	223,856
2012 (4)	6,978	191,359	---	---	198,337

FORECLOSED PROPERTY (1) (5)

<u>Period Ended</u>	<u>Beginning Balance</u>	<u>Cash</u>	<u>Sales of Property Gain/Loss on Sale</u>	<u>Adjustments/ Transfers</u>	<u>Ending Balance</u>
2015 (2)	\$300,000	---	---	---	\$300,000
2014 (2)	300,000	---	---	---	300,000
2013 (2)	300,000	---	---	---	300,000
2012 (3)	300,000	---	---	---	300,000
2012 (4)	300,000	---	---	---	300,000

CURRENT SEWER COLLECTIONS (1)

<u>Period Ended</u>	<u>Beginning Balance</u>	<u>Total Levy</u>	<u>Collected in Period of Levy</u>		<u>Ending Balance</u>	
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2015 (2)	\$15,008	\$1,078,059	\$1,071,145	97.99%	\$21,673	1.98%
2014 (2)	15,400	1,063,707	1,063,726	98.61	15,008	1.39
2013 (2)	10,758	1,024,324	1,019,387	98.48	15,400	1.49
2012 (3)	123	510,808	500,025	97.87	10,758	2.10
2012 (4)	971	1,021,111	1,021,663	99.96	123	.01

(1) Source: Annual Reports of Audit

(2) For the calendar year ended December 31

(3) For the six month reversion period ended December 31, 2012

(4) For the fiscal year ended June 30

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

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES

Tax Rate (1)

Calendar Net Valuation Year	Taxable	Total	County	Local School	Municipal	Fire District
2016(2)	\$564,661,568	\$3.667	\$0.873	\$1.510	\$1.195	\$.089
2015	354,828,443	5.787	1.411	2.394	1.842	.140
2014	349,053,978	5.695	1.341	2.392	1.823	.139
2013	349,301,628	5.585	1.319	2.349	1.781	.136
2012	350,468,328	5.474	1.259	2.303	1.782	.130

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

Calendar Year	Assessed Valuation	Real Property True Value	Percentage of True Value	True Value Per Capita(4)
2016(2)	\$562,996,200	101.61%	\$554,075,583	\$103,430
2015	353,780,100	65.32	541,610,686	101,103
2014	347,840,500	62.22	559,049,341	104,359
2013	348,317,900	63.12	551,834,442	103,012
2012	349,735,000	61.29	570,623,266	106,519

REAL PROPERTY CLASSIFICATION (5)

Calendar Year	Assessed Value		Residential	Commercial	Industrial	Apartment	Farm
	Land Use Improvements	Vacant Land					
2016(2)	\$562,996,200	\$14,792,100	\$306,646,000	\$184,949,200	\$49,480,300	\$6,848,200	\$280,400
2015	353,780,100	9,925,900	191,336,200	117,481,900	30,887,000	3,955,600	193,500
2014	347,840,500	10,550,000	186,916,500	115,271,200	30,953,700	3,955,600	193,500
2013	348,317,900	10,650,400	184,985,400	117,425,300	31,107,700	3,955,600	193,500
2012	349,735,000	10,898,100	183,746,600	119,559,500	31,381,700	3,955,600	193,500

(1) Per \$100 of assessed valuation

(2) Reassessment

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

(4) Based on 2010 Federal Census of 5,357

(5) Source: Township Assessor

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

The following table summarizes the direct debt of the Township as of December 31, 2015 in accordance with the requirements of the Local Bond Law. The gross debt comprises long-term debt issued in the form of bonds and loans, short-term debt, including General, Sewer Utility and debt of the School District. Deductions from gross debt to arrive at net debt include local school district debt, open space funds, as well as debt considered to be self-liquidating. The resulting net debt of \$12,043,000 represents 2.19% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued			Gross Debt	Deductions			Net Debt
	Bonds	Loans	Notes		School Debt	Open Space Funds	Self-Liquidating Debt	
General	\$ 11,428,000	\$ 127,462	\$ 615,000	\$ 12,170,462		\$ 127,462		\$ 12,043,000
School - Local	3,969,000			3,969,000	\$ 3,969,000			
Sewer Utility	5,320,000		750,000	6,070,000			\$ 6,070,000	-
	<u>\$ 20,717,000</u>	<u>\$ 127,462</u>	<u>\$ 1,365,000</u>	<u>\$ 22,209,462</u>	<u>\$ 3,969,000</u>	<u>\$ 127,462</u>	<u>\$ 6,070,000</u>	<u>\$ 12,043,000</u>

(1) As of December 31, 2015

DEBT RATIOS AND VALUATIONS(1)(2)

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad for 2013, 2014 and 2015	\$549,328,484
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2013, 2014 and 2015	2.19%
2016 Net Valuation Taxable	\$564,661,568
2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$555,740,951
Gross Debt (3):	
As a percentage of 2016 Net Valuation Taxable	3.93%
As a percentage of 2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	4.00%
Net Debt (3):	
As a percentage of 2016 Net Valuation Taxable	2.13%
As a percentage of 2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.17%
Gross Debt Per Capita (4)	\$4,146
Net Debt Per Capita (4)	\$2,248

BOROUGH BORROWING CAPACITY(1)(2)

3.5% of Averaged (2013-15) Equalized Valuation of Real Property including Improvements (\$549,328,484)	\$19,226,497
Net Debt	<u>12,043,000</u>
Remaining Borrowing Capacity	<u><u>\$7,183,497</u></u>

LOCAL BOARD OF EDUCATION BORROWING CAPACITY(1)(2)

3% of Averaged (2013-15) Equalized Valuation of Real Property including Improvements (\$549,328,484)	\$16,479,855
School Debt	<u>3,969,000</u>
Remaining Borrowing Capacity	<u><u>\$12,510,855</u></u>

-
- (1) As of December 31, 2015
 - (2) Source: Borough Auditor
 - (3) Excluding overlapping debt
 - (4) Based on 2010 Federal Census of 5,357

TOWNSHIP OF BERLIN
OVERLAPPING DEBT AS OF DECEMBER 31, 2015

DEBT ISSUED					
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>
County of Camden(1):					
General:					
Bonds	\$ 35,695,000	\$ 12,761,633 (2)	\$ 22,933,367	\$ 355,467 (4)	\$ 204,000
Loan Agreements	269,003,014		269,003,014	4,169,547 (4)	
Bonds Issued by Other Public Bodies Guaranteed by the County	471,754,632	471,754,632 (3)			
	<u>\$ 776,452,646</u>	<u>\$ 484,516,265</u>	<u>\$ 291,936,381</u>	<u>\$ 4,525,014</u>	<u>\$ 204,000</u>

- (1) Source: County of Camden
- (2) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (3) Deductible in accordance with N.J.S. 40:37A-80.
- (4) Such debt is allocated as a proportion of the Issuer's share of the total 2015 Net Valuation on which County taxes are apportioned, which is 1.55%.

Camden County Municipal Utilities Authority

The CCMUA is a public body politic and corporate of the State and was originally created as the Camden County Sewerage Authority ("Sewerage Authority") by a resolution of the County Board of Chosen Freeholders ("County Board") adopted December 5, 1967. The Sewerage Authority was reorganized in 1972 as a utilities authority and changed its name to the CCMUA pursuant to a resolution of the County Board adopted April 13, 1972. The CCMUA operates under the supervision of nine (9) commissioners who are appointed by the County Board for five (5) year staggered terms. The County has entered into a Deficiency Agreement with the CCMUA ("Deficiency Agreement") whereby the County is obligated to pay to the CCMUA any annual charges equal to any deficits in CCMUA revenues necessary to pay or provide for (i) operation and maintenance expenses of the CCMUA's regional sewer system, (ii) principal and interest payments on bonds and notes of the CCMUA in an aggregate principal amount not to exceed \$685,500,000 and (iii) the maintenance of reserves required under the Bond Resolution securing the CCMUA's bonds and notes. The obligation of the County, pursuant to the provisions of the Deficiency Agreement, is a direct and general obligation of the County, and any annual charges are ultimately payable by the County to meet its obligations under the Deficiency Agreement. To date, no payments have been required to be made by the County pursuant to the Deficiency Agreement. The County and the CCMUA may agree to amend the Deficiency Agreement at any time to increase the obligation of the County thereunder.

The CCMUA owns and operates a sewerage collection and treatment system, which serves all County residents connected to local sewer collection systems. The CCMUA's system does not include the local sewage collection system of any CCMUA participant, but it owns and operates interceptor sewer lines connecting the local systems to the CCMUA's sewage treatment facilities.

The CCMUA is required to charge and collect service charges for the use of its facilities such that revenues of the CCMUA will at all times be adequate to pay all operating and maintenance expenses, including reserves, insurance, extensions and replacements, and to maintain reserves and sinking funds therefore as may be required by the terms of any agreements with the holders thereof.

The gross debt as of December 31, 2015 for the CCMUA was \$257,479,821. The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

Camden County Improvement Authority

The Camden County Improvement Authority ("CCIA") is a public body corporate and politic of the State and was created by a resolution of the County Board. The CCIA operates under the supervision of a five (5) member Board who are appointed for five (5) year staggered terms by the County Board. The CCIA has from time to time issued its revenue bonds for projects involving the County and for which the County has a repayment obligation or guaranty. The CCIA also issues conduit debt from time to time which is not included in the overlapping debt as there is no obligation by the taxpayers to repay the associated debt service.

The amount of debt which the County has guaranteed or for which it has a repayment obligation as of December 31, 2015 was \$392,763,997.

**SCHEDULE OF TOWNSHIP DEBT SERVICE
BOND AND LOAN DEBT ONLY (1)**

Calendar Year	Existing Debt									Grand Total
	General			Green Acres Loan			Sewer			
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2016	\$ 980,000	\$ 506,825	\$ 1,486,825	\$ 13,062	\$ 2,484	\$ 15,546	\$ 375,000	\$ 189,981	\$ 564,981	\$ 2,067,352
2017	835,000	472,538	1,307,538	13,324	2,222	15,546	385,000	178,106	563,106	1,886,190
2018	795,000	439,738	1,234,738	13,592	1,954	15,546	380,000	163,106	543,106	1,793,390
2019	250,000	417,900	667,900	13,865	1,681	15,546	400,000	149,038	549,038	1,232,483
2020	300,000	405,525	705,525	14,144	1,402	15,546	410,000	134,169	544,169	1,265,240
2021	400,000	389,775	789,775	14,428	1,118	15,546	425,000	116,556	541,556	1,346,877
2022	400,000	371,775	771,775	14,718	828	15,546	445,000	98,206	543,206	1,330,527
2023	500,000	351,525	851,525	15,014	532	15,546	465,000	81,056	546,056	1,413,127
2024	500,000	329,025	829,025	15,316	230	15,546	480,000	64,831	544,831	1,389,402
2025	500,000	306,525	806,525			-	500,000	47,269	547,269	1,353,794
2026	500,000	283,713	783,713				340,000	28,306	368,306	1,152,019
2027	500,000	259,963	759,963				350,000	17,094	367,094	1,127,056
2028	500,000	235,588	735,588				365,000	5,703	370,703	1,106,291
2029	600,000	208,400	808,400							808,400
2030	600,000	178,400	778,400							778,400
2031	600,000	148,400	748,400							748,400
2032	600,000	118,400	718,400							718,400
2033	700,000	85,900	785,900							785,900
2034	700,000	50,900	750,900							750,900
2035	668,000	16,700	684,700							684,700
	<u>\$ 11,428,000</u>	<u>\$ 5,577,513</u>	<u>\$ 17,005,513</u>	<u>\$ 127,462</u>	<u>\$ 12,450</u>	<u>\$ 139,912</u>	<u>\$ 5,320,000</u>	<u>\$ 1,273,422</u>	<u>\$ 6,593,422</u>	<u>\$ 23,738,847</u>

(1) As of December 31, 2015

CALENDAR YEAR 2016 MUNICIPAL BUDGET (A)

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 1,280,000
Miscellaneous Revenues:	
Local Revenues	422,300
State Aid without Offsetting Appropriations	1,287,847
Dedicated Uniform Construction Code Fees	150,000
Other Special Items of Revenue	279,267
Receipts from Delinquent taxes	340,000
Amount to be Raised by Taxation for Municipal Purposes	<u>6,525,963</u>
 Total Appropriated Revenues	 <u><u>\$ 10,285,377</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 6,675,755
Deferred Charges and Statutory Expenditures	785,617
Excluded from "CAPS"	
Other Operations	95,305
Capital Improvements	265,000
Debt Service	1,537,000
Deferred Charges	25,000
Reserve for Uncollected Taxes	<u>901,700</u>
 Total Appropriations	 <u><u>\$ 10,285,377</u></u>

SEWER UTILITY FUND

Anticipated Revenues:	
Fund Balance	\$ 115,800
Rents	990,000
Miscellaneous	<u>6,900</u>
 Total Anticipated Revenues	 <u><u>\$ 1,112,700</u></u>
Appropriations:	
Operating	\$ 467,900
Debt Service	621,800
Pension, Social Security, Unemployment Contributions	<u>23,000</u>
 Total Appropriations	 <u><u>\$ 1,112,700</u></u>

(A) As adopted on April 25, 2016

**TOWNSHIP OF BERLIN
2016 MUNICIPAL BUDGET (A)**

OPEN SPACE FUND

Dedicated Revenues from Trust Fund:	
Amount to be Raised by Taxation	<u><u>\$ 225,900</u></u>
Appropriations:	
Development of Lands for Recreation and Conservation:	
Salaries and Wages	\$ 94,400
Other Expenses	46,800
Debt Service:	
Payment of Loan Principal	13,070
Interest on Loans	2,490
Reserve for Future Use	<u>69,140</u>
	<u><u>\$ 225,900</u></u>

**CAPITAL PROGRAM (A)
PROJECTS SCHEDULED FOR THE YEARS 2016 - 2018**

	<u>Estimated Total Cost</u>	<u>Budget Appropriations</u>	<u>Capital Improvement Fund</u>	<u>Capital Surplus</u>	<u>Bonds and Notes General</u>
Road Construction	\$ 658,850		\$ 129,206		\$ 529,644
Drainage Improvements	542,825		99,064		443,761
Acquisition of Equipment	1,447,550		365,574		1,081,976
Improvements to Recreational Facilities	44,100		11,457		32,643
Acquisition of Ambulance	181,675		47,199		134,476
Public Works Equipment	212,000		2,500	\$ 162,000	47,500
Public Works Vehicles	200,000		2,500	150,000	47,500
Building Improvements	69,500			69,500	
Police Equipment	137,000		2,500	87,000	47,500
Administrative Computer Upgrades	50,000			50,000	
	<u>\$ 3,543,500</u>	<u>\$ -</u>	<u>\$ 660,000</u>	<u>\$ 518,500</u>	<u>\$ 2,365,000</u>

(A) As adopted on April 25, 2016

APPENDIX B

**FINANCIAL STATEMENTS OF THE TOWNSHIP OF BERLIN,
IN THE COUNTY OF CAMDEN, NEW JERSEY**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Berlin
Berlin Township, New Jersey 08091

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 Berlin, in the County of Camden, State of New Jersey, as of December 31, 2015, December 31, 2014, December 31, 2013, the six month reversion period ended December 31, 2012 and fiscal year ended June 30, 2012, and the related statements of operations and changes in fund balance - regulatory basis for the periods then ended, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Berlin, in the County of Camden, State of New Jersey, as of December 31, 2015, December 31, 2014, December 31, 2013, the six month reversion period ended December 31, 2012 and fiscal year ended June 30, 2012, or the results of its operations and changes in fund balance for the periods 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 Berlin, in the County of Camden, State of New Jersey, as of December 31, 2015, December 31, 2014, December 31, 2013, the six month reversion period ended December 31, 2012 and fiscal year ended June 30, 2012, and the results of its operations and changes in fund balance - regulatory basis of such funds for the periods then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2015, the Township adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of these Statements only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 20, 2016

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

	As of				As of June 30,
	Dec. 31, 2015 (3)	Dec. 31, 2014 (3)	Dec. 31, 2013 (3)	Dec. 31, 2012 (2)	2012 (1)
ASSETS					
Regular Fund:					
Cash	\$ 3,465,720	\$ 3,438,743	\$ 3,094,331	\$ 2,688,399	\$ 1,267,031
Due from State of New Jersey	-	-	-	-	36,382
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	642,983	474,339	316,492	207,559	2,035
Tax Title Liens Receivable	395,182	333,975	277,597	223,856	198,337
Property Acquired for Taxes					
Assessed Valuation	300,000	300,000	300,000	300,000	300,000
Revenue Accounts Receivable	10,306	11,504	9,186	8,855	67,350
Accounts Receivable--Other	1,570	1,350	110	555	1,270
Interfunds Receivable	32,400	119,233	137,946	295,981	37,616
Deferred Charges:					
Emergency Authorization	125,000	-	-	-	-
Total Regular Fund	4,973,160	4,679,145	4,135,662	3,725,205	1,910,021
State and Federal Grant Fund:					
Federal and State Grants Receivable	381,247	256,260	324,176	961,865	1,045,932
Total State and Federal Grant Fund	381,247	256,260	324,176	961,865	1,045,932
Total Assets	\$ 5,354,407	\$ 4,935,405	\$ 4,459,838	\$ 4,687,070	\$ 2,955,953

- (1) For the fiscal year ended June 30.
(2) For the six month reversion period year ended December 31.
(3) For the Calendar year ended December 31.

(Continued)

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

	As of				As of June 30,
	Dec. 31, 2015 (3)	Dec. 31, 2014 (3)	Dec. 31, 2013 (3)	Dec. 31, 2012 (2)	2012 (1)
LIABILITIES, RESERVES AND FUND BALANCE					
Regular Fund:					
Liabilities:					
Reserve for Encumbrances	\$ 128,430	\$ 171,905	\$ 136,225	\$ 140,336	\$ 134,243
Appropriation Reserves	442,750	380,897	441,308	301,902	375,853
Prepaid Taxes	176,174	121,951	130,612	216,352	19,146
Due to State of New Jersey	6,328	2,467	4,083	18,141	1,044
Accounts Payable		1		35,674	
Reserve for Developers Agreement	150,000	150,000	150,000	150,000	
Due County for Added and Omitted Taxes	34,303	75,744	25,629	15,495	
Reserve for Reassessment	86,211				
Due to Borough of Berlin	358				
Interfunds Payable					239,769
Reserve for Receivables	1,382,440	1,240,402	1,041,331	1,036,806	606,608
Fund Balance	2,566,166	2,535,777	2,206,474	1,810,499	533,358
Total Regular Fund	4,973,160	4,679,145	4,135,662	3,725,205	1,910,021
Federal and State Grant Fund:					
Appropriated Reserves	348,992	165,050	178,665	527,436	532,480
Reserve for Encumbrances					2,121
Contracts Payable			7,616	147,306	478,243
Interfund Payable	32,255	91,210	137,895	287,123	33,088
Total Federal and State Grant Fund	381,247	256,260	324,176	961,865	1,045,932
Total Liabilities, Reserves and Fund Balance	\$ 5,354,407	\$ 4,935,405	\$ 4,459,838	\$ 4,687,070	\$ 2,955,953

(1) For the fiscal year ended June 30.

(2) For the six month reversion period year ended December 31.

(3) For the Calendar year ended December 31.

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

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

	Year Ended Dec. 31, 2015(3)	Year Ended Dec. 31, 2014(3)	Year Ended Dec. 31, 2013 (3)	Period Ended Dec. 31, 2012 (2)	For the Fiscal Year Ended June 30, 2012 (1)
Revenue Realized:					
Current Tax Collections	\$ 20,023,160	\$ 19,694,963	\$ 19,238,946	\$ 9,397,611	\$ 19,225,159
Delinquent Tax Collections	428,540	292,463	215,002	-	-
Total Taxes	20,451,700	19,987,425	19,453,948	9,397,611	19,225,159
Miscellaneous Revenues Anticipated	2,337,612	1,942,397	1,923,108	1,643,867	1,828,976
Non-Budget and Other Income	520,860	653,463	400,432	789,005	242,755
Interfunds Receivable--Liquidated	86,834	46,685	158,035		
Other Accounts Receivable--Liquidated					
Fund Balance Utilized	1,150,000	950,000	950,000		371,700
Total Income	24,547,006	23,579,970	22,885,523	11,830,483	21,668,590
Expenditures and Encumbrances:					
Operating	6,768,121	6,254,662	5,957,975	2,989,817	5,759,424
Capital Improvements	315,000	15,000	15,000	20,000	-
Debt Service	1,505,972	1,538,347	1,370,158	480,765	1,650,971
Deferred Charges and Statutory Expenditures	735,850	738,129	745,141	127,898	742,875
County Taxes	5,033,645	4,751,237	4,628,286	2,310,633	4,485,499
Municipal Open Space	142,881	141,825	140,480	70,585	140,749
Local School Tax	8,494,629	8,347,244	8,205,258	4,067,779	8,008,803
Fire District Tax	494,500	484,500	475,000	227,500	454,057
Other Expenditures	1,020	1,750	2,250		855
Interfunds Receivable--Created		27,972		258,365	37,615
Total Expenditures and Encumbrances	23,491,617	22,300,666	21,539,548	10,553,342	21,280,848
Excess (Deficit) in Revenues	1,055,389	1,279,304	1,345,975	1,277,141	387,742
Adjustments to Income Before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	125,000	---	---	---	---
Statutory Excess to Fund Balance	1,180,389	1,279,304	1,345,975	1,277,141	387,742
Fund Balance, Beginning	2,535,777	2,206,474	1,810,499	533,358	517,316
	3,716,166	3,485,777	3,156,474	1,810,499	905,058
Decreased by:					
Utilized as Revenue	1,150,000	950,000	950,000	-	371,700
Fund Balance End	\$ 2,566,166	\$ 2,535,777	\$ 2,206,474	\$ 1,810,499	\$ 533,358

(1) For the fiscal year ended June 30.

(2) For the six month reversion period year ended December 31.

(3) For the Calendar year ended December 31.

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

TOWNSHIP OF BERLIN
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES AND RESERVES--
REGULATORY BASIS

	As of Dec. 31, 2015 (3)	As of Dec. 31, 2014 (3)	As of Dec. 31, 2013 (3)	As of Dec. 31, 2012 (2)	As of June 30, 2012 (1)
ASSETS					
Cash	\$ 1,164,198	\$ 1,153,062	\$ 1,106,000	\$ 883,198	\$ 691,134
Deficit in Reserve			165	7,060	3,398
Other Receivables				43	42
Interfunds Receivable	2,653	2,653	2,652	2,652	242,421
	<u>\$ 1,166,851</u>	<u>\$ 1,155,715</u>	<u>\$ 1,108,817</u>	<u>\$ 892,953</u>	<u>\$ 936,995</u>
LIABILITIES AND RESERVES					
Interfund Loans Payable	\$ 106	\$ 8,000	\$ 29	\$ 8,834	\$ 4,504
Reserve for Special Funds	1,124,241	1,141,183	1,063,895	843,625	892,332
Accounts Payable	42,504	6,532	44,893	40,494	40,159
	<u>\$ 1,166,851</u>	<u>\$ 1,155,715</u>	<u>\$ 1,108,817</u>	<u>\$ 892,953</u>	<u>\$ 936,995</u>

(1) For the fiscal year ended June 30.

(2) For the six month reversion period year ended December 31.

(3) For the Calendar year ended December 31.

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

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

	As of				As of June 30,
	Dec. 31, 2015 (3)	Dec. 31, 2014 (3)	Dec. 31, 2013 (3)	Dec. 31, 2012 (2)	2012 (1)
ASSETS					
Cash	\$ 1,275,085	\$ 1,349,759	\$ 1,508,654	\$ 1,073,315	\$ 1,334,667
Deferred Charges to Future Taxation:					
Funded	11,555,462	12,528,266	13,495,818	14,278,123	14,458,684
Unfunded	615,000	615,000	615,000	615,000	615,000
Total Assets	<u>\$ 13,445,547</u>	<u>\$ 14,493,025</u>	<u>\$ 15,619,472</u>	<u>\$ 15,966,438</u>	<u>\$ 16,408,351</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Serial Bonds	\$ 11,428,000	\$ 12,388,000	\$ 13,343,000	\$ 14,113,000	\$ 14,287,500
Bond Anticipation Notes	615,000	615,000	615,000		
Green Acres Loan	127,462	140,266	152,818	165,123	171,184
Contracts Payable		338,350	189,535	79,719	351,319
Accounts Payable	1,290				
Improvement Authorizations:					
Funded	167,779	195,947	1,059,155	1,230,686	1,253,184
Unfunded	149,510	153,971	151,979	284,923	272,178
Capital Improvement Fund	380,000	65,000	50,000	35,000	15,000
Interfund Payables	2,696	22,681	2,678	2,680	2,679
Other Reserves	55,267	55,267	55,267	55,267	55,267
Fund Balance	<u>518,544</u>	<u>518,544</u>	<u>40</u>	<u>40</u>	<u>40</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 13,445,547</u>	<u>\$ 14,493,025</u>	<u>\$ 15,619,472</u>	<u>\$ 15,966,438</u>	<u>\$ 16,408,351</u>

(1) For the fiscal year ended June 30.

(2) For the six month reversion period year ended December 31.

(3) For the Calendar year ended December 31.

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

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

	As of				As of June 30,
	Dec. 31, 2015 (3)	Dec. 31, 2014 (3)	Dec. 31, 2013 (3)	Dec. 31, 2012 (2)	2012 (1)
ASSETS					
Operating Fund:					
Cash	\$ 1,014,404	\$ 777,282	\$ 564,727	\$ 505,727	\$ 327,163
Interfunds Receivable	5	5	9,053	9,052	9,052
Receivables with Full Reserves:					
Consumer Accounts Receivable	21,673	15,008	15,400	10,758	123
Deferred Charges - Emergencies			25,000		
Total Operating Fund	1,036,082	792,295	614,180	525,537	336,338
Capital Fund:					
Cash	430,818	441,285	9,049	9,048	9,047
Fixed Capital	13,391,344	13,391,344	13,391,344	12,641,344	12,641,344
Total Capital Fund	13,822,162	13,832,629	13,400,393	12,650,392	12,650,391
	\$ 14,858,244	\$ 14,624,924	\$ 14,014,573	\$ 13,175,929	\$ 12,986,729
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Appropriation Reserves	\$ 39,667	\$ 12,179	\$ 35,428	\$ 39,838	\$ 21,342
Reserve for Encumbrances	4,662	25,914	24,886	14,578	4,741
Prepaid Rents	215,264	221,412	193,670	169,228	156,967
Accrued Interest on Bonds and Notes	84,331	85,180	88,362	96,638	32,096
Reserve for Receivables	21,673	15,008	15,400	10,758	123
Fund Balance	670,486	432,601	256,434	194,497	121,069
Total Operating Fund	1,036,082	792,295	614,180	525,537	336,338
Capital Fund:					
Serial Bonds	5,320,000	5,685,000	6,045,000	6,450,000	6,570,500
Bond Anticipation Notes	750,000	750,000			
Improvement Authorizations - Unfunded	430,817	437,257	741,000		
Interfunds Payable	1	1	9,049	9,048	9,047
Accrued Interest on Notes		607			
Accounts Payable		3,420	9,000		
Reserve for Amortization	7,321,344	6,956,344	6,596,344	6,191,344	6,070,844
Total Capital Fund	13,822,162	13,832,629	13,400,393	12,650,392	12,650,391
	\$ 14,858,244	\$ 14,624,924	\$ 14,014,573	\$ 13,175,929	\$ 12,986,729

(1) For the fiscal year ended June 30.

(2) For the six month reversion period year ended December 31.

(3) For the Calendar year ended December 31.

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

TOWNSHIP OF BERLIN
SEWER UTILITY FUND
STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE-
REGULATORY BASIS

	Year Ended Dec. 31, 2015 (3)	Year Ended Dec. 31, 2014 (3)	Year Ended Dec. 31, 2013 (3)	Period Ended Dec. 31, 2012 (2)	For the Fiscal Year Ended June 30, 2012 (1)
Revenue Realized:					
Operating Surplus Anticipated	\$ 58,100	\$ 57,250	\$ 25,190	\$ -	\$ 9,409
Rents	1,071,145	1,063,726	1,019,387	500,025	1,021,664
Connection Fees				16,020	32,040
Non-Budget Revenue	180,438	105,868			
Miscellaneous	13,806	12,430	66,648	2,682	12,458
Other Credit to Income	12,505	34,054	34,558	20,818	11,360
Total Income	1,335,993	1,273,328	1,145,783	539,545	1,086,931
Expenditures and Encumbrances:					
Operating	448,000	430,050	437,000	230,700	456,680
Debt Service	569,109	562,760	626,156	228,817	487,390
Deferred Charges and Statutory Expenditures	22,900	47,100	20,500	6,600	21,800
Total Expenditures and Encumbrances	1,040,009	1,039,910	1,083,656	466,117	965,870
Excess in Revenue	295,984	233,418	62,127	73,428	121,061
Adjustments to Income before Fund Balance:					
Deferred Charges to Budget of Succeeding Year	-	-	25,000	-	-
Statutory Excess to Fund Balance	295,984	233,418	87,127	-	-
Balance July 1	432,601	256,434	194,497	121,069	9,417
	728,586	489,851	281,624	194,497	130,478
Decreased by:					
Utilized by Revenue by:					
Sewer Utility Operating Budget	58,100	57,250	25,190	-	9,409
Current Fund Budget	-	-	-	-	-
	58,100	57,250	25,190	-	9,409
Balance June 30	\$ 670,486	\$ 432,601	\$ 256,434	\$ 194,497	\$ 121,069

(1) For the fiscal year ended June 30.

(2) For the six month reversion period year ended December 31.

(3) For the Calendar year ended December 31.

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

TOWNSHIP OF BERLIN
Notes to Financial Statements
For the Year Ended December 31, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - Originally a portion of the Township of Waterford, Berlin Township was created by an act of legislation on April 11, 1910. On April 29, 1927, the Borough of Berlin seceded from the Township. Today, the Township covers an area of 3.27 square miles.

The Township of Berlin is governed by a Township Council which is comprised of a Mayor and four Council Members, all of whom are elected at large. The Mayor's term of office is four years and the terms of the Council Members are three years, staggered, ending December 31. Executive and administrative responsibility rests with the Mayor, who is assisted by the Township Clerk.

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

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

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

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

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

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

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

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

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

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its current, sewer utility and open space trust 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. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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

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

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

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

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, 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 their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

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

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

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

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

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

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

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants 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 Camden, the Township of Berlin School District, and the Township of Berlin Fire District No. 1. 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 Berlin School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

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

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Berlin Fire District No. 1. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

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

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

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

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

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

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

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2015, the Township adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the Township was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. As a result of the regulatory basis of accounting previously described in note 1, the implementation of these Statements only required financial statement disclosures. There exists no impact on the financial statements of the Township.

Note 2: CASH AND CASH EQUIVALENTS

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

Note 2: CASH AND CASH EQUIVALENTS (CONT'D)

Custodial Credit Risk Related to Deposits (Cont'd) - As of December 31, 2015, the Township's bank balances of \$7,965,996.02 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 7,334,332.29
Uninsured and Uncollateralized	<u>631,663.73</u>
Total	<u>\$ 7,965,996.02</u>

New Jersey Cash Management Fund - During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2015, the Township's deposits with the New Jersey Cash Management Fund were \$176,824.35.

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 calendar year (CY) 2015, 2014 and 2013, where indicated; six month reversion period (RP) ended December 31, 2012, where indicated, the previous fiscal year (FY) ended on June 30, as follows:

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>CY 2015</u>	<u>CY 2014</u>	<u>CY 2013</u>	<u>CY 2012</u>	<u>CY 2011</u>
Tax Rate	<u>\$ 5.787</u>	<u>\$ 5.695</u>	<u>\$ 5.585</u>	<u>\$ 5.474</u>	<u>\$ 5.313</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.803	\$ 1.784	\$ 1.742	\$ 1.742	\$ 1.648
Municipal Open Space	.039	.039	.039	.040	.040
County	1.411	1.341	1.319	1.259	1.216
Local School	2.394	2.392	2.349	2.303	2.278
Fire District	.140	.139	.136	.130	.131

Assessed Valuation

<u>Year</u>	<u>Amount</u>
CY 2015	\$ 354,828,443.00
CY 2014	349,053,978.00
CY 2013	349,301,628.00
CY 2012	350,468,328.00
CY 2011	347,880,725.00

Note 3: PROPERTY TAXES (CONT'D)

Comparison of Tax Levies and Collections

<u>Period</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>	
			<u>True Rate (1)</u>	<u>Underlying Rate (2)</u>
CY 2015	\$ 20,674,886.90	\$ 20,023,159.63		96.85%
CY 2014	20,200,232.73	19,694,962.56		97.50%
CY 2013	19,617,140.24	19,238,946.16		98.07%
RP 2012	9,634,815.18	9,397,711.31		97.54%
FY 2012	19,390,960.59	19,225,158.64	99.14%	98.08%

(1) True Rate includes proceeds from accelerated tax sale.

(2) Underlying Rate is calculated by excluding the proceeds from the accelerated sale.

Delinquent Taxes and Tax Title Liens

<u>Period</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
CY 2015	\$ 395,181.88	\$ 642,982.60	\$ 1,038,164.48	5.02%
CY 2014	333,975.09	474,339.29	808,314.38	4.00%
CY 2013	277,597.28	316,491.83	594,089.11	3.03%
RP 2012	223,855.68	207,461.10	431,316.78	NA
FY 2012	198,336.78	2,035.29	200,372.07	1.03%

The following comparison is made of the number of tax title liens receivable for the calendar years (CY) ended December 31, 2015, 2014 and 2013, where indicated; six month reversion period (RP) ended December 31, 2012, where indicated, and the previous fiscal year (FY) ended on June 30 as follows:

<u>Period</u>	<u>Number</u>
CY 2015	13
CY 2014	10
CY 2013	11
RP 2012	11
FY 2012	11

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens for the calendar years (CY) ended December 31, 2015, 2014 and 2013, where indicated; six month reversion period (RP) ended December 31, 2012, where indicated, and the previous fiscal year (FY) ended on June 30 as follows:

<u>Period</u>	<u>Amount</u>
CY 2015	\$ 300,000.00
CY 2014	300,000.00
CY 2013	300,000.00
RP 2012	300,000.00
FY 2012	300,000.00

Note 5: SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) for the calendar years (CY) ended December 31, 2015, 2014 and 2013, where indicated; six month reversion period (RP) ended December 31, 2012, where indicated, and the previous fiscal year (FY) ended on June 30 as follows:

<u>Period</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
CY 2015	\$ 15,007.92	-	\$ 1,078,059.40	\$ 1,093,067.32	\$ 1,071,144.79
CY 2014	15,400.26	-	1,063,706.67	1,079,106.93	1,063,726.13
CY 2013	10,758.19	-	1,024,324.28	1,035,082.47	1,019,387.21
RP 2012	123.06	-	510,808.07	510,931.13	500,025.44
FY 2012	970.72	-	1,021,110.78	1,022,081.50	1,021,663.44

Note 6: FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the calendar years (CY) ended December 31, 2015, 2014 and 2013, where indicated; the six month reversion period (RP) ended December 31, 2012, where indicated, and the previous fiscal year (FY) ended on June 30 as follows:

<u>Current Fund</u>			
<u>Period</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
CY 2015	\$ 2,566,165.52	\$ 1,280,000.00	49.88%
CY 2014	2,535,777.24	1,150,000.00	45.35%
CY 2013	2,206,473.69	950,000.00	43.06%
RP 2012	1,810,499.06	950,000.00	52.47%
FY 2012	533,357.52	-	NA

Note 6: FUND BALANCES APPROPRIATED (CONT'D)

Sewer Utility Fund

<u>Period</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
CY 2015	\$ 670,485.54	\$ 115,800.00	17.27%
CY 2014	432,601.38	58,100.00	13.43%
CY 2013	256,433.57	57,250.00	22.33%
RP 2012	194,497.23	25,190.00	12.95%
FY 2012	121,069.30	-	NA

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2015:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 32,399.93	
Federal and State Grant		\$ 32,255.30
Trust - Open Space	2,653.08	
Trust - Other		106.18
General Capital		2,695.73
Sewer Utility - Operating	5.39	
Sewer Utility - Capital		1.19
	<u>\$ 35,058.40</u>	<u>\$ 35,058.40</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 2016, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

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

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

Note 8: PENSION PLANS (CONT'D)

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.

Vesting and Benefit Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after ten 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

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Public Employees' Retirement System (Cont'd) - Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten 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 ten 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.

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 nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable 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.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****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 seven years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015. 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' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2015 was 13.57% of the Township's covered-employee 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, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$192,153.24, and is payable by April 1, 2016. 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, 2014, the Township's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$183,664.75, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$100,176.06.

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

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

The Township's contractually required contribution rate for the year ended December 31, 2015 was 25.02% of the Township's covered-employee 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.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$354,572.00, and is payable by April 1, 2016. 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, 2014, the Township's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$331,873.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$141,690.00.

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, 2015 was 2.34% of the Township's covered-employee payroll.

Based on the most recent 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 is \$33,168.00, and is payable by April 1, 2016. Based on the PFRS measurement date of June 30, 2014, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2014 was \$24,303.00, which was paid on April 1, 2015.

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, 2015, employee contributions totaled \$6,817.78, and the Township's contributions were \$3,719.29. There were no forfeitures during the year.

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

Public Employees' Retirement System - At December 31, 2015, the Township's proportionate share of the PERS net pension liability was \$5,017,210.00. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2015. 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, 2015 measurement date, the Township's proportion was 0.0223503702%, which was an increase of 0.0000713835% from its proportion measured as of June 30, 2014.

At December 31, 2015, the Township's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$367,492.00. 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, 2015, the Township's contributions to PERS were \$183,664.75, and were paid on April 1, 2015.

Note 8: PENSION PLANS (CONT'D)

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

Police and Firemen's Retirement System - At December 31, 2015, 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	\$ 7,265,704.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	637,178.00
	<u>\$ 7,902,882.00</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2015. 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, 2015 measurement date, the Township's proportion was 0.0436207950%, which was an increase of 0.0004120506% from its proportion measured as of June 30, 2014. Likewise, at June 30, 2015, the State of New Jersey's proportion, on-behalf of the Township, was 0.0436207950%, which was an increase of 0.0004120506% from its proportion, on-behalf of the Township, measured as of June 30, 2014.

At December 31, 2015, the Township's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$606,626.00. 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, 2015, the Township's contributions to PFRS were \$331,873.00, and were paid on April 1, 2015.

At December 31, 2015, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the plan as of the June 30, 2015 measurement date is \$79,479.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2015, 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	\$ 119,693.31	-	\$ 119,693.31	-	\$ 62,669.00	\$ 62,669.00
Changes of Assumptions	538,808.77	\$ 1,341,429.00	1,880,237.77	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	\$ 80,667.12	126,453.00	207,120.12
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	171,033.73	45,198.00	216,231.73	-	126,322.00	126,322.00
Township Contributions Subsequent to the Measurement Date	96,077.00	177,286.00	273,363.00	-	-	-
	<u>\$ 925,612.81</u>	<u>\$ 1,563,913.00</u>	<u>\$ 2,489,525.81</u>	<u>\$ 80,667.12</u>	<u>\$ 315,444.00</u>	<u>\$ 396,111.12</u>

\$96,077.00 and \$177,286.00 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, 2016. These amounts were based on an estimated April 1, 2017 contractually required contribution, prorated from the pension plans measurement date of June 30, 2015 to the Township's year end of December 31, 2015.

Note 8: PENSION PLANS (CONT'D)

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

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

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
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
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

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2016	\$ 143,531.00	\$ 198,483.00	\$ 342,014.00
2017	143,531.00	198,483.00	342,014.00
2018	143,532.00	198,481.00	342,013.00
2019	205,675.00	337,148.00	542,823.00
2020	112,600.00	138,588.00	251,188.00
	<u>\$ 748,869.00</u>	<u>\$ 1,071,183.00</u>	<u>\$ 1,820,052.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation	3.04%	3.04%
Salary Increases:		
2012-2021	2.15% - 4.40% Based on Age	2.60% - 9.48% Based on Age
Thereafter	3.15% - 5.40% Based on Age	3.60% - 10.48% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2008 - June 30, 2011	July 1, 2010 - June 30, 2013

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

For PFRS, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2015 was 4.90% for PERS and 5.79% 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 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 for PFRS, the non-employer contributing entity, will be made based on the average of the last five years of 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 2033 for PERS and through 2045 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033 for PERS and through 2045 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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, 2015, the plans measurement date, calculated using a discount rate of 4.90%, 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:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 6,235,778.00	\$ 5,017,210.00	\$ 3,995,571.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2015, the plans measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 5.79%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease <u>(4.79%)</u>	Current Discount Rate <u>(5.79%)</u>	1% Increase <u>(6.79%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 9,578,505.00	\$ 7,265,704.00	\$ 5,379,822.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>840,003.00</u>	<u>637,178.00</u>	<u>471,792.00</u>
	<u>\$ 10,418,508.00</u>	<u>\$ 7,902,882.00</u>	<u>\$ 5,851,614.00</u>

Note 8: PENSION PLANS (CONT'D)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

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 Three Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0223503702%	0.0222789867%	0.0210755733%
Township's Proportionate Share of the Net Pension Liability	\$ 5,017,210.01	\$ 4,171,235.30	\$ 4,027,960.68
Township's Covered-Employee Payroll	1,540,968.00	1,492,344.00	1,453,840.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	325.59%	279.51%	277.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 192,153.24	\$ 183,664.75	\$ 158,800.14
Township's Contribution in Relation to the Contractually Required Contribution	<u>(192,153.24)</u>	<u>(183,664.75)</u>	<u>(158,800.14)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered-Employee Payroll	\$ 1,416,251.00	\$ 1,539,785.00	1,521,298.00
Township's Contributions as a Percentage of it's Covered-Employee Payroll	13.57%	11.93%	10.44%

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

Supplementary Pension Information (Cont'd)

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0436207950%	0.0432087444%	0.0446147106%
Township's Proportionate Share of the Net Pension Liability	\$ 7,265,704.00	\$ 5,435,259.00	\$ 5,931,123.00
State's Proportionate Share of the Net Pension Liability associated with the Township	637,178.00	585,286.00	552,853.00
Total	<u>\$ 7,902,882.00</u>	<u>\$ 6,020,545.00</u>	<u>\$ 6,483,976.00</u>
Township's Covered-Employee Payroll	\$ 1,367,788.00	\$ 1,356,800.00	\$ 1,400,160.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	531.20%	400.59%	423.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

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

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 354,572.00	\$ 331,873.00	\$ 325,499.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(354,572.00)</u>	<u>(331,873.00)</u>	<u>(325,499.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered-Employee Payroll	\$ 1,416,900.00	\$ 1,368,808.00	\$ 1,356,594.00
Township's Contributions as a Percentage of it's Covered-Employee Payroll	25.02%	24.25%	23.99%

Note 8: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – New assumptions related to future increases on Social Security Wage Base and the 401(a)(17) compensation limit have been added as follows:

401(a)(17) Pay Limit – 3.00 per annum
Social Security Wage Base – 4.00 per annum

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 6.32% as of June 30, 2014, to 5.79% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – Demographic assumptions with respect to no-vested withdrawal, disability, service retirement, active death, salary increases rates and inactive mortality were revised in accordance with the results of the July 1, 2010 – June 30, 2013 experience study and approved by the Board of Trustees of the PERS Pension Plan at its February 9, 2015 Board Meeting.

Note 9: POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN

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 1991, the Township authorized participation in the SHBP's post-retirement benefit program through resolution number 91-139A. The Township provides postemployment health care benefits, at its cost, to all Township retirees who at the date of retirement have not less than twenty-five (25) years of service credit in a State locally administered retirement system. Benefits provided include health insurance, dental coverage, and prescription coverage for retirees and their dependents only during the retired employees' life. The Township will also reimburse such retired employees for their premium charges under Part B of the Federal Medicare Program.

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/.

Note 9: POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN (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, 2015, 2014, and 2013, were \$409,442.71, \$346,593.36 and \$325,432.09, respectively, which equaled the required contributions each year. There were approximately 22 retired participants eligible at December 31, 2015.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - In addition to the benefits described in note 9, the Township provides post-employment dental and prescription benefits, at its cost, to certain police officers. This entitlement requires that police officers retire from service with the Township, be covered by any collective bargaining agreement between the Township and the Fraternal Order of Police and have served at least twenty-five years as a police officer in any capacity and in any jurisdiction in which that service is eligible for credit in the Police and Firemen's Pension System. The dental and prescription benefits will be in a form consistent with that provided to all active members of the Township Police Department whose service is covered by any collective bargaining agreement between the Township and the Fraternal Order of Police.

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

Retirees - The Township presently funds its current retiree postemployment benefit costs on a "pay-as-you-go" basis and therefore does not record accrued expenses related to these benefits. The Township's contributions to the plan for the years ended December 31, 2015, 2014, and 2013 were \$154,443.66, \$116,183.96 and \$96,777.96, respectively.

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Township is required to disclose the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$1,383,795.02 at an unfunded discount rate of 3.0%. As stated above, the Township has funded the cost of existing retirees in the amount of \$154,443.66, and has incurred the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Annual OPEB Cost - For year ended December 31, 2015, the Township's annual OPEB cost (expense) of \$1,417,895.02 for the plan was equal to the ARC plus certain adjustments because the Township's actual contributions in prior years differed from the ARC. The Township's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for years 2015, 2014, and 2013 are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Normal Cost	\$ 154,443.66	\$ 116,183.96	\$ 96,777.96
Unfunded Actuarial Liability	<u>1,229,351.36</u>	<u>336,162.35</u>	<u>271,565.82</u>
Annual Required Contribution (ARC)	1,383,795.02	452,346.31	368,343.78
Interest on Net OPEB Obligation	<u>34,100.00</u>	<u>23,339.78</u>	<u>14,660.22</u>
Annual OPEB Cost	1,417,895.02	475,686.09	383,004.00
Contributions Made	<u>(154,443.66)</u>	<u>(116,183.96)</u>	<u>(96,777.96)</u>
Increase (Decrease) in the Net OPEB Obligation	1,263,451.36	359,502.13	286,226.04
Net OPEB Obligation, January 1	<u>1,134,402.17</u>	<u>774,900.04</u>	<u>488,674.00</u>
Net OPEB Obligation, December 31	<u>\$ 2,397,853.53</u>	<u>\$ 1,134,402.17</u>	<u>\$ 774,900.04</u>

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2013	-	\$ 5,069,222	\$ 5,069,222	0%	\$ 1,578,607	321.12%
12/31/2014	-	5,405,384	5,405,384	0%	1,598,357	338.18%
12/31/2015	-	6,634,736	6,634,736	0%	1,631,327	406.71%

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

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

In the December 31, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 5% initially, however not exceeding \$20,000.00 annually. The Township Plan's unfunded actuarial accrued liability is being amortized over thirty years. The remaining amortization period at December 31, 2015 was twenty-three and one-half years.

- *Mortality.* Future mortality age is estimated at 75 for males and 80 for females as per report issued by the National Center for Health Statistics.
- *Turnover.* Turnover is expected to be zero, Township police officers rarely terminate their employment prior to retirement.
- *Assumed Retirement Age.* At first eligibility after completing 25 years of service.
- *Full Attribution Period.* Service to assumed retirement age.
- *Annual Discount Rate.* Future costs have been discounted at the rate of 3.0% compounded annually for GASB 45 purposes.
- *Rates of Retirement, Rates of Withdrawal, and Rates of Disability.* The same table used to value the Public Employees' Retirement System of New Jersey - Local liability.
- *Medical Trend.* 9% in 2012, reducing by .5% per annum, leveling at 5% per annum in 2010 but capped annually at 20,000.00.
- *Medical Cost Aging Factor.* NJSHBP Medical Morbidity Rates
- *Retiree Contributions.* No Contributions are assumed for employees hired prior to 6/28/91. Those employees hired after 6/28/11 will contribute approximately 32%.

Note 11: COMPENSATED ABSENCES

Township employees are entitled to varying amounts of sick leave depending upon their department. All employees may accumulate unused sick leave with no limit. General personnel may carry unused vacation days forward to a maximum of five days. However, after one year the unused vacation leave will be forfeited. Police personnel have the option of carrying forward their unused vacation or selling days at one hundred percent (100%) of their prevailing salary rate.

Only police personnel may be compensated for accumulated sick leave upon retirement or resignation at one hundred percent (100%) of their prevailing rate for a maximum of six hundred eighty (680) hours. Any police personnel hired after January 1, 1983 must be employed continuously for a period of fifteen years before unused sick leave may be sold back to the Township. The Township does not record accrued expenses related to, compensated absences. However, it is estimated that, at December 31, 2015, accrued benefits for compensated absences are valued at \$291,191.27. A reserve in the Trust Fund has been created to fund a portion of these accrued benefits. Additional amounts required will be provided in the year's budget in which any required payments are to be made.

Note 12: DEFERRED COMPENSATION SALARY ACCOUNT

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

Note 12: DEFERRED COMPENSATION SALARY ACCOUNT (CONT'D)

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

Note 13: LEASE OBLIGATIONS

At December 31, 2015, the Township had lease agreements in effect for the following:

- Capital:
 - Two (2) 2014 Ford Interceptors
 - One (1) 2015 Ford Explorer
- Operating:
 - Seven (7) Copiers

The following is an analysis of the Township's capital and operating leases:

Capital Leases – The following capital fixed assets were acquired by capital lease.

Capital Leases

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2015</u>	<u>2014</u>
Vehicles	\$ 44,479.15	\$ 43,608.21

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

<u>Year</u>	<u>Amount</u>
2016	\$ 35,276.62
2017	11,906.83

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

<u>Year</u>	<u>Amount</u>
2016	\$ 6,693.12
2017	4,872.42
2018	2,323.44

Rental payments under operating leases for the year 2015 were \$6,914.04.

Note 14: CAPITAL DEBT

General Improvement Bonds

General & Open Space Trust Fund Improvement Bonds, Series 2005 - On March 1, 2005, the Township issued \$1,900,000.00 of general improvement bonds and 955,000.00 of open space trust fund improvement bonds, with interest rates ranging from 3.75% to 4.00%. The purpose of the bonds is to fund various capital ordinances, specifically 2000-26, 2001-11, 2001-12, 2002-04, 2002-12, 2002-13, 2003-01, 2003-22, 2004-5 and 2004-10. The final maturity of the bonds is March 1, 2018.

Sewer Improvement Refunding Bonds, Series 2008 - On May 13, 2008, the Township issued \$3,115,000.00 of sewer improvement refunding bonds, with interest rates ranging from 3.25% to 5.00% to advance refund \$2,156,358.90 outstanding 1998 rural development bonds with an interest rate of 4.75%. The final maturity of the bonds is September 15, 2025.

General Improvement Bonds, Series 2010 - On November 16, 2010, the Township issued \$10,318,000.00 of general improvement bonds, with interest rates ranging from 4.25% to 5.00%. The purpose of the bonds is to fund various capital ordinances, specifically 2005-01, 2006-01, 2006-09, 2007-08, 2007-10, 2008-07 and 2009-02. The final maturity of the bonds is January 1, 2035.

General Improvement Refunding Bonds, Series 2010 - On November 16, 2010, the Township issued \$1,955,000.00 of general improvement refunding bonds, with interest rates ranging from 2.00% to 3.00% to advance refund \$1,894,000.00 outstanding 2001 general improvement bonds with an interest rates of ranging from 4.375% to 4.625%. The final maturity of the bonds is March 1, 2016.

General & Sewer Improvement Refunding Bonds, Series 2012 - On May 17, 2012, the Township issued \$335,000.00 of general improvement refunding bonds and \$4,550,000.00 of sewer improvement refunding bonds, with interest rates ranging from 2.00% to 4.00% to advance refund \$335,000.00 outstanding 2003 general improvement bonds with interest rates of ranging from 3.90% to 4.25% and outstanding 2003 sewer refunding bonds with interest rates ranging from 2.00% to 4.65%. The final maturities of the bonds are January 1, 2017 and January 1, 2028 respectively.

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

<u>Year</u>	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 980,000.00	\$ 506,825.00	\$ 375,000.00	\$ 189,981.26	\$ 2,051,806.26
2017	835,000.00	472,537.50	385,000.00	178,106.26	1,870,643.76
2018	795,000.00	439,737.50	380,000.00	163,106.26	1,777,843.76
2019	250,000.00	417,900.00	400,000.00	149,037.51	1,216,937.51
2020	300,000.00	405,525.00	410,000.00	134,168.76	1,249,693.76
2021-25	2,300,000.00	1,748,625.00	2,315,000.00	407,918.80	6,771,543.80
2026-30	2,700,000.00	1,166,062.50	1,055,000.00	51,103.15	4,972,165.65
2031-35	3,268,000.00	420,300.00			3,688,300.00
	<u>\$ 11,428,000.00</u>	<u>\$ 5,577,512.50</u>	<u>\$ 5,320,000.00</u>	<u>\$ 1,273,422.00</u>	<u>\$ 23,598,934.50</u>

Note 14: CAPITAL DEBT (CONT'D)

General Debt - New Jersey Green Acres Loans

On December 10, 2004, the Township entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$250,000.00, at an interest rate of 2.0%. The proceeds were used to fund the redevelopment of the Township's Luke Avenue Recreation Park. Semiannual debt payments are due March 10th and September 10th through 2024.

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

<u>Year</u>	<u>General</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 13,061.54	\$ 2,484.26	\$ 15,545.80
2017	13,324.07	2,221.73	15,545.80
2018	13,591.90	1,953.90	15,545.80
2019	13,865.08	1,680.70	15,545.78
2020	14,143.77	1,402.03	15,545.80
2021-24	59,475.73	2,707.48	62,183.21
	<u>\$ 127,462.09</u>	<u>\$ 12,450.10</u>	<u>\$ 139,912.19</u>

Note 14: CAPITAL DEBT (CONT'D)

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 12,170,462.09	\$ 13,143,266.27	\$ 14,110,818.15
Sewer Utility:			
Bonds and Notes	6,070,000.00	6,435,000.00	6,045,000.00
Total Issued	<u>18,240,462.09</u>	<u>19,578,266.27</u>	<u>20,155,818.15</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	-	-	-
Sewer Utility:			
Bonds and Notes	-	-	750,000.00
Total Authorized but not Issued	<u>-</u>	<u>-</u>	<u>750,000.00</u>
Total Issued and Authorized but not Issued	<u>18,240,462.09</u>	<u>19,578,266.27</u>	<u>20,905,818.15</u>
<u>Deductions</u>			
Open Space Debt	127,462.09	140,266.27	152,818.15
Self-Liquidating	6,070,000.00	6,435,000.00	6,795,000.00
Total Deductions	<u>6,197,462.09</u>	<u>6,575,266.27</u>	<u>6,947,818.15</u>
Net Debt	<u><u>\$ 12,043,000.00</u></u>	<u><u>\$ 13,003,000.00</u></u>	<u><u>\$ 13,958,000.00</u></u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 2.192%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 3,969,000.00	\$ 3,969,000.00	
Sewer Utility	6,070,000.00	6,070,000.00	
General	12,170,462.09	127,462.09	\$ 12,043,000.00
	<u><u>\$ 22,209,462.09</u></u>	<u><u>\$ 10,166,462.09</u></u>	<u><u>\$ 12,043,000.00</u></u>

Net debt \$12,043,000.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$549,328,483.67, equals 2.192%.

Note 14: CAPITAL DEBT (CONT'D)

Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 19,226,496.93
Less: Net Debt	<u>12,043,000.00</u>
Remaining Borrowing Power	<u>\$ 7,183,496.93</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 1,323,488.40
Deductions:	
Operating and Maintenance Costs	\$ 470,900.00
Debt Service	<u>569,108.85</u>
Total Deductions	<u>1,040,008.85</u>
Excess in Revenue	<u>\$ 283,479.55</u>

The foregoing debt information is in agreement with the annual debt statement filed by the chief financial officer.

Note 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charge is shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

<u>Description</u>	<u>Balance December 31, 2015</u>	<u>2016 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorization	\$ 125,000.00	\$ 25,000.00

The appropriations in the 2016 Budget as adopted are not less than that required by the statutes.

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.

Property and Liability Insurance - The Township maintains commercial insurance coverage for property, liability, vehicle, surety bonds, etc.

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

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

<u>Year</u>	<u>Township Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 13,006.00	\$ 4,123.70	\$ 85,220.29
2014	12,000.00	473.00	72,812.36
2013	5,000.00	583.00	56,318.05

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

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

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

The Fund provides the Township with the following coverage:

- Property - Blanket Building and Grounds
- Boiler and Machinery
- General, Automobile & Environmental Liability
- Worker's Compensation
- Public Official and Employment Liability
- Public Employee Dishonesty – Crime Policy
- Excess Liability

Contributions to the Fund, are payable in a semi-annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

Note 16: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - The Fund publishes its own financial report for the year ended December 31, 2015, which can be obtained from:

Camden County Municipal Joint Insurance Fund
MEL/JIF Underwriting Unit
9 Campus Drive
Suite 16
Parsippany, New Jersey 07054

Note 17: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 2, 1999 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 Berlin Open Space, Recreation and Farmland Preservation Trust Fund effective December 27, 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 two referendums, the Township levies a tax not to exceed three cents per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a trust fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township of Berlin 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, 2015, one tax appeal was on file against the Township. Based upon information provided by the tax assessor, if the appeal is not settled in favor of the Township, the estimated impact of the tax refund would not be material.

Note 20: SUBSEQUENT EVENTS (CONT'D)

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

<u>Purpose</u>	<u>Date Adopted</u>	<u>Authorization</u>
Bonds & Notes:		
General Capital:		
Resurfacing of Roads	3/14/2016	\$ 339,644.00
Drainage Improvements	3/14/2016	253,761.00
Acquisition of Equipment	3/14/2016	723,589.00
Acquisition of Replacement Equipment	3/14/2016	310,887.00
Improvements to Recreational Facilities	3/14/2016	32,643.00
Acquisition of an Ambulance	3/14/2016	134,476.00
		<u>\$ 1,795,000.00</u>

APPENDIX C

FORM OF BOND COUNSEL'S OPINION



February __, 2017

Mayor and Township Council
of the Township of Berlin
135 Route 73 South
West Berlin, New Jersey

RE: \$ _____ TOWNSHIP OF BERLIN, COUNTY OF CAMDEN, NEW JERSEY, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery by the Township of Berlin, County of Camden, New Jersey ("Township") of its General Obligation Refunding Bonds, Series 2017 ("Refunding Bonds").

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) a refunding bond ordinance, duly and finally adopted by the Township Council on September 26, 2016 and published in accordance with applicable law ("Refunding Bond Ordinance"); and (iii) a resolution adopted by the Township Council on November 4, 2016 ("Resolution").

The Refunding Bonds are dated their date of issuance, mature initially on July 1, 2017 and thereafter on January 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the rates per annum below, payable initially on July 1, 2017 and semi-annually thereafter on January 1 and July 1 in each year until maturity or earlier redemption.

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>
2017	\$	%	2027	\$	%
2018			2028		
2019			2029		
2020			2030		
2021			2031		
2022			2032		
2023			2033		
2024			2034		
2025			2035		
2026					

COUNSEL WHEN IT MATTERS.SM



The Refunding Bonds are being issued to provide funds which will be used to: (i) advance refund and redeem all of the Township's outstanding General Obligation Refunding Bonds, Series of 2008; (ii) advance refund and redeem all of the Township's outstanding General Obligation Bonds, Series of 2010; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

The Refunding Bonds are issued in fully registered book-entry-only form without coupons, and are subject to redemption prior to their stated maturity dates on the terms and conditions described therein. .

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 Refunding Bond Ordinance, the Resolution, a certification of officials of the Township having the responsibility for issuing the Refunding Bonds given pursuant to the Code ("Non-Arbitrage Certificate") and the other certifications, instruments, documents and opinions listed in the closing agenda prepared in connection with the settlement of the Refunding Bonds.

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

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

1. 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").

2. 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 Township without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

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

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

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

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

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

In rendering this opinion, we have assumed continuing compliance by the Township that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the 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 Township to comply with such covenants could result in the interest on the Refunding Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Refunding Bonds.

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

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



acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Township has *not* designated the Refunding Bonds as "qualified tax-exempt obligations" 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.

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

In providing the opinion expressed in paragraph 3 above, we have relied upon the written report provided by Bowman & Company, LLP, Voorhees, New Jersey, certified public accountants, regarding the computation of the yield on the Refunding Bonds and certain investments made with the proceeds thereof.

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

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

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ___ day of February, 2017 between the Township of Berlin, County of Camden, New Jersey ("Township") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its General Obligation Refunding Bonds, Series 2017, in the principal amount of \$_____ ("Bonds").

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

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

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

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

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

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

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

"EMMA" shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062 of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds, including the Series 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 Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Official Statement" shall mean the Official Statement of the Township dated January ____, 2017 relating to the Bonds.

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

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

SECTION 3. Provision of Annual Report.

(a) The Township shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Township's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Township (commencing for the fiscal year ending December 31, 2016). Each Annual Report provided to the Dissemination Agent by the Township shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

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

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

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

SECTION 5. Reporting of Significant Events.

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

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

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

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

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

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

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

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

SECTION 9. Prior Compliance With the Rule. Except as specifically set forth in the Official Statement, the Township covenants that it has never failed to comply with any previous undertakings to provide secondary market disclosure pursuant to the Rule.

SECTION 10. Default and Remedies. In the event of a failure of the Township to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall), or any beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Disclosure Agreement. A failure of the Township to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds. The sole remedy under this Disclosure Agreement in the event of any failure of the Township to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

- (i) If to the Township:

Township of Berlin, County of Camden, New Jersey
135 Route 73 South
Berlin, New Jersey 08091
Attention: Lori Campisano, Chief Financial Officer

- (ii) If to the Dissemination Agent:

Phoenix Advisors, LLC
4 West Park Street
Bordentown, New Jersey 08505
Attention: Sherry L. Tracey, Senior Managing Director

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

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Township, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

SECTION 13. 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 14. Compensation. The Township shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

SECTION 15. 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 16. 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 17. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 18. 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 19. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

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

TOWNSHIP OF BERLIN, NEW JERSEY

By: _____
LORI A. CAMPISANO,
Chief Financial Officer

PHOENIX ADVISORS, LLC,
as Dissemination Agent

By: _____
SHERRY L. TRACEY,
Senior Managing Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Township of Berlin, County of Camden, New Jersey

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

Date of Issuance of the Affected
Bond Issue: February __, 2017

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

Dated: _____

PHOENIX ADVISORS, LLC,
as Dissemination Agent

cc: Township of Berlin, New Jersey